

**HD NuCoal Resources Ltd. - Quarterly Activities Reports to 30 September 2014**

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**LP**

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This Quarterly Report updates activities undertaken during the period 1 July 2014 to 30 September 2014.

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**OVERVIEW**

During the period, NuCoal:

continued to assess the Savoy Hill project in the Hunter Valley and evaluated other opportunities for new projects and

continued to implement the legal strategy previously announced to seek fair redress for shareholders following the cancellation of Exploration Licence 7270 (EL 7270) by the NSW Government in early 2014.

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

**1. PROJECTS**

Savoy Hill **Coal** Project (100%)

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

The **Company** has continued work on a **mining** options concept study and undertaken initial marketing analysis for a potential open-cut operation supplying the nearby domestic power stations.

Dellworth **Coal** Project (100%)

The Dellworth tenement, Exploration Licence 6594 (EL 6594), is valid until July 2015.

As previously noted, the resources at Savoy Hill are better than those at Dellworth being both more marketable and lower cost; therefore the **Company** is currently concentrating on progressing the Savoy Hill Project, however, further independent geological assessment is being undertaken to determine the viability of pursuing an Assessment Lease for the Dellworth tenement area.

**2. POTENTIAL ACQUISITIONS**

The **Company** has continued pursuing appropriate external acquisitions within Australia. A number of potential acquisitions have now been reviewed, and initial due diligence is currently being undertaken on projects deemed to be the most value accretive. Shareholders will be informed of any developments as soon as there is any material information to report.

**3. LEGAL COMPLIANCE**

As instructed by the Department of Trade & Investment Resources & **Energy**, during the quarter NuCoal delivered all of the core and chip samples in respect of EL 7270 to the Department's core library in Londonderry.

#### 4. LEGAL CASES

##### Background

On 31 January 2014, the NSW Government passed the **Mining** Amendment (ICAC **Operations** Jasper and Acacia) Act 2014 (NSW) (**Mining** Amendment Act), cancelling EL 7270 with no compensation payable to NuCoal. The legislation was passed following an inquiry by the Independent Commission Against Corruption (ICAC).

##### Constitutional Challenge against the **Mining** Amendment Act

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

A hearing date has not yet been allocated by the High Court. We will update shareholders when we have been allocated a hearing date for the proceedings.

##### Judicial Review Proceedings

The Judicial Review hearing of NuCoal vs Independent Commission Against Corruption was held in the NSW Supreme Court on 27 October 2014 before Justice Stephen Rothman. The hearing lasted one day and NuCoal was represented by Neil Williams SC and Jonathan Kay Hoyle.

Justice Rothman will now prepare his formal judgment. We will update shareholders following its release. Following the hearing, Chairman Gordon Galt said 'We welcome the opportunity to have an independent legal review of the process that led to ICAC's December 2013 report by a properly constituted Court. We await the Court's judgment.'

Shareholders are reminded that the outcome of the judicial review will not reverse the cancellation of EL 7270.

##### Free Trade Actions

The **Company** is continuing to pursue claims against the Australian Government on behalf of overseas based shareholders under various Free Trade Agreements (FTAs). These potential international actions are being progressed with a view to obtaining compensation from the Australian Government for the decision by the NSW Government to expropriate EL 7270 without payment of compensation.

Some FTAs allow the Plaintiff (NuCoal shareholders who reside in the relevant jurisdictions outside Australia) to bring an action without needing the consent of the Australian Government (e.g. Australia's Free Trade Agreements with Singapore, **Hong Kong** and others) while other FTAs require the consent of both the Government of the investor's home country and the Australian Government before an action can proceed (e.g. the Australia - USA Free Trade Agreement).

As previously communicated, shareholders should note that any successful actions under an FTA will benefit only the shareholders who bring and participate in the actions. Shareholders will continue to be updated on all proceedings outlined above as they progress.

#### 5. CORPORATE

Cash and deposits were A\$4.70 **million** as at 30 June 2014.

The **Company** recently listed four properties within the Jerrys Plains area For **Sale** which are of no benefit to future **operations** given the cancellation of EL 7270.

The **Company** will continue to assess the remaining assets held in the Doyles Creek area.

#### 6. ADDITIONAL REPORTING REQUIREMENTS

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

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

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