



29 August 2018

Dear Shareholder

Notice to Eligible Shareholders of Non-Renounceable Entitlement Offer

We write to you as the registered holder of fully paid ordinary shares (**Shares**) in Acacia Coal Limited (ASX: AJC) (**Company**) as at today's date. As advised in the Company's ASX announcement dated 27 August 2018, the Company is undertaking a non-renounceable pro-rata entitlement offer to eligible shareholders of Shares in the Company at an issue price of \$0.001 per Share and on the basis of 1 new Share (**New Share**) for every 1 Share held at the record date on Friday, 31 August 2018 (**Record Date**) (**Entitlement Offer**). Pursuant to the Entitlement Offer, the Company will issue up to approximately 2,024,450,835 New Shares to raise approximately \$2,024,451 (before costs).

The Entitlement Offer is available to all Company shareholders (**Shareholders**) registered on the Record Date whose registered address is in Australia or subject to certain offer restrictions, New Zealand (**Eligible Shareholders**). The Entitlement Offer is not being extended to any Shareholders with addresses outside these jurisdictions.

Purpose of the Entitlement Offer

Subject to the satisfactory completion of the Entitlement Offer, funds will be used to undertake preliminary exploration activities on the Mt Windarra Project and Mt Bruce Project (once granted) and for general working capital.

Indicative Timetable

The securities issued under the Entitlement Offer will be offered in accordance with the following indicative timetable:

Item	Date
Lodgement of Prospectus with ASIC	27 August 2018
Lodgement of Appendix 3B and Prospectus with ASX	
Option holders notified of Offers	
Notice of Offers sent to Shareholders	29 August 2018
Securities quoted on an "Ex" basis	30 August 2018
Record Date for determining Entitlements	31 August 2018
Prospectus and Application Form despatched to Eligible Shareholders	4 September 2018
Last day to extend the Closing Date	11 September 2018
Entitlement Offer Closing Date	14 September 2018
Securities quoted on a deferred settlement basis	17 September 2018
Notification of Shortfall	19 September 2018
Issue date of Securities under the Entitlement Offer	21 September 2018
Deferred settlement trading ends	
Securities issued under the Entitlement Offer commence trading on ordinary settlement basis	24 September 2018

All dates are indicative only and subject to change without prior written notice. Any extension of the Closing Date will have a consequential effect on the date of issue of the securities.

Shortfall

Any shortfall of shares under the Entitlement Offer (**Shortfall Shares**) will be offered to Eligible Shareholders and new unrelated shareholders at an issue price of \$0.001 per Shortfall Share subscribed in accordance with the Shortfall Application Form accompanying the Prospectus (**Shortfall Offer**).

The Lead Managers, in consultation with the Company, will allocate Shortfall Shares in a manner that does not prejudice the rights of Eligible Shareholders, having regard to the number of Shareholders applying for Shortfall Shares. The Directors may be allocated Shortfall Shares in accordance with, and pursuant to, Shareholder approval received at the General Meeting held on 23 July 2018.

If any Shortfall Shares remaining after the applications for shortfall have been satisfied, the Directors reserve the discretion, subject to any restrictions imposed by the Corporations Act and the Listing Rules, to place any such remaining Shortfall Shares within three months after the close of the Entitlement Offer.

Effect on Capital Structure

The table below sets out the impact of the Entitlement Offer on the capital structure of the Company:

Detail	Number of Shares	Number of unquoted Options
Balance at the date of this Prospectus	2,024,450,835	237,500,000 ¹
To be issued pursuant to the Offer	2,024,450,835 ²	Nil
Adviser Options	Nil	75,000,000 ³
Total	4,048,901,670⁴	312,500,000

Note:

1. Comprising 42,500,000 Options exercisable at \$0.006 each and expiring on or before 5 December 2021 and 195,000,000 Options exercisable at \$0.0015 and expiring on or before 9 August 2023.
2. This assumes that all Shares offered under the Entitlement Offer will be issued. The actual number of Shares to be issued will vary based on the Shares subscribed for and issued pursuant to the Entitlement Offer. This number is also subject to rounding.
3. Up to 75,000,000 Options exercisable at \$0.0015 and expiring on or before the date 2 years from the date of issue will be issued to under the Lead Manager Mandate, subject to the completion of the Shortfall Offer.
4. A further 18,750,000 Shares will be issued to the vendors of Mt Bruce subject to the grant of application for exploration licence E47/3627, which the Company expects to occur after the record date set out in the proposed timetable.

Prospectus

Details of the Entitlement Offer are contained in the Prospectus. The Prospectus can be accessed from the ASX and Company websites, www.asx.com.au and www.acaciacoal.com.au respectively.

A copy of the Prospectus is intended to be sent to Eligible Shareholders on Tuesday, 4 September 2018.

The Directors of the Company urge you to read the Prospectus carefully and seek advice from your financial adviser if you have any queries. This notice is to inform you of the Entitlement Offer. You are not required to do anything in respect to this letter.

For all enquiries concerning the Entitlement Offer, please contact the company secretary by telephone on (08) 9482 0520 and for all general shareholder enquiries, please contact Link Market Services Limited on +61 1300 554 474.

Yours sincerely

Adam Santa Maria
Executive Chairman