



ASX: AJC

Quarterly Activities Report

Ended 31 March 2020

OVERVIEW

The Directors of Acacia Coal Limited (**Acacia** or the **Company**) provide a summary of activities in the March 2020 quarter.

Work continued during the quarter in reviewing the drill results at the Company's Mt Windarra and Mt Bruce projects and considering a number of other opportunities.

At Mt Windarra, the objective of the drill programme was to confirm and define the extents and grade of previously indicated lateritic nickel-cobalt and nickel-copper sulphide mineralisation within the target ultramafic lithologies captured by the 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 full results of the drilling programme¹ included:

- 17m @ 0.53% Ni from 60m (Hole H1)
 - o Including 5m@0.61% Ni from 63m
 - o Including 6m@0.66% Ni from 72m
- 5m@0.38% Ni from 70m (Hole H2)

¹ As released to the ASX on 1 October 2019

- 5m@0.43% Ni from 67m (Hole H5)
- 3m@0.6% Ni from 67m, 4m@0.46%Ni from 74m and 2m@0.40%Ni from 81
- 2m@0.19%Co from 68m (Hole H6)
- 3m@0.51%Ni from 44m (Hole H7)
- 4m@0.66% Ni and 0.22% Co from 55m (Hole H8)
- 11m@ 0.49% Ni from 71m (Hole H8)
 - o Including 6m @0.59% from 71m
- 2m@0.38%Ni and 2m@0.15% Co from 66m (Hole H9)

During the quarter, the Company also carried 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, together with the work of its external consultants and advisors, the Company views the prospects and likelihood of Mt Bruce to hold deposits of significance to be followed up by the Company to be immaterial to the Company's planned strategic outlook. Accordingly, Acacia will refocus on Mt Windarra and new projects.

In respect of new projects, the Company continues to pursue and review strategic opportunities and has conducted due diligence over a number of projects which may complement Acacia's activities with the aim of maximising shareholder value.

COVID-19 Update

Whilst inter-regional travel within Western Australia is difficult, the Company's focus has primarily been on reviewing existing geological information and material generated from its exploration and sampling programmes, together with a review of external opportunities. Accordingly, the Company's operations remained largely unaffected during the March quarter and to date by the novel coronavirus.

Overview of Project Activities

Mt Windarra Update

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

Hole_ID	MGA51_EAST	MGA51_NORTH	RL	DIP	AZI	DEPTH
Hole_1	424295	6845575	433	-60	45	150
Hole_2	424240	6845630	433	-60	45	100
Hole_3	424210	6845600	433	-60	45	100
Hole_4	424200	6845730	433	-60	45	100
Hole_5	424170	6845700	433	-60	45	100
Hole_6	424140	6845675	433	-60	45	100
Hole_7	424060	6845875	433	-60	45	100
Hole_8	424030	6845845	433	-60	45	100
Hole_9	424000	6845820	433	-60	45	100

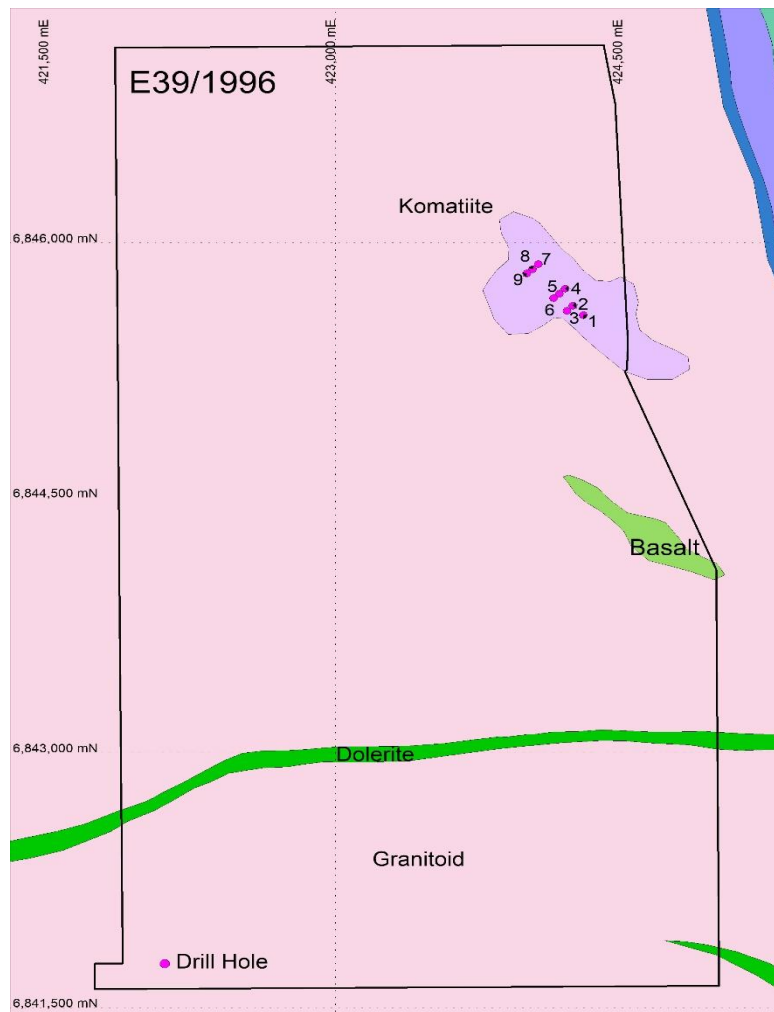
The objective of the drill programme was to confirm and define the extents and grade of previously indicated lateritic nickel-cobalt and nickel-copper sulphide mineralisation within the target ultramafic lithologies captured by the project. The indicated mineralisation lies within a komatiitic xenolith 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.

Summary statistics for eight holes in tabular form are documented below (see ASX announcement 1 October 2019 for full details):

Descriptive Statistics						
Element	Mean	Std. Dev.	Count	Minimum	Maximum	# Missing
Ag	0.042	0.083	846	0.01	1.26	0
Au	1.898	4.374	846	0.37	105	0
Cu	55.665	65.021	846	1.5	889	0
Mn	727.088	1096.66	846	27.3	9000	0
Ni	1046.455	1508.803	846	10.6	8950	0
Co	86.277	216.328	846	1.5	2520	0
Pb	5.085	6.368	841	0.2	96.5	5
Zn	44.967	44.904	846	4	335	0
S	772.908	572.083	846	50	4590	0

Further assessment and exploration will be conducted within the prospective geological unit after all results have been received and are assessed.



Mt Bruce

A soil geochemistry campaign was completed by Acacia, comprising 90 soil samples covering key lithological contacts considered prospective for hosting cobalt, nickel and copper mineralisation.

The campaign identified discrete Ni-Cu-Co coincident anomaly across 1.8km strike length that the Company shall assess for the potential for further follow up exploration.

The target areas were selected based on historical sampling that was undertaken by Western Mining Corporation (WMC) in 1971, which returned anomalous cobalt results of 5,600ppm, 3,350ppm and 1,300ppm shown in figure 1 below. (see ASX announcement dated 30 August 2019 for full details and competent person statement). The exploration completed by WMC across the project was focussed towards copper exploration and not followed up.

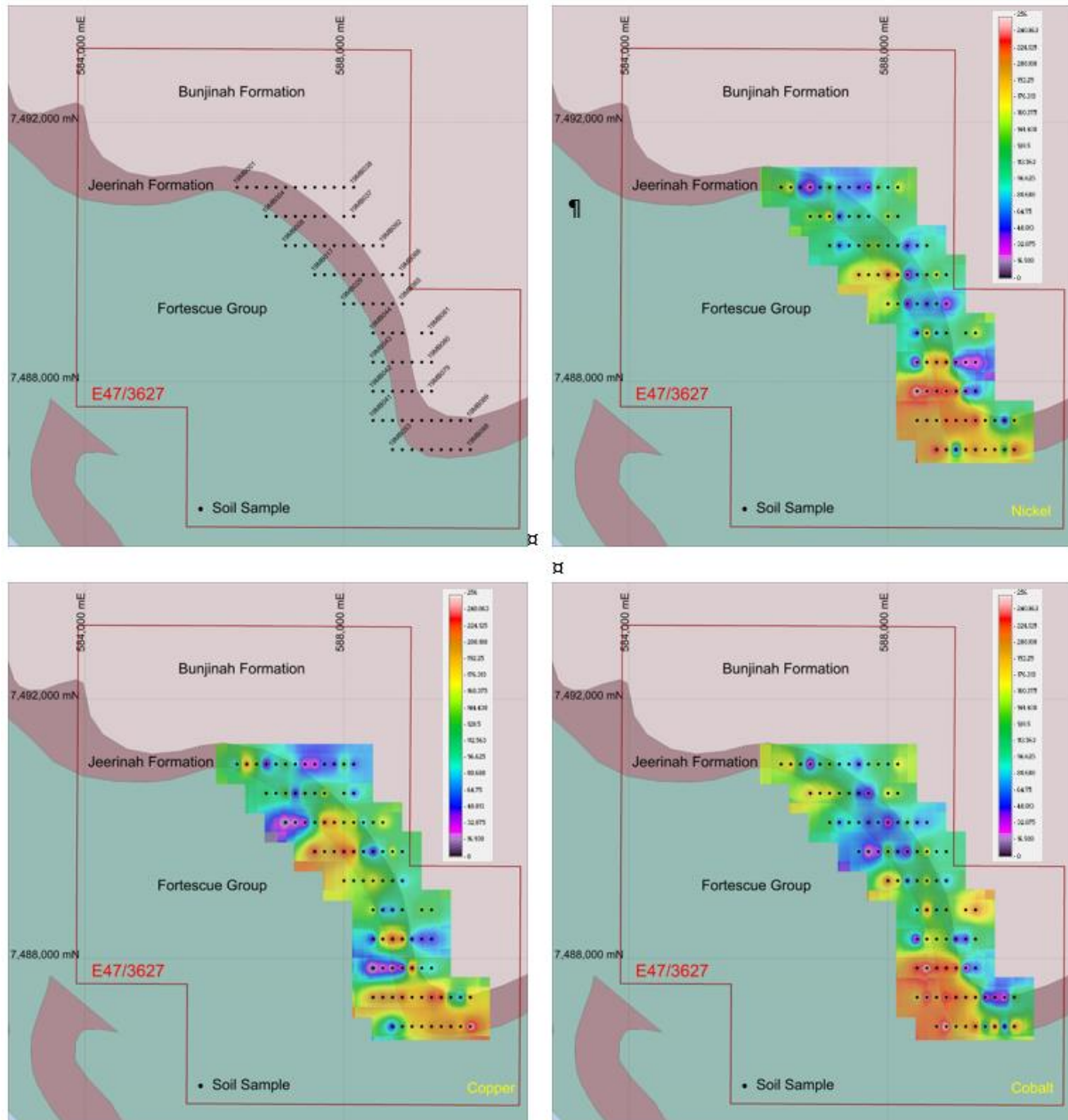


Figure 1: results from initial soil sampling

During the quarter, the Company reviewed the results in conjunction with its external consultants and determined that Mt Bruce is immaterial to the Company's strategic and the focus will shift to Mt Windarra and new opportunities.

GENERAL OVERVIEW OF PROJECTS & LOCATION

Acacia Coal has two granted tenements, the Mt Windarra Project and the Mt Bruce Project

Mt Windarra

The Mt Windarra Project comprises a granted Exploration licence (39/1996), which is located in the Mt Margaret Goldfield of Western Australia and is situated about 25km to the west of Laverton. Access to the Mt Windarra Project is via the sealed Leonora-Laverton road to Mt Windarra. The Mt Windarra Project covers a land area of 16.11km².

Project Geology

The Archaean Komatiites of the eastern Yilgarn Craton are the focus for Ni-Cu-Co mineralisation. Basal accumulations of massive sulphide mineralisation are generally concentrated in structural depressions and the basal contacts of thick ultramafic flows (Kambalda-type) and as disseminated sulphides in thick dunite units (Mt Keith-type). Deposits in the Windarra region are predominantly the Kambalda-type.

The Windarra region forms part of the Mt Margaret Goldfield. Mafic and ultramafics, metavolcanics and intrusives form important members of the Windarra Greenstone Belt. A major granitoid pluton has intruded the stratigraphy and has locally stoped out the greenstone units.

Exploration Completed

A total of 50 drill holes for 4,103m of drilling have now been completed to date inclusive of RAB, Aircore, RC and Diamond Drilling. Previous exploration completed has delineated nickel and cobalt mineralisation associated with ultramafic lithologies. Extensive transported cover sequences have

obscured the underlying lithologies, and thus the local geology has been defined based on a combination of magnetic and drilling information.



Mt Bruce

Location

The Mt Bruce project is located in central Western Australia. Tom Price is approximately 1km from the project area, providing ample access. The Paraburdoo-Tom Price Road and Karijini Drive cross cut the tenure.

Project Geology

Mt Bruce is located within the Hamersley Basin, the depositional basin of the Mount Bruce Supergroup. The Hamersley Basin unconformably lie over older granite-greenstone terrane of the Pilbara Craton. Underlying the Project is the lithologies of the Jeerinah Formation, the uppermost unit of the Fortescue Group. The Jeerinah Formation is conformably underlain by predominantly basaltic volcanics of the Bunjinah Formation and is conformably overlain by the basal unit of the Hamersley Group comprising of banded iron formations, chert, shale and carbonates.

Exploration Completed

In 1971, Western Mining Corporation (**WMC**) conducted sampling across the Fortescue Copper Project. Samples returned anomalous Cobalt results 5600ppm, 3350ppm and 1300ppm. The exploration completed by WMC across the project during this period was focussed towards copper exploration.

Sample	Co ppm	Co%	Zn ppm	Cu ppm
517737	3,350	0.335	50	1,255
517747	5,600	0.56	6,600	17,800
517748	1,300	0.13	6,000	7,200

Note:

- coordinates for samples sourced from Department of Mines, Industry Regulation and Safety of Western Australia's Mindex database. (587,600mE; 7,490,800mN, all three samples were taken within 11m of this point); and*

The above results are publicly available samples sourced from Department of Mines, Industry Regulation and Safety of Western Australia's WAMEX database report a1234 and a6779.

Due to the market dynamics for cobalt during the period in which the exploration was undertaken, the samples were only noted as being anomalous.

Other

The Board and advisors of Acacia continue to evaluate additional projects, both in Australia and internationally which would complement the Company's existing portfolio and generally seek to maximise shareholder value.

Acacia confirms it holds the current tenements as of 31 March 2020:

Location	Tenement	Nature of Interest	Project	Equity (%) held at start of Quarter	Equity (%) held at end of Quarter
WA	E47/3627	Granted	Mt Bruce	100%	100%
WA	E39/1996	Granted	Mt Windarra	100%	100%

No Mining Tenements were acquired or disposed of during the Quarter.

This announcement has been authorised by Adam Santa Maria on behalf of the Company.

For enquiries, please contact:

Adam Santa Maria

Chairman

+61 8 6365 5200

COMPETENT PERSON STATEMENT

The exploration results included in this report for the Mt Windarra Project were first announced by the Company in its announcements of 31 January 2019, 14 March 2019 and 1 October 2019. The Company confirms it is not aware of any new information or data that materially affects the information included in those market announcements.

The exploration results included in this report for the Mt Bruce Project were first announced by the Company in its announcement of 13 March 2019 and 30 August 2019. The Company confirms it is not aware of any new information or data that materially affects the information included in that market announcement.