

1 February 2017

ACACIA ANNOUNCES INITIAL JORC 2012 RESOURCE FOR THE RIVERSDALE ANTHRACITE COLLIERY

Highlights

- ✓ Acacia announces a **Maiden Resource** statement reported in accordance with the **JORC 2012** Code for the Riversdale Anthracite Colliery (RAC)
- ✓ RAC's initial resource demonstrates **9mt of high quality, low sulphur and low phosphorus** anthracite in Indicated and Inferred Resource categories
- ✓ The **Alfred Seam** previously excluded from the resource estimates is being drilled and expected to be reported upon in Q2, 2017
- ✓ **10 Hole drilling campaign** and analysis being finalised to raise the confidence levels of Resource
- ✓ **Pre-feasibility Study** and **Updated Resource Statement** targeted for Q2, 2017

Resources Reported in Accordance with the 2012 JORC Code

Acacia Coal Limited (ASX:AJC) is pleased to announce an initial Resource Statement reported in accordance with the JORC 2012 Code for the Riversdale Anthracite Colliery. These resources have been reported in an independent Competent Persons Report compiled by PC Meyer Consulting and dated 31 January 2017.

A summary of the resource estimate is below, followed by a more detailed block-by-block breakdown.

RAC Gus Seam Total Resources

Indicated Resources	5,628,400
Inferred Resources	3,340,800
Total Indicated and Inferred Resources	8,969,200

GUS SEAM RESOURCES

Seam	Block	Classification	Area	Thick	RD	GTIS	TTIS	RCV	RA	RIM	RV	RFC	RS
Gus Seam	Central 1	Indicated	592180	0.93	1.47	809,500	688,100	29.09	14.90	1.94	7.58	75.58	0.84
	Central 2	Indicated	208350	1.13	1.47	346,000	294,100	27.61	17.17	1.87	10.63	70.33	0.63
	Central 3	Inferred	1699500	0.83	1.55	2,186,400	1,639,800	26.50	20.96	2.11	7.99	68.94	0.69
	Central 4	Indicated	292920	0.98	1.55	444,900	378,200	24.96	22.17	2.64	8.56	66.63	0.72
	South	Inferred	602870	0.89	1.61	863,800	647,900	23.66	26.90	2.37	8.02	62.71	0.82
	West	Indicated	1604690	1.03	1.60	2,644,500	2,247,800	23.69	26.01	2.62	8.38	62.99	1.15
	North-West	Inferred	165190	1.15	1.53	290,600	218,000	26.77	20.24	2.33	9.22	68.21	0.82
	North-East	Indicated	515760	0.95	1.51	739,800	628,800	27.54	15.89	2.53	6.14	75.44	0.77
	South-East	Indicated	404850	1.00	1.59	643,700	547,100	24.17	26.14	1.98	7.48	64.40	0.75
Total			6,086,310	0.95	1.5591	8,969,200	7,289,800	25.53	22.32	2.32	8.05	67.31	0.87

GUS SEAM : 16% ASH PRODUCT

Seam	Block	Classification	Area	Thick	RD	GTIS	TTIS	PY	PCV	PA	PIM	PV	PFC	PS
Gus Seam	Central 1	Indicated	592180	0.93	1.47	809,500	688,100	90.46	30.36	16.00	1.83	7.51	74.66	0.83
	Central 2	Indicated	208350	1.13	1.47	346,000	294,100	87.49	30.20	16.00	1.60	11.34	71.06	0.50
	Central 3	Inferred	1699500	0.83	1.55	2,186,400	1,639,800	79.15	30.39	16.00	1.79	8.35	73.86	0.61
	Central 4	Indicated	292920	0.98	1.55	444,900	378,200	70.00	29.19	16.00	3.10	9.56	71.34	0.65
	South	Inferred	602870	0.89	1.61	863,800	647,900	58.58	29.29	16.00	2.09	9.09	72.82	0.60
	West	Indicated	1604690	1.03	1.6	2,644,500	2,247,800	67.39	29.85	16.00	2.02	9.25	72.73	0.59
	North-West	Inferred	165190	1.15	1.53	290,600	218,000	84.76	30.21	16.00	1.68	10.73	71.59	0.51
	North-East	Indicated	515760	0.95	1.51	739,800	628,800	83.37	29.62	16.00	2.56	5.86	75.58	0.64
	South-East	Indicated	404850	1.00	1.59	643,700	547,100	63.93	30.60	16.00	1.88	7.90	74.22	0.59
Total			6,086,310	0.95	1.5591	8,969,200	7,289,800	74.03	30.00	16.00	2.01	8.63	73.36	0.62

Background to the RAC Project

The RAC project had previously been the subject of a positive bankable feasibility study in 2006, based on the resources in the Gus Seam as reported under the 2004 JORC Code by the former project owner Riversdale Mining Ltd (delisted from ASX in July 2011 following a takeover by Rio Tinto).

The 2006 feasibility study was based on a previous resource estimate reported by Snowden under the 2004 JORC code, which relied upon 74 boreholes and thirty adit samples, including a bulk sample. This study was undertaken by the management of the Coalvent team who were founding members of Riversdale Mining Ltd's management team, and who will assume roles as officers and directors of Acacia upon the transfer of the licence expected in mid-2017.

In the period since 2006, the anthracite market has changed significantly in RAC's favour and the ferroalloy reductant market has been compelled to accept significantly lower quality coal (16-19% ash vs. 13% ash) provided that sulphur levels fall below 1% and phosphorous in coal below 0.015% on an air-dried basis. Prices in 2017 for a 16% ash ferroalloy reductant are more than double the 2006 price for a 13% ash coal, despite containing lower fixed carbon and 25% more ash.

Subject to the results of Acacia's present confirmatory drilling campaign and analysis, such changes will allow Acacia to bring the Alfred seam into the Resources and Mine Planning of RAC which is expected to add to the inventory of coal and allow a longer Life-of-Mine operation.

The RAC project has a valid Mining Right, and an approved Environmental Management Plan (EMP) and Social and Labour Plan (SLP). Acacia is currently preparing the submission and request for the grant of a water use licence by the relevant regulatory authorities in South Africa.

As outlined previously by the Company, the focus of Acacia is to refresh and update the Feasibility Study and this work commenced in November 2016. The key milestones for this process are:

1. Update the previous resource statement reported under the JORC 2004 code, which is demonstrated by this announcement
2. Submission of an Integrated Water Use Licence application by mid-2017
3. Completion of a Pre-Feasibility Study by mid-2017 using current economic cost and price data
4. Completion of a Feasibility Study in the September quarter of 2017 using current economic cost and price data.

VBKom, a South African mining consultancy has been appointed to co-ordinate and author the feasibility reports, and a number of specialist consultancies have been retained to complete specific specialist studies.

A 10 hole drilling programme commenced in early December for completion in January 2017, which will contribute to a Reserve and Resource update targeted for the second quarter of 2017 and as part of the Pre-Feasibility Study.

In addition to the technical work required at the RAC project, Acacia has been active in advancing the marketing of RAC's product and discussions with key customers are already underway. Acacia has received a non-binding letter of intent from the world's largest producer and trader of ferrochrome to buy all of the project's output. Acacia will use this interest to progress discussions in relation to offtake agreements and funding options during 2017.

The new resource statement confirms that the Gus Seam can produce a low impurity, mid-ash anthracite suitable for the ferrochrome industry which is the principal target market.

South Africa has the world's leading ferrochrome industry, dominated by Glencore and Samancor, which is dependent upon anthracite low in sulphur and phosphorous content. The Gus seam is notably low in phosphorous content, with analysis confirming the phosphorous typically ranges from 0.004 – 0.009% (air dried) in a market where there is a dwindling supply of anthracite with a phosphorous content of < 0.02%.

Typically, for a low impurity anthracite product grading 16-18% ash (air dried), sales are made to the large ferrochrome producers on a Free on Truck basis for road haulage, for which prices in South Africa typically range up to A\$110/tonne.

This announcement is accompanied by an investor presentation which provides further information with respect to RAC, its product and planned mine development.

Listing Rule 5.8.1 Disclosures

Geology and Geological Interpretation

- RAC is a typical South African style coal deposit located in the Vryheid Formation of the Karoo Supergroup.
- The Vryheid Coalfield is one of three major coalfields in KwaZulu-Natal and one of the 19 coalfields found within the Karoo Sequence of South Africa. The Karoo Sequence is a series of conformable sedimentary sequences deposited approximately 200 million years ago. Karoo sedimentary sequences are capped by a thick series of flood basalts referred to locally as the Drakensberg basalts. The Karoo age sediments represent more than half of the surface geology of South Africa. The Vryheid Coalfield covers an area of approximately 2,500 km² of which approximately 15% is underlain by coal seams. The stratigraphy of the Vryheid Coalfield is composed of the basal Dwyka Group (glaciogenic sediments) which is, in turn, succeeded by sediments of the Ecca and Beaufort Groups. The coal seams within the Vryheid Coalfield are developed within a Coal Zone found in the Vryheid Formation of the Ecca Group.
- The following seams occur within the Coal Zone:
 - Fritz Seam;
 - Alfred Seam;
 - Gus Seam;
 - Dundas Seam; and
 - Coking Seam

Sampling and Sub-Sampling Techniques

- All samples were taken from cored boreholes and adits.

- The pre-2004 procedures cannot be commented on as Richards Bay Minerals had not retained records, but for 2004/5, the coal sampling procedures followed are in accordance with standard South African practice. TNW-size core (60 mm) was drilled and the coal sampled.
- The entire coal seam was sampled without subdivisions as the seams are thin and some volume of coal is required for wash analyses.
- None of the core was spilt and a sample retained. The full core was used in the analyses since a large volume are required for all the necessary analyses.
- Coal samples were packed in bags and appropriately labelled.
- All samples were sent to recognised coal laboratories for analyses soon after being sampled.

Drilling Techniques

- All boreholes were cored in the vertical plane. Given that dips in the area are usually small, it is accepted that there is no material difference between the apparent and true thicknesses of the coal seams. Therefore, inclined holes were not required.

Sample Analysis method

- The core was logged by competent geologists that recorded the lithology and depths. Core recovery was measured and recorded.
- The TNW drilling method is superior in recovering coal samples. This method ensures that that the coal samples are intact and measurable.
- It is recorded that the core recovery in the coal was above 95%.
- Standard coal analyses were done that included proximate, CV and sulphur content of each sample.
- All the basic analyses were total but some additional analyses were performed, such as ash analyses and ultimate analyses.
- The South African laboratories have their own quality control procedures where samples are sent off to another for checks on variations. Certificates are issued for compliance and quality and laboratories are required to adhere to the SANAS prescriptions

Estimation Methodology

- The coal deposit of the Riversdale Anthracite Colliery is contained in a thin multiple seam deposit. SANS 10320:2004 describes these style of deposits as follows: coal deposit type, characterized by a discrete number of coal seams, typically between 0.5 m and 7.0 m in thickness, separated by inter-burden units of thickness generally significantly exceeding the thickness of the individual coal seams. On RAC there were five coal seams identified with a total average thickness of 3.21 m. This confirms that the deposit meets the definition of a thin multiple coal seam deposit. The modelling and reporting thereof will be conforming to the SANS 2004:1032 guidelines for thin multiple seam coal deposits.
- Surfer Ver. 13.6.618 software was used for the grid creation, resource delineation and volume calculations for the resource statement. The gridding algorithm applied to model the seams was the “inverse distance squared” algorithm at a grid size of 25 x 25 m. This software is more than capable to create grids, used for the resource table inputs. The maximum search radius is 1 350 m.
- The following coal seam parameters were estimated into a two-dimensional grid model:
 - Topographic elevation (DTM) in metres above sea level.
 - Seam width in metres.
 - Seam elevation in metres above sea level.
 - Seam in-situ density (g/cm³).
 - Seam in-situ proximate analyses.
 - Seam in-situ sulphur percent.
 - Gus Seam in-situ proximate analyses for a less than 16% ash product.
 - Gus Seam in-situ sulphur percent for a less than 16% ash product.
 - Gus Seam theoretical yield for a less than 16% ash product.
- The previous resource statement was done in 2005 by Snowden. The historical mine data is not available. Both have no influence on the current resource statement.
- No secondary products are considered.
- The full coal seam was modelled and because of its thin nature, will be totally extracted.

The gridded data points honour the database.

Cut-Off Grades

Factors applied were such factors as are usually applied to these types of deposits. A Seam Width of 0.5m was used, and burnt coal where the raw volatile matter was lower than 3.5% on an air dried basis, was excluded

Mining and metallurgical Methods and parameters and Other Modifying Factors

- In 2006 and again in 2010, mining design and layout was done as part of a Bankable Feasibility Study. The general assumptions and plans were used in this CPR to prove that the “reasonableness” test was passed and that the resources have economic potential.
- Coal zone and quality continuity was proofed in the various structural blocks by the drilling over the past years.
- Anthracite is very variable in qualities without specific trends. Geostatistical analyses are not appropriate for anthracite of the Vryheid formation. The resource is small and confined to an area in a mountain.

For further details, contact

Mr Adam Santa Maria, Executive Chairman +61 8 9320 4700

Competent Person Statements

The information in this presentation that relates to Exploration Results and Coal Resources for Riversdale Anthracite Colliery Project is based on and fairly represents information and supporting documentation prepared by Mr Peet Meyer who is a Fellow of South African Council for Natural Scientific Professions (Reg No 400025/03), a ‘Recognised Professional Organisation’ (RPO) included in a list promulgated by ASX from time to time.

Mr Peet Meyer is a consultant to Acacia. and has more than 26 years’ experience in the South African Coal Industry. He holds B.Sc. Hons. (Geology) and M.Sc. (Earth Science Practice and Management) degrees from the University of Pretoria and is an active member of the Geological Society of South Africa and the Fossil Fuel Foundation.

Through his work experience and registration with SACNASP, Peet Meyer is internationally recognised as a competent person. Peet Meyer has worked on all the coalfields of southern Africa which enables him to understand the physical and coal quality characteristics of the deposits. PC Meyer Consulting is an independent Geological Consultancy, advising several coal companies in southern Africa and abroad and will be paid a normal consulting fee for the generation of this report.

APPENDIX

ANNEXURE 3. JORC 2012 EDITION: TABLE 1.

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections.)

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Sampling techniques	<ul style="list-style-type: none"> ■ Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. ■ Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. ■ Aspects of the determination of mineralisation that are Material to the Public Report. ■ In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> ■ All samples were taken from cored boreholes and adits. ■ One cannot comment on the pre-2004 procedures but for 2004/5, the coal sampling procedures followed are in accordance with standard South African practice. TNW-size core (60 mm) was drilled and the coal sampled. ■ The entire coal seam was sampled without subdivisions as the seams are thin and some volume of coal is required for wash analyses.
Drilling techniques	<ul style="list-style-type: none"> ■ Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> ■ All boreholes were cored in the vertical plane. Given that dips in the area are usually small, it is accepted that there is no material difference between the apparent and true thicknesses of the coal seams. Therefore, inclined holes were not required.
Drill sample recovery	<ul style="list-style-type: none"> ■ Method of recording and assessing core and chip sample recoveries and results assessed. ■ Measures taken to maximise sample recovery and ensure representative nature of the samples. ■ Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> ■ The core was logged by competent geologists that recorded the lithology and depths. Core recovery was measured and recorded. ■ The TNW drilling method is superior in recovering coal samples. This method ensures that the coal samples are intact and measurable. ■ It is recorded that the core recovery in the coal was above 95%.
Logging	<ul style="list-style-type: none"> ■ Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. ■ Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. 	<ul style="list-style-type: none"> ■ All the logging was done by a competent coal geologists. All the holes drilled were cored and the core intervals of the coal sampled. The logging and sampling was appropriate and in such a way that resource estimation can be done to a high level of accuracy. ■ During the exploration drilling all data was derived from the logging of boreholes and sampling of the

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	<ul style="list-style-type: none"> ■ The total length and percentage of the relevant intersections logged. 	<p>coal seams intersected. All depths and sample positions were recorded to centimeter accuracy. The general logging and the detail within the coal seams is considered to be of sufficient detail to support the resource classification. All the 2004/5 core was photographed and the photos kept with the other data in safe keeping.</p> <ul style="list-style-type: none"> ■ The total length of the recorded coal intervals is: <ul style="list-style-type: none"> ○ Upper Alfred: 24.43 m. ○ Lower Alfred: 37.27 m. ○ Gus: 72.26 m
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> ■ If core, whether cut or sawn and whether quarter, half or all core taken. ■ If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. ■ For all sample types, the nature, quality and appropriateness of the sample preparation technique. ■ Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. ■ Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling. ■ Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> ■ None of the core was spilt and a sample retained. The full core was used in the analyses since a large volume are required for all the necessary analyses. ■ Coal samples were packed in bags and appropriately labelled. ■ All samples were sent to recognised coal laboratories for analyses soon after sampled. ■ The CP is satisfied that the correct and appropriate procedures were followed to prepare and deliver the samples. ■ Full seams were sampled from well distributed boreholes positions which is representative of deposit.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> ■ The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. ■ For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. ■ Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> ■ Standard coal analyses were done that included proximate, CV and sulphur content of each sample. ■ All the basic analyses were total but some additional analyse were performed, such as ash analyses and ultimates. ■ The South African laboratories have their own quality control procedures where samples are sent off to another for checks on variations. Certificates are issued for compliance and quality and laboratories are required to adhere to the SANAS prescriptions.
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> ■ The RAC coal seams are thin and the requirement for external reviews are not needed. ■ Twinning of some of the historical holes were done. ■ The data was sourced from RAC and some from Snowden. Detailed descriptions of the logging and sampling procedures were documented for the 2004/5 drilling and presented to the CP. The full set of raw data is kept in hard copies and electronically on several backup discs. A folder was created in the cloud service of Dropbox and all the data loaded into a folder for safe keeping and easy access by RAC/Acacia and its service providers. ■ There has been no changes to the analytical data as received from the laboratory.
Location of data points	<ul style="list-style-type: none"> ■ Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used 	<ul style="list-style-type: none"> ■ The survey points given for the adits could be validated on site. The 23004/5 holes were surveyed by a registered surveyor.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	<ul style="list-style-type: none"> <i>in Mineral Resource estimation.</i> ■ <i>Specification of the grid system used.</i> ■ <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> ■ The coordinates were given in the South African grid system, datum WGS 84 Lo 31. ■ The surface contours were digitised from a ortho-map and provided by Snowden. PC Meyer Consulting did it from later plans and found the original coordinates to be in the Caped Datum opposed to the noted WGS 84 Datum. Borehole collar elevations were checked against the DTM and found to be accurate. The CP is satisfied that the topographic control is adequate and accurate.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> ■ The boreholes are spaced sufficiently to do an resource estimate of high accuracy. ■ Large areas have an "Indicated" resource classification for the Gus Seam. The Alfred has a lower classification due to the shortage of analytical data. ■ The data distribution is sufficient for an highly accurate resource estimate. ■ Samples were composited during 2004/5 but these were not used in the resource modelling.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> ■ <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> ■ <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> ■ All samples were taken on a vertical basis and not corrected for dip since the dip of the coal does not materially affect the resource. ■ The drilling was done vertical to intersect a horizontal coal surface. Sampling was done on that basis.
<i>Sample security</i>	<ul style="list-style-type: none"> ■ <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> ■ All the samples were bagged in sealed sample bags and locked in a core shed until it could be delivered to the laboratory.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> ■ <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> ■ As part of the work done by Snowden in 2005, a full database audit was done and reported on. This report is available from RAC. ■ Since some of the source data is missing, the CP elected to unquestionable use the data as presented by Snowden.

SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section.)

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> ■ <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> ■ <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> ■ In terms of Section 23(1) of the MPRDA (Act 28 of 2002), a Mining Right (PR No: 186MR) was granted to Riversdale Anthracite Colliery (Pty) Ltd on 27 May 2011. The duration of this permission to mine is for 15 years after which a renewal application can be submitted to the Department of Mineral Resources (DMR). ■ On 17 October 2016, Acacia Coal Limited (ASX:AJC) announced that it has entered a binding Agreement with vendors of Coalvent Limited (Coalvent) to acquire a 74% interest in the Riversdale Anthracite Colliery (RAC), a premier anthracite project in South Africa,

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		<p>together with a capital raising to raise approximately \$2 million.</p> <p>■ RAC falls within a rural area and access to the mine was negotiated with the various chieftains in the area.</p> <p>■ An Environmental Impact Assessment was done to determine the impact of the mine on the communities and natural environment.</p> <p>■ Environmentally there are no restriction to mining but an Environmental Management Programme Report was filed with DMR and accepted. This allows the mine to operation within certain guidelines stipulated in this report.</p>																												
Exploration done by other parties	■ Acknowledgment and appraisal of exploration by other parties.	<p>■ Historical exploration has taken place over time as follows:</p> <ul style="list-style-type: none">➤ 1968 to 1979 campaign: A total of 43 boreholes were drilled.➤ 1987 campaign: 10 boreholes for further evaluation of the Gus Seam.➤ Snowden conducted a 20-borehole exploration programme in 2004/5. This work forms the basis of the geological data and analyses.																												
Geology	■ Deposit type, geological setting and style of mineralisation.	<p>■ RAC is a typical South African style coal deposit located in the Vryheid Formation of the Karoo Supergroup.</p> <p>■ The Vryheid Coalfield is one of three major coalfields in KwaZulu-Natal and one of the 19 coalfields found within the Karoo Sequence of South Africa. The Karoo Sequence is a series of conformable sedimentary sequences deposited approximately 200 million years ago. Karoo sedimentary sequences are capped by a thick series of flood basalts referred to locally as the Drakensberg basalts. The Karoo age sediments represent more than half of the surface geology of South Africa. The Vryheid Coalfield covers an area of approximately 2,500 km² of which approximately 15% is underlain by coal seams. The stratigraphy of the Vryheid Coalfield is composed of the basal Dwyka Group (glaciogenic sediments) which is, in turn, succeeded by sediments of the Ecca and Beaufort Groups. The coal seams within the Vryheid Coalfield are developed within a Coal Zone found in the Vryheid Formation of the Ecca Group.</p> <p>■ The following seams occur within the Coal Zone:</p> <ul style="list-style-type: none">➤ Fritz Seam;➤ Alfred Seam;➤ Gus Seam;➤ Dundas Seam; and➤ Coking Seam.																												
Drill hole Information	<p>■ A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none">○ easting and northing of the drill hole collar○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar○ dip and azimuth of the hole○ down hole length and interception depth○ hole length. <p>■ If the exclusion of this information is justified on</p>	<p>■ All holes were drilled vertically.</p> <p>■ The final depths of the holes are not known as these records are missing. All the holes were drilled deep enough to pass through the coal seams of interest.</p> <table><tr><th>LoX</th><th>LoY</th><th>BHNo</th><th>Elev</th></tr><tr><td>-5,848.65</td><td>3,088,393.99</td><td>01/79</td><td>1,238.08</td></tr><tr><td>-3,146.23</td><td>3,090,220.00</td><td>10/79</td><td>1,517.67</td></tr><tr><td>-3,889.10</td><td>3,089,769.09</td><td>11/79</td><td>1,514.70</td></tr><tr><td>-5,415.04</td><td>3,089,145.79</td><td>12/79</td><td>1,382.51</td></tr><tr><td>-3,511.00</td><td>3,090,509.97</td><td>13/79</td><td>1,560.10</td></tr><tr><td>-7,795.03</td><td>3,090,820.77</td><td>14/79</td><td>1,300.80</td></tr></table>	LoX	LoY	BHNo	Elev	-5,848.65	3,088,393.99	01/79	1,238.08	-3,146.23	3,090,220.00	10/79	1,517.67	-3,889.10	3,089,769.09	11/79	1,514.70	-5,415.04	3,089,145.79	12/79	1,382.51	-3,511.00	3,090,509.97	13/79	1,560.10	-7,795.03	3,090,820.77	14/79	1,300.80
LoX	LoY	BHNo	Elev																											
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CRITERIA	JORC CODE EXPLANATION	COMMENTARY			
	<i>the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	-5,485.72	3,088,460.23	02/79	1,272.25
		-5,027.67	3,088,951.76	03/79	1,428.79
		-5,865.18	3,089,395.11	04/79	1,411.83
		-5,512.66	3,089,774.23	05/79	1,499.28
		-4,898.55	3,089,403.44	06/79	1,521.82
		LoX	LoY	BHNo	Elev
		-4,438.63	3,089,406.24	07/79	1,538.26
		-3,620.23	3,090,296.17	08/79	1,543.60
		-4,451.33	3,088,625.00	09/79	1,443.20
		-6,523.80	3,088,493.47	A01	1,202.49
		-6,531.56	3,088,433.15	A02	1,196.49
		-2,937.66	3,089,470.66	A03N	1,238.11
		-2,725.30	3,089,768.10	A04	1,272.93
		-3,285.17	3,089,153.29	A05	1,246.56
		-2,568.00	3,090,046.32	A06	1,281.28
		-2,552.31	3,090,429.63	A07	1,329.50
		-2,533.44	3,090,458.95	A08N	1,325.15
		-3,545.34	3,090,950.80	A09	1,481.07
		-3,998.09	3,090,952.57	A10	1,401.42
		-4,285.18	3,090,713.46	A11	1,353.97
		-4,720.85	3,090,227.34	A12	1,336.83
		-5,112.49	3,090,299.94	A13	1,355.77
		-5,418.08	3,090,570.33	A14	1,332.06
		-5,500.00	3,087,410.00	A15	1,218.72
		-5,560.00	3,087,430.00	A16	1,209.47
		-4,200.00	3,087,770.00	A17	1,259.14
		-4,550.00	3,086,870.00	A18	1,203.46
		-6,800.00	3,090,820.00	AA	1,316.73
		-6,540.00	3,090,790.00	AB	1,375.90
		-6,185.00	3,090,850.00	AC	1,383.43
		-3,800.00	3,088,590.00	AD	1,242.63
		-3,930.00	3,088,315.00	AE	1,232.44
		-4,100.00	3,088,000.00	AF	1,270.37
		-4,540.00	3,086,840.00	AG	1,192.62
		-6,082.14	3,089,663.89	BE01	1,425.99
		-5,515.89	3,089,392.53	BE02	1,485.64
		-6,560.88	3,090,331.49	BE03	1,389.85
		-6,094.54	3,088,679.73	BE04	1,254.33
		-6,347.89	3,088,594.20	BE05	1,224.62
		-5,985.85	3,090,731.87	BE06	1,391.74
		-5,555.05	3,090,360.81	BE07	1,458.36
		-6,057.63	3,088,352.30	BE08	1,218.34
		-5,686.91	3,088,840.39	BE09	1,306.34
		-6,827.70	3,090,109.70	BE10	1,346.09
		-6,688.60	3,089,444.60	BE11	1,300.53
		-6,431.30	3,089,739.70	BE12	1,364.25
		-6,233.80	3,089,338.90	BE13	1,337.50
		-6,126.80	3,089,054.40	BE14	1,302.68
		-6,188.30	3,088,727.30	BE15	1,252.45
		-6,225.60	3,090,301.80	BE16	1,442.77
		-5,893.80	3,090,139.70	BE17	1,496.05
		-6,057.75	3,089,922.37	BE18	1,456.02
		-5,805.56	3,089,747.35	BE19	1,489.53
		-5,202.80	3,089,290.55	R75/1	1,498.58
		-4,576.39	3,088,339.60	R75/2	1,416.18
		LoX	LoY	BHNo	Elev
		-4,135.26	3,089,385.45	R75/3	1,506.64
		-4,185.00	3,089,385.00	R75/3A	1,518.62
		-3,440.90	3,089,996.96	R75/4	1,507.97
		-4,629.85	3,088,813.50	R75/5	1,490.86

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	-5,572.09	3,088,581.23 R75/6 1,276.41
	-4,250.00	3,089,950.00 R75/7 1,513.05
	-6,520.00	3,088,670.00 RD1/71 1,215.99
	-6,500.00	3,088,900.00 RD2/71 1,249.76
	-6,300.00	3,088,800.00 RD3/71 1,252.04
	-3,764.12	3,090,792.09 RH02 1,476.28
	-3,364.30	3,090,108.41 RH03 1,518.40
	-4,000.79	3,090,484.04 RH04 1,513.46
	-3,882.58	3,090,055.56 RH05 1,524.12
	-4,520.45	3,089,518.10 RH07 1,530.76
	-3,835.89	3,089,464.48 RH08 1,463.07
	-3,528.06	3,089,753.09 RH09 1,448.11
	-4,217.16	3,088,813.52 RH12 1,421.67
	-5,326.55	3,089,483.89 RH13 1,501.86
	-5,512.45	3,088,705.43 RH14 1,294.57
	-4,998.85	3,089,202.99 RH15 1,507.31
	-6,028.20	3,090,487.14 RH16 1,460.51
	-5,771.98	3,089,230.81 RH17 1,374.77
	-5,683.73	3,089,978.26 RH18 1,501.02
	-5,948.87	3,090,252.00 RH19 1,492.24
	-6,615.75	3,090,545.67 RH20 1,381.86
	-7,052.64	3,090,536.09 RH21 1,322.44
	-6,422.47	3,090,687.52 RH23 1,405.43
	-5,846.83	3,090,432.11 RH24 1,499.78
	-4,947.14	3,089,465.38 RH25 1,516.71
	-3,652.37	3,089,563.36 RH27 1,424.89
	-4,556.93	3,089,018.12 RIV1 1,537.72
	-4,033.00	3,089,480.07 RIV2 1,501.42
	-4,114.67	3,089,095.08 RIV3 1,461.96
	-5,589.68	3,088,088.61 RIV4 1,248.70
	-4,997.24	3,088,186.08 RIV5 1,365.09
	-4,287.19	3,089,735.64 RIV6 1,531.26
	-3,902.81	3,089,242.08 RIV7 1,423.64

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Data aggregation methods	<p>■ In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <p>■ Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <p>■ The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>■ The qualities were gridded using inverse distance squared. This resulted in a grid, per coal seam, per quality, which covered the entire project area. Coal qualities were composited in the resource statement, to produce an average of the project, by using a weighted average technique. The following mathematical expression was used to calculate weighted average for a series of samples:</p> $\bar{a} = \frac{\sum (Th \times Rd \times Var) + (Th_2 \times Rd_2 \times Var_2) + (Th_n \times Rd_n \times Var_n)}{\sum (Th \times Rd) + (Th_2 \times Rd_2) + (Th_n \times Rd_n)}$ <p>Where:</p> <p>\bar{a} = average coal quality parameter, Th = thickness of the individual sample, Rd = Relative density of the raw coal sample, Var = coal quality parameter, such as moisture, ash, volatile matter.</p> <p>■ The following modifying factors and cut-off parameters were applied to the physical and analytical data for the resourcing of the coal deposit:</p> <ul style="list-style-type: none"> ➢ Prospecting Rights boundary. ➢ Coal limits. ➢ Structural limits. ➢ Burnt coal areas excluded. ➢ Thin seam areas (< 0.5 m) were excluded. ➢ 3.5% raw volatile content cut-off. ➢ There was no other coal quality cut-off applied to the resources.
Relationship between mineralisation widths and intercept lengths	<p>■ These relationships are particularly important in the reporting of Exploration Results.</p> <p>■ If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>■ If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</p>	<p>■ All the coal seams are horizontal.</p> <p>■ The coal seams 100% correspond with the sampled intervals. None of the samples were taken short.</p> <p>■ All the holes were drilled to below the Gus Seam to make sure that all the seams are sampled.</p>
Diagrams	<p>■ Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</p>	<p>■ Included in the main body of the report.</p>
Balanced reporting	<p>■ Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</p>	<p>■ This report is balanced and includes all the findings of the exploration work. All the results are included and none of the low and high analytical values are omitted.</p>
Other substantive exploration data	<p>■ Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</p>	<p>■ All the substantive and material exploration data is covered in the main body of the report and there are no omissions of any such information.</p>

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Further work	<ul style="list-style-type: none"> ■ The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). ■ Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> ■ At this stage, additional exploration drilling is being done. The purpose is to gather additional analytical data. ■ The coal outcrops along a mountain slope and there is no further extension thereof. The limits of the seams are in several diagrams in the main body of the report.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in Section 1, and where relevant in Section 2, also apply to this section.)

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Database integrity	<ul style="list-style-type: none"> ■ Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. ■ Data validation procedures used. 	<ul style="list-style-type: none"> ■ The database was provided by RAC and Snowden. Cross checks were done to see if the Excel data corresponds to the hard copy data provided. Although not all the source data is available, there is enough for validation purposes. ■ The full set of raw data is kept in hard copies as well as electronically on several backup discs. A folder was created in the cloud service of Dropbox and all the data loaded into a folder for safe keeping and easy access by RAC/Acacia and its service providers.
Site visits	<ul style="list-style-type: none"> ■ Comment on any site visits undertaken by the Competent Person and the outcome of those visits. ■ If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> ■ The 2016/7 drilling is managed by PC Meyer Consulting and several site visits have been undertaken. ■ The visits are for QA/QC purposes.
Geological interpretation	<ul style="list-style-type: none"> ■ Confidence in (or conversely, the uncertainty) of the geological interpretation of the mineral deposit. ■ Nature of the data used and of any assumptions made. ■ The effect, if any, of alternative interpretations on Mineral Resource estimation. ■ The use of geology in guiding and controlling Mineral Resource estimation. ■ The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> ■ The CP is confident that the resource estimate is accurate and of a high standard. The geological interpretation corresponds to that previously done by Snowden but did also required a few changes to the structural interpretation. ■ The database consists of borehole collar information, lithological and analytical data. All of these elements contributes to the geological interpretation and the model thereof. ■ At this stage the CP is confident in the geological interpretations and does not have an alternative interpretation of the geology. ■ Continuity can be affected by faults and dolerite dykes as well as roof washouts. Coal qualities are affected by dolerite dykes and the proximity of dolerite sills.
Dimensions	<ul style="list-style-type: none"> ■ The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> ■ Coal extending over 4 050 x 2 050 m, resources covering 608.6 ha. Shallowest coal starting at outcrop and the deepest Gus Seam starting at 288.29 m ending at 289.33 m.
Estimation and modelling techniques	<ul style="list-style-type: none"> ■ The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum 	<ul style="list-style-type: none"> ■ The coal deposit of the Riversdale Anthracite Colliery is contained in a thin multiple seam deposit. SANS 10320:2004 describes these style of deposits as follows: coal deposit type, characterized by a discrete number of coal

CRITERIA	JORC CODE EXPLANATION	COMMENTARY																
	<p>distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</p> <ul style="list-style-type: none">■ The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.■ The assumptions made regarding recovery of by-products.■ Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).■ In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.■ Any assumptions behind modelling of selective mining units.■ Any assumptions about correlation between variables.■ Description of how the geological interpretation was used to control the resource estimates.■ Discussion of basis for using or not using grade cutting or capping.■ The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	<p>seams, typically between 0.5 m and 7.0 m in thickness, separated by inter-burden units of thickness generally significantly exceeding the thickness of the individual coal seams. On RAC there were five coal seams identified with a total average thickness of 3.21 m. This confirms that the deposit meets the definition of a thin multiple coal seam deposit. The modelling and reporting thereof will be conforming to the SANS 2004:1032 guidelines for thin multiple seam coal deposits.</p> <ul style="list-style-type: none">■ Surfer Ver. 13.6.618 software was used for the grid creation, resource delineation and volume calculations for the resource statement. The gridding algorithm applied to model the seams was the “inverse distance squared” algorithm at a grid size of 25 x 25 m. This software is more than capable to create grids, used for the resource table inputs. The maximum search radius is 1 350 m.■ The following coal seam parameters were estimated into a two-dimensional grid model:<ul style="list-style-type: none">○ Topographic elevation (DTM) in metres above sea level.○ Seam width in metres.○ Seam elevation in metres above sea level.○ Seam in-situ density (g/cm3).○ Seam in-situ proximate analyses.○ Seam in-situ sulphur percent.○ Gus Seam in-situ proximate analyses for a less than 16% ash product.○ Gus Seam in-situ sulphur percent for a less than 16% ash product.○ Gus Seam theoretical yield for a less than 16% ash product.■ The previous resource statement was done in 2005 by Snowden. The historical mine data is not available. Both have no influence on the current resource statement.■ No secondary products are considered.■ The full coal seam was modelled and because of its thin nature, will be totally extracted.■ The gridded data points honour the database.																
Moisture	<ul style="list-style-type: none">■ Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	<ul style="list-style-type: none">■ All tonnes are estimated on an air-dried basis. In-situ moisture is not known but the amount of groundwater encountered during the drilling indicates that the total moistures could be high. Inherent moisture was determined by the laboratory using their prescribed standards.																
Cut-off parameters	<ul style="list-style-type: none">■ The basis of the adopted cut-off grade(s) or quality parameters applied.	<table><tr><th>FACTORS</th><th>Applied</th></tr><tr><td>Seam Width</td><td>0.5 m</td></tr><tr><td>Prospecting Rights Area</td><td>Yes</td></tr><tr><td>Seam distribution</td><td>Yes</td></tr><tr><td>Yield cut-off</td><td>Not applied</td></tr><tr><td>Geol. Structures – no coal areas excluded</td><td>Yes</td></tr><tr><td>Burnt coal areas excluded</td><td>Yes. Raw volatile matter < 3.5% excluded</td></tr><tr><td>Environmental</td><td>None</td></tr></table>	FACTORS	Applied	Seam Width	0.5 m	Prospecting Rights Area	Yes	Seam distribution	Yes	Yield cut-off	Not applied	Geol. Structures – no coal areas excluded	Yes	Burnt coal areas excluded	Yes. Raw volatile matter < 3.5% excluded	Environmental	None
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Environmental	None																	
Mining factors or	<ul style="list-style-type: none">■ Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable,	<ul style="list-style-type: none">■ In 2006 and again in 2010, mining design and layout was done as part of a BFS. The general assumptions and plans were used in this CPR to																

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
<i>assumptions</i>	<i>external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i>	<p>prove that the "reasonableness" test was passed and that the resources have economic potential.</p>
Metallurgical factors or assumptions	<p>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</p>	<p>Coal processing parameters were use in the plant design for the CPR.</p> <p>The primary function of coal processing is to produce saleable coal products according to market quality requirements. The market for metallurgical anthracite is primarily defined by two quality variables - size and ash - both of which can be influenced by coal processing.</p> <p>The coal processing strategy for the RAC project is based on matching the quality of the RAC resource, including its washability, with the market's quality and volume requirements in such a way as to maximize the value of the resource</p>
Environmental factors or assumptions	<p>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</p>	<p>Detailed environmental studies were conducted in 2010. At this stage, there are no fatal flaws reported by the environmentalists.</p> <p>A baseline survey was conducted for the EIA in order to establish the current baseline conditions. These studies were completed through site visits and fieldwork, research and statistical methods. From the environmental conditions, an impact assessment was competed as described. Legal requirements and clearly defined criteria must be implemented in order to accurately determine the significance of the predicted impact or benefit on the surrounding natural and/or social environment. For this to be done, the context of the project must be considered according to the area and the people that will be affected. Of necessity, impact assessment will always contain a degree of subjectivity, as it is based on the value judgment of various specialists and members of society. The evaluation of significance is thus contingent upon values, and dependent upon the environmental and community context. Therefore, ultimately, impact significance involves a process of determining the acceptability of a predicted impact to society.</p> <p>There is no environmental restriction to the mining.</p>
Bulk density	<p>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements,</p>	<p>There was a 100-tonne bulk sample taken but the details of this exercise are lost.</p> <p>It is not planned to do any bulk sampling, prior to mining, again.</p>

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	<p><i>the nature, size and representativeness of the samples.</i></p> <ul style="list-style-type: none"> ■ <i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i> ■ <i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i> 	
Classification	<ul style="list-style-type: none"> ■ <i>The basis for the classification of the Mineral Resources into varying confidence categories.</i> ■ <i>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i> ■ <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> 	<ul style="list-style-type: none"> ■ The resources were classified in accordance with SANS 10320:2004, a South African standard for the classification of coal resources. ■ Borehole minimum borehole density for multiple seam coal deposits are: <ul style="list-style-type: none"> ○ Measured Resource. More than eight boreholes per 100 ha or 350 x 350 m drill grid. ○ Indicated Resource. Four to eight boreholes per 100 ha or 500 x 500 m drill grid. ○ Inferred Resource. Less than four boreholes per 100 ha or 1000 x 1000 m drill grid. ■ Only boreholes with coal quality data contributed to the resource classification. ■ The classification carries the approval of the CP.
Audits or reviews	<ul style="list-style-type: none"> ■ <i>The results of any audits or reviews of Mineral Resource estimates.</i> 	<ul style="list-style-type: none"> ■ The resource estimates are not being reviewed locally but the owners might elect to have it done in Australia.
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> ■ <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i> ■ <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> ■ <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> ■ The CP is satisfied that the resources were estimated and reported accurately and that the modelling applied is correct and fairly reflects the resources. Coal zone and quality continuity was proofed in the various structural blocks by the drilling over the past years. ■ Anthracite is very variable in qualities without specific trends. Geostatistical analyses are not appropriate for anthracite of the Vryheid formation. The resource is small and confined to an area in a mountain. It is easy to resource and the CP is confident that the resource numbers presented are accurate. ■ This is a local coal deposit within a region coal basin and confined to a mountain. GTIS were estimated at: <ul style="list-style-type: none"> ○ Gus Seam: 8 969 200 t. ■ This is a maiden resource and there is no production data to reconcile with.