Acacia Coal

Acacia Coal Limited

ABN 13 009 092 068

CONSOLIDATED ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

CORPORATE DIRECTORY

Acacia Coal Limited
ACN: 009 092 068
ABN: 13 009 092 068

Directors
Mr Adam Santa Maria
Executive Chairman

Mr Logan Robertson
Non-Executive Director

Mr Brett Lawrence
Non-Executive Director

Company Secretary
Mr Brett Tucker (Resigned 29 January 2019)
Mr Ben Donovan (Appointed 29 January 2019)

Registered and Principal Office
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Stock Exchange
Australian Securities Exchange (ASX Limited)
Home Exchange Perth

Securities
Code: AJC Quoted Shares

Share Registry
Link Market Services
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Perth WA 6000

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Auditor
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Perth, WA 6000

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Your Directors present their Report on Acacia Coal Limited (the 'Company') and its Controlled Entity (collectively the 'Group ') for the year ended 30 June 2019.

REVIEW OF OPERATIONS

The past year saw the Group continue to focus on the review of acquisition opportunities, together with the purchase of projects at Mt Windarra and Mt Bruce. The Group also sold its remaining interest in Bowen Coking Coal Ltd, and further strengthen its balance sheet through the raising of approximately $2 million via an entitlement issue.

The Board remains committed to identifying opportunities that will generate value for shareholders in the coming year and look forward to updating shareholders on progress.

Mt Windarra
The Group completed the acquisition of the Mt Windarra project via the issue of 43,750,000 fully paid ordinary shares to project vendors on the 22 August 2018. The Mt Windarra project comprises of granted exploration license (EL39/1996) which is located in the Mt Margaret Goldfield of Western Australia and is situated about 25km to the west of Laverton. The project is prospective for nickel and cobalt.

Mt Bruce
The Group completed the acquisition of the Mt Bruce project via the issue of 18,750,000 fully paid ordinary shares to project vendors on the 6 March 2019. The Mt Bruce project is located in central Western Australia, approximately 1km from Tom Price, and comprises of granted exploration license (EL47/3627) which covers an area of 44.36km^2.

The project is prospective for copper, nickel and cobalt.

Business Risks
Business risks that could adversely affect the Group would be exploration risk. Mining exploration and development is considered high risk as the success of the Group depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Group's exploration and mining tenements. At each reporting date, the Board reviews the carrying amounts of its exploration assets to determine whether there is any indication that the carrying amount exceeds the recoverable amount, resulting in an impairment loss.

DIRECTORS' REPORT

DIRECTORS

The following persons were Directors of the Group at any time during the reporting period and, unless otherwise indicated, were Directors for the entire period.

Director	Title	Appointment Date	Resignation Date
Mr Adam Santa Maria	Executive Chairman	16 December 2015	
Mr Logan Robertson	Non-Executive Director	18 December 2015	
Mr Brett Lawrence	Non-Executive Director	2 August 2016	

PRINCIPAL ACTIVITIES

The principal activity of the Group was that of exploration, and evaluation, of mineral assets.

During the year, the Group acquired two exploration projects located in the Pilbara and Goldfields regions of Western Australia which are prospective for cobalt, copper and nickel; the Mt Bruce Project and the Mt Windarra Project.

The Mt Windarra Nickel-Cobalt Project comprises a granted Exploration licence (EL39/1996), which is located in the Mt Margaret Goldfield of Western Australia and is situated about 25km to the west of Laverton. Access to the Mt Windarra Project is via the sealed Leonora-Laverton road to Mt Windarra. The Mt Windarra Project covers a land area of 16.11km^2.

During the year, the Group commenced its maiden drilling programme comprising of 9 reverse circular holes totalling 946 metres to determine the potential to host nickel-cobalt mineralisation and gain an understanding of the bedrock geology in order to adequately target the primary nickel-cobalt sulphide potential.

The Group is awaiting assay results from this first round of drilling.

A total of 41 historical drill holes for 3,157m of drilling has been completed to date at the project inclusive of RAB, Aircore, RC and Diamond Drilling. The exploration completed has delineated nickel and cobalt mineralisation associated with ultramafic lithologies. Extensive transported cover sequences have obscured the underlying lithologies, and thus the local geology has been defined based on a combination of magnetic and drilling information.

Previously reported historical significant cobalt and nickel mineralisation intersected in drilling, results include:

- WNAC002: 13m at 0.4% Ni & 0.048% Co from 66m to EOH
  - Including 1m at 0.54% Ni & 0.233% Co from 68m
- WNAC006: 18m at 0.35% Ni & 0.05% Co from 53m
  - Including 1m at 0.37% Ni and 0.28% Co from 53m
- WNAC008: 10m at 0.37% Ni & 0.048% Co from 65m to EOH
  - Including 1m at 0.71% Ni and 0.168% Co from 71m
- WNAC010: 8m at 0.27% Ni and 0.151% Co from 46m
  - Including 3m at0.33% Ni and 0.218% Co
- WNAC011: 6m at 0.39% Ni & 0.018% Co from 52m

The Group also acquired the Mt Bruce Copper-Cobalt project during the year. The project is located in central Western Australia, approximately 1km from Tom Price, and comprises one Exploration licence application (EL47/3627) which covers an area of 44.36km^2.

In May 2019, the Group conducted initial exploration activities at the project consisting of a comprehensive mapping and sampling program with the aim of getting a geological understanding of the potential to host copper, cobalt and nickel mineralisation.

DIRECTORS' REPORT

On 30 August 2019, the Group announced the completion of 90 soil samples at the Mr Bruce project which showed discrete nickel, copper and cobalt anomalies over a 1.8km strike length

RESULTS

The consolidated loss of the Group for the year ended 30 June 2019 was $481,957 (2018: $930,972), with net operating cash outflows of $157,313 (2018: $606,603) and cash and cash equivalents balance at 30 June 2019 of $2,640,083 (2018: $340,716). The Group's cashflow forecasts for the 12 months ending 30 September 2020 indicate that the Group will be in a position to meet its committed operational and administrative expenditure.

DIVIDEND

No dividends have been paid by the Group during the year ended 30 June 2019, nor have the Directors recommended that any dividends be paid.

OPTIONS

270,000,000 unlisted options were granted during the financial year. No options were cancelled, lapsed or were forfeited during the financial year. The Company has the following options on issue at the date of this report:

Date options granted	Number of unissued shares under option	Exercise price per option	Expiry date of options	Fair value per option
05 Dec 2016	42,500,000	$0.006	05 Dec 2021	$0.0033
09 Aug 2018	195,000,000	$0.0015	09 Aug 2023	$0.0015
08 Nov 2018	75,000,000	$0.0015	08 Nov 2020	$0.00096
Total	**312,500,000**			

No option holder has any right under the options to participate in any other share issue of the Group. No shares were issued during the reporting period or up to the date of this report on exercise of options.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report or the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances, not otherwise dealt with in the Financial Statements, have arisen since the end of the financial year or to the date of this Report that significantly affected, or may significantly affect, the operations of the Group, the results of the Group or the state of affairs of the Group in the financial years subsequent to the year ended 30 June 2019.

LIKELY DEVELOPMENTS

The Group is currently reviewing acquisition opportunities and will continue to evaluate acquisition targets going forward with the exploration of its assets at Mt Bruce and Mt Windarra.

ENVIRONMENTAL REGULATION

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

DIRECTORS' REPORT

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

CURRENT DIRECTORS

Mr Adam Santa Maria LLB (Hons) BCom MAppFin	**Executive Chairman**
Qualifications and Experience	Mr Santa Maria is a practising lawyer and corporate finance executive with a range of experience gained in over 10 years of advising many of Australia's leading corporations undertaking significant corporate and commercial transactions, both as a legal advisor and in investment banking, as well as in acting as a corporate consultant. Mr Santa Maria has particular expertise in corporate and commercial law, focusing on governance and risk. He also has significant experience in transaction structuring, management and execution.
Interest in Shares and Options as at the date of this report	- 2,546,800 Ordinary Shares - 20,000,000 Unlisted Options exercisable at $0.006 and expiring on 5 December 2021 - 65,000,000 Unlisted Options exercisable at $0.0015 and expiring on 9 August 2023
Directorships held in other listed entities in the past three years	Auroch Minerals Ltd (5 June 2018 – current)
Mr Logan Robertson	**Non-Executive Director**
Qualifications and Experience	Mr Robertson has over 5 years finance and investment experience gained initially in the corporate finance team of Argonaut and more recently with Hoperidge Capital, the family investment office of Rod Jones. Mr Robertson joined Hoperidge in January 2014, and is an analyst focused on investments in the technology and industrial sectors and has expertise investing in, financing and overseeing the management of growth businesses. Mr Robertson currently also holds a board position as a non-executive Director of Tamaska Oil and Gas Ltd (ASX: TMK). Mr Robertson has a Masters of Finance from the University of New South Wales and Bachelor of Commerce from the University of Western Australia.
Interest in Shares and Options as at the date of this report	- 7,223,196 Ordinary shares - 10,000,000 Unlisted Options exercisable at $0.006 and expiring on 5 December 2021 - 65,000,000 Unlisted Options exercisable at $0.0015 and expiring on 9 August 2023
Directorships held in other listed entities in the past three years	Tamaska Oil and Gas Ltd (11 July 2016 – current)

DIRECTORS' REPORT

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY (CONT'D)

CURRENT DIRECTORS (CONT'D)

Mr Brett Lawrence	**Non-Executive Director**
Qualifications and Experience	Mr Lawrence has over 12 years of diverse experience in the resources industry, including seeking new venture opportunities with ASX listed companies. Mr Lawrence holds a Master of Petroleum Engineering, a Bachelor of Engineering (Mining) and Bachelor of Commerce (Finance) from Curtin University in Western Australia. Mr Lawrence is a Non-Executive Director of Tamaska Oil and Gas Ltd (ASX: TMK).
Interest in Shares and Options as at the date of this report	- 5,417,398 Ordinary shares - 10,000,000 Unlisted options exercisable at $0.006 and expiring on 5 December 2021 - 65,000,000 Unlisted Options exercisable at $0.0015 and expiring on 9 August 2023
Directorships held in other listed entities in the past three years	Tamaska Oil and Gas Ltd (1 February 2015 – current)

COMPANY SECRETARY

Mr Brett Tucker (Resigned 29 January 2019)	Mr Tucker has acted as Company Secretary to several ASX listed and private companies and has been involved in numerous public corporate acquisitions and transactions. Mr Tucker is a Chartered Accountant with a strong corporate and compliance background gained from experience in an international accounting practice, working in both audit and taxation across a wide range of industries.
Mr Ben Donovan (Appointed 29 January 2019)	Mr Donovan is currently Company Secretary of several ASX listed and public unlisted companies and has extensive experience in listing rules compliance and corporate governance, having served as a senior advisor at ASX in Perth, including being a member of the ASX JORC committee. Mr Donovan is a member of Chartered Secretaries Australia and provides corporate advisory and consultancy services to several companies.

DIRECTORS' MEETINGS

The Directors attendances at Board meetings held during the year were:

	Board Meetings	
	Number eligible to attend	Number attended
Mr Adam Santa Maria	3	3
Mr Logan Robertson	3	3
Mr Brett Lawrence	3	3

* excludes any meetings held via circular resolution

The Group does not have any remuneration, nomination or audit committees. These functions are performed by the Board.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each key management personnel of the Group, and for the executives receiving the highest remuneration. Key management personnel for the Group include:

- Mr Adam Santa Maria (Executive Chairman)
- Mr Logan Robertson (Non-Executive Director)
- Mr Brett Lawrence (Non-Executive Director)

Remuneration Policy

The remuneration policy of the Group has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component that provides cost effective services to the Group at an early stage of its development, as well as a performance-based component. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the group is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board.
- All key management personnel receive a base salary or fee appropriate to the skills and responsibility of the role
- The Board reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

At present there are no criteria or key performance measures in place in regards to the remuneration of key management personnel. The Board may however, look to approve incentives including bonuses and options in order to attract the highest calibre of executives and to incentivise them in relation to the long-term growth of shareholder wealth. A review of key management is done annually on an informal basis.

Key management personnel are also entitled to participate in the issue of shares and options as issued at the discretion of the Board.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by key management personnel. Options are valued using the Black-Scholes methodology.

The Board's policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and are able to participate in the employee option plan.

During the financial year, the Group did not engage any remuneration consultants.

DIRECTORS' REPORT

REMUNERATION REPORT (CONT'D)

Performance-based Remuneration

It is the Group's intention when appropriate to include performance-based remuneration as a component of key management personnel remuneration. As outlined within this report, a total of 195,000,000 unlisted options were issued to key management personnel during the current financial year.

Group Performance

The following table shows gross income, profits / (losses) and dividends for the last 5 years as a listed entity, as well as the share price at the end of the respective financial years.

	2015 $	2016 $	2017 $	2018 $	2019 $
Revenue and other income	633,466	173,489	196,860	70,322	73,945
Net (loss)	(213,562)	(9,976,890)	(2,470,979)	(930,972)	(481,957)
Share price at year-end	0.002	0.002	0.004	0.001	0.001
Dividends paid	Nil	Nil	Nil	Nil	Nil

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management for the Group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience and skills of the individual concerned, and overall performance of the Group. The contracts for service between the Group and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The following Directors had contracts in place with the Group during the financial year as detailed below:

Mr Adam Santa Maria, Executive Chairman

- Confirmation of Appointment dated 16 December 2015 with no termination date;
  - Director fees of $10,000 per annum;
  - There will be no payment upon termination; and
  - $1,000 per day, or part thereof, for any work performed on behalf of the Company.

Mr Logan Robertson, Non-Executive Director

- Confirmation of Appointment dated 18 December 2015 with no termination date;
  - Director fees of $10,000 per annum; and
  - There will be no payment upon termination.

Mr Brett Lawrence, Non-Executive Director

- Confirmation of Appointment dated 2 August 2016 with no termination date;
  - Director fees of $10,000 per annum; and
  - There will be no payment upon termination.

Voting and Comments made at the Company's 2018 Annual General Meeting ('AGM')

At the 2018 AGM, 99.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS' REPORT

REMUNERATION REPORT (CONT'D)

Key Management Personnel Remuneration

Compensation of Key Management Personnel Remuneration - FY2019

	Short-term Benefits			Post-employment Benefits			
Key Management Person	Cash, salary and fees $	Other $	Superannuation $	Termination benefits $	Equity $	Share-based Payment Options $	Total $
Directors							
A Santa Maria	10,000	21,500[1]	-	-	-	96,850	128,350
L Robertson	10,000	-	-	-	-	96,850	106,850
B Lawrence	10,000	-	-	-	-	96,850	106,850
Total	**30,000**	**21,500**	**-**	**-**	**-**	**290,550**[2]	**342,050**

[1] Relates to fees paid to Mr Santa Maria for 21.5 days of executive services performed on behalf of the Company, as per contracted rate
[2] Net of consideration paid for options totalling $1,950

Compensation of Key Management Personnel Remuneration - FY2018

	Short-term Benefits			Post-employment Benefits			
Key Management Person	Cash, salary and fees $	Other $	Superannuation $	Termination benefits $	Equity $	Share-based Payment Options $	Total $
Directors							
A Santa Maria	10,000	23,500[2]	-	-	-	-	33,500
L Robertson	10,000	-	-	-	-	-	10,000
B Lawrence	10,000	-	-	-	-	-	10,000
H Callaghan[1]	-	103,871[3]	-	-	-	-	103,871
R Scott[1]	-	80,000[3]	-	-	-	-	80,000
KMP							
P Snyders	-	95,000[4]	-	-	-	-	95,000
Total	**30,000**	**302,371**	**-**	**-**	**-**	**-**	**332,371**

[1] Appointed on 21 March 2017, resigned 13 December 2017
[2] Relates to fees paid to Mr Santa Maria for 23.5 days of executive services performed on behalf of the Company, as per contracted rate
[3] Relates to consultancy fees paid to related parties of Messrs Scott, Mr Callaghan & Mr Synders
[4] The consultancy agreement with Mr Synders was ceased on 30 November 2017, upon a decision being made to not proceed with RAC project

Shares

No shares in the Group were issued to Directors or 0ther Key Management Personnel as part of their remuneration during the 2019 financial year.

Options

On 9 August 2018, the Group issued 195,000,000 unlisted options to Directors for cash consideration of $0.00001 per option, as an incentive for future performances. In accordance with the Groups remuneration policy, the options were issued at the discretion of the board with no predetermined performance criteria attached. The unlisted options are exercisable at $0.0015 on or before 9 August 2023. There were no vesting conditions attached to the options, hence the options vested at grant date. The following table discloses the movement in Directors' and Key Management Personnel's Options during the 2019 financial year (2018: nil).

	Balance 1 Jul 2018 No.	Options Granted No.	Options Exercised No.	Options Lapsed No.	Balance 30 Jun 2019 No.	Vested during the year No.	Vested and exercisable at 30 June 2019 No.	Not vested at 30 June 2019 No.
A Santa Maria	20,000,000	65,000,000	-	-	85,000,000	65,000,000	85,000,000	-
L Robertson	10,000,000	65,000,000	-	-	75,000,000	65,000,000	75,000,000	-
B Lawrence	10,000,000	65,000,000	-	-	75,000,000	65,000,000	75,000,000	-
Total	**40,000,000**	**195,000,000**	**-**	**-**	**235,000,000**	**195,000,000**	**235,000,000**	**-**

DIRECTORS' REPORT

REMUNERATION REPORT (CONT'D)

Options (Cont'd)

Grant Date	Date Vested and Exercisable	Expiry Date	Exercise Price	Fair Value per Option	Value of Options at Grant Date	No. of Options Issued
09 Aug 2018	09 Aug 2018	09 Aug 2023	$0.0015	$0.0015	$292,500[1]	195,000,000

[1] Includes cash consideration received of $1,950

These options were measured under the Black Scholes method. The assessed fair value at the grant date of options issued to the individuals is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date, the expected price volatility of the underlying shares, the expected dividend yield and the risk-free interest rate for the term of the option.

Directors' Interests

The relevant interest of each Director in the shares over such instruments issued by the companies within the Group, and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this Report is as follows:

	Opening Balance of Shares No.	Granted as Compensation No.	Options Exercised No.	Net Other Changes No.	Closing Balance of Shares No.
30 June 2019					
Directors					
A Santa-Maria	1,273,400	-	-	1,273,400[1]	2,546,800
L Robertson	3,611,598	-	-	3,611,598[1]	7,223,196
B Lawrence	2,708,699	-	-	2,708,699[1]	5,417,398
Total	**7,593,697**	**-**	**-**	**7,593,697**	**15,187,394**

[1] Directors took up their respective entitlements under the Entitlement Offer as per the Prospectus lodged on the 27 August 2018. Shares were issued on 3 October 2018 at an issue price of $0.001 per share.

Loans to Key Management Personnel and their related parties

No loans made to key management personnel and their related parties during the year ended 30 June 2019 (2018: nil).

Other Transactions with Related Parties

The Group paid consultant fees in relation to the placement and rights issue to Discovery Capital Partners Pty Ltd (director related entity of Mr Santa Maria) of $32,252 during the year ended 30 June 2019 (30 June 2018: nil).

Receivable from and Payable to Related Parties

No amounts were owing from or to related parties as at 30 June 2019 (30 June 2018: nil).

End of Remuneration Report

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or the Group, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

DIRECTORS' REPORT

DIRECTORS' AND AUDITOR INDEMNITIES

The Group provides Directors' and Officers' Insurance to cover legal liability and expenses for the Directors and Officers performing work on behalf of the Group. Further disclosures of the details for this policy are not able to be provided due to privacy requirements. The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

CORPORATE GOVERNANCE

The Group's Appendix 4G is released to ASX on the same day the Consolidated Annual Report is released. The Group's Corporate Governance Statement, and the Group's Policies, Charters and Procedures, can be all found on the Group's website at http://www.acaciacoal.com.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

NON-AUDIT SERVICES

There were no non-audit services provided by Pitcher Partners during the year ended 30 June 2019 (30 June 2018: nil). In the event that non-audit services are provided by Pitcher Partners BA&A Pty Ltd or it's related entities, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor's independence requirement of the *Corporation Act 2001*. These procedures include:

- Non-audit services will be reviewed by the Board to ensure they do not impact the integrity and the objectivity of the auditor; and
- Ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing risks and rewards.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar unless otherwise specified.

Signed in Perth on the 30th day of September 2019 in accordance with a resolution of the Directors:

Adam Santa Maria
Executive Chairman

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ACACIA COAL LIMITED

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Acacia Coal Limited and the entity it controlled during the year.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
Perth, 30 September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue and other income			
Gain on debt forgiveness		-	11,848
Interest income		33,538	3,474
Net fair value gains on financial assets at fair value through profit or loss *	11	34,822	-
Gain on the disposal of asset held for sale	10	-	55,000
Other income		5,585	-
		73,945	**70,322**
Expenses			
Corporate costs		(44,651)	(55,992)
Professional and consultancy fees	4	(127,101)	(273,254)
Marketing and travel expenses		(191)	(18,784)
Directors' fees		(30,000)	(30,000)
Employee benefits expenses		-	(2,403)
Office and administrative expenses		(42,351)	(56,489)
Foreign exchange (losses)/gains		(2)	3,740
Share based payment expense	18	(290,550)	-
Net fair value loss on financial assets at fair value through profit or loss *	11	-	(158,748)
Impairment of other receivables		(16,250)	(19,675)
Impairment of RAC project due-diligence cost	10	-	(376,375)
Other expenses		(4,806)	(13,314)
(Loss) before income tax expense		**(481,957)**	**(930,972)**
Income tax expense	5	-	-
(Loss) before other comprehensive income		**(481,957)**	**(930,972)**
Other comprehensive income			
Foreign exchange (losses)/gains		-	-
Total comprehensive (loss)		**(481,957)**	**(930,972)**
Loss per share for (loss) attributable to the ordinary equity holders of the Group			
Basic and diluted loss per share (cents)	15	**(0.01)**	**(0.06)**

** The Group has applied AASB 9 retrospectively, with an initial application date of 1 July 2018 and adjusting the comparative information for the period beginning 1 July 2017.*

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,640,083	340,716
Trade and other receivables	8	11,321	71,453
Other current assets	9	17,708	13,475
Total Current Assets		**2,669,112**	**425,644**
Non-Current Assets			
Financial assets at fair value through profit or loss	11	718	244,156
Exploration assets	12	153,134	-
Total Non-Current Assets		**153,852**	**244,156**
Total Assets		**2,822,964**	**669,800**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	61,595	48,578
Total Current Liabilities		**61,595**	**48,578**
Total Liabilities		**61,595**	**48,758**
Net Assets		**2,761,369**	**621,222**
EQUITY			
Contributed equity	16	42,669,310	40,412,015
Reserves	17	3,563,408	3,198,599
Accumulated losses		(43,471,349)	(42,989,392)
Total Equity		**2,761,369**	**621,222**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Note	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Balance at 30 June 2017		40,412,015	3,198,599	(42,058,420)	**1,552,194**
Loss for the year		-	-	(772,224)	**(772,224)**
Other comprehensive loss	17c	-	(158,748)	-	**(158,748)**
Total comprehensive loss		-	(158,748)	(772,224)	**(930,972)**
Balance at 30 June 2018 (under AASB 139)		**40,412,015**	**3,039,851**	**(42,830,644)**	**621,222**
Reclassification of available for sale reserve to fair value through profit or loss	3	-	158,748	(158,748)	-
Restated balance at 30 June 2018 (under AASB 9)		**40,412,015**	**3,198,599**	**(42,989,392)**	**621,222**
Loss for the year		-	-	(481,957)	**(481,957)**
Other comprehensive loss		-	-	-	**-**
Total comprehensive loss		-	-	(481,957)	**(481,957)**
Shares issued	16	2,486,950	-	-	**2,486,950**
Share issue costs	16, 17a	(229,655)	72,309	-	**(157,346)**
Options issued	17a	-	292,500	-	**292,500**
Balance at 30 June 2019		**42,669,310**	**3,563,408**	**(43,471,349)**	**2,761,369**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash Flows from Operating Activities			
Interest received		32,476	3,474
Interest paid		(2)	(328)
Payments to suppliers and contractors		(189,787)	(609,749)
Net cash (outflow) from operating activities	20	**(157,313)**	**(606,603)**
Cash Flows from Investing Activities			
Receipt on sale of financial assets	11	278,260	-
Receipt on asset held for sale	10	-	350,000
Payment of exploration expenditures		(90,634)	(376,375)
Net cash inflow / (outflow) from investing activities		**187,626**	**(26,375)**
Cash Flows from Financing Activities			
Proceeds from placement	16	400,000	-
Proceeds from options issued	18	1,950	-
Proceeds from rights issue	16	2,024,450	-
Share issue costs		(157,346)	-
Net cash inflow from financing activities		**2,269,054**	**-**
Net increase / (decrease) in Cash and Cash Equivalents		**2,299,367**	**(632,978)**
Cash and cash equivalents at the beginning of the financial year		340,716	973,694
Cash and cash equivalents at the end of the financial year	7	**2,640,083**	**340,716**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Acacia Coal Limited (the "Company") is a for profit company domiciled in Australia and limited by shares. The address of the Company's registered office is Ground Floor, 16 Ord Street, West Perth WA 6005. The consolidated financial statements of the Group as at, and for the year ended 30 June 2019 comprise the Company and its subsidiary (together referred to as the "Group"). The Group is primarily involved in the resources sector.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRSs) adopted by the International Financial Accounting Standards Board (IASB).

The consolidated annual report was authorised for issue by the Board of Directors on 30 September 2019.

The consolidated annual report has been prepared on the historical cost basis except for the following items in the consolidated statement of financial position:

- Financial instruments at fair value through profit or loss are measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

Financial report prepared on a going concern basis

The consolidated financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year ended 30 June 2019, the Group incurred a loss from continuing operations of $481,957 (2018: $930,972), net operating cash outflows of $157,313 (2018: $606,603) and year-end cash and cash equivalents balance of $2,640,083 (2018: $340,716).

The Group's cashflow forecasts for the 12 months ending 30 September 2020 indicate that the Group will be in a position to meet its committed operational and administrative expenditure and thus continue to operate as a going concern.

In the Directors' opinion there are therefore reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On this basis, no adjustments have been made to the consolidated financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the consolidated financial report has been prepared on a going concern basis.

Comparatives

Where necessary, comparatives have been reclassified for consistency with current year presentation.

b) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements, assumptions and estimation in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are disclosed below:

Utilisation of Tax Losses

A company cannot carry forward losses unless it satisfies either the "continuity of ownership" test (ITAA97 s 165-12) or the "same business" test (ITAA97 s 165-13) as described in the Income Tax Assessment Act 1997. It is assumed going forward the Group will continue to satisfy these conditions to carry forward the tax losses to use in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Use of estimates and judgements (Cont'd)

Exploration assets

Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest.

Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

The Group assesses the impairment of exploration and evaluation expenditure capitalised at each reporting date by evaluation conditions specific to the Group and to the particular asset that may lead to impairment. The assessment of carrying amount is after consideration of prevailing market conditions; previous expenditure carried out on the tenements; and the potential for mineralisation based on independent reports. The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole, or part, of the Group's interests in those areas for an amount at least equal to the carrying value. No impairment indicators noted for the year ended 30 June 2019.

Share based payments

The Group measures the cost of equity-settled transactions with employees, Directors, Key Management Personnel, service providers and for tenements acquired by reference to the fair value of the options at the date at which they are granted. The fair value at grant date is determined using the Black-Scholes option pricing model which takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, expected volatility of the underlying share, and the risk free interest rate for the term of the option.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

c) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Refer to Note 14 for list of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Foreign currency (Cont'd)
Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

e) Cash and cash equivalents
Cash and cash equivalents include cash at bank and on hand, and short-term deposits with original maturities of three months or less. For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also includes any bank overdrafts.

f) Trade and other receivables
The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

g) Exploration and evaluation expenditure
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

h) Impairment of non-financial assets
At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. An asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

i) Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

j) Current and non-current classification
Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

k) Provisions
A provision is recognised if, as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for restoration and rehabilitation

No provisions for restoration and rehabilitation have been made at this stage, as there are no obligations to do so and the Group is currently in the exploration stage and have yet to start mining.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Contributed equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Basic loss per share

Basic loss per share is determined by dividing the operating profit/(loss) after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year

Diluted loss per share

Diluted loss per share adjusts the amounts used in the determination of basic loss per share by taking into account unpaid amounts on ordinary shares and any reduction in loss per share that will probably arise from the exercise of options outstanding during the financial year.

m) Interest

Interest revenue is brought into account on an accrual basis using the effective interest rate method and, if not received at the end of reporting period, is reflected in the statement of financial position as a receivable.

n) Taxes

Income tax

Income tax expense or revenue comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those rates which are enacted or subsequently enacted for each jurisdiction.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation

The Group has decided not to elect to implement tax consolidation at this time.

o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the consolidated statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is disclosed as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Share based payments

The Board may at its discretion, provide equity-settled and cash-settled share-based compensation benefits to employees, Directors, Key Management Personnel, service providers and for tenements acquired from time to time.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services or to incentivise future performances. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted.

The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired option of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss after income tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss after income tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Group's other components. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

s) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability. Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

t) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

3. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

a) New or revised standards and interpretations that are first effective in the current reporting period

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply to this set of consolidated financial statements.

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

The accounting policies adopted by the Group are consistent with those of the previous financial period, except as follows:

AASB 9 Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Impairment of financial assets

AASB 9's new forward-looking impairment model applies to Group's trade and other receivables. The application of the new impairment model depends on whether there has been a significant increase in credit risk. As at the date of initial recognition the Group had no trade receivables. Consequently, the expected loss model has had no material impact.

Reconciliation of financial instruments on adoption of AASB 9

The Group adopted AASB 9 in accordance with the transition requirements in AASB 9, which permits entities to transition to AASB 9 by applying AASB 9:

- Retrospectively to each prior reporting period presented, provided that the Group can restate prior periods without the use of hindsight; or
- Retrospectively with the cumulative effect of initially applying AASB 9 recognised as at the date of initial application (i.e. at the beginning of the consolidated annual reporting period in which the Group first applies AASB 9).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONT'D)

a) New or revised standards and interpretations that are first effective in the current reporting period (Cont'd)

The Group adopted AASB 9 retrospectively with the cumulative effect of initially applying AASB 9 recognised at the date of initial recognition (i.e. as at 1 July 2018). The following table provides the adjustments made to individual line items recognised in the Group's Condensed Consolidated Interim Financial Report for the half year ended 31 December 2018, as a consequence of it adopting AASB 9 as at 1 July 2018:

	AASB 139 Classification	AASB 9 Classification	AASB 139 Carrying Amount $	AASB 9 Carrying Amount $
Financial assets				
Listed shares [(i)]	Available for Sale	FVTPL	244,156	244,156

[(i)] Investment in Bowen Coking Coal Limited was classified as Available-for-Sale under AASB 139. This falls under FVTPL classification under AASB 9 as investments in equity securities fail the solely payments of principal and interest test (i.e. the contractual cash flow test). The Group decided not to make the irrevocable election on transition to account for these investments at FVTOCI (Equity FVTOCI).

Impact on the financial statements

As a result of the changes in the Group's accounting policies, prior year financial statements had to be restated. As explained above, the Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018 and adjusting the comparative information for the period beginning 1 July 2017.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

	Previously Reported 30 Jun 2018 $	Adjustment $	Adjusted Balance 30 Jun 2018 $
Net fair value loss on financial assets at fair value through profit or loss	-	(158,748)	**(158,748)**
(Loss) from continuing operations before income tax expense	(772,224)	(158,748)	**(930,972)**
(Loss) from continuing operations before other comprehensive income	(772,224)	(158,748)	**(930,972)**
Net loss on available for sale assets	(158,748)	158,748	-
Equity			
Reserves	3,039,851	158,748	**3,198,599**
Accumulated losses	(42,830,644)	(158,748)	**(42,989,392)**

The effect of classification changes on the Group's equity are summarised below:

	Share-Based Compensation $	Available for Sale Reserve $	Performance Shares $	Total Reserves $	Accumulated Losses $
Opening balance under AASB 139 - 1 July 2018	2,545,821	(158,748)	652,778	3,039,851	(42,830,644)
Reclassified from AFS to FVTPL	-	158,748	-	-	(158,748)
Opening balance under AASB 9 - 1 July 2018	**2,545,821**	**-**	**652,778**	**3,198,599**	**(42,989,392)**

Fair value losses of $158,748 were transferred from the available-for-sale financial assets reserve to retained earnings on 1 July 2018. During the year ended 30 June 2019, the fair value measurement of financial assets was $39 and $34,783 gain on disposal of financial assets. This amount was included within profit or loss in accordance with the Group's adopted accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONT'D)

a) New or revised standards and interpretations that are first effective in the current reporting period (Cont'd)

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and it applies with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an Group expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Group to exercise judgement, taking into account all the relevant facts and circumstances when applying each step of the model to contracts with customers. At the initial date of application (1 July 2018), the effect of adopting AASB 15 did not have a material impact on the transactions and balances recognised in the financial statements. The Group's accounting policy for revenue and other income from 1 July 2018 is as follows:

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is recognised as interest revenue. There is no change to the accounting policy for interest as set out in the 30 June 2018 consolidated financial report.

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount of that reflects the consideration to which the Group expects to be entitled in exchange for those services.

As a result of the adoption of AASB 15, as the date of initial application, there is no material impact on the transactions and balances recognised in the consolidated financial statements as the Group did not derive revenue from contracts with customers during the period.

b) Accounting standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2019, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the consolidated statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. Based on the management's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020, will not have a material impact on the transactions and balances recognised in the consolidated financial statement.

4. PROFESSIONAL AND CONSULTANCY FEES

	30 Jun 2019 $	30 Jun 2018 $
Legal costs	10,364	102,666
Management costs	21,500	80,371
Consultant costs	71,530	67,600
Audit fees	23,707	22,617
	127,101	**273,254**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INCOME TAX EXPENSE

	30 Jun 2019	30 Jun 2018
a) The components of income tax expense comprise:	**$**	**$**
Current tax	(132,134)	-
Deferred tax	(36,442)	(108,825)
DTA not recognised (losses)	132,134	146,392
(DTL) / DTA not recognised (temporary)	(36,442)	(37,568)
Income tax expense / (benefit)	-	-
b) The prima facie tax on (loss) from continuing operations and discontinued operations before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on (loss) from continuing operations and discontinued operations before income tax at 27.5%	(132,538)	(212,375)
Add tax effect of:		
Other non-allowable items	70,325	103,551
Less tax effect of:		
Capital raising costs	(16,105)	-
DTA not recognised (losses)	98,655	146,392
(DTL) / DTA not recognised (temporary)	(20,337)	(37,568)
Income tax expense / (benefit)	-	-
Deferred Tax Assets Not Brought to Account, the benefits of which will only be realised if the conditions for deductibility set out in Note 2 occur		
Tax Losses	10,677,044	10,578,388
Capital Losses	33,478	-
Temporary Differences	2,511,687	2,475,245
Total	**13,147,456**	**13,936,052**

6. AUDITOR'S REMUNERATION

	30 Jun 2019	30 Jun 2018
	$	**$**
Remuneration of the auditors of the group:		
Audit fees and review of financial reports	**23,707**	**22,617**

7. CASH AND CASH EQUIVALENTS

	30 Jun 2019	30-Jun-16
	$	**$**
Cash and cash equivalents	**2,640,083**	**340,716**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets are disclosed in Note 26.

8. TRADE AND OTHER RECEIVABLES

	30 Jun 2019	30 Jun 2018
	$	**$**
Current		
Other receivables	11,321	3,519
Rental guarantee	16,250	67,934
Provision for rental guarantee	(16,250)	-
	11,321	**71,453**

Unless otherwise provided for, all trade and other receivables are expected to be recovered in full. The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in Note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. OTHER CURRENT ASSETS

	30 Jun 2019	30 Jun 2018
	$	$
Prepayments	**16,646**	**13,475**
Accrued interest	**1,062**	**-**
	17,708	**13,475**

10. ASSETS HELD FOR SALE

Asset classified as held for sale	30 Jun 2018
	$
Exploration and evaluation asset – carrying value – opening balance	750,000
Expenditure capitalised during period	376,375
Impairment recognised	(376,375)
Sale of asset	(750,000)
Exploration and evaluation asset – carrying value – closing balance	-

In the prior year, there were factors present that indicate that the carrying amount of exploration and evaluation expenditure exceeded the recoverable amount of the project and it was therefore appropriate to impair the carrying value of the capitalised exploration expenditure.

The Group committed to sell its Comet Ridge project to Bowen Coking Coal Pty Ltd through an option agreement on 11 January 2017. The Group signed a Binding Memorandum of Understanding for a Call Option in respect of Comet Ridge, for its sale to Bowen Coking Coal Pty Ltd. Accordingly, the asset was classified as held for sale. The option was exercised during the year with the completion of the transaction conditional upon Bowen Coking Coal Pty Ltd achieving an ASX listing.

On 3 October 2017, the sale to Bowen Coking Coal Pty Ltd was completed and the asset was disposed for a consideration of cash and shares in Bowen Coking Coal Pty Ltd (BCC), initially valued at approximately $0.023 per share, summary of the transaction below:

Profit on disposal of Comet Ridge	30 Jun 2018
	$
Consideration received (Cash)	405,000
Consideration received (Shares in Bowen Coking Coal Ltd)	400,000
Net assets disposed of	(750,000)
Profit on disposal of asset	**55,000**

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

a) Reconciliation	30 Jun 2019	30 Jun 2018
	$	$
Opening balance at 1 July	244,156	2,904
Movement during the year		
Additions	-	400,000
Revaluation gain / (loss) on remaining financial assets	39	(158,748)
Gain on financial assets disposed	34,783	-
Disposals	(278,260)	-
	718	**244,156**

The Group holds financial assets at FVTPL that have been revalued and reported at fair value at balance date. Any revaluation gain or loss are recognised in profit and loss. When financial assets are disposed of, it will be recognised in profit or loss at that time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

b) Fair value hierarchy

The following table provides the fair value classification of those assets and liabilities held by the group that are measured either on a recurring or non-recurring basis at fair value.

Financial assets at fair value through profit or loss	Level 1 $	Level 2 $	Level 3 $
30 June 2019	718	-	-
30 June 2018	244,156	-	-

12. EXPLORATION ASSETS

	30 Jun 2019 $	30 Jun 2018 $
Mt Bruce	38,744	-
Mt Windarra	114,390	-
	153,134	
Mt Bruce		
Opening balance at 1 July	-	-
Fair value of tenements on acquisition*	18,750	-
Additions	19,994	-
Impairment	-	-
Closing balance at 30 June	**38,744**	**-**
Mt Windarra		
Opening balance at 1 July	-	-
Fair value of tenements on acquisition*	43,750	-
Additions	70,640	-
Impairment	-	-
Closing balance at 30 June	**114,390**	**-**

* During the financial year, 18,750,000 shares were issued to acquire Mt Bruce and 43,750,000 shares were issued to acquire Mt Windarra for a total value of $62,500, based on the fair value of the shares on acquisition date of $0.001.

13. TRADE AND OTHER PAYABLES

	30 Jun 2019 $	30 Jun 2018 $
Trade payables	47,670	13,555
Accruals	12,828	34,760
Other payables	1,097	263
	61,595	**48,578**

Refer to Note 26 for details on management of financial risk.

14. CONTROLLED ENTITIES

The consolidated financial statements of the Group include:

	Country of Incorporation	Percentage Owned (%)* 30 Jun 2019	30 Jun 2018
Parent Group:			
Acacia Coal Limited	Australia		
Subsidiaries of Acacia Coal Limited:			
Mt Garnet Mines NL	Australia	100	100

** Percentage of voting power in proportion to ownership*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. LOSS PER SHARE

	30 Jun 2019	30 Jun 2018
	$	$
(Loss) used in calculating basic and diluted EPS	(481,957)	(930,972)
	Number	Number
Weighted average number of ordinary shares	3,390,345,219	1,580,700,835
	Cents	Cents
Basic loss per share	(0.01)	(0.06)
Diluted loss per share	(0.01)	(0.06)

16. CONTRIBUTED EQUITY

	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	No.	No.	$	$
Ordinary shares on issue, fully paid	**4,067,651,670**	1,580,700,835	**42,669,310**	40,412,015

Fully paid ordinary shares on issue entitle the holder to participate in dividends, the repayment of capital upon Group winding up, and represent one vote at shareholders' meetings. The fully paid ordinary shares have no par value.

Reconciliation of movement in share capital

30 June 2019	**No. Of Shares**	**Issue Price**	**Amount $**
Opening balance at 1 July 2018	1,580,700,835		40,412,015
Placement shares – 9 August 2018	400,000,000	0.001	400,000
Shares issued to Mt Windarra – 22 August 2018	43,750,000	0.001	43,750
Rights issue – 3 October 2018	884,932,075	0.001	884,932
Shortfall issue – 31 October 2018	1,139,518,760	0.001	1,139,518
Shares issued to Mt Bruce – 6 March 2019	18,750,000	0.001	18,750
Share issue costs	-		(229,655)
Closing balance at 30 June 2019	**4,067,651,670**		**42,669,310**
30 June 2018			
Opening balance at 1 July 2017	1,580,700,835		40,412,015
Closing balance at 30 June 2018	**1,580,700,835**		**40,412,015**

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maximise the returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Board is constantly reviewing the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may issue new shares, return capital to shareholders or sell assets to reduce debt. The Group was not subject to any externally imposed capital requirements during the year.

17. RESERVES

	Note	30 Jun 2019 $	30 Jun 2018 (Restated) $
Share based payment reserve	17a	2,910,630	2,545,821
Performance share reserve	17b	652,778	652,778
Available-for-sale reserve	17c	-	-
		3,563,408	**3,198,599**

Options and performance shares issued carry no dividend or voting rights. When exercisable each option and performance share is convertible to one ordinary share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. RESERVES (CONT'D)

a) Share based payment reserve

	30 Jun 2019 No.	30 Jun 2018 No.	30 Jun 2019 $	30 Jun 2018 $
Unlisted options on issue	**312,500,000**	42,500,000	**2,910,630**	2,545,821

The share-based payment reserve is used to recognise the fair value of options issued to employees and other parties but not exercised. No options were cancelled, lapsed or were forfeited during the financial year.

30 June 2019	No. of unlisted options	Amount $
Opening balance at 1 July 2018 held by directors and an unrelated party	42,500,000	2,545,821
Options issued to Directors – 9 August 2018 (Note 18)	195,000,000	292,500
Options issued to Lead Managers – 8 November 2018 (Note 18)	75,000,000	72,309
Closing balance at 30 June 2019	**312,500,000**	**2,910,630**
30 June 2018		
Opening balance at 1 July 2017	42,500,000	2,545,821
Closing balance at 30 June 2018	**42,500,000**	**2,545,821**

The Company has the following options on issue at 30 June 2019:

Date Granted	Number of Options	Exercise Price per Option	Expiry Date of Options
05 Dec 2016	42,500,000	$0.006	05 Dec 2021
09 Aug 2018	195,000,000	$0.0015	09 Aug 2023
08 Nov 2018	75,000,000	$0.0015	08 Nov 2020

b) Performance share reserve

	30 Jun 2019 $	30 Jun 2018 $
Closing balance at 30 June	**652,778**	652,778

The performance share reserve is used to recognise the value of performance shares issued to external parties but not exercised.

c) Available for sale reserve

	Amount $
Reconciliation of movement in reserve	
Opening balance at 1 July 2017	-
Net loss on available for sale assets	(158,748)
Closing balance at 30 June 2018 (under AASB 139)	(158,748)
Reclassified from AFS to FVTPL	158,748
Opening balance at 1 July 2018 (under AASB 9)	**-**
No movements	
Closing balance at 30 June 2019	-

As at 1 July 2018, the Group held some equity investments that had been initially designated as available-for-sale under AASB 139 that were no longer considered to be strategic investments to be held for the long-term. Accordingly, the Group decided not to irrevocably designate these investments at fair value through other comprehensive income.

In accordance with AASB 9, these equity investments were classified as at fair value through profit or loss. On the date of reclassification, the carrying amount of these equity investments was $244,156. On initial application at 1 July 2018, accumulated losses of $158,748 were reclassified from the available-for-sale reserve to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. SHARE BASED PAYMENTS

	30 Jun 2019	30 Jun 2018
	$	$
Fair value of options issued to Directors*	292,500	-
Less cash consideration received*	(1,950)	-
Share based payment expense	**290,550**	-

* On 9 August 2018, the Group issued 195,000,000 unlisted options to Directors for cash consideration of $0.00001 per option, as an incentive for future performances. In accordance with the Groups remuneration policy, the options were issued at the discretion of the board with no predetermined performance criteria attached. The unlisted options are exercisable at $0.0015 on or before 9 August 2023. As per the option terms included in the Notice of General Meeting lodged on the 21 June 2018, there were no vesting conditions attached to the options, hence the options vested at grant date.

On 8 November 2018, the Group issued 75,000,000 unlisted options for nil consideration to nominees of Nascent Capital Partners and Bell Potter Securities for lead manager services rendered with regards to capital raisings. Options are exercisable at $0.0015 each and expire on the 8 November 2020. As per the option terms included in the Notice of General Meeting lodged on the 21 June 2018, there were no vesting conditions attached to the options, hence the options vested at grant date. Total value of $72,309 was charged against share issue costs.

The following table lists the inputs to the Black-Scholes model used for valuation of options:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Volatility	Dividend Yield	Fair Value at Grant Date (per option)
9 Aug 2018	9 Aug 2023	$0.0015	$0.0015	2.28%	433%	-	$0.0015
8 Nov 2018	8 Nov 2020	$0.001	$0.0015	2.07%	307%	-	$0.00096

During the financial year, 18,750,000 shares were issued to acquire Mt Bruce and 43,750,000 shares were issued to acquire Mt Windarra for a total value of $62,500, based on the fair value of the shares on acquisition date of $0.001.

19. PARENT ENTITY DISCLOSURES

Summary of financial information
The individual financial statements for the parent entity show the following aggregate amounts:

	30 Jun 2019	30 Jun 2018
	$	$
Current assets	2,669,113	425,644
Non-current assets	153,852	244,156
Total Assets	**2,822,965**	**669,800**
Current liabilities	499,971	488,324
Total Liabilities	**499,971**	**488,324**
Contributed equity	42,669,310	40,412,015
Share based payment reserve	3,563,408	3,198,599
Accumulated losses	(43,909,724)	(43,429,138)
Total Equity	**2,322,994**	**181,476**
Loss for the year	**(480,581)**	**(930,972)**
Total comprehensive loss for the year	**(480,581)**	**(930,972)**

b) Commitments and contingent liabilities of the parent
Refer to Note 25 for commitments. The parent entity did not have any contingent liabilities as at 30 June 2019 (30 June 2018: nil).

c) Guarantees entered into the parent entity
There were no guarantees entered into by the parent entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. CASH FLOW INFORMATION

	30 Jun 2019 $	30 Jun 2018 $
Reconciliation of cash flow from operations with loss after income tax		
(Loss) after income tax	(481,957)	(930,972)
Add / (deduct) non-cash items		
Share based payment expense	290,550	-
Impairment of other receivables	16,250	19,675
Revaluation of assets	(34,822)	158,748
Impairment of RAC project due-diligence cost	-	376,375
Changes in assets and liabilities, net of the effects of purchase of subsidiaries		
Decrease / (increase) in trade and other receivables	39,649	(583)
Increase / (decrease) in trade and other payables	13,017	(229,846)
Cash Outflows from Operations	**(157,313)**	**(606,603)**

Non-cash investing and financing activities

During the financial year, 62,500,000 shares with a total fair value of $62,500 were issued to acquire tenements (2018: nil).

21. RELATED PARTY TRANSACTIONS

a) Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	30 Jun 2019 $	30 Jun 2018 $
Short-term employee benefits	51,500	332,371
Post-employment benefits	-	-
Share-based payments	290,550	-
	342,050	**332,371**

b) Loans to key management personnel and their related parties

No loans made to key management personnel and their related parties during the year ended 30 June 2019 (2018: nil).

c) Other related party transactions

The Group paid consultant fees in relation to the placement and rights issue to Discovery Capital Partners Pty Ltd (director related entity of Mr Santa Maria) of $32,252 during the year ended 30 June 2019 (2018: nil).

d) Receivable from and payable to related parties

No amounts were owing from or to related parties as at 30 June 2019 (30 June 2018: nil).

22. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the financial year and to the date of this report that significantly affected, or may significantly affect, the operations of the Group, the results of the Group, or the state of affairs of the Group in the financial years subsequent to the year ended 30 June 2019.

23. SEGMENT INFORMATION

In light on the decision to not proceed with the acquisition of the RAC project, the Group does not have any reportable operating segment. Internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers), in assessing performance and determining the allocation of resources are prepared on the Group as a whole.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or assets at 30 June 2019 (2018: nil).

25. COMMITMENTS

	30 Jun 2019	30 Jun 2018
Operating commitments	$	$
Within 1 year	41,806	-
Within 1-5 years	117,767	-
	159,573	**-**

Operating commitments include contracted amounts for various mining tenement leases and expenditures, expiring within 5 years, with options to extend. Upon renewal, the terms of the leases are renegotiated.

26. FINANCIAL RISK

The Group's financial instruments consist mainly of cash at bank, payables and receivables.

The Group has not formulated any specific management objectives and policies in respect to debt financing, derivatives or hedging activity. As a result, the group has not formulated any specific management objectives and policies in respect to these types of financial instruments. Should the group change its position in the future, a considered summary of these policies will be disclosed at that time.

The Group's current exposure to the risk of changes in the market is managed by the Board of Directors. The Board of Directors is of the opinion that the carrying amount of the Group's financial instruments approximate their fair value.

Market risks
The Group is exposed to a variety of financial risks through its financial instruments for example, interest rate risk, liquidity risk and credit risk.

Interest rate risk
At reporting date, the Group does not have long term borrowings and its exposure to interest rate risk is assessed as low. The Board of Directors monitors its interest rate risk through sensitivity analysis, as outlined below.

The Group's exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets of the group is summarised in the following tables:

	Interest Bearing	1 Year or less	Over 1 to 5 years	Non-interest bearing	Remaining contractual maturities	Weighted average interest rate
30 June 2019	$	$	$	$	$	%
Financial assets						
Cash and cash equivalents	2,630,495	2,630,495	-	9,588	2,640,083	**1.27%**
Other receivables	-	-	-	11,321	11,321	
	2,630,495	2,630,495	-	**20,909**	**2,651,404**	
Financial liabilities						
Trade and other payables	-	-	-	48,767	48,767	
	-	**-**	**-**	**48,767**	**48,767**	
30 June 2018						
Financial assets						
Cash and cash equivalents	330,958	330,958	-	9,758	340,716	**1.02%**
Other receivables	-	-	-	71,453	71,453	
	330,958	**330,958**	**-**	**81,211**	**412,169**	
Financial liabilities						
Trade and other payables	-	-	-	13,818	13,818	
	-	**-**	**-**	**13,818**	**13,818**	

26. FINANCIAL RISK (CONT'D)

At 30 June 2019, if interest rates had changed by -/+100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been $26,305 lower/higher (2018: $3,310).

Liquidity risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors forecast cash flows on regular basis to manage its liquidity risk and its exposure. As at 30 June 2019, the Group's financial assets and liabilities have contractual maturities as summarised below:

	30 Jun 2019 $	30 Jun 2018 $
Other receivables		
1 year or less	11,321	71,453
Between 1 and 5 years	-	-
Over 5 years	-	-
	11,321	**71,453**
Trade and other payables		
1 year or less	48,767	13,818
Between 1 and 5 years	-	-
Over 5 years	-	-
	48,767	**13,818**

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The policy of the Group is to sell the financial assets at spot price and it has not entered into any hedging contracts.

Sensitivity
Investments in listed securities at fair value through profit or loss are measured at fair value at reporting date based on current bid prices. If security prices were to increase/decrease by 10% from fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

Listed securities	30 Jun 2019 $	30 Jun 2018 $
+/- 10% price variation	72	24,416
Impact on profit after tax	72	24,416

Credit risk
Management has assessed the credit risk exposure as minimal at reporting date. Credit risk arises from exposure to customers and deposits with banks. Management monitors its exposure to ensure recovery and repayment of outstanding amounts. Cash deposits are only made with reputable banking institutions.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	30 Jun 2019 $	30 Jun 2018 $
Financial Assets - Current		
Cash and cash equivalents	2,640,083	340,716
Trade and Other Receivables	11,321	71,453
Total Financial Assets	**2,651,404**	**412,169**
Financial Assets – Non-Current	**-**	**-**

As at 30 June 2019, $16,500 of financial assets has been impaired (2018: $19,675).

DIRECTORS' DECLARATION

For the year ended 30 June 2019

1) In the opinion of the Directors of Acacia Coal Limited:

a) The financial statements and notes of the Group for the financial year ended 30 June 2019 are in accordance with the *Corporations Act 2001* including:

   i. Giving a true and fair view of the financial position of the Group as at 30 June 2019 and of its performance for the financial year ended on that date; and

   ii Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

b) The financial statements are notes comply with International Financial Reporting Standards as disclosed in Note 2a; and

c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) The Directors have been given the declarations by the Executive Chairman required by section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

Signed in Perth on the 30 September 2019.

This declaration is made in accordance with a resolution of the Directors.

Adam Santa-Maria
Executive Chairman

ACACIA COAL LIMITED
ABN 13 009 092 068

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ACACIA COAL LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Acacia Coal Limited (the "Company") and its controlled entity (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PITCHER PARTNERS

ACACIA COAL LIMITED
ABN 13 009 092 068

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ACACIA COAL LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Share Based Payments - Options Refer to note 17 to the financial report.	
During the year ended 30 June 2019, the Group issued the following options: • 195,000,000 options to directors of the Group; and • 75,000,000 options to lead managers. Under Australian Accounting Standards, equity settled awards are measured at fair value on grant date taking into consideration the probability of the vesting conditions (if any) attached. This amount is recognised as an expense either immediately if there are no vesting conditions, or over the vesting period if there are vesting conditions. Due to the significance to the Group's financial report and the level of judgment involved in determining the valuation of the share based payments, we consider the Group's calculation of the share based payment expense to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of and evaluating the processes and controls associated with the preparation of the valuation model used to assess the fair value of share based payments. Assessing the key judgments used in the Group's calculation including the share price of the underlying equity, interest rate, volatility, time to maturity (expected life), grant date and granting criteria. Assessing the adequacy of the disclosures in the financial report.
Capitalisation of exploration and evaluation expenditure Refer to Note 12 to the financial report.	
Included in the consolidated statement of financial position as at 30 June 2019 is an amount for $153,134 relating to capitalised exploration and evaluation expenditure in relation to the Mt Bruce and Mt Windarra projects. This amount represents 5.42% of total assets. The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the capitalised exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indictors to require an exploration and evaluation asset to be assessed for impairment involves a number of judgments including but not limited to: • Whether the Group has tenure of the tenement; • Whether the Group has sufficient funds to meet the tenement minimum expenditure requirements; and • Whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. Due to the significance to the Group's financial report and the level of judgment involved in assessing whether there are impairment indicators present, we consider this to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of and evaluating the processes and controls associated with the assessment of impairment indicators. Assessing the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. Also considering the status of the exploration licences as they relate to tenure. Assessing the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area, including an assessment of the Group's cash-flow forecast models, discussing with senior management and Directors as to the intentions and strategy of the Group. Assessing whether the exploration activities within each area of interest have reached a stage where the commercial viability of extracting the resource could be determined. Assessing the adequacy of the disclosures in the financial report.

ACACIA COAL LIMITED
ABN 13 009 092 068

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ACACIA COAL LIMITED

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

ACACIA COAL LIMITED
ABN 13 009 092 068

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ACACIA COAL LIMITED

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Acacia Coal Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

ACACIA COAL LIMITED
ABN 13 009 092 068

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ACACIA COAL LIMITED

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

PAUL MULLIGAN
Executive Director
Perth, 30 September 2019

SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of unrestricted equity securities in the Company as at 23 August 2019 were as follows:

Category (Size of Holding)	Shareholders
1-1,000	108
1,001-5,000	21
5,001-10,000	40
10,001-100,000	393
100,001 and over	771
Totals	**1,333**

The number of shareholdings holding less than a marketable parcel is 877 holders representing 98,030,193 shares.

Substantial Shareholders

The Company does not have any substantial shareholders listed in the register as 23 August 2019.

Twenty Largest Share Holders

The names of the twenty largest ordinary fully paid shareholders as at 23 August 2019 are as follows:

Rank	Name	A/C designation	No of shares	%
1	BLAMNCO TRADING PTY LTD		200,000,000	4.92
2	ARGONAUT CAPITAL LIMITED		152,328,032	3.74
2	ALBA CAPITAL PTY LTD		152,328,032	3.74
3	HOPERIDGE ENTERPRISES PTY LTD		129,699,193	3.19
4	MRS ELEANOR JEAN REEVES	<ELANWI A/C>	100,000,000	2.46
5	LANEWAY INVESTMENTS PTY LTD	JOLA FAMILY	70,000,000	1.72
6	EAGLE EYE NOMINEES PTY LTD		56,250,000	1.38
7	MR SHANE ROBERT JONES & MRS CAROL ROBIN JONES	<ROSH FAMILY A/C>	55,500,000	1.36
8	AFM PERSEUS FUND LIMITED		50,249,999	1.24
9	BLAKFYRE INVESTMENTS PTY LTD		50,000,000	1.23
9	BOTSIS HOLDINGS PTY LTD		50,000,000	1.23
9	MIDBRIDGE INVESTMENTS PTY LTD		50,000,000	1.23
9	MANUFACTURERS' AGENCIES PTY LTD		50,000,000	1.23
9	BEAUMY PTY LTD	<ROBERT FROST FAMILY A/C>	50,000,000	1.23
9	MR KENNETH BARRY RIDLEY & MRS CATHERINE MARY RIDLEY	<RIDLEY RETIREMENT FUND A/C>	50,000,000	1.23
9	MR NICHOLAS JOHN LEVIS & MRS KERRY IVY LEVIS	<NJ & KI LEVIS SUPER FUND A/C>	50,000,000	1.23
9	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES	<HOPERIDGE ENT P/L SUPER A/C>	50,000,000	1.23
9	AYERS PTY LTD	<HITA INVESTMENT A/C>,	50,000,000	1.23

SHAREHOLDER INFORMATION

9	MR PETER DAVID WADE	<WADE FAMILY A/C>	50,000,000	1.23
9	ICON HOLDINGS PTY LTD	<THE K J PAGANIN FAMILY A/C>	50,000,000	1.23
9	CAVALIER RESOURCES PTY LTD	<THE CAVALIER A/C>	50,000,000	1.23
9	MR PHILLIP RICHARD PERRY & MRS TETYANA PERRY	<DONESKA SUPER FUND A/C>	50,000,000	1.23
9	SOLACE THERAPIES PTY LTD	<SOLACE A/C>	50,000,000	1.23
9	GREATSIDE HOLDINGS PTY LTD	<ADL A/C>	50,000,000	1.23
9	TERRA AMATA PTY LTD		50,000,000	1.23
9	SEVENTEEN 10 PTY LTD		50,000,000	1.23
10	CLASSIC CAPITAL PTY LTD	<BRL UNIT A/C>	49,759,380	1.22
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		48,488,104	1.19
12	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		46,894,380	1.15
13	CLELAND PROJECTS PTY LTD	<CT A/C>	45,000,000	1.11
14	CARJAY INVESTMENTS PTY LTD		44,446,397	1.09
15	BLU BONE PTY LTD		42,000,000	1.03
16	BURGEON CAPITAL PTY LTD		40,000,000	0.98
16	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN	<SUPERANNUATION ACCOUNT>	40,000,000	0.98
17	MR THOMAS CLEMENT BAHEN		37,500,000	0.92
18	PROSPERITY RIDGE HOLDINGS PTY LTD		32,968,231	0.81
19	MR MARK ANDREW TKOCZ		30,000,000	0.74
19	MR EDWARD MALOUF		30,000,000	0.74
19	BLACK CREEK PTY LTD		30,000,000	0.74
20	MR GAVIN PETER MAY		27,300,000	0.67
	Total		**2,360,711,748**	**58.04**

Unlisted Options

The Company has the following unlisted options on issue as 23 August 2019:

Options exercisable at $0.006 on or before 5/12/2021

Rank	Name		A/C designation	No of options	%
1	WINSOME SANTA MARIA		<THE SANTA FAMILY A/C>	20,000,000	47.06
2	BRETT CLIFFORD LAWRENCE		<THE ARCADIA INVESTMENT A/C>	10,000,000	23.53
2	TECHNIQUE CAPITAL PTY LTD			10,000,000	23.53
3	S3 CONSORTIUM PTY LTD			2,500,000	5.88
		Total		**42,500,000**	**100.00**

Options exercisable at $0.0015 on or before 8/11/2020

Rank	Name		A/C designation	No of options	%
1	LANEWAY INVESTMENTS PTY LTD		JOLA FAMILY	37,500,000	50.00
1	BELL POTTER NOMINEES LTD		BB NOMINEES	37,500,000	50.00
		Total		**75,000,000**	**100.00**

SHAREHOLDER INFORMATION

Options exercisable at $0.0015 on or before 9/8/2023

Rank	Name		A/C designation	23 Aug 2019	%
1	DISCOVERY SERVICES PTY LTD		THE DISCOVERY CAPITAL INVESTMENTS UNIT	65,000,000	33.33
1	BRETT CLIFFORD LAWRENCE		THE ARCADIA INVESTMENT	65,000,000	33.33
1	TECHNIQUE CAPITAL PTY LTD			65,000,000	33.33
		Total		**195,000,000**	**100.00**