



Quarterly Activities Report

Period Ended 31 December 2016

The Directors of Acacia Coal Limited (**Acacia** or the **Company**) are pleased to present the December 2016 quarterly report.

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

- Focus on the acquisition of the Riversdale Anthracite Colliery (RAC)
 - Drilling programme at RAC complete with results to be announced shortly
 - Work continuing to demonstrate RAC as a high value, quality anthracite product
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QUARTERLY ACTIVITY SUMMARY

CORPORATE

On 16 October 2016 Acacia Coal entered into a Sale and Purchase Agreement with Coalvent Ltd to acquire a 74% interest in the RAC, with its partner African Onca to acquire the remaining 26%.

Drilling and feasibility studies completed previously have demonstrated the RAC as a high grade, low impurity anthracite asset that is ideally positioned to service a South African anthracite market facing significant shortages in low impurity product, as well as provide product into the seaborne market for export.

Acacia has been active in developing extensive relationships with contractors, regulators and advisors on the ground in South Africa as the Company progresses the development of RAC and continues its due diligence programme prior to completion of the acquisition.

Acacia Coal executed a capital raising by way of a placement and 1:2 pro rata non-renounceable entitlements offer to its shareholders to raise approximately \$2 million to advance the RAC project and continue due diligence and studies in South Africa.

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. The feasibility study was based on 74 boreholes and 30 adit samples, including a bulk sample and was led by the management of the Coalvent team who will assume roles as officers and Directors of Acacia upon the transfer of the licence expected in the first half of 2017.

The project has a valid Mining Right, approved Environmental Management Plan (EMP) and Social and Labour Plan (SLP). Acacia is actively preparing the submission and request for the grant of a water use licence by the relevant regulatory authorities in South Africa.

As outlined previously by the Company, the focus of Acacia is to refresh and update the Feasibility Study and this work commenced in November 2016. The key milestones for this process are:

1. Release of a JORC 2012 compliant resource statement by February 2017 which will include a consideration of resources from the Alfred Seam which were excluded in the 2006 study.
2. Submission of an Integrated Water Use Licence application by mid-year 2017.
3. Completion of a Pre-Feasibility Study in the second quarter of 2017 using current economic cost and price data.
4. Completion of a Feasibility Study in the September Quarter of 2017 using current economic cost and price data.

VbKom, a South African mining consultancy has been appointed to co-ordinate and author the feasibility reports, and a number of specialist consultancies have been retained to complete specific specialist studies. Acacia is confident in the expected results of such studies given the high quality work done previously on the RAC by tier 1 mining and consulting groups.

A 10 hole drilling programme commenced in early December for completion in January 2017, which will contribute to the expected Reserve and Resource update by end April 2017 as part of the Pre-Feasibility Study.

Discussions with key customers have commenced and a non-binding letter of intent to buy the production has been received from a major global trading house and anthracite customer.

Figure 1 – Acacia Drilling at RAC as part of its 10 hole drilling programme





In order to assist with the development of the RAC, Acacia is pleased that a proven, on the ground, management team will join Acacia on completion of the transaction and looks forward to developing this opportunity to deliver quality product into a market with favourable economics.

COMET RIDGE PROJECT

Comet Ridge Mining Lease Application (MLA 700005)

Acacia continues to minimise expenditure with respect to its Comet Ridge project whilst ensuring that the tenement remains in good standing.

Acacia has also been successful in negotiating a reduced rental rate with the Department of Mines and Energy and has also received approval for its expenditure commitments with respect to Comet Ridge reduced from \$440,000 to \$20,000 for 16/17 and 17/18.

Acacia has continued to explore potential avenues in order to realise value for shareholders in respect of Comet Ridge in line with its announced strategy. Accordingly, Acacia has entered into a binding option agreement, subject to certain conditions, with Bowen Coking Coal Pty Ltd, a full subsidiary of Cape Coal Pty Ltd, for it to acquire 100% of Comet Ridge.

Triumph Creek Infrastructure

Acacia continues to hold registered caveats preventing the transfer or assignment of the Springsure Creek Coal Pty Ltd MLAs, which are directly associated with the Comet Ridge Project. Legal proceedings in the Supreme Court and Land Court of Queensland are continuing seeking to maintain those caveats and the Company is considering alternative courses of action given the purported termination of the Infrastructure Agreements by the Administrators of Bandanna Energy.

Background: In September 2014, Bandanna Energy Limited was placed under Voluntary Administration and in October 2014, its subsidiary, Springsure Creek Coal, was placed into Receivership. Acacia continues to protect its interests in the Triumph Creek Infrastructure MLA, which is located over the Company's Comet Ridge Project (EPC 1230) and is adjacent to the Comet Ridge MLA area.

Cash Management

At 31 December 2016 Acacia had \$1.8 million cash-at-bank.

Release Date: 30 January 2017

For enquiries, please contact:

Adam Santa Maria
Executive Chairman
+61 8 9320 4700



ACACIA at a GLANCE

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

Schedule of Tenements as at 31 December 2016

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

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.

ASX Listing Code: AJC

Directors

Mr Adam Santa Maria	Executive Chairman
Mr Brett Lawrence	Non-Executive Director
Mr Logan Robertson	Non-Executive Director

Registered and Principal Office

Level 7, 1008 Hay Street, Perth Western Australia 6000
Telephone: +61 8 9320 4700

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 31 December 2016 Acacia Coal's issued capital was 1,559,034,168 ordinary shares. Based on a share price of \$0.007 (26 January 2017), the undiluted market capitalisation was \$10.4 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
Website: www.linkmarketservices.com.au

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ACACIA COAL LTD (ASX CODE: AJC)

ABN

13 009 092 068

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(13)	(72)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(143)	(254)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(151)	(315)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6months) \$A'000
(c) investments	(349)	(349)
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	20
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to Coalvent Limited	(340)	(340)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(689)	(669)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,966	1,966
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(118)	(118)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,848	1,848
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	809	953
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(151)	(315)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(689)	(669)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,848	1,848

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,817	1,817

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	407	32
5.2	Call deposits	1,410	777
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,817	809

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
44
-

Director's fees and administrative reimbursements

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

NIL

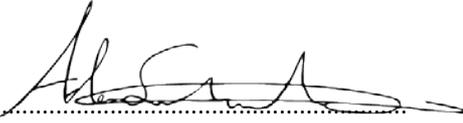
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
NIL		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	500
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	43
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	543

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director)

Date: 30 January 2017

Print name: Adam Santa Maria

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.