



Quarterly Report

For the 3 Months ended March 2017

This Quarterly Report updates activities undertaken during the period 1 January 2017 to 31 March 2017.

1. PROJECTS

Savoy Hill Coal Project (100%)

As previously notified, the Savoy Hill tenement, Exploration Licence 6812 (**EL 6812**) has been extended until 20 June 2018.

The Company has completed necessary exploration across the tenement to consider the longer term mining options for the project and has undertaken initial marketing analysis for a potential open-cut operation, supplying the nearby domestic power stations. Further work will be undertaken as required.

2. NUCOAL'S LEGAL CASES

Background

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 quarter, 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.

Free Trade Actions

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, on the advice of the O'Farrell led Government, to expropriate EL 7270 without payment of compensation.

Registered Office

Unit 8, 24 Garnett Road
Greenhills NSW 2323
T +61 2 4015 0500
F +61 2 4015 0599
E admin@nucoal.com.au
www.nucoal.com.au

ASX:NCR • Share Information

Issued Shares: 768.6m

Board of Directors

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

The Company, on behalf of its U.S. shareholders, lodged a submission to the AUSFTA Joint Committee on 7 April 2016 following a public invitation to make comments regarding the general functioning of the Australia US Free Trade Agreement. The Review Meeting of the AUSFTA Joint Committee was held on 4 May 2016 and NuCoal is aware that the NuCoal matter was discussed at some length during the meeting.

In June 2016, NuCoal's Chairman visited Washington D.C. and met with senior staff of politicians who could be influential in pressuring the Australian Government to allow an action under the AUSFTA. Visits were also made to the U.S. Trade Representative's legal staff and the Australian Ambassador. A number of meetings were also held with NuCoal investors in the USA to update them directly regarding progress. A number of these investors are now pursuing the matter directly with their local Congressman and Senators.

NuCoal has engaged U.S. Lobbyists, BGR Group, to assist with progressing action under the AUSFTA, and the Group's Managing Director visited Washington D.C. in September and again in November. To date, NuCoal has participated in twenty two (22) meetings with relevant government offices including the USTR and The Australian Embassy. The meetings have been extremely positive and further visits will be scheduled to progress the matter on behalf of U.S. shareholders.

Meetings with Politicians

NuCoal officers and advisers continued to meet with politicians and Ministers in NSW and federally during the quarter. The aim of the meetings is to educate and eradicate any misconceptions about the facts surrounding NuCoal's circumstances and to ensure that people understand that the Company is well funded and that the intention is not to cease the pursuit of justice until appropriate compensation is received.

3. OTHER RELEVANT MATTERS

Criminal trial of former Minister, Ian Macdonald and former Doyles Creek Chair, John Maitland

The criminal trial of former Minister, Ian Macdonald and former Doyles Creek Chair, John Maitland was heard during February and March 2017. Both men were found guilty by a jury of the charges against them.

This result has no bearing on NuCoal's fundamental position, which is one of complete innocence and deserving of compensation. Relevant other comments are:

1. The award of EL 7270 to Doyles Creek Mining Pty Ltd (**DCM**) occurred in December 2008. This was long before NuCoal even existed.
2. In February 2010, NuCoal purchased the shares of DCM for \$94 million and re-listed on the Australian Securities Exchange. DCM's valuable asset, which was valued in the NuCoal Prospectus, was EL 7270. That asset was not transferable. It was tied to its grantee, DCM. NuCoal was in all respects a bona fide purchaser of DCM and gave good and valuable consideration for the company.
3. At the time of acquisition of DCM by NuCoal, lawyers did not raise any caveat or warning about the validity of the Licence. There was a good reason for that: none was evident. NuCoal did not, and could not, have known about any misconduct when it purchased DCM.

4. In August 2010, a probity report completed by O'Connor Marsden and commissioned by the NSW Government, confirmed the validity of EL 7270 and concluded that its grant was "within power" and cleared it of any impropriety.
5. NuCoal's shareholders continued to invest based on the report, effectively information prepared by the Government.
6. In January 2014, NuCoal's major asset, EL 7270, was expropriated by the enactment of special legislation by the NSW Parliament (Mining Amendment Act).
7. Compensation was expressly denied and NuCoal was legislatively barred from bringing any case for recompense against the state of NSW or any Government officer.
8. Three years on, Mr Macdonald, the Government officer who awarded the Licence to DCM in 2008, has now been found guilty of Misconduct in Public Office.
9. Under normal circumstances – if a Government Officer is found guilty of Misconduct in Public Office, the State of NSW has an *obligation* to indemnify any person or Company who has suffered loss as a result of the actions of that Officer.
10. NuCoal relied on the relevant Minister of the Crown acting within the powers afforded to him as a Government officer and should, at a minimum, be afforded the standard compensatory rights of any other person, or company.
11. The innocence of NuCoal and its shareholders has been universally acclaimed – i.e. there is no doubt at all about the matter as noted above and in **Appendix 1**.
12. NuCoal's shareholders were unjustly punished when the legislation was introduced and are now being further punished by not being able to seek compensation from the NSW Government for the guilty actions of Ian Macdonald, a Government Officer.
13. The special legislation enacted by the NSW State Government was unprecedented. NuCoal's innocent investors have lost all their investment despite acting in good faith and lawfully.

4. CORPORATE

Cash and deposits as at 31 March 2017 were A\$1.85 million.

A further three properties are currently formally listed For Sale and the Company continues to assess other land holdings in the area.

5. 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

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

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

APPENDIX 1

Submission of the Defendant (ICAC) extract from the Judicial Review in the NSW
Supreme Court

NuCoal Resources Pty Ltd vs Independent Commission Against Corruption

reasons for its recommendations and took into account the necessary considerations (addressed below in Part E). While NuCoal had no entitlement to procedural fairness, it was nonetheless afforded procedural fairness in ICAC's investigation (as addressed in Part F below).

C. The relief sought lacks relevant utility and should be refused.

15. NuCoal's complaint, as it appears from its submissions, is that the "only valuable asset held by DCM was taken by the State" (PS [8]). No outcome in these proceedings could affect that matter. That was Parliament's legislative response, and its power to legislate did not depend on the recommendations or views in the December report.
16. In respect of that legislative response, NuCoal had the same opportunity as anyone else to make submissions to Parliament about why it should not enact the legislation. NuCoal was invited to make submissions and did make such submissions in considerable detail.¹ Those submissions, among other things, ventilated the same complaints about the December report that are the subject of these proceedings. That was the correct forum in which to contest ICAC's recommendations and to try to persuade Parliament that the recommendations in the December report should not be followed by reason of the problems that NuCoal perceives in that report. NuCoal was not successful in persuading Parliament, but that does not now justify judicial review of the recommendations. It remains open for NuCoal now to make submissions about why Parliament might consider repealing or amending the legislation, or provide for compensation. All of these matters are for Parliament and not for this Court.
17. The findings as to the improper conduct and knowledge of persons who at one stage have been directors of NuCoal or DCM, being Mr Maitland, Mr Ransley, Mr Poole and Mr Chester, were findings of the First Acacia report. Similarly, the finding that the whole process leading to the grant of EL 7270 was "tainted by corruption" refers to a finding of the First Acacia report. NuCoal does not challenge the First Acacia report.
18. ICAC found that NuCoal was not in the position of a bona fide purchaser *without notice* (December report, page 16). Relevantly, ICAC's recommendation that EL 7270 be cancelled was not based on any wrongdoing by NuCoal. The reason for this recommendation was expressly because "the process leading to the giving of consent for application for, and granting of, EL 7270 was tainted with corruption" and "the slate should be wiped clean" (December report, page 15). It is evident from the December report that ICAC was not persuaded that there was sufficient reason to preserve EL 7270 in the face of the findings of corrupt conduct made in the First Acacia report. However, ICAC expressly held out the possibility that any innocent person affected by the expunging might be compensated to the extent that was considered appropriate, in its formal recommendation (December report, page 20). Given the attention given to NuCoal in the section of the report on Referred Question 3, it can be inferred from the face of the report that NuCoal and those of its shareholders not involved in the corrupt conduct were contemplated within "any innocent party" (indeed, it is not evident who else was meant by "any innocent party"). As NuCoal acknowledges at PS[22], the Commissioner specifically identified NuCoal's

¹ Letter to Deputy Director General, Resources and Energy, NSW Trade and Investment, enclosing submissions to the NSW government dated 15 January 2014.

“innocence of any wrongdoing” on 20 March 2013 at T4913. Nothing in the December report suggests that ICAC resiled from that position.

19. While not articulated in its submissions in chief of 27 June 2014, NuCoal's submissions in relation to the 8 August 2014 motion show that it relies on three possible grounds of utility of the relief sought.² Dealing with each of these in turn:
 - (a): The potential adverse effect of the impugned findings on NuCoal's reputation, including insurance premiums payable
20. The relevant inquiry here is whether the opinions and conclusions in the December report were apt to affect NuCoal's reputation, rather than whether, as a matter of evidence, NuCoal's dealings with certain entities (such as its insurance provider) have been made difficult.
21. As NuCoal acknowledges (PS [3]), it was not the subject of investigation by ICAC.
22. The findings as to the improper conduct and knowledge of persons who at one stage have been directors of NuCoal or DCM, being Mr Maitland, Mr Ransley, Mr Poole and Mr Chester, were findings of the First Acacia report. Similarly, the finding that the whole process leading to the grant of EL 7270 was “tainted by corruption” refers to a finding of the First Acacia report. Finally, the fact of public controversy, including concerns about the possibility of corrupt conduct, was a finding of the First Acacia report. NuCoal does not challenge the First Acacia report – and, in any event, the change in ownership and control of NuCoal means that these findings could not adversely affect NuCoal's current reputation.
23. The other so-called “findings” in the December report are not apt to affect NuCoal's reputation per se. There is no criticism of NuCoal's due diligence process, nor of NuCoal's expenditure of moneys on exploration in Doyles Creek. ICAC's conclusion that this was always known to carry risks by reason of the public controversy about corruption contains no negative reflection on NuCoal's own internal management or external dealings with its shareholders – as ICAC found in the December report on page 16 at subparagraphs (e) and (g), NuCoal's investors can be taken to have been aware of the risks associated with the public controversy and NuCoal specifically disclosed the risky and speculative nature of the investment.
24. Consistent with McDougall J's approach in *Duncan v ICAC* [2014] NSWSC 1018 (*Duncan v ICAC*), earlier decisions granting judicial review relief in respect of ICAC reports have been concerned with overturning findings of corrupt conduct: see, eg, *D'Amore v ICAC* [2013] NSWCA 187 (*D'Amore*) at [10]; *Griner v ICAC* (1992) 28 NSWLR 125 at 130.
25. The evidence sought to be adduced by NuCoal about media coverage, if it is admitted as relevant, does not demonstrate that the conclusions and recommendations in the December report were apt to affect NuCoal's reputation. At their highest, they indicate

² These grounds have subsequently been confirmed in the Plaintiff's response of 12 September 2014 to the Defendant's request of 4 September 2014 for further and better particulars of the grounds of utility advanced by the Plaintiff.

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

NuCoal Resources Ltd

ABN

29 060 352 990

Quarter ended ("current quarter")

March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (nine months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(3)	(609)
(b) development	-	-
(c) production	-	-
(d) staff costs	(49)	(181)
(e) administration and corporate costs	(570)	(1,175)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	47
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(609)	(1,919)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (nine months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	3,607
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	3,607

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,458	161
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(609)	(1,919)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	3,607
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,849	1,849

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,829	2,438
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) – Term Deposits	20	20
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,849	2,458

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
70
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available
Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	20
9.2 Development	-
9.3 Production	-
9.4 Staff costs	80
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows (inflows)	250

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

Date: 27 April 2017

(Director/Company secretary)

Print name: Megan Etccl

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.