



Investor Update

**Acquisition of the Riversdale Anthracite Colliery
and Capital Raising**

17 October 2016

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- The information in this presentation that relates to Exploration Results 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, a 'Recognised Professional Organisation' (RPO) included in a list promulgated by ASX from time to time. Mr Peet Meyer is a consultant to Acacia. Mr Peet Meyer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Peet Meyer consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

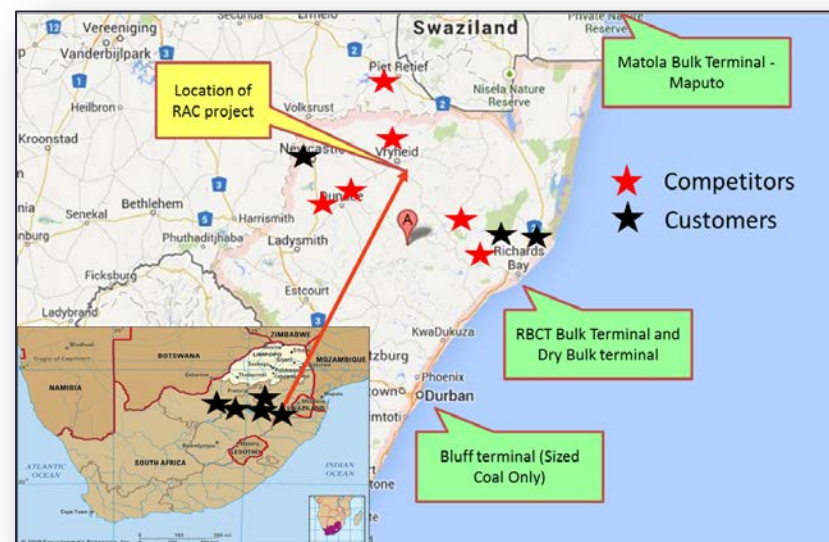
Acacia Strategic Direction

- Acacia has been actively evaluating projects to acquire that fit stringent criteria
 - Relatively advanced and short lead time to production
 - Low capital intensity
 - High value and high margin product
 - Strategically important commodity with long term demand
 - Jurisdiction with a long mining history
 - Long mine life
- Acacia has identified the Riversdale Anthracite Colliery (RAC) as an excellent acquisition for Acacia's existing business

What Are We Acquiring?

- Advanced Anthracite Coal Project located South Africa's KwaZulu-Natal coal region
 - Infrastructure-rich with accessible rail and port
- Counter-cyclical acquisition from Rio Tinto
 - Historical foundation asset of Riversdale Mining
 - Acquiring 74%¹ of the Riversdale Anthracite Colliery for A\$2.9 million cash via a structured consideration and A\$2.6m² in AJC shares based upon milestones
- Existing JORC Resource (2004) and favourable BFS completed in 2006 and updated in 2010
- Clear development timeline – Valid Mining Right
 - Updated Resource, Reserve and BFS by June 2017
- Experienced Management and Operations team
 - Original Riversdale Team with knowledge of assets
- Anthracite products are attractive and more resilient than thermal and coking coal
- South African anthracite market facing significant shortages in quality product³

Location



RAC Deposit Outcrops on Mountain



1. Acacia is acquiring Rio Tinto's 74% Interest, the remaining 26% interest will be acquired by Acacia's BEE Partner, African Onca Pty. Ltd. Assumes Exchange Rate of 10.3:1

2. Based on price of Acacia shares issued in the Capital Raising

3. See Riversdale Mining Investor Presentation 5 December 2006

Team

- Upon completion, Acacia will restructure its board & management for project delivery with a highly qualified team
- **Hugh Callaghan** will join the board as Managing Director
 - Hugh was the founding MD of Riversdale Mining which sold to Rio Tinto for \$3.9b
 - Coal experience globally in advisory and management roles
 - Previously held roles with Xstrata, Rio Tinto and Gold Fields of South Africa
 - Hugh has a Bachelor of Commerce and a Bachelor of Laws
- **Rob Scott** will join as Finance Director
 - Rob was formerly in the management team of TSX listed Uramin which was sold for US\$2.5b to Areva
 - Wide ranging experience in many sectors including senior commercial roles at UK listed Lonrho and Africa Mining Management Company
 - Rob is a member of the South African Institute of Chartered Accountants
- **Peet Snyders** will join Acacia as COO
 - Peet is currently a Independent Non-Executive Director to Exxaro Resources
 - Peet has extensive experience in major and junior companies and was the COO of Riversdale Mining Ltd
 - Peet was previously COO for Sable Mining Africa and Director of Operations for Keaton Energy
- **Filippo Faralla** will join Acacia as Head of Marketing and Analysis
 - Filippo is a marketing consultant holds significant experience in Anthracite
 - Previously held roles with Riversdale Mining (Commercial Manager), Gunvor and Vitol

Riversdale Anthracite Colliery (RAC) Acquisition

RAC Location

- Located 27km South East of Vryheid in KwaZulu-Natal adjacent to R34 highway
- Unused functioning rail siding 7km from RAC with access to Richards Bay Coal Terminal (RBCT) lines and South African general freight lines, requires minimal civil works and rail works to be completed by rail provider
- Readily accessible power and necessary infrastructure (rail and port as necessary)
- Regional workforce skilled in bord and pillar mining to be located in Vryheid – no camp needed
- Potential to take a position in the low impurity Anthracite market
 - Excellent market dynamics and blue chip customers (Glencore, South32, Rio Tinto)
 - Domestic customers prefer Free on Truck delivery for road haulage
- Potentially low capital cost to develop through to production – adit mining into a hillside

Location Map



Unused Rail Siding



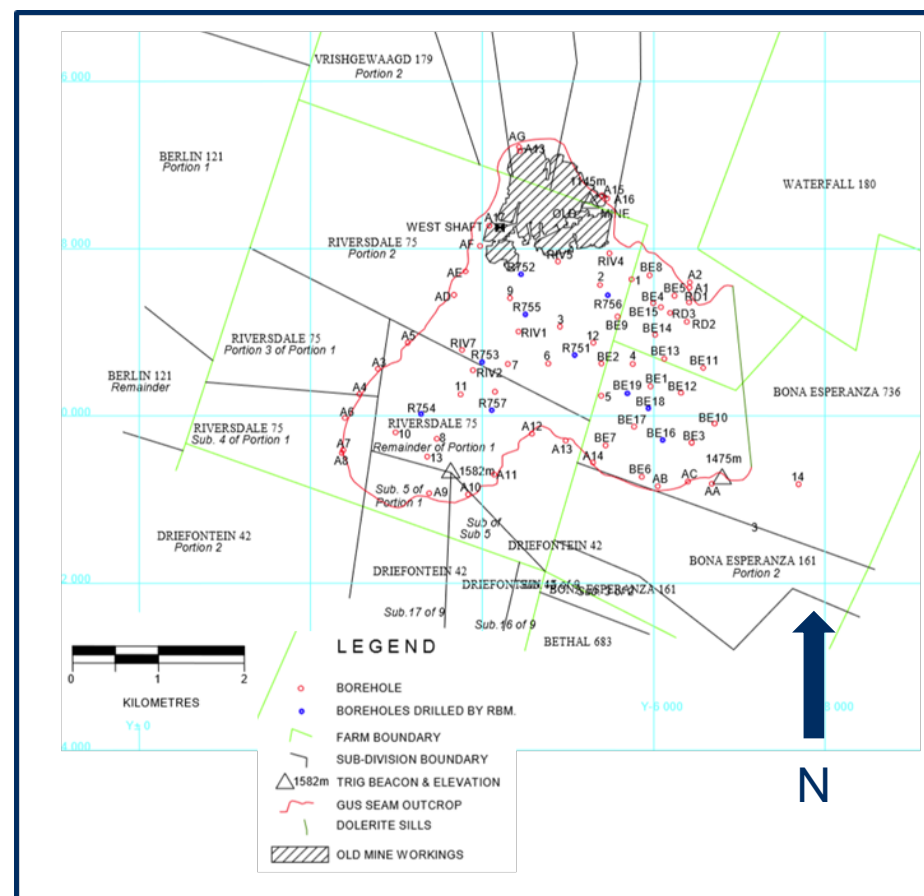
Terms of Acquisition

- RAC acquisition is conditional on:
 - Satisfactory confirmatory due diligence
 - Receipt of Ministerial Consent under Section 11 of the South African Mineral & Petroleum Resource Development Act (2002)
 - Other conditions considered standard for transactions of this type
- Total cash consideration of R37.8m (A\$3.7m¹) for 100% of RAC to be paid to Rio Tinto and Khulani Resources Pty Ltd (Rio's current Black Economic Empowerment (BEE) partner)
 - Funds paid are split between Rio Tinto (74% RAC owner) and Khulani (26% RAC owner)
 - R0.3m (A\$29,000¹) already paid by Coalvent²
 - **Payable in the next 12 months:**
 - R3.48m (A\$0.34m¹) to be paid as a loan to Coalvent by Acacia to be used to pay Rio Tinto & Khulani
 - R10.02m (A\$0.97m¹) payable on completion of the acquisition, following receipt of Section 11 Consent and satisfaction of confirmatory due diligence
 - **Deferred Payment:**
 - R24m (A\$2.33m¹) payable at the earlier of successful grant of water use licence(s) or 19 months after receipt of Section 11 Consent
- BEE group African Onca to join Acacia as partners
 - Rio Tinto's current BEE partner Khulani's 26% share in RAC to be acquired by African Onca with funds advanced by Acacia via commercial loan agreement
- 850m Acacia shares to be issued to RAC Vendors
 - 250m ordinary shares issued upon receipt of Section 11 Consent
 - 16.67m Shares to be issued to parties that introduced the acquisition
 - 250m performance shares, convertible upon successful completion of BFS that demonstrates an economic project and commencement of project development or where project is sold for A\$50m net to Acacia
 - 350m performance shares, convertible upon 3 consecutive months of 40,000t of sales at arm's lengths terms or where project is sold for A\$70m net to Acacia

RAC Development

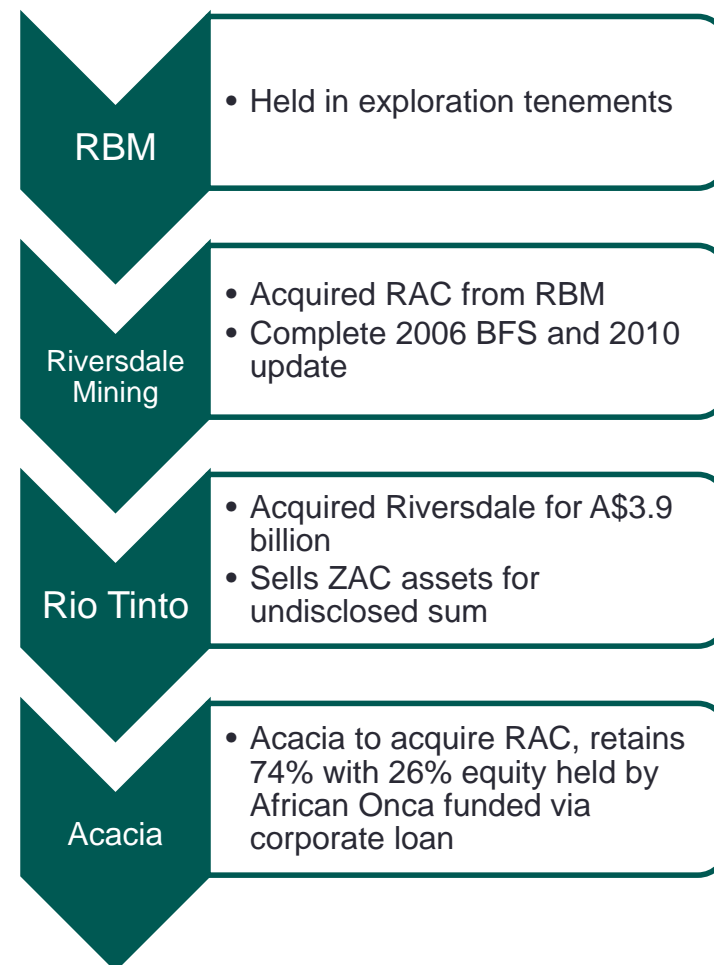
- 2006 BFS work conducted by Riversdale Mining Ltd was based on 53 historic boreholes plus an additional 21 boreholes drilled by Riversdale Mining Ltd
 - More than 30 samples taken from mini adits along the outcrop of the seam
 - Historic drilling has intersected 5 discrete coal seams
 - Favourable BFS with production scheduled for FY2007
 - Riversdale pursued Mozambique strategy and development was deferred
- 2 prospective seams in the Gus and Alfred seams potential for a multi-year mine life
 - The original BFS only considered the Gus Seam
- Work to be completed
 - JORC 2004 Resources to be converted to meet JORC 2012 guidelines
 - Existing BFS need to be updated to include Alfred Seam
 - Bring the Alfred Seam inventory (excluded under previous resources and reserves) into the JORC compliant Reserves and Resources
 - Amend the cut off grade criteria used in 2006 to the far more accommodating quality and price assumptions marketable in 2016. This allows substantially greater quantities of coal to be brought into the mine plan
 - Amend mine plan and surface/infrastructure layout

RAC Deposit and Historic Drilling



RAC's History

- Historic mining as early as 1900
- Riversdale Anthracite Colliery mined in 1956 – a small area off lease
- Privately owned by Kangra Coal Group 1960-70s.
- Acquired by Richards Bay Minerals (RBM), a joint entity between Rio Tinto and BHP in 1980s
- RBM owned the project as risk mitigation for supply of high quality low impurity anthracite to their ilmenite reduction plant
- Riversdale Mining acquired RAC from RBM in 2004 and ZAC¹ from BHP Billiton in 2005
- JORC 2004 Reserve/Resource statement for RAC produced by Snowden in 2006 for Gus Seam only
 - RAC resource previously announced in Riversdale Mining announcement 6 April 2005
- BFS completed in 2006 (updated 2010)
- Mining Right attained in 2010
- EMP approval granted to Riversdale in 2011 (RAC)
- RAC (inc. ZAC) Acquired by Rio Tinto from Riversdale Mining in 2011
- RAC now being acquired by Acacia Coal as a near term project with a granted Mining Right

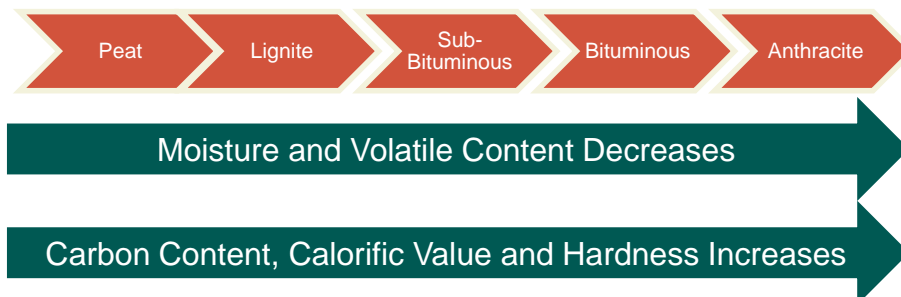


Anthracite

What is Anthracite?

- Anthracite is the most highly metamorphosed form of coal
- It contains more carbon ($>86\%^{1,2}$) than any other form of coal and the least volatile matter
- Metallurgical coals typically release volatile matter when heated above 350 degrees Celcius, leaving behind 'Coke' which is used to reduce metal oxides to metal
- Anthracite is used due to its high fixed carbon content, largely used for reducing metal oxide ores and graphitizing material for electrode paste
- Uses for South African Anthracite
 - Reductant in the ferrochrome, ferromanganese and mineral sands industries
 - Electrode Paste Production
 - Domestic Fuels

Coal Types



Simple Mining Methods

- Mineable via open cut and underground methods globally. RAC is an underground project
- Underground mining methods can vary from continuous miner and longwall shearers to drill and blast methods depending on seam thickness

RAC Anthracite Seams

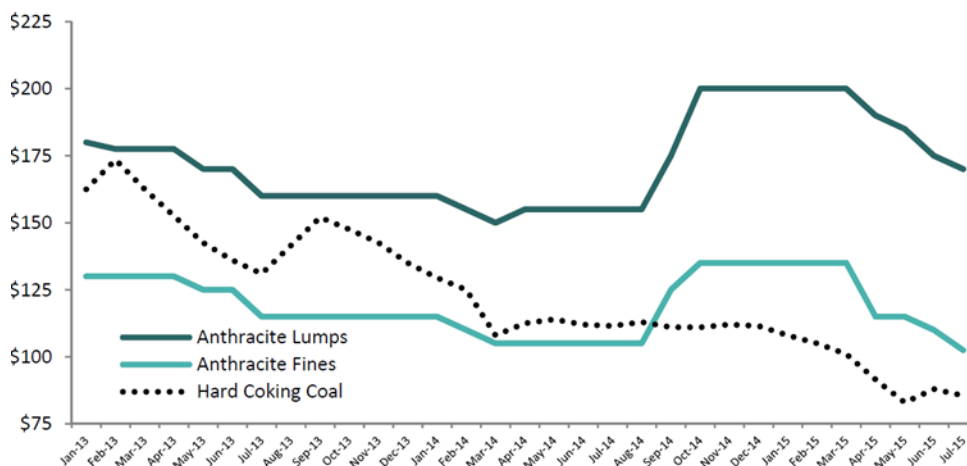
- Due to seam thickness up to 1.46m mining is expected to be traditional drill and blast with access via adits in the side of the mountain, resulting in potential low capex



Attractive Anthracite Market in South Africa

- The ferroalloy reductant market now accepts significantly lower quality coal (15-17% ash v 13% ash c.2006) and pays a premium for high vitrinite & low phosphorous/sulphur coal
- 2016 prices for 16% ash ferroalloy reductant are double (in A\$) the 2006 price for a 13% ash coal, despite lower fixed carbon and >20% more ash
- A high ash market consuming up to 32% ash product has emerged following lost Ukrainian and Vietnamese production
- Anthracite markets have been resilient to falls in the metallurgical coal price

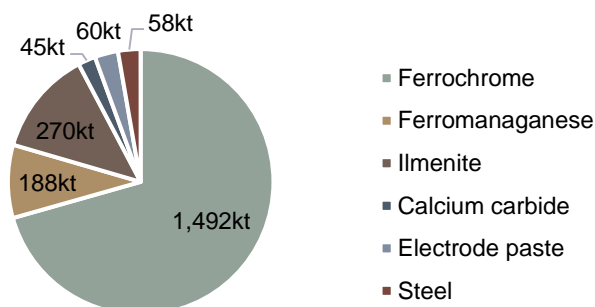
Historic Anthracite vs Coking Coal Price



Source: Resource-Net; Platts

South African Anthracite Consumers

South African Annual Anthracite Consumption



Development Timetable

Full Development Timetable

	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 13	M 14	M 15	M 16	M 17	M 18
Application Filed for Ministerial consent for licence transfer																		
Section 11 consent and balance of purchase price paid (A\$970k)																		
Complete NEMA and Water use Licence work																		
Submit full and final Water Use Licence application.																		
Secure Water Use Licence																		
Refresh Geological model to JORC 2012 standard																		
Update Mining Plan and scheduling, engineering and infrastructure plan																		
Refresh Marketing strategy																		
Refresh CHPP planning and design																		
Infill and metallurgical drilling - customer samples																		
Documentation and Preparation of Master BFS																		
Refresh SLP and community Liaison																		
Detailed design, contracts and Funding for development																		
Mine development																		

- There is already a valid Environmental Management Plan (EMP) and New Order Mining right granted for RAC

Acacia Capital Raising

Capital Raising Offer and Use of Funds

Capital Raising Offer

- 15% placement at A\$0.003/share to raise \$0.41m
- 1 for 2 entitlements issue at A\$0.003/share to raise up to A\$1.56m
 - Participants in the placement **will** be eligible to participate in the entitlements offer
- Entitlement Offer proposed to be fully underwritten by Argonaut
- Together this will raise A\$1.97m

Use of Capital Raising Funds

Capital Raising	Unit	Amount (\$)
Current Cash ¹	AUD	950,000
Estimated Total Funds Raised	AUD	1,970,000
Total	AUD	2,920,000
Use of Funds Under the Offer		
Capital Raising Costs	AUD	90,000
Deposit to Rio Tinto	AUD	340,000
Resource and Reserve Update Costs ²	AUD	68,000
Revised Mine Plan	AUD	330,000
BFS, Engineering, Infrastructure and Planning		310,000
Remaining Working Capital	AUD	1,782,000
Payment to Rio Tinto on Section 11 Ministerial Consent	AUD	970,000
Remaining Cash	AUD	812,000

Pro-forma Capital Structure

Acquisition Structure

Tranche	Amount (AUD)	(%)	Exchange Rate (ZAR:AUD)	Total Deal Value (Rand M)
Initial Deposit (Already Paid)	29,126	1%	10.3	0.3
Second Deposit (Refundable)	339,806	9%	10.3	3.5
Decision to Acquire	970,874	26%	10.3	10
Final Payment	2,330,097	63%	10.3	24
Total	3,669,903	100%	10.3	37.8

Company Overview (ASX:AJC)	Unit	Amount
Shares on Issue (Post Acquisition)	M	1,826
Options	M	8.0
Milestone Based Performance Shares to be Issued	M	600
Estimated Cash After Acquisition	AUD M	1.47

Share Issuance	Unit	Amount
Currently Issued	M	904
Capital Raising - Placement	M	136
Capital Raising - Entitlements	M	520
Receipt of Section 11 and DD Satisfied	M	267
Total Post Acquisition (Excluding Milestone Shares)	M	1,826
Complete successful BFS supporting economic project and commence project development, or RAC sold for A\$50m net to AJC	M	250
3 consecutive months of production of 40kt saleable product, or RAC sold for A\$70m net to AJC	M	350
Total Post Project Development	M	2,426

Pro-forma Balance Sheet

Balance Sheet	Unit	At 30 June 2016	Net Contribution of Capital Raising	Net Contribution of Acquisition ¹	Post Acquisition
Assets					
Current Assets	AUD	1,082,768	1,880,000	(1,320,000)	1,642,768
Non Current Assets	AUD	1,001,787	-	3,480,600	4,482,387
Total Assets	AUD	2,084,555	1,880,000	2,160,600	6,125,155
Liabilities					
Current Liabilities	AUD	120,335	-	-	120,335
Non Current Liabilities	AUD	440,922	-	2,450,140	2,891,062
Total Liabilities	AUD	561,257	-	2,450,140	3,011,397
Net Assets	AUD	1,523,298	1,880,000	(289,540)	3,113,758
Equity					
Contributed Equity	AUD	38,492,606	1,880,000	1,030,460	42,120,866
Share Based Payment Reserve	AUD	3,059,055	-	-	3,059,055
Accumulated Losses	AUD	(40,028,363)	-	(1,320,000)	(41,348,363)
Total Equity		1,523,298	1,880,000	(289,540)	3,113,758

1. Receipt of Section 11 Consent and payment of A\$970,000 and issuance of 250m shares
2. Liability of future payments for the 74% of the RAC equity payable to current owners

Capital Raising Timetable

Event	Date
Trading Halt	Pre-market Thursday 13 October 2016
Acacia Returns To Trade and Announces Transaction	Monday 17 October 2016
Lodge Offer Document	Friday 21 October 2016
Placement Shares Settlement	Monday 24 October 2016
Record Date	Wednesday 26 October 2016
Entitlement Offer Opens (Announce Dispatch Completed)	Friday 28 October 2016
Entitlement Offer Closes	Tuesday 8 November 2016
Entitlement Offer Shares Settlement	Tuesday 15 November 2016

