Acacia Coal

Acacia Coal Limited

ABN 13 009 092 068

CONSOLIDATED ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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 Ben Donovan

Registered and Principal Office
Ground Floor, 16 Ord Street
West Perth WA 6005

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Website
www.acaciacoal.com

Email
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Stock Exchange
Australian Securities Exchange (ASX Limited)
Home Exchange Perth

Securities
Code: AJC Quoted Shares

Share Registry
Link Market Services
Level 12, QV1 Building
250 St Georges Terrace
Perth WA 6000

Australian Telephone: 1300 554 474
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Fax: +61 2 9287 0303
Website: linkmarketservices.com.au

Auditor
Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
Perth WA 6000

Telephone: +61 8 9322 2022

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DIRECTORS' REPORT

Your Directors present their Report on Acacia Coal Limited (the 'Company') and its Controlled Entity (collectively the 'Group') for the year ended 30 June 2020.

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 and to the date of this report.

Director	Title	Appointment 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 prior 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.

REVIEW OF OPERATIONS

Mt Bruce

During the year, the Company continued to carry out further work in reviewing the initial soil samples at the Mt Bruce project for anomalies in nickel-cobalt, copper-cobalt and gold. The sampling programme was also reviewed against the exploration campaign undertaken by Western Mining Corporation (WMC) in 1971, which although focussed towards copper exploration, provides useful information for the Company's activities. As a result of the Company's internal review, the Company decided to surrender the tenement in May 2020. Accordingly, Acacia will refocus on Mt Windarra and new projects in the event that the GTS acquisition does not occur as outlined in the 'Events Subsequent to Balance Date' note.

Mt Windarra

During the year, the Company conducted a drill programme comprised of nine reverse circulation holes for 946 metres. Assay results from Mt Windarra confirmed the presence of lateritic nickel-cobalt and sulphide-hosted nickel-copper mineralisation at the Mt Windarra project.

The indicated mineralisation lies within a komatiitic xenolith preserved within a major granitoid pluton. The komatiite body most likely represents roof pendants and synclinal keel root zones of greenstone synclinoria and is thought to be stratigraphically equivalent to the Windarra Ultramafic, host to economic nickel mineralisation at the Windarra group of nickel mines. The observed mineralisation sits within or beneath the weathered profile developed in komatiitic xenolith. Extensive transported cover sequences obscure the underlying rocks with the local geology outlined by a combination of magnetic and drilling information.

The Company continues to review data with a view to further exploration in the event that the GTS acquisition does not occur as outlined in the 'Events Subsequent to Balance Date' note.

DIRECTORS' REPORT

Corporate

The Company continues to consult with its geological consultants concerning the most effective way to conduct further exploration at its projects to deliver value for shareholders. In addition, additional strategic opportunities have been considered by the Company which has conducted extensive due diligence over a number of projects which aim to complement Acacia's activities with the aim of maximising shareholder value.

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. Refer to note 10 to the financial statements for further information on impairment.

RESULTS

The consolidated loss of the Group for the year ended 30 June 2020 was $546,202 (2019: $481,957), with net operating cash outflows of $299,175 (2019: $157,313) and cash and cash equivalents balance at 30 June 2020 of $2,245,345 (2019: $2,640,083).

DIVIDEND

No dividends have been paid by the Group during the year ended 30 June 2020, nor have the Directors recommended that any dividends be paid.

OPTIONS

No options were granted, 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

Except for the Coronavirus ("COVID19") and subsequent government actions, the longer term impacts of which on the Group cannot be fully determined at this time, and the acquisition of Graphene Technology Solutions discussed in Events Subsequent to Balance Date below, 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.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO BALANCE DATE

Acquisition of Graphene Technology Solutions (GTS)
On 22 July 2020, the Company announced that it had entered into a Share Sale Agreement (SSA) to acquire 100% of Graphene Technology Solutions Ltd, a company commercialising graphene-based technologies. The terms will include the issue of 29,500,000 new shares following a 200:1 consolidation, plus the issue of performance shares and a capital raising of up to $4 million in order to re-comply with chapters 1 and 2.

In the event that shareholders approve the acquisition, it is intended that the Company will relist on the ASX as Sparc Technologies Limited, with the focus on the graphene technology.

No other matters or circumstances, not otherwise dealt with in this consolidated financial report, 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 2020.

LIKELY DEVELOPMENTS

In the event that shareholders approve the acquisition of GTS, the Group is likely to dispose of its exploration assets at Mt Windarra. If the acquisition is not approved, the Group will continue to evaluate acquisition targets going forward including those at 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.

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

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 – Non-Executive Director (5 June 2018 – 3 September 2019)

DIRECTORS' REPORT

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY (CONT'D)

Mr Logan Robertson	**Non-Executive Director**
Qualifications and Experience	Mr Robertson has over 8 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 Capital 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 Limited – Non-Executive Director (11 July 2016 – current)
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.
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 – Managing Director (1 February 2015 – current) Calima Energy Ltd – Non-Executive Director (29 October 2019 – current)
Mr Ben Donovan	**Company Secretary**
	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' REPORT

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	2	2
Mr Logan Robertson	2	2
Mr Brett Lawrence	2	2

* 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.

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 by the Board and approved by shareholders at the Annual General Meeting.
- 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.

DIRECTORS' REPORT

REMUNERATION REPORT (CONT'D)

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 Group. However, to align Non-Executive Directors' interests with shareholder interests, the Non-Executive 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.

Performance-based Remuneration
It is the Group's intention when appropriate to include performance-based remuneration as a component of executive key management personnel remuneration.

As outlined within this report, no options were issued to key management personnel during the current financial year (2019: 195,000,000 options).

Group Performance
The following table shows revenue and other income, net loss 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.

	2016 $	2017 $	2018 $	2019 $	2020 $
Revenue and other income	173,489	196,860	70,322	73,945	29,853
Net (loss)	(9,976,890)	(2,470,979)	(930,972)	(481,957)	(546,202)
Share price at year-end	0.002	0.004	0.001	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;
  - Director fees of $10,000 per annum;
  - There will be no payment upon termination;
  - $1,000 per day, or part thereof, for any work performed on behalf of the Company; and
  - There is no notice period applicable to the contract.

DIRECTORS' REPORT

REMUNERATION REPORT (CONT'D)

Mr Logan Robertson, Non-Executive Director
- Confirmation of Appointment dated 18 December 2015 with no termination date;
  - Director fees of $10,000 per annum;
  - There will be no payment upon termination; and
  - There is no notice period applicable to the contract.

Mr Brett Lawrence, Non-Executive Director
- Confirmation of Appointment dated 2 August 2016 with no termination date;
  - Director fees of $10,000 per annum;
  - There will be no payment upon termination; and
  - There is no notice period applicable to the contract.

Voting and Comments made at the Company's 2019 Annual General Meeting ('AGM')
At the 2019 AGM, 99.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Key Management Personnel Remuneration
Compensation of Key Management Personnel Remuneration - FY2020

	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	34,000[1]	-	-	-	-	-	34,000
L Robertson	10,000	-	-	-	-	-	10,000
B Lawrence	10,000	-	-	-	-	-	10,000
Total	**54,000**	**-**	**-**	-	-	-	**54,000**

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	31,500[2]	-	-	-	-	96,850	128,350
L Robertson	10,000	-	-	-	-	96,850	106,850
B Lawrence	10,000	-	-	-	-	96,850	106,850
Total	**30,000**	**-**	**-**	-	-	**290,550**[3]	**342,050**

[1] Relates to fees paid to Mr Santa Maria including 24 days of executive services performed on behalf of the Company, as per contracted rate
[2] Relates to fees paid to Mr Santa Maria including 21.5 days of executive services performed on behalf of the Company, as per contracted rate
[3] Net of consideration paid for options totalling $1,950 (Note 17)

Shares
No shares in the Group were issued to key management personnel as part of their remuneration during the 2020 financial year.

DIRECTORS' REPORT

REMUNERATION REPORT (CONT'D)

Options

No options were issued to Directors during the financial year (2019: 195,000,000 options). The following table discloses the movement in key management personnel's options during the 2020 financial year.

	Balance 1 Jul 2019 No.	Options Granted No.	Options Exercised No.	Options Lapsed No.	Balance 30 Jun 2020 No.	Vested during the year No.	Vested and exercisable at 30 June 2020 No.	Not vested at 30 June 2020 No.
A Santa Maria	85,000,000	-	-	-	85,000,000	-	85,000,000	-
L Robertson	75,000,000	-	-	-	75,000,000	-	75,000,000	-
B Lawrence	75,000,000	-	-	-	75,000,000	-	75,000,000	-
Total	**235,000,000**	**-**	**-**	**-**	**235,000,000**	**-**	**235,000,000**	**-**

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 2020					
Directors					
A Santa-Maria	2,546,800	-	-	-	2,546,800
L Robertson	7,223,196	-	-	-	7,223,196
B Lawrence	5,417,398	-	-	-	5,417,398
Total	**15,187,394**	**-**	**-**	**-**	**15,187,394**

Loans to Key Management Personnel and their Related Parties

No loans were made to key management personnel and their related parties during the year ended 30 June 2020 (2019: nil).

Other Transactions with Related Parties

The Group paid consultant fees in relation to exploration coordination and planning activities to Discovery Capital Partners Pty Ltd (director related entity of Mr Santa Maria) of $50,868 during the year ended 30 June 2020 (30 June 2019: $32,252 in relation to the placement and rights issue).

$11,917 is owing to Discovery Capital Partners Pty Ltd as at 30 June 2020 (30 June 2019: nil). No amounts were owing from related parties as at 30 June 2020 (30 June 2019: 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 2020 (30 June 2019: 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 21 August 2020 in accordance with a resolution of the Directors:

Adam Santa Maria
Executive Chairman

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

In relation to the independent audit for the year ended 30 June 2020, 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 (including Independence Standards)*.

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, 21 August 20201

Pitcher Partners BA&A Pty Ltd
An independent Western Australian Company ABN 76 601 361 095.
Level 11, 12-14 The Esplanade, Perth WA 6000
Registered Audit Company Number 467435.
Liability limited by a scheme under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue and other income			
Interest income		29,853	33,538
Net fair value gain on financial assets at fair value through profit or loss	10	-	34,822
Other income		-	5,585
		29,853	**73,945**
Expenses			
Corporate costs		(38,384)	(44,651)
Professional and consultancy fees	4	(203,745)	(127,101)
Marketing and travel expenses		(7,316)	(191)
Directors' fees		(30,000)	(30,000)
Office and administrative expenses		(40,041)	(42,351)
Net fair value loss on financial assets at fair value through profit or loss	10	(539)	-
Foreign exchange (losses)/gains		-	(2)
Share based payment expense	17	-	(290,550)
Impairment of exploration assets	11	(248,697)	-
Impairment of other assets		-	(16,250)
Other expenses		(7,333)	(4,806)
Loss before income tax expense		**(546,202)**	**(481,957)**
Income tax expense	6	-	-
Loss before other comprehensive income		**(546,202)**	**(481,957)**
Other comprehensive income		-	-
Total comprehensive loss attributable to equity holders of the parent entity		**(546,202)**	**(481,957)**
Loss per share for (loss) attributable to the ordinary equity holders of the Group			
Basic and diluted loss per share (cents)	14	**(0.01)**	**(0.01)**

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 2020

	Note	2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,245,345	2,640,083
Trade and other receivables	8	12,257	11,321
Other current assets	9	16,501	17,708
Total Current Assets		**2,274,103**	**2,669,112**
Non-Current Assets			
Financial assets (at fair value through profit or loss)	10	179	718
Exploration assets	11	-	153,134
Total Non-Current Assets		**179**	**153,852**
Total Assets		**2,274,282**	**2,822,964**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	59,115	61,595
Total Current Liabilities		**59,115**	**61,595**
Total Liabilities		**59,115**	**61,595**
Net Assets		**2,215,167**	**2,761,369**
EQUITY			
Contributed equity	15	42,669,310	42,669,310
Reserves	16	3,563,408	3,563,408
Accumulated losses		(44,017,551)	(43,471,349)
Total Equity		**2,215,167**	**2,761,369**

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 2020

	Note	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
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		-	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 income		-	-	-	-
Total comprehensive loss		-	-	(481,957)	**(481,957)**
Shares issued	15	2,486,950	-	-	**2,486,950**
Share issue costs	15, 16a	(229,655)	72,309	-	**(157,346)**
Options issued	16a	-	292,500	-	**292,500**
Balance at 30 June 2019		**42,669,310**	**3,563,408**	**(43,471,349)**	**2,761,369**
Loss for the year		-	-	(546,202)	**(546,202)**
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	-	(546,202)	**(546,202)**
Balance at 30 June 2020		**42,669,310**	**3,563,408**	**(44,017,551)**	**2,215,167**

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 2020

	Note	2020 $	2019 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(330,090)	(189,787)
Interest received		30,915	32,474
Net cash (outflow) from operating activities	19	**(299,175)**	**(157,313)**
Cash Flows from Investing Activities			
Receipt on sale of financial assets	10	-	278,260
Payment of exploration expenditures		(95,563)	(90,634)
Net cash (outflow) / inflow from investing activities		**(95,563)**	**187,626**
Cash Flows from Financing Activities			
Proceeds from placement	15	-	400,000
Proceeds from options issued	17	-	1,950
Proceeds from rights issue	15	-	2,024,450
Share issue costs		-	(157,346)
Net cash inflow from financing activities		**-**	**2,269,054**
Net (decrease) / increase in cash and cash equivalents		**(394,738)**	**2,299,367**
Cash and cash equivalents at the beginning of the financial year		2,640,083	340,716
Cash and cash equivalents at the end of the financial year	7	**2,245,345**	**2,640,083**

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 2020 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 on 21 August 2020.

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

During the year ended 30 June 2020, the Group incurred a loss from continuing operations of $546,202 (2019: $481,957), net operating cash outflows of $299,175 (2019: $157,313) and year-end cash and cash equivalents balance of $2,245,345 (2019: $2,640,083).

As at the date of this report, the Group has $59,932 in commitments and a monthly cash burn rate of approximately $25,000 per month.

On 22 July 2020, the Group announced, subject to shareholder approval and meeting the ASX requirements, the acquisition of 100% of the shares in Graphene Technology Solutions Limited (the Proposed Transaction). A condition precedent to the Proposed Transaction is the Group raising additional funding of at least $3,000,000.

Accordingly, the Directors consider that $3,000,000, in addition to existing cash reserves will be sufficient to ensure 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 for a period of at least 12 months from the date of this report should the Proposed Transaction occur. This is based on the key assumption that the funds available following completion of the Proposed Transaction will be used as follows:

- Capital raising costs: $150,000
- Corporate administration costs: $1,000,000
- Research and development costs: $1,000,000
- Construction of graphene production facilities and production costs: $1,500,000
- Marketing and business development: $750,000
- Working capital requirements: $500,000

Based on the above assumption, 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. 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 the going concern basis of accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

a) Basis of preparation (Cont'd)

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. The Group has determined that it satisfies these tests for the current reporting period and will continue to reassess its conclusion at each subsequent reporting date.

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. Impairment indicators were noted for the year ended 30 June 2020. Refer to Note 11 for more details.

Share based payments

The Group measures the cost of equity-settled transactions with employees, 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.

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 13 for list of subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

c) Basis of consolidation (Cont'd)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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) 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.

k) 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.

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) Taxes

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

m) Taxes (Cont'd)

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.

n) 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.

o) Share based payments

The Board may at its discretion, provide equity-settled and cash-settled share-based compensation benefits to employees, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

o) Share based payments (Cont'd)

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.

p) 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.

q) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

r) 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.

s) Revenue recognition

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.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

t) Financial instrument

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

t) Financial instrument (Cont'd)

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured based on the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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 16 *Leases* became mandatorily effective on 1 January 2019. Accordingly, this standard applies to this set of consolidated financial statements.

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

AASB 16 Leases

AASB 16 *Leases* ('AASB 16') became mandatorily effective on 1 January 2019. Accordingly, this standard applies for the first time to this set of financial statements. AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis.

Subsequent to initial recognition:

(a) Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
   i. Investment property, the lessee applies the fair value model in AASB 140 Investment Property to the right-of-use asset; or
   ii. Property, plant or equipment, the applies the revaluation model in AASB 116 Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) Lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

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 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

The adoption of AASB 16 did not have any impact on the transactions and balances recognised in the Consolidated Annual Report as the Group does not have any leases that fall under the scope of AASB 16.

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 2020. It is not expected that these Australian Accounting Standards and Interpretations will have a material impact on the Group when they are adopted in future reporting periods.

4. PROFESSIONAL AND CONSULTANCY FEES

	30 Jun 2020 $	30 Jun 2019 $
Legal costs	60,077	10,364
Management costs	25,095	21,500
Consultant costs	92,200	71,530
Audit fees	26,373	23,707
	203,745	**127,101**

5. AUDITOR'S REMUNERATION

	30 Jun 2020 $	30 Jun 2019 $
Remuneration of the auditors of the Group:		
Audit fees and review of financial reports	**26,373**	**23,707**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. INCOME TAX EXPENSE

	30 Jun 2020 $	30 Jun 2019 $
a) The components of income tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
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 30%[1]	(163,861)	(144,587)
Less tax effect of:		
Offset against DTA/DTL not recognised	163,861	(144,587)
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[2]		
Temporary differences	47,885	-
Tax Losses	12,421,590	12,310,380
Capital Losses	123,270	123,270
Total	**12,592,745**	**12,433,650**

[1]The Group does not qualify for a tax rate of 27.5% as its current principle source of income is interest.
[2]The gross value of deferred tax assets not brought to account are temporary differences $159,617 (2019: $nil), tax losses $41,405,300 (2019: $41,034,600) and capital losses $410,900 (2019: $410,900).

7. CASH AND CASH EQUIVALENTS

	30 Jun 2020 $	30 Jun 2019 $
Cash and cash equivalents	**2,245,345**	**2,640,083**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets are disclosed in Note 25.

8. TRADE AND OTHER RECEIVABLES

	30 Jun 2020 $	30 Jun 2019 $
Current		
Other receivables	12,257	11,321
Rental guarantee	16,250	16,250
Expected credit loss for rental guarantee	(16,250)	(16,250)
	12,257	**11,321**

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 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. OTHER CURRENT ASSETS

	30 Jun 2020 $	30 Jun 2019 $
Prepayments	16,501	16,646
Accrued interest	-	1,062
	16,501	**17,708**

10. FINANCIAL ASSETS

a) Reconciliation

	30 Jun 2020 $	30 Jun 2019 $
Opening balance at 1 July	718	244,156
Movement during the year		
Additions	-	-
Fair value movement of financial assets	(539)	39
Gain on financial assets disposed	-	34,783
Disposals	-	(278,260)
	179	**718**

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.

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 2020	179	-	-
30 June 2019	718	-	-

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. EXPLORATION ASSETS

	30 Jun 2020 $	30 Jun 2019 $
Mt Bruce	-	38,744
Mt Windarra	-	114,390
	-	**153,134**
Mt Bruce		
Opening balance at 1 July	38,744	-
Fair value of tenements on acquisition[1]	-	18,750
Additions	31,677	19,994
Impairment[2]	(70,421)	-
Closing balance at 30 June	**-**	**38,744**
Mt Windarra		
Opening balance at 1 July	114,390	-
Fair value of tenements on acquisition[1]	-	43,750
Additions	63,886	70,640
Impairment[2]	(178,276)	-
Closing balance at 30 June	**-**	**114,390**

[1] During the financial year ended 30 June 2019, 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.

[2] As at 30 June 2020, the Group assessed the existence of impairment indicators in relation to previously capitalised exploration costs. On the basis of surrendering the Mt Bruce tenement and forecasting minimal exploration activity over the next 12 months for Mt Windarra, the Group considered that impairment indicators existed and determined the recoverable amount of both assets. This concluded that the recoverable amount of the both assets was $nil based on a value in use ('VIU') methodology. Hence all previously capitalised exploration costs were fully impaired as at 30 June 2020. As part of the exercise performed and for comparison purposes, the Directors have further considered whether a fair value less costs of disposal ('FVLCD') valuation methodology may result in a recoverable amount higher than $nil. Based on the same factors as noted above, the Directors have concluded that a recoverable amount determined in accordance with a FVLCD valuation methodology would not be materially different to that calculated by the VIU model.

12. TRADE AND OTHER PAYABLES

	30 Jun 2020 $	30 Jun 2019 $
Trade payables	48,048	47,670
Accruals	10,831	12,828
Other payables	236	1,097
	59,115	**61,595**

Refer to Note 25 for details on management of financial risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. CONTROLLED ENTITIES

The consolidated financial statements of the Group include:

	Country of Incorporation	Percentage Owned (%)* 30 Jun 2020	30 Jun 2019
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*

14. LOSS PER SHARE

	30 Jun 2020	30 Jun 2019
	$	**$**
(Loss) used in calculating basic and diluted EPS	(546,202)	(481,957)
	Number	**Number**
Weighted average number of ordinary shares	4,067,651,670	3,390,345,219
	Cents	**Cents**
Basic loss per share	(0.01)	(0.01)
Diluted loss per share	(0.01)	(0.01)

15. CONTRIBUTED EQUITY

	30 Jun 2020 No.	30 Jun 2019 No.	30 Jun 2020 $	30 Jun 2019 $
Ordinary shares on issue, fully paid	**4,067,651,670**	4,067,651,670	**42,669,310**	42,669,310

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 2020	**No. Of Shares**	**Issue Price**	**Amount $**
Opening balance at 1 July 2019	4,067,651,670		42,669,310
Closing balance at 30 June 2020	**4,067,651,670**		**42,669,310**

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**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. RESERVES

	Note	30 Jun 2020 $	30 Jun 2019 $
Share based payment reserve	16a	2,910,630	2,910,630
Performance share reserve	16b	652,778	652,778
		3,563,408	**3,563,408**

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

a) Share based payment reserve

	30 Jun 2020 No.	30 Jun 2019 No.	30 Jun 2020 $	30 Jun 2019 $
Unlisted options on issue	**312,500,000**	312,500,000	**2,910,630**	2,910,630

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

30 June 2020	No. of unlisted options	Amount $
Opening balance at 1 July 2019	312,500,000	2,910,630
Closing balance at 30 June 2020	**312,500,000**	**2,910,630**

30 June 2019	No. of unlisted options	Amount $
Opening balance at 1 July 2018	42,500,000	2,545,821
Options issued to Directors – 9 August 2018 (Note 17)	195,000,000	292,500
Options issued to Lead Managers – 8 November 2018 (Note 17)	75,000,000	72,309
Closing balance at 30 June 2019	**312,500,000**	**2,910,630**

The Company has the following options on issue at 30 June 2020:

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 2020 $	30 Jun 2019 $
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. No performance shares were cancelled, lapsed or were forfeited during the current financial year.

17. SHARE BASED PAYMENTS

	30 Jun 2020 $	30 Jun 2019 $
Fair value of options issued to Directors*	-	292,500
Less cash consideration received*	-	(1,950)
Share based payment expense	**-**	**290,550**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. SHARE BASED PAYMENTS (CONT'D)

* 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

18. PARENT ENTITY DISCLOSURES

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

	30 Jun 2020 $	30 Jun 2019 $
Current assets	2,274,103	2,669,113
Non-current assets	179	153,852
Total Assets	**2,274,282**	**2,822,965**
Current liabilities	495,971	499,971
Total Liabilities	**495,971**	**499,971**
Contributed equity	42,669,310	42,669,310
Share based payment reserve	3,563,408	3,563,408
Accumulated losses	(44,454,407)	(43,909,724)
Total Equity	**1,778,311**	**2,322,994**
Loss for the year	**(544,683)**	**(480,581)**
Total comprehensive loss for the year	**(544,683)**	**(480,581)**

b) Commitments and contingent liabilities of the parent
Refer to Note 24 for commitments. The parent entity did not have any contingent liabilities as at 30 June 2020 (30 June 2019: nil).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. CASH FLOW INFORMATION

	30 Jun 2020 $	30 Jun 2019 $
Reconciliation of cash flow from operations with loss after income tax		
(Loss) after income tax	(546,202)	(481,957)
Add / (deduct) non-cash items		
Share based payment expense	-	290,550
Impairment of other receivables	248,697	16,250
Fair value movement of financial assets	539	(34,822)
Changes in assets and liabilities, net of the effects of purchase of subsidiaries		
Decrease in trade and other receivables	271	39,649
(Decrease) / increase in trade and other payables	(2,480)	13,017
Cash Outflows from Operations	**(299,175)**	**(157,313)**

Non-cash investing and financing activities
There were no non-cash investing and financing activities during the financial year (2019: $62,500).

20. RELATED PARTY TRANSACTIONS

a) Key management personnel compensation
The aggregate compensation made to key management personnel of the Group is set out below:

	30 Jun 2020 $	30 Jun 2019 $
Short-term employee benefits	54,000	51,500
Post-employment benefits	-	-
Share-based payments	-	290,550
	54,000	**342,050**

b) Loans to key management personnel and their related parties
No loans were made to key management personnel and their related parties during the year ended 30 June 2020 (2019: nil).

c) Other related party transactions
The Group paid consultant fees in relation to exploration activities to Discovery Capital Partners Pty Ltd (director related entity of Mr Santa Maria) of $50,868 during the year ended 30 June 2020 (30 June 2019: $32,252 in relation to the placement and rights issue).

$11,917 is owing to Discovery Capital Partners Pty Ltd as at 30 June 2020 (30 June 2019: nil). No amounts were owing from related parties as at 30 June 2020 (30 June 2019: nil).

21. EVENTS SUBSEQUENT TO BALANCE DATE

Acquisition of Graphene Technology Solutions (GTS)
On 22 July 2020, the Company announced that it had entered into a Share Sale Agreement (SSA) to acquire 100% of Graphene Technology Solutions Ltd, a company commercialising graphene-based technologies. The terms will include the issue of 29,500,000 new shares following a 200:1 consolidation, plus the issue of performance shares and a capital raising of up to $4 million in order to re-comply with chapters 1 and 2.

In the event that shareholders approve the acquisition, it is intended that the Company will relist on the ASX as Sparc Technologies Limited, with the focus on the graphene technology.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. EVENTS SUBSEQUENT TO BALANCE DATE (CONT'D)

No other matters or circumstances, not otherwise dealt with in this consolidated financial report, 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 2020.

22. SEGMENT INFORMATION

The Group does not have any reportable operating segment. Internal reports that are reviewed and used by the Board (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.

23. CONTINGENT LIABILITIES AND ASSETS

Subsequent to the 30 June 2020, the Group lodged an amended company tax return for the year ended 30 June 2003 for its subsidiary, Mt Garnet Mines NL to reflect that income included in the previously submitted company tax return should not have been included. The Group has therefore recognised a liability of $nil representing its best estimate of the income tax payable owing to the Australian Tax Office ("ATO") as a result of lodging the amended tax return. The final amount of income tax payable may however be different following review of the amended tax return by the ATO if the ATO conclude that the income should be included in the company tax return for the year ended 30 June 2003.

The Group has no contingent assets at 30 June 2020 (2019: nil contingent liabilities and assets).

24. COMMITMENTS

	30 Jun 2020	30 Jun 2019
Operating commitments	$	$
Within 1 year	20,000	41,806
Within 1-5 years	30,000	117,767
	50,000	**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.

25. 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. 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. The Board 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL RISK (CONT'D)

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 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 2020	**$**	**$**	**$**	**$**	**$**	**%**
Financial assets						
Cash and cash equivalents	2,235,877	2,235,877	-	9,468	2,245,345	**1.33%**
Other receivables	-	-	-	12,257	12,257	
	2,235,877	**2,235,877**	**-**	**21,725**	**2,257,602**	
Financial liabilities						
Trade and other payables	-	-	-	48,284	48,284	
	-	**-**	**-**	**48,284**	**48,284**	
30 June 2019	**$**	**$**	**$**	**$**	**$**	**%**
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**	

At 30 June 2020, 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 $22,359 lower/higher (2019: $26,305).

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 2020, the Group's financial assets and liabilities, other than cash and cash equivalents, have contractual maturities as summarised below:

	30 Jun 2020 $	30 Jun 2019 $
Other receivables		
1 year or less	12,257	11,321
Between 1 and 5 years	-	-
Over 5 years	-	-
	12,257	**11,321**
Trade and other payables		
1 year or less	48,284	48,767
Between 1 and 5 years	-	-
Over 5 years	-	-
	48,284	**48,767**

25. FINANCIAL RISK (CONT'D)

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 2020 $**	**30 Jun 2019 $**
+/- 10% price variation	18	72
Impact on profit after tax	18	72

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 banks that has credit ratings of A and above (based on Fitch Ratings).

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 2020 $	**30 Jun 2019 $**
Financial Assets - Current		
Cash and cash equivalents	2,245,345	2,640,083
Trade and Other Receivables	12,257	11,321
Total Financial Assets	**2,257,602**	**2,651,404**

As at 30 June 2020, $16,500 of financial assets had been impaired (2019: $16,500).

DIRECTORS' DECLARATION

For the year ended 30 June 2020

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 2020 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 2020 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 2020.

Signed in Perth on the 21 August 2020.

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 2020, the consolidated statement of 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 2020 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 (including Independence Standards)* ("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.

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
Capitalisation of exploration and evaluation expenditure Refer to Note 11 to the financial report.	
During the year ended 30 June 2019, the Group acquired the Mt Bruce and Mt Windarra areas of interest for total consideration of $62,500. In the period from the acquisition date to 30 June 2020, the Group capitalised a further $186,197 of exploration and evaluation expenditure resulting in total capitalised exploration and evaluation expenditure of $248,697 as at 30 June 2020. 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 indicators to require the capitalised exploration and evaluation expenditure to be assessed for impairment involves a number of judgments including but not limited to: • Whether the Group has tenure of the area of interest; • Whether the Group has sufficient funds to meet the area of interest minimum expenditure requirements; and • Whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. As at 30 June 2020, the Group considered impairment indicators were present and consequently calculated the recoverable amount of the capitalised exploration and evaluation expenditure to be $nil. The Group therefore recognised an impairment expense of $248,697 in profit and loss for the year ended 30 June 2020. Due to the significance to the Group's financial report and the level of judgment involved in assessing whether there are impairment indicators present and in the calculation of the recoverable amount of the capitalised exploration and evaluation expenditure, 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 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 Group's intention to carry out significant exploration and evaluation activity in the relevant area of interest, 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 the Group's calculation of the recoverable amount of the capitalised exploration and evaluation expenditure. 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 2020, 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.

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, actions taken to eliminate threats or safeguards applied.

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 2020. In our opinion, the Remuneration Report of Acacia Coal Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

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.

ACACIA COAL LIMITED
ABN 13 009 092 068

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

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
Perth, 21 August 2020

SHAREHOLDER INFORMATION

Shareholding
The distribution of members and their holdings of unrestricted equity securities in the Company as at 20 August 2020 were as follows:

Category (Size of Holding)	Shareholders
1-1,000	109
1,001-5,000	21
5,001-10,000	36
10,001-100,000	383
100,001 and over	763
Totals	**1,312**

The number of shareholdings holding less than a marketable parcel is 852 holders representing 93,372,489 shares.

Substantial Shareholders
The Company does not have any substantial shareholders listed in the register as at 20 August 2020.

Twenty Largest Share Holders
The names of the twenty largest ordinary fully paid shareholders as at 20 August 2020 are as follows:

Rank	Name	A/C designation	Shares held	%
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	WILGUS INVESTMENTS PTY LTD		100,000,000	2.46
4	MR JUSTIN O'NEIL MALOUF		100,000,000	2.46
4	MR EDWARD MALOUF		100,000,000	2.46
5	LANEWAY INVESTMENTS PTY LTD	JOLA FAMILY	70,000,000	1.72
6	MR MARK ANDREW TKOCZ		60,000,000	1.48
7	EAGLE EYE NOMINEES PTY LTD		56,250,000	1.38
8	MR SHANE ROBERT JONES & MRS CAROL ROBIN JONES	<ROSH FAMILY A/C>	55,500,000	1.36
9	AFM PERSEUS FUND LIMITED		50,249,999	1.24
10	BLAKFYRE INVESTMENTS PTY LTD		50,000,000	1.23
10	CARJAY INVESTMENTS PTY LTD		50,000,000	1.23
10	BOTSIS HOLDINGS PTY LTD		50,000,000	1.23
10	MIDBRIDGE INVESTMENTS PTY LTD		50,000,000	1.23
10	MANUFACTURERS' AGENCIES PTY LTD		50,000,000	1.23
10	BEAUMY PTY LTD	<ROBERT FROST FAMILY A/C>	50,000,000	1.23
10	MR KENNETH BARRY RIDLEY & MRS CATHERINE MARY RIDLEY	<RIDLEY RETIREMENT FUND A/C>	50,000,000	1.23
10	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES	<HOPERIDGE ENT P/L SUPER A/C>	50,000,000	1.23
10	MR PETER DAVID WADE	<WADE FAMILY A/C>	50,000,000	1.23
10	ICON HOLDINGS PTY LTD	<THE K J PAGANIN FAMILY A/C>	50,000,000	1.23
10	CAVALIER RESOURCES PTY LTD	<THE CAVALIER A/C>	50,000,000	1.23

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10	GOLDEN CRAB PTY LTD	<GC SUPER FUND A/C>	50,000,000	1.23
10	MR PHILLIP RICHARD PERRY & MRS TETYANA PERRY	<DONESKA SUPER FUND A/C>	50,000,000	1.23
10	SOLACE THERAPIES PTY LTD	<SOLACE A/C>	50,000,000	1.23
10	GREATSIDE HOLDINGS PTY LTD	<ADL A/C>	50,000,000	1.23
10	SEVENTEEN 10 PTY LTD		50,000,000	1.23
11	CLASSIC CAPITAL PTY LTD	<BRL UNIT A/C>	49,759,380	1.22
12	CLELAND PROJECTS PTY LTD	<CT A/C>	45,000,000	1.11
13	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		44,901,167	1.10
14	CARJAY INVESTMENTS PTY LTD		44,446,397	1.09
15	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN	<SUPERANNUATION ACCOUNT>	40,000,000	0.98
16	BLU BONE PTY LTD		34,000,000	0.84
17	PROSPERITY RIDGE HOLDINGS PTY LTD		32,968,231	0.81
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		31,106,559	0.76
19	GERNIE INVTS PTY LTD	<GERNIE INVTS A/C>	30,000,000	0.74
20	MS ELENA ARGYROU		28,916,157	0.71
	Total		**2,407,453,147**	**59.19**
	Balance of register		**1,660,198,523**	**40.81**
	Grand total		**4,067,651,670**	**100.00**

Unlisted Options

The Company has the following unlisted options on issue as 20 August 2020:

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**

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

Rank	Name	A/C designation	No of options	%
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**