

13 December 2017

RAC UPDATE - ACACIA ENTERS INTO EXIT DEED REGARDING RAC PROJECT

Acacia Coal Limited (ASX:AJC) refers to its Report for the September Quarter released to the market on 31 October 2017 in which the Company noted its continued engagement with a number of potential investors to secure funding for the completion of the Bankable Feasibility Study in connection with the Riversdale Anthracite Colliery (**RAC Project**).

Acacia also refers to a number of announcements in March by the South African government of potential amendments to the Mining Charter which are subject to potential judicial review and which have created considerable uncertainty in the requirements expected of mining companies in the country going forward.

In light of the uncertainty for public companies attempting to develop projects in South Africa, and the lack of appetite for such risk in the context of a listed public company, Acacia Coal has determined that the best prospect of realising value for the RAC project and having it developed is in a private structure which has the flexibility to undertake a number of alternative funding structures and opportunities not available on appropriate terms to Acacia.

Accordingly, Acacia has entered into an Exit Deed with Coalvent Limited (**Coalvent**) and the other related vendors and its associated parties (**RAC Vendors**) whereby Acacia and the RAC Vendors have agreed to unwind Acacia's option to acquire a 74% interest in the RAC Project.

In addition, Messrs Hugh Callaghan and Rob Scott who are directors of Coalvent, have also agreed to resign from their position as directors of Acacia in order to pursue the commercialisation of the RAC Project outside of the Company. Acacia wishes Messrs Callaghan and Scott the best in their endeavours and thanks them for the contribution to the Company.

The RAC Project completed a detailed Pre Feasibility Study ahead of schedule on 1 May 2017, which demonstrated a project generating, from an initial 8 year mine life, an ungeared post tax IRR of 53% and NPV10 of A\$73m.



In the event that RAC is commercialised or developed by the RAC Vendors, Acacia and the RAC Vendors have agreed on a mechanism by which the funds spent by Acacia on the RAC Project are to be recoverable by Acacia.

In the meantime, Acacia will now return its focus to considering and evaluating alternative opportunities to realise value for its shareholders.

--ends--