
Quarterly Activities Report

Period Ended 30th June 2017

The Directors of Acacia Coal Limited (**Acacia** or the **Company**) are pleased to present the June 2017 quarterly report.

Highlights during, and subsequent to, the quarter were as follows:

- Release of the Pre-Feasibility Study (PFS) for the Riversdale Anthracite Colliery (RAC) project reported in accordance with the JORC 2012 Code
- PFS demonstrates an ungeared post tax NPV₁₀ of A\$73m and an ungeared post tax IRR of 53%
- Updated Resource Statement reported in accordance with the JORC 2012 Code demonstrated an increase in Total Resources to 10Mt of which 86% lies in Measured and Indicated Resource categories
- Commencement of discussions to secure offtake agreements for the Project
- Application filed with the relevant authorities for the transfer of the RAC mining right

QUARTERLY ACTIVITY SUMMARY

CORPORATE

During the June quarter, Acacia delivered its key objective of a PFS for the RAC project, reported in accordance with the JORC 2012 Code. This study was delivered 2 months ahead of schedule, on budget and demonstrated stronger project economics than estimated at the time of securing the option to acquire the RAC project.

During the March quarter, Acacia entered into an option agreement with Bowen Coking Coal Pty Ltd, a full subsidiary of Cape Coal Pty Ltd, in terms of which Acacia granted an option to acquire the Comet Ridge Project for an option exercise payment totalling A\$50,000, a cash payment of A\$350,000 and the issuance of A\$400,000 in shares in a listed entity upon Bowen Coking Coal or its nominee listing on the ASX. The option agreement was subject to due diligence, which was completed in the June quarter. Bowen Coking Coal confirmed their intention to exercise the option during the June quarter and complete the transaction during the September quarter.

The Company has moved its Registered Office as of 1st July 2017 to Ground Floor, 16 Ord Street, West Perth WA 6005, and has appointed Mr Brett Tucker as Company Secretary. Mr Tucker is a Chartered Accountant and an experienced company secretary who has served as Company Secretary to a number of ASX listed and private companies.

PROJECT UPDATE – RIVERSDALE ANTHRACITE COLLIERY

The RAC project had previously been the subject of a positive feasibility study in 2006, based on resources in the Gus Seam as defined under the 2004 JORC Code.

During the June quarter, Acacia published a new PFS on the RAC project, reported in accordance with the JORC 2012 Code. This study was delivered 2 months ahead of schedule, on budget and demonstrated the project's excellent economic potential.

The highlights of the PFS conducted to a $\pm 15\%$ accuracy level are:-

- The RAC project (Acacia: 74%) to be technically and financially robust
- Forecast free operating cash-flow after tax averaging \$14.5m per annum based on an initial 8 year mine life with potential for a longer mine life after additional drilling
- NPV₁₀ of A\$73m and IRR of 53% (ungeared and post-tax and royalties) on a 100% owned basis
- Capital payback period of 2.7 years from the date of commencement of construction
- The anthracite, a form of premium metallurgical coal, will become a strategic supplier to nearby ferrochrome manufacturers, which may include Glencore and Samancor, due to extremely low contaminants and declining inventories and production rates in the South African metallurgical coal industry
- Forecast initial development capital of A\$24m due to use of an outsourced operating model, with A\$7.85m of sustaining capital
- Initial 8 year mine life with average annual sales of 438,000mt of low impurity anthracite, and peak annualised sales of 540,000mt
- Post-tax and royalty margins of A\$34.4/t based on an average selling price of A\$125.1/mt and a nett 6% royalty rate
- PFS based on the Measured and Indicated Resources reported in April 2017
- Small amount of additional drilling planned to support a Definitive Feasibility Study

The results of this comprehensive PFS prepared by VbKom, a South African based mining consultancy, surpass expectations for the project at the time of securing the option to acquire RAC, and confirm that an excellent investment has been made in a project that will be a platform for building an anthracite business with strong free cash generation and growth opportunities within a trucking distance of a plant and rail siding. Acacia has acquired an option to acquire the RAC project on terms previously announced to the market.

In addition, discussions have commenced with major ferrochrome producers and traders over offtake agreements for the sale of anthracite from the RAC project.

Cash Management and Capital Raising Considerations

At 30th June 2017 Acacia had approximately \$1 million cash-at-bank.

The Company will require further capital in order to fund its proposed activities through to March 2018 (including the next payment due to the underlying vendors of RAC pursuant to the Sale Agreement for the RAC project and to complete a Bankable Feasibility Study on the RAC project). To this end, the Company continues to engage with various parties regarding potential capital raising options available to the Company and other potential ways to realise value in connection with the Project.

The Company will provide an update to the market accordingly.

Release Date: 31st July 2017

For enquiries, please contact:

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Managing Director
+61 8 9482 0520

Competent Persons Statement

*The information contained in this announcement relating to exploration results and mineral resources was previously announced to the ASX by the Company on 19th April 2017 in an announcement titled “Updated RAC JORC 2012 Resource” (**Previous Announcement of Updated JORC Resource**) with the written consent of Mr Peet Meyer (**Competent Person**). The Company is not aware of any new information or data that materially affects the information included in the Previous Announcement. The Company confirms the material assumptions and technical parameters underpinning the mineral resource estimates in the Previous Announcement of Updated JORC Resource continue to apply and have not materially changed. The Company also confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified.*

Note on Production Targets and Forecast Financial Information

*The information contained in this presentation relating to a production target and forecast financial information derived from a production target was previously announced to ASX by the Company on 1st May 2017 in an announcement titled “Riversdale Anthracite Project Pre-Feasibility Study” (**Previous Announcement**). The Company confirms the material assumptions underpinning the production target, or the forecast financial information derived from the production target in the Previous Announcement continue to apply and have not materially changed.*



ACACIA at a GLANCE

Acacia Coal Limited is focused upon coal exploration and development. The Company identifies, acquires and takes advantage of opportunities in coal resources.

Schedule of Tenements as at 30th June 2017

The Company has a 100% interest in a coal exploration permit covering approximately 80 km² in Queensland's Bowen Basin, being EPC 1230 Comet Ridge.

Acacia has entered into a sale and purchase agreement to acquire the Riversdale Anthracite Colliery in South Africa.

ASX Listing Code: AJC

Directors

Mr Adam Santa Maria Executive Chairman
Mr Hugh Callaghan Managing Director
Mr Rob Scott Finance Director
Mr Brett Lawrence Non-Executive Director
Mr Logan Robertson Non-Executive Director

Registered and Principal Office

Ground Floor, 16 Ord Street, West Perth WA 6005, Australia
Telephone: +61 8 9482 0520

Website and Email Address

Please visit Acacia Coal's website for the Company's latest announcements and news:
www.acaciacoal.com
Email: info@acaciacoal.com

Issued Capital and Market Capitalisation

At 30th June 2017 Acacia Coal's issued capital was 1,580,700,834 ordinary shares and 42,500,000 unlisted share options exercisable at A\$0.006 per share. Based on a share price of \$0.004 (30th June 2017), the undiluted market capitalisation was \$6.3 million.

Shareholder Enquiries

Matters relating to shares held and changes of address should be directed to the Company's Share Registry:

Link Market Services
Central Park Level 4,
152 St Georges Terrace
Perth WA 6000

Telephone: 1300 554 474
Outside of Australia: +61 1300 554 474

Email: registrars@linkmarketservices.com.au
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