20 October 2017

Results for the 3 months ended 30 September 2017 (Unaudited)

Based on IFRS and expressed in US Dollars (US$)

Acacia Mining plc ("Acacia'') reports third quarter results

"Our business has continued to be resilient in the face of the challenges in Tanzania and delivered production of 191,203 ounces during the quarter at all-in sustaining costs of US$939 per ounce sold", said Brad Gordon, Chief Executive Officer of Acacia Mining. "Whilst production at Buzwagi was especially pleasing, the continued restrictions on the export of gold/copper concentrate, together with a lack of refunds of VAT have further impacted our balance sheet, with our cash position falling to US$95 million at the end of the quarter. In order to preserve our balance sheet and the long-term viability of our business we took a range of actions including the transition of Bulyanhulu to a reduced operational state, changing the processing flow sheet at Buzwagi to enable the mine to sell all of the gold it produces, and securing a US$1,300/oz floor price for the majority of our gold sales until February 2018. We note yesterday's announcement that a framework agreement has been signed, which highlights the progress in the discussions between Barrick Gold Corporation and the Government of Tanzania. We continue to seek further clarification on the agreement and as yet no formal proposal has been put to Acacia."

Operational Highlights

- Gold production of 191,203 ounces, 7% lower than Q3 2016, with gold sales of 132,787 ounces
- AISC[1] of US$939 per ounce sold, 6% below Q3 2016 and cash costs[1] of US$616 per ounce sold, 3% higher than Q3 2016
    - Q3 AISC, assuming sales ounces equalled Q3 production, would have been approximately US$820 per ounce
- Bulyanhulu commenced the transition to Reduced Operations ("ROP"), announced in September, and process is ahead of schedule
- Buzwagi completed a processing trial in September and will only produce saleable gold doré for the rest of the mine's life

Financial Highlights

- Q3 revenue of US$171 million, 40% lower than Q3 2016, impacted by the ban on concentrate exports, resulting in the loss of gross revenue during the quarter of approximately US$90 million
- Q3 EBITDA[1] of US$50 million, 60% lower than Q3 2016, mainly due to the lower sales, with adjusted EBITDA of US$77 million
- Net earnings[1] of US$16 million (US3.9 cents per share), down from US$53 million in Q3 2016, with adjusted net earnings of US$35 million, down 32% from Q3 2016
- Paid corporate tax relating to North Mara of US$9 million in Q3, bringing year-to-date provisional corporate tax paid to US$26 million
- Cash on hand of US$95 million as of 30 September with net cash of US$24 million
- US$23 million of Bulyanhulu ROP costs, primarily related to contract exits and retrenchments, were accrued in Q3 2017 and treated as other charges, with majority of cash flow impact together with expected working capital outflows due in Q4 2017

	Three months ended 30 September		Nine months ended 30 September	
(Unaudited)	2017	2016	2017	2016
Gold production (ounces)	191,203	204,726	619,406	616,751
Gold sold (ounces)	132,787	206,488	445,225	607,451
Cash cost (US$/ounce)[1]	616	598	588	626
AISC (US$/ounce)[1]	939	998	907	961
Net average realised gold price (US$/ounce)[1]	1,279	1,330	1,248	1,250
(in US$'000)				
Revenue	170,602	284,695	562,266	789,642
EBITDA [1]	50,302	124,825	211,717	309,707
Adjusted EBITDA[1]	76,695	122,125	242,914	302,624
Net earnings	16,038	52,787	78,581	46,659
Basic earnings per share (EPS) (cents)	3.9	12.9	19.2	11.4
Adjusted net earnings[1]	34,513	50,898	100,419	109,665
Adjusted net earnings per share (AEPS) (cents)[1]	8.4	12.4	24.5	26.8
Cash (used in)/generated from operating activities	(22,784)	99,947	(21,469)	257,043
Capital expenditure[2]	35,619	52,900	128,075	138,072
Cash balance	95,321	302,061	95,321	302,061
Total borrowings	71,000	99,400	71,000	99,400

[1] These are non-IFRS measures. Refer to page 17 for definitions [2] Excludes non-cash capital adjustments (reclamation asset adjustments) and include land purchases recognised as long term prepayments

Other Developments

Update on Discussions between Barrick Gold Corporation and the Government of Tanzania

In late July, the Government of Tanzania ("GoT") and Barrick Gold Corporation ("Barrick"), Acacia's majority shareholder, commenced discussions with the aim of resolving the current situation. As previously announced, the GoT and Barrick, hosted a press conference in Tanzania yesterday to provide an update on the ongoing discussions. Acacia has received a copy of the framework agreement referred to in Barrick's two releases on 19 October and is seeking further clarification. No formal proposal has been put to Acacia for consideration at this point in time. As stated at the press conference, any proposal agreed in principle between Barrick and the GoT will require Acacia's approval. Acacia will consider any proposal once it receives the full details and a further update will be provided when appropriate.

Bulyanhulu Reduced Operations

In September 2017, Acacia decided to transition Bulyanhulu to Reduced Operations in order to preserve the viability of our business over the longer term. This decision was a direct result of the concentrate export ban and the deterioration of the operating environment in Tanzania as discussed below which together led to negative cash flow of approximately US$15 million per month at the mine, making normal operations at Bulyanhulu unsustainable. The ROP programme includes the preservation of all assets and equipment to enable the mine to resume underground operations in a timely manner should the export ban be lifted and the operating environment in Tanzania stabilise. The transition to ROP is expected to be complete in December and is tracking ahead of schedule, with all underground mining and the processing of underground ore having ceased.

The process is expected to include total one-off costs of around US$25 million, with US$23 million of the costs accrued during Q3 2017. These primarily comprise US$16 million of employment severance costs and US$5 million of contract exit costs. Approximately US$2 million has been paid in Q3 2017, with the balance due in Q4 2017. In addition there will be a natural cash outflow of US$35 – US$40 million due to working capital outflows which will be incurred in Q4 2017. The mine will also incur an average of US$5 million of operational cash outflows per month during the transition period before reaching a steady state of approximately US$3 million a month in December.

These costs are expected to be partly offset by the revenue from the retreatment of tailings, which is expected to re-commence during Q4 2017 once sufficient rainfall has been received in the region. Once operational, we expect this to deliver production of approximately 30,000 to 35,000 ounces of saleable doré per annum.

Bulyanhulu Carrying Value Review

The decision taken to transition Bulyanhulu to ROP during the quarter has driven the need to undertake a carrying value review to determine whether the recoverable amount of Bulyanhulu exceeds its carrying value. In the absence of clarity at this stage over the future operating conditions in Tanzania, for the purpose of the review we have assumed that the underground mine restarts in early 2019 and is able to export gold/copper concentrate and the only change to the fiscal regime is the increased royalty and clearing fee (movement from 4% to 7%) that was legislated earlier this year and which Acacia agreed to pay under protest. Our other key assumptions around gold price and discount rate remains unchanged from those used in the carrying value review performed in June 2017.

Based on these assumptions it was determined that sufficient headroom exists, and as a result, no impairment losses have been recognised at this stage. Our assumptions do not take into account any impact of a negotiated settlement reached as a result of the negotiations underway between the Government of Tanzania and Barrick relating to the current in-country matters, as the terms of any possible settlement are currently not known. We are in the process of updating our life-of-mine plans and will run a further review of Bulyanhulu in light of these as well as any other potential changes to the operating and financial parameters, and will provide an update in due course.

As was the case with the carrying value review performed in June 2017, we have assessed reasonably possible sensitivities and they likewise do not result in any impairment of carrying value.

Buzwagi Processing Changes

As previously announced, following a processing trial, Buzwagi made a change to its processing flow sheet in September so that going forward, all of the recovered gold at the mine will be saleable doré. Previously, Buzwagi produced both doré and gold/copper concentrate and during 2017, gold/copper concentrate has accounted for approximately 65% of Buzwagi's gold production. Since 3 March 2017, however, the mine has been unable to export and sell its concentrate, and as such has only been selling approximately 35% of its gold production, whilst incurring 100% of the cost of production. With the processing change which requires the additional use of reagents in the leaching circuit at limited additional operating costs, the mine should be able to achieve gold recoveries of around 85% in Q4 2017, and sell an additional 8,000 – 10,000 ounces per month for the remainder of the year. Buzwagi previously planned to end concentrate production in Q2 2018, though as a result of the trial, the mine will only produce doré from now until the end of its life in 2020.

Update on Tanzanian Operating Environment

As previously announced, on 3 March 2017, the Ministry of Energy and Minerals of the Tanzanian Government announced a general ban on the export of metallic mineral concentrates. Since the export ban was imposed, impacting approximately 35% of year to date group production, Acacia has seen a build-up of approximately US$270 million of concentrate inventory in Tanzania, based on current prices, with approximately 186,000 ounces of gold, 12.1 million pounds of copper and 159,000 ounces of silver contained in the unsold concentrate. As a result of the transition to ROP at Bulyanhulu, and the changes to the process flow sheet at Buzwagi, all of Acacia's mines are now solely producing doré, and as such we will not see further build-up in concentrate, although as previously disclosed this will result in less gold production than previously expected for 2017. Acacia therefore expects to be able to sell all of the gold that it produces going forward even if there is no change to the status of the export ban on concentrate.

In early July, new legislation came into force which made significant changes to the legal and regulatory framework governing the natural resources sector as a whole in Tanzania. Acacia continues to monitor the impact of the new legislation in light of its Mineral Development Agreements ("MDAs") with the Government of Tanzania. However, to minimise further disruptions to our operations we are, in the interim, satisfying the requirements imposed as regards the increased royalty rate applicable to metallic minerals such as gold, copper and silver of 6% (increased from 4%), in addition to the recently imposed 1% clearing fee on exports. These payments are being made under protest, without prejudice to our legal rights under the MDAs.

International Arbitration Process

As previously reported Bulyanhulu Gold Mine Limited ("BGML"), the owner and operator of the Bulyanhulu mine, and Pangea Minerals Limited ("PML"), the owner and operator of the Buzwagi mine have each referred their current disputes with the Government of Tanzania to arbitration in accordance with the dispute resolution processes agreed by the Government in its MDAs with BGML and PML. The commencement of arbitration was necessary to protect the rights of BGML and PML, although Acacia remains of the view that a negotiated resolution is the preferred outcome to the current disputes and the Company will continue to work to achieve this.

Receipt of corporate tax assessments

As previously announced, BGML and PML have received a series of Notices of Adjusted and Jeopardy Assessments (the "Assessments") from the Tanzania Revenue Authority ("TRA") for corporate income tax, covering the periods 2000 to 2017 for BGML and 2007 to 2017 for PML. The Assessments were issued in respect of alleged under-declared export revenues, and appear to follow on from the findings of the First Presidential Committee announced on 24 May 2017, and the Second Presidential Committee announced on 12 June 2017. As we have stated previously, Acacia refutes each set of findings and re-iterates that it has fully declared all revenues. We have yet to receive copies of the reports issued by the First and Second Presidential Committees. The allegations made by the First and Second Committees are included in the matters that both BGML and PML have already referred to international arbitration.

The Assessments assert that BGML owes the Government a total of approximately US$154 billion, and PML approximately US$36 billion. The Assessments claim a total of approximately US$40 billion of alleged unpaid taxes and approximately US$150 billion of penalties and interest owed. Acacia is in the process of disputing these Assessments and has requested the TRA's supporting calculations, which have not yet been received.

In addition, post period end, PML was served with notices of adjusted corporate income tax and withholding tax assessments for tax years 2005 to 2011 with respect to the Tulawaka JV which was previously owned by PML. In 2014, the mine was transferred by PML to the Tanzanian state mining company (Stamico) in an attempt to support the development of a domestic mining industry. The new assessments appear to total approximately US$3 billion. Interest and penalties represent the vast majority of the new assessments. The TRA has not provided PML with any explanations or reasons for the adjusted assessments, or with the TRA's position on how the assessments have been calculated or why they have been issued. Acacia is in the process of disputing these assessments.

Indirect Taxation

During the third quarter, Acacia incurred a further US$23 million of VAT outflows and received no VAT refunds, which together with the outflow in H1 2017 has led to a total VAT outflow year to date of approximately US$74 million. As a result, our total indirect tax receivables have increased to approximately US$175 million as at 30 September 2017. Approximately US$10 million is able to be offset against future North Mara corporate tax payments under a historic memorandum of settlement.

As previously disclosed, the new legislation included an Amendment to the VAT Act 2015 so that no input tax credit can be claimed for the exportation of raw minerals, with effect from 20 July 2017. Bulyanhulu and Buzwagi have now received notices from the TRA that they are not eligible for any VAT relief from July 2017 on the basis that all production (both doré and concentrate) are "raw minerals". At this stage there has been no equivalent notification at North Mara. Acacia disputes this as a matter of law and as a matter that is in contravention of the relevant terms of the MDAs.

Contribution to Tanzania

Tax Contribution

In the third quarter of 2017, Acacia paid a total of US$35 million of taxes and royalties to the Tanzanian Revenue Authority. This is made up of provisional corporate tax payments of US$9 million, final taxes due on North Mara's 2016 income tax assessment of US$3 million, royalties of US$12 million, payroll taxes of US$7 million and other taxes of US$4 million. If the gold/copper concentrate produced during the quarter was sold then approximately a further US$6 million would have been paid in royalties. The provisional corporate tax and final income tax payments have been offset against the indirect tax receivable under the existing Memorandum of Settlement ("MOS") entered into with the Tanzanian Government.

Sustainable Contribution

By the end of Q3, Acacia's Sustainable Communities team had either started or completed 75% of the 24 infrastructure projects planned for 2017. Despite the challenging operating environment, Acacia has remained committed to its 2017 sustainable initiatives in and around its operations. In Q3, the following were the major projects implemented at each site:

- **Bulyanhulu**: The mine is continuing the construction of the Bugarama Health Centre Phase 2. This project will cost US $532,000, with the mine contributing US$500,000 and the Msalala District Council contributing US$32,000. Phase 1 of the project was completed in 2016 at a cost of US$470,000. Phase 2 will add a general ward and an operating theatre to the clinic facilities. The health centre is a private-public partnership between the mine and Msalala District Council, which is managing the facility, and is responsible for staffing, furnishing, drugs supply and maintenance. In addition, we continued our partnership under the Joint Water Project Partnership with the Ministry of Water and Irrigation and the Districts of Msalala, Nyang'hwale and Shinyanga.
- **Buzwagi**: At Buzwagi, we are close to completing the construction of the first of two dormitories at Mwendakulima Secondary School at a cost of almost US$100,000. The second wing will be started in Q4 at a similar cost. In addition, the mine completed its tree planting campaign of 400,000 trees at various areas within and outside the mining lease. A further 500,000 seedlings are now being raised at a nursery for a rehabilitation programme to start during the coming wet season.
- **North Mara**: During the quarter, we constructed and renovated 2 schools – Bwirege Secondary School and Genkuru Primary School at a total cost of over US$400,000. This will benefit approximately 1,500 students.

Other development projects in the last quarter include continued support to 2,700 students with uniforms and books under the CanEducate program and supporting sports through 3 coaching clinics in partnership with Sunderland Football Club that reached over 65 male and female coaches. We also strengthened our monitoring and evaluation of the development (livelihoods) projects under implementation to ensure we achieve the intended objectives.

As part of improving the quality of education, we signed an MoU with Read International Tanzania to refurbish 6 libraries (2 per mine site, with 1 belonging to a school and 1 within the community) as well as train teachers on how to effectively use libraries in order to encourage a reading culture. University students are selected and trained to be volunteers in managing these facilities. The programme identifies existing infrastructure to use as libraries thus creating ownership of the facility by the school or community. All six libraries will be handed over at the end of November.

During the reporting period, Dalberg, a development consultant, conducted scoping studies into Agriculture and SME development and the final report preparation is underway. Some of the emerging findings suggest that whilst agriculture is the key economic activity employing approximately 70% of the population around our mine sites, access to water is the key challenge. In order to catalyse economic growth in the agriculture sector, the greatest potential for impact would be in addressing cross cutting challenges on water access, good agricultural practice training, market linkages, and access to inputs. In addition, investment in SME capacity building for product differentiation and access to markets will enhance the performance of local SMEs and diversify the local economy which will contribute to thriving local economies. All the above activities are aligned to our Sustainable Communities strategy and local development plans.

Entry into Gold Price Protection Measures

In September, as part of on-going measures to mitigate cash outflows, Acacia bought put options covering 210,000 ounces of gold at a strike price of US$1,300 per ounce. The total cost of the options was US$3.2 million and they provide a minimum price for the majority of Acacia's planned doré production until February 2018 above our budgeted gold price of US$1,200 per ounce, with full upside exposure should the gold price trade above US$1,300 per ounce. The options will expire in equal instalments of 35,000 ounces per month over the period.

Management Changes

Post period end, Mark Morcombe, Chief Operating Officer, notified the Company that he will resign from his position at the end of the year. Mark has made significant contributions to the company's operating performance during his 18 months in the position and the company wishes him well in his future endeavours. We will provide further information on plans for his replacement when available.

Outlook

As previously announced, as a result of the reduction in operating activity at Bulyanhulu, Acacia expects annual production to be in the order of 750,000 ounces, 100,000 ounces lower than the bottom of the previous guidance range of 850,000-900,000 ounces. This revised guidance is based on limited production occurring beyond August at Bulyanhulu and marginally lower production at North Mara than previously planned due to underground development delays as a result of work permit issues for key contractors. The transition to production of gold doré only at Buzwagi is not expected to impact guidance.

Previous AISC guidance of between US$880-920 per ounce sold remains unchanged (with cash costs per ounce sold of US$580-620 also unchanged) due to the impact of on-going cost-saving initiatives and a further reduction in capital expenditure guidance to approximately US$160 million. The one-off and on-going costs of the reduced operational state at Bulyanhulu are not included in our AISC calculation, though the ongoing tailings retreatment costs are included.

Acacia is committed to strong cost discipline and is continuing to take steps to ensure the long-term viability of our business whilst we await an outcome of the discussions between Barrick and Government of Tanzania. During the third quarter Acacia made significant changes to both the Bulyanhulu and Buzwagi operations in order to preserve our balance sheet and ensure that we are able to sell all of the gold we produce going forward. These changes, together with the purchase of put options to achieve a floor price of US$1,300 per ounce for the majority of our production are expected to enable the Group to return to positive cash generation in early 2018. We continue to evaluate further steps to protect our balance sheet including a reduction in corporate overheads, expansionary drilling at North Mara and greenfield exploration activity.

Key Statistics

(Unaudited)		Three months ended 30 September 2017	2016	Nine months ended 30 September 2017	2016
Tonnes mined	Kt	8,608	9,501	26,647	28,847
Ore tonnes mined	Kt	4,221	2,146	11,433	6,835
Ore tonnes processed	Kt	2,004	2,351	6,864	7,251
Process recovery rate exc. tailings reclaim	%	91.7%	91.8%	92.7%	92.2%
Head grade exc. tailings reclaim	g/t	3.3	3.4	3.4	3.3
Process recovery rate inc. tailings reclaim	%	90.9%	87.5%	90.0%	88.4%
Head grade inc. tailings reclaim	g/t	3.3	3.1	3.1	3.0
Gold production	oz	191,203	204,726	619,406	616,751
Gold sold	oz	132,787	206,488	445,225	607,451
Copper production	Klbs	3,832	3,557	12,897	11,984
Copper sold[3]	Klbs	37	3,277	1,341	11,361
Cash cost per tonne milled exc. tailings reclaim[1]	US$/t	41	61	42	60
Cash cost per tonne milled inc. tailings reclaim[1]	US$/t	41	53	38	52
Per ounce data					
Average spot gold price[2]	US$/oz	1,278	1,335	1,251	1,260
Net average realised gold price[1]	US$/oz	1,279	1,330	1,248	1,250
Total cash cost[1]	US$/oz	616	598	588	626
All-in sustaining cost[1]	US$/oz	939	998	907	961
Average realised copper price	US$/lbs	2.68	2.17	2.98	2.14

Financial results

(Unaudited, in US$'000 unless otherwise stated)	Three months ended 30 September 2017	2016	Nine months ended 30 September 2017	2016
Revenue	170,602	284,695	562,266	789,642
Cost of sales	(105,538)	(175,327)	(349,505)	(530,766)
Gross profit	65,064	109,368	212,761	258,876
Corporate administration	(6,780)	(5,906)	(19,300)	(15,677)
Share based payments	637	(20,089)	8,422	(39,724)
Exploration and evaluation costs	(5,295)	(5,540)	(21,445)	(16,690)
Corporate social responsibility expenses	(2,120)	(2,983)	(5,859)	(7,597)
Other (charges)/income	(24,186)	8,273	(43,803)	10,441
Profit before net finance expense and taxation	27,320	83,123	130,776	189,629
Finance income	261	657	1,804	1,147
Finance expense	(2,982)	(3,023)	(8,436)	(8,403)
Profit before taxation	24,599	80,757	124,144	182,373
Tax expense	(8,561)	(27,970)	(45,563)	(135,714)
Net profit for the period	16,038	52,787	78,581	46,659

[1] These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non IFRS measures" on page 17 for definitions.
[2] Reflect the London PM fix price.
[3] Q3 2017 sales quantities relate to final sales adjustments of copper sales recorded during Q1 2017.

For further information, please visit our website: www.acaciamining.com or contact:

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About Acacia Mining plc

Acacia Mining plc (LSE:ACA) is Tanzania's largest gold miner and one of the largest producers of gold in Africa. We have three mines, all located in north-west Tanzania: Bulyanhulu, Buzwagi, and North Mara and a portfolio of exploration projects in Kenya, Burkina Faso and Mali.

Acacia is a UK public company headquartered in London. We are listed on the Main Market of the London Stock Exchange with a secondary listing on the Dar es Salaam Stock Exchange. Barrick Gold Corporation is our majority shareholder. Acacia reports in US dollars and in accordance with IFRS as adopted by the European Union, unless otherwise stated in this report.

Conference call

A conference call will be held for analysts and investors on 20 October 2017 at 09:00 AM London time.

The access details for the conference call are as follows:

Participant dial in: +44 20 3059 8125
Password: Acacia Mining

A recording of the conference call will be made available on the Company's website, www.acaciamining.com, after the call.

FORWARD- LOOKING STATEMENTS

This report includes "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include, without limitation, financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future production, operations, costs, projects, and statements regarding future performance. Forward-looking statements are generally identified by the words "plans," "expects," "anticipates," "believes," "intends," "estimates" and other similar expressions.

All forward-looking statements involve a number of risks, uncertainties and other factors, many of which are beyond the control of Acacia*, which could cause actual results and developments to differ materially from those expressed in, or implied by, the forward-looking statements contained in this report. Factors that could cause or contribute to differences between the actual results, performance and achievements of* Acacia *include, but are not limited to, changes or developments in political, economic or business conditions or national or local legislation or regulation in countries in which* Acacia *conducts - or may in the future conduct - business, industry trends, competition, fluctuations in the spot and forward price of gold or certain other commodity prices (such as copper and diesel), currency fluctuations (including the US dollar, South African rand, Kenyan shilling and Tanzanian shilling exchange rates),* Acacia*'s ability to successfully integrate acquisitions,* Acacia*'s ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, and to process its mineral reserves successfully and in a timely manner,* Acacia*'s ability to complete land acquisitions required to support its mining activities, operational or technical difficulties which may occur in the context of mining activities, delays and technical challenges associated with the completion of projects, risk of trespass, theft and vandalism, changes in* Acacia's *business strategy including, the ongoing implementation of operational reviews, as well as risks and hazards associated with the business of mineral exploration, development, mining and production and risks and factors affecting the gold mining industry in general. Although* Acacia's *management believes that the expectations reflected in such forward-looking statements are reasonable,* Acacia *cannot give assurances that such statements will prove to be correct. Accordingly, investors should not place reliance on forward-looking statements contained in this report.*

Any forward-looking statements in this report only reflect information available at the time of preparation. Save as required under the Market Abuse Regulation or otherwise under applicable law, Acacia explicitly disclaims any obligation or undertaking publicly to update or revise any forward-looking statements in this report, whether as a result of new information, future events or otherwise. Nothing in this report should be construed as a profit forecast or estimate and no statement made should be interpreted to mean that Acacia's *profits or earnings per share for any future period will necessarily match or exceed the historical published profits or earnings per share of Acacia.*

Operating Review

Acacia delivered production of 191,203 in Q3 2017, a decrease of 7% compared to the prior year quarter, whilst AISC of US$939 per ounce sold was 6% lower compared to Q3 2016 despite a lower production base. Cash costs of US$616 per ounce sold were 3% higher than the prior year period. For reference purposes, if Q3 sales ounces equalled Q3 production, AISC would have been approximately US$820 per ounce and cash costs would have been approximately US$600 per ounce.

North Mara achieved gold production of 72,011 ounces for the quarter, 36% lower than in Q3 2016, which was a record quarter. Whilst the Gokona underground mine contributed more ore tonnes than in Q3 2016, they were at lower grades as a result of delays in receiving work permits for our international development contractors which impacted on underground development and delayed the development of higher grade stopes, together with a focus on the lower grade West Zone. Gold ounces sold for the quarter of 74,585 ounces were 34% lower than the prior year quarter and broadly in line with the corresponding decrease in production. AISC increased by 32% to US$864 per ounce sold predominantly due to the lower production base.

Buzwagi produced 69,097 ounces, which was 74% higher than Q3 2016 due to an 83% increase in head grade as a result of higher grade ore mined from the main ore zone at the bottom of the pit in Q3 2017. AISC per ounce sold of US$695 was 35% lower than Q3 2016 (US$1,076/oz), mainly driven by the higher production base.

At **Bulyanhulu**, gold production of 50,094 ounces was 5% lower than Q3 2016, despite a 12% increase in production from underground mining. As expected, there was limited production during September 2017 after the decision to transition Bulyanhulu into reduced operations. Production for the quarter was also negatively impacted by continued drought in the Kahama district which resulted in a temporary halt in production from reprocessed tailings. AISC per ounce sold for the quarter of US$1,365 was 5% higher than Q3 2016 (US$1,300) mainly driven by the impact of lower sales ounces due to the inability to export metallic mineral concentrates, partly offset by lower overall direct mining costs due to the reduced operations programme.

Total tonnes mined during the quarter amounted to 8.6 million tonnes, 9% lower than Q3 2016, mainly as a result of a 16% decrease in total tonnes mined at Buzwagi driven by lower waste movement as we getting closer to bottom of the pit. Ore tonnes mined of 4.2 million tonnes were 97% higher than Q3 2016 mainly due to higher ore tonnes from Buzwagi and North Mara (from both the Nyabirama open pit and the Gokona Underground).

Ore tonnes processed amounted to 2.0 million tonnes, a decrease of 15% on Q3 2016, resulting mainly from the temporary halt of the tailings retreatment at Bulyanhulu. The lower ore tonnes processed, combined with a 3% decrease in head grade, drove production 7% lower compared to Q3 2016 as set out above.

Cash costs of US$616 per ounce sold for the quarter were 3% higher than in Q3 2016, primarily due to:

- Lower capitalisation of development costs mainly at Bulyanhulu due to delays in underground waste development activity and at North Mara due to lower waste stripping at Nyabirama (US$107/oz);
- Lower co-product revenue as a result of the gold/copper concentrate export ban (US$60/oz); and
- Lower production base (US$123/oz); offset by
- Increased build-up of ore stockpiles at Buzwagi, as a result of the increased ore tonnes mined (US$111/oz);
- Lower overall direct mining cost mainly at Bulyanhulu driven by lower underground activities (US$113/oz); and
- Lower sales related cost driven by lower sales volumes, despite increased royalty rates and additional clearance fees charged (US$36/oz).

Included in cash cost for the quarter, and ultimately cost of sales, is a credit of approximately US$32.1 million (US$209/oz) relating to the build-up of finished gold inventory due to concentrate sales delays which largely offsets the impact of the reduction in sales ounces in the cash cost per ounce sold calculation.

All-in sustaining cost of US$939 per ounce sold for the quarter was 6% lower than Q3 2016, despite the lag in sales against production. This was driven by the impact of a much lower revaluation charge relating to future share-based payments compared to Q3 2016 (US$156/oz) and lower capitalised development costs at both Bulyanhulu and North Mara (US$141/oz), partly offset by the impact of lower sales ounces on individual cost items (US$222/oz) and the higher cash costs as discussed above (US$18/oz).

If our sales ounces equalled production, AISC for the quarter would have been approximately US$820 per ounce sold, compared to US$1,028 per ounce sold on the same basis in Q3 2016, a decrease of 20%.

Capital expenditure amounted to US$35.6 million compared to US$52.9 million in Q3 2016, the decrease mainly driven by lower capitalised development costs. Capital expenditure primarily comprised of capitalised development and stripping (US$22.6 million), expansion of the tailings storage facility and ore dumps at Buzwagi and North Mara (US$3.6 million), investment in mobile equipment and component change-outs at North Mara and Bulyanhulu (US$2.5 million) and capitalised drilling mainly for resource and reserve development at North Mara's Gokona underground (US$2.4 million).

Mine Site Review

Bulyanhulu

Key statistics

(Unaudited)		Three months ended 30 September 2017	Three months ended 30 September 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
Key operational information:					
Ounces produced	oz	50,094	52,504	172,636	209,573
Ounces sold	oz	26,265	53,764	107,479	204,483
Cash cost per ounce sold[1]	US$/oz	863	808	812	700
AISC per ounce sold[1]	US$/oz	1,365	1,300	1,346	1,057
Copper production	Klbs	1,095	1,157	3,906	4,684
Copper sold[2]	Klbs	(11)	1,107	588	4,261
Run-of-mine:					
Underground ore tonnes hoisted	Kt	187	186	596	665
Ore milled	Kt	189	168	612	670
Head grade	g/t	9.0	9.4	8.6	9.3
Mill recovery	%	88.9%	85.9%	90.1%	91.3%
Ounces produced	oz	48,683	43,661	153,279	183,744
Cash cost per tonne milled[1]	US$/t	104	228	124	192
Reprocessed tailings:					
Ore milled	Kt	82	419	905	1,199
Head grade	g/t	1.3	1.5	1.4	1.5
Mill recovery	%	42.0%	44.3%	46.8%	45.3%
Ounces produced	oz	1,411	8,843	19,356	25,829
Capital Expenditure					
- Sustaining capital	US$('000)	2,881	4,892	11,480	16,398
- Capitalised development	US$('000)	8,152	18,648	39,206	47,086
- Expansionary capital	US$('000)	57	321	1,039	1,074
		11,090	**23,861**	**51,725**	**64,558**
- Non-cash reclamation asset adjustments	US$('000)	386	(3,062)	577	6,875
Total capital expenditure	US$('000)	**11,476**	**20,799**	**52,302**	**71,433**

[1]These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to 'Non-IFRS measures" on page 17 for definitions.

[2]Q3 2017 sales quantities relate to final sales adjustments of copper sales recorded during Q1 2017.

Operating performance

Gold production amounted to 50,094 ounces, which was 5% lower than Q3 2016, despite a 12% increase in production from underground mining. As expected, limited production occurred during September following the decision to transition Bulyanhulu into reduced operations. Production for the quarter was also negatively impacted by continued drought in the Kahama district which resulted in a temporary halt in production from reprocessed tailings, which meant we lost about 6,000 ounces of production from reprocessing of tailings. The reprocessing of tailings is expected to re-start in Q4 2017, assuming adequate rainfall is received. Production during the quarter comprised 24,677 ounces of gold in concentrate and 25,417 ounces of gold in doré.

Gold sold for the quarter of 26,265 ounces, was 48% lower than production and 51% lower than Q3 2016 mainly as a result of the inability to export concentrate, combined with the lower production base.

Copper production of 1.1 million pounds for the quarter was 5% lower than Q3 2016 mainly driven by lower copper grades. There were no copper sales recorded during the quarter due to the lack of exports of concentrate. Negative sales quantities for the quarter relate to final sales adjustments of copper sales recorded during Q1 2017.

Underground ore tonnes hoisted were in line with the comparative quarter despite ceasing underground activities in the middle of September, given that Q3 2016 included a two week shutdown of the vertical shaft.

Cash costs of US$863 per ounce sold were 7% higher than Q3 2016 (US$808/oz), mainly due to the lower production base (US$356/oz), lower capitalised development costs (US$290/oz) and lower co-product revenue (US$115/oz), partly offset by lower overall direct mining cost driven by lower underground activities (US$523/oz), as well as lower sales related costs due to lower sales volumes (US$93/oz). Included in cash costs is a credit of approximately US$18.1 million (US$594/oz) relating to the build-up of finished gold inventory as a result of concentrate sales delays.

AISC per ounce sold for the quarter of US$1,365 was 5% higher than Q3 2016 (US$1,300/oz) driven by the impact of lower sales ounces on individual cost items (US$515/oz) and higher cash costs as discussed above (US$55/oz), partly offset by lower capitalised development costs (US$400/oz) and lower sustaining capital expenditure (US$77/oz).

Capital expenditure for the quarter before reclamation adjustments amounted to US$11.1 million, 54% lower than Q3 2016 (US$23.9 million), mainly driven by lower capitalised development due to lower waste development during the current quarter (US$10.5 million) as well as a decrease in sustaining capital expenditure (US$2.0 million).

Capital expenditure mainly consisted of capitalised underground development costs (US$8.2 million), investment in mobile equipment and component change-outs (US$1.0 million) and investment in power infrastructure through construction of a STATCOM centre for increased power stability (US$0.5 million).

Buzwagi

Key statistics

		Three months ended 30 September		Nine months ended 30 September	
(Unaudited)		2017	2016	2017	2016
Key operational information:					
Ounces produced	oz	69,097	39,699	195,181	119,918
Ounces sold	oz	31,938	39,284	85,032	119,688
Cash cost per ounce sold[1]	US$/oz	564	986	647	1,030
AISC per ounce sold[1]	US$/oz	695	1,076	742	1,108
Copper production	Klbs	2,738	2,400	8,991	7,300
Copper sold[2]	Klbs	47	2,171	752	7,100
Mining information:					
Tonnes mined	Kt	4,259	5,072	13,823	16,495
Ore tonnes mined	Kt	3,037	1,203	7,988	3,808
Processing information:					
Ore milled	Kt	1,020	1,063	3,215	3,245
Head grade	g/t	2.2	1.2	2.0	1.2
Mill recovery	%	94.0%	94.4%	95.7%	94.5%
Cash cost per tonne milled[1]	US$/t	18	36	17	38
Capital Expenditure					
- Sustaining capital	US$('000)	2,238	1,087	3,103	3,318
- Capitalised development	US$('000)	-	-	-	-
		2,238	**1,087**	**3,103**	**3,318**
- Non-cash reclamation asset adjustments	US$('000)	215	(1,795)	214	1,212
Total capital expenditure	US$('000)	**2,453**	**(708)**	**3,317**	**4,530**

[1]These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non-IFRS measures" on page 17 for definitions.

[2] Q3 2017 sales quantities relate to final sales adjustments of copper sales recorded during Q1 2017.

Operating performance

Gold production for the quarter of 69,097 ounces was 74% higher than in Q3 2016 due to an 83% increase in head grade as a result of higher grade ore mined from the main ore zone at the bottom of the pit in Q3 2017. Production during the quarter was comprised of 32,833 ounces of gold in concentrate and 36,264 ounces of gold in doré.

Gold sold for the quarter of 31,938 ounces, was 54% lower than production and 19% behind Q3 2016, primarily due to the inability to export concentrate, slightly offset by a higher production base. Sales are expected to normalise and align with production in Q4 2017 due to the changes to the process flow sheet in September meaning that Buzwagi will solely produce doré until the end of its life in 2020, although recoveries are expected to fall to around 85% in Q4.

Buzwagi is also experiencing similar water shortages to Bulyanhulu. To date, the mine has been able to largely mitigate the lack of rainfall through use of its large water storage facilities and purchase of water from the local authority. However if the onset of the rainy season is significantly delayed there may be an impact to processing operations during the quarter.

Copper production of 2.7 million pounds for the quarter was 14% higher than the prior quarter period, mainly due to increased copper grades. There were no copper sales recorded during the quarter due to the lack of exports of concentrate. Sales quantities for the quarter relate to final sales adjustments of copper sales recorded during Q1 2017.

Total tonnes mined of 4.3 million tonnes were 16% lower than Q3 2016, primarily due to the reduced need for waste movement as the pit nears the end of its life. Ore tonnes mined were 153% higher than 2016 as a result of the same effect.

Cash costs for the quarter of US$564 per ounce sold were significantly lower than Q3 2016 (US$986/oz), a decrease of 43%, primarily driven by the higher production base (US$181/oz), increased investment in ore stockpiles as a result of increased focus on ore mining (US$267/oz), lower direct mining cost (US$66/oz), partly offset by lower co-product revenue in the form of copper concentrates (US$157/oz). Included in cash costs is a credit of approximately US$15.7 million (US$408/oz) relating to the build-up of finished gold inventory as a result of concentrate sales delays.

AISC per ounce sold of US$695 was 35% lower than the Q3 2016 (US$1,076/oz). This was mainly driven by the lower cash costs as discussed above (US$422/oz).

Capital expenditure before reclamation adjustments amounted to US$2.2 million, more than double that spent in Q3 2016 (US$1.1 million), mainly consisting of the expansion of the tailings storage facility which started during Q3 2017 (US$1.9 million).

North Mara

Key statistics

		Three months ended 30 September		Nine months ended 30 September	
(Unaudited)		2017	2016	2017	2016
Key operational information:					
Ounces produced	oz	72,011	112,523	251,589	287,260
Ounces sold	oz	74,585	113,440	252,715	283,280
Cash cost per ounce sold[1]	US$/oz	550	364	473	402
AISC per ounce sold[1]	US$/oz	864	655	774	694
Open pit:					
Tonnes mined	Kt	3,977	4,140	11,727	11,374
Ore tonnes mined	Kt	813	655	2,349	2,050
Mine grade	g/t	1.6	2.0	1.8	1.9
Underground:					
Ore tonnes trammed	Kt	185	103	501	313
Mine grade	g/t	7.9	23.1	8.6	15.6
Processing information:					
Ore milled	Kt	714	701	2,133	2,137
Head grade	g/t	3.4	5.4	4.0	4.5
Mill recovery	%	91.5%	92.8%	92.2%	91.9%
Cash cost per tonne milled[1]	US$/t	57	59	56	53
Capital Expenditure					
- Sustaining capital[2]	US$('000)	5,016	4,497	17,193	14,578
- Capitalised development	US$('000)	14,456	22,629	47,738	53,680
- Expansionary capital	US$('000)	2,442	466	6,931	924
		21,914	**27,592**	**71,862**	**69,182**
- Non-cash reclamation asset adjustments	US$('000)	430	(2,868)	374	3,384
Total capital expenditure	US$('000)	**22,344**	**24,724**	**72,236**	**72,566**

[1]These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to 'Non-IFRS measures" on page 17 for definitions.
[2] Includes land purchases recognised as long term prepayments.

Operating performance

North Mara achieved gold production of 72,011 ounces for the quarter, 36% lower than in Q3 2016. Whilst the Gokona underground mine contributed more ore tonnes than in Q3 2016, they were at lower grades as a result of delays in receiving work permits for our international development contractors which impacted on underground development and delayed the development of higher grade stopes, together with a focus on the lower grade West Zone. In addition, we have also seen lower grade ore mined from the Nyabirama pit as we worked through the Stage 4 cutback of the pit and we saw increased ore tonnes at lower grades following grade control drilling. Gold ounces sold for the quarter of 74,585 ounces were 34% lower than the prior year quarter and broadly in line with the corresponding decrease in production.

Cash costs of US$550 per ounce sold were 51% higher than Q3 2016 (US$364), mainly driven by the lower production base (US$190/oz) and lower capitalisation of development costs mainly due to lower waste stripping at Nyabirama open pit (US$88/oz), partly offset by an increased investment in ore stockpiles in Q3 2017 (US$120/oz).

AISC of US$864 per ounce sold was 32% higher than Q3 2016 (US$655/oz) as a result of higher cash costs discussed above (US$186/oz) and the impact of lower sales volumes (US$152/oz), partly offset by lower capitalised development costs (US$110/oz).

Capital expenditure for the quarter, before reclamation adjustments, of US$21.9 million was 21% lower than in Q3 2016 (US$27.6 million). Key capital expenditure include capitalised stripping costs (US$10.6 million), capitalised underground development costs (US$3.8 million), capitalised drilling mainly for resource and reserve development at Gokona underground (US$2.4 million), investment in mobile equipment and component change-outs (US$1.5 million) and expenditure relating to TSF and lower grade ore dumps (US$1.7 million).

Exploration Review

Brownfield Exploration

North Mara - Gokona Underground

A total of 55 holes for 11,503 metres of extension and infill drilling were completed at Gokona underground during the third quarter (18,766 metres year to date), with a further 76 holes for 6,238m of grade control drilling undertaken (22,319 metres year to date). Extensive drilling was undertaken during the quarter to further delineate the western extension of the "Golden Banana" (East Zone) lode mineralisation between the Gokona Fault and the completed Gokona open pit. This zone is now known as "GB2" zone, and further wide and high grade intercepts continued to be returned from drilling, including but not limited to:

- UGKD00341 35m @ 6.6 g/t Au from 35m
- **UGKD00349 10m @ 75.7 g/t Au from 64m**
- UGKD00326 22m @ 13.0 g/t Au from 49m
- **UGKD00328 52m @ 11.4 g/t Au from 35m**
- UGKD00329 34m @ 8.4 g/t Au from 40m
- **UGKD00331 57m @ 31.8 g/t Au from 54m**
- UGKD_00306 32m @ 8.4g/t Au from 120m
- UKGC_00334 12m @ 10.6g/t Au from 23m
- **UKGC_00353 23m @ 21.8 g/t Au from 53m**
- **UKGC_00357 10m @ 17.2 g/t Au from 58m**
- UKGC_00386 11m @ 11.2 g/t Au from 75m

Additionally, a programme of drilling was conducted to test for continuation of the eastern extremity of the main "Golden Banana" mineralisation, with several significant intersections returned showing that the zone may be extended to the east outside delineated resources. Better results included:

- UKGC_00361 11m @ 5.0 g/t Au from 18m
- UKGC_00362 6m @ 6.7 g/t Au from 20m
- UKGC_00364 11m @ 6.7 g/t Au from 23m
- UKGC_00365 9m @ 7.4 g/t Au from 26m
- UKGC_00366 8m @ 7.2 g/t Au from 30m

A programme of drilling was also conducted to test for offset continuation, at depth, below the interpreted low-angle fault that locally terminates the "Golden Banana" mineralisation. Drilling in the quarter was successful at confirming the continuation of high grade gold mineralisation, with two holes retuning significant intersections from an area cross-cut by a series of later dykes, including:

- UGKD339 9m @ 35.1 g/t Au from 162m
- UGKD340 16m @ 19.7 g/t Au from 177m
- UGKD340 1m @ 107.0 g/t Au from 207m

Three underground diamond drill rigs were moved to the newly completed drill drive at the 1030mRL elevation, and will commence drilling of the Gokona Central area in the fourth quarter; with initial drilling testing mineralisation beneath the existing Gokona open pit. The latest planned programme will be comprised of approximately 50,000 metres of extensional and infill drilling per year for the next two years, with approximately 10,000 metres to be drilled in the fourth quarter. This drilling is aimed at unlocking the potential of the full strike extent of the deposit to optimise mining efficiency.

Note: all intersections are downhole widths with varying true thickness due to the holes being part of underground fan drilling

North Mara - Nyabirama

The programme of infill drilling to approximately 50 metre drill spacing was completed during the quarter with 7 holes for 4,160 metres drilled (17,145 metres year to date). This drilling will be incorporated into technical work underway by our mine planning team as we investigate the potential for an underground mine at Nyabirama. Better results received during the quarter included:

- NBD0165 7.7m @ 3.5 g/t Au from 218m, and
  1.8m @ 7.5 g/t Au from 315.2m
- NBD0166 2.0m @ 87.9 g/t Au from 236m incl. 1m @ 161g/t Au from 237m, and
- NBD0167 5.0m @ 8.5 g/t Au from 464m incl. 1m @ 36g/t Au from 467m, and
  7.0m @ 12.8 g/t Au from 473m incl. 1m @ 81g/t Au from 475m
- NBD0168 2.0m @ 8.4 g/t Au from 378m,
  5.0m @ 4.5 g/t Au from 419m
- NBD0170 2.4m @ 7.6 g/t Au from 324m, and
  5.2m @ 5.9 g/t Au from 366.8m, and
  13.5m @ 20.1 g/t Au from 377.5m

Greenfield Exploration

Kenya

Four (4) to Seven (7) diamond core rigs drilled targets along the Liranda Corridor area on the Isulu (formerly Acacia), Bushiangala, Shigokho and Shibuname Prospects during Q3 2017. Additionally, one reverse circulation (RC) rig completed reconnaissance drilling across gold-in-soil anomalies on the Barkalare and Kitson-Kerebe target areas in the Lake Zone gold camp of the West Kenya Project.

West Kenya Project

Drilling during Q3 within the Liranda Corridor was focused on better defining and constraining the resource model on the Isulu Prospect (formerly Acacia), as well as completing step-out drilling down plunge of the existing resource. At Bushiangala drilling was aimed at improving the confidence and understanding the geometries of the mineralised lodes. At the Shigokho and Shibuname Prospects drilling was designed to test the extension of mineralised intercepts from previous drilling and targeting additional resources close to Isulu. The Q3 programme consisted of 20 diamond core holes (including six core wedge holes) for 6,225 metres at the Isulu and Bushiangala Prospects and five diamond core holes for 1,282 metres at the Shigokho and Shibuname Prospects. In 2017, 78 holes for 37,999m of diamond drilling have been completed on the Isulu – Bushiangala prospects.

The drilling on the Isulu and Bushiangala Prospects has better defined the mineralisation to support the initial inferred resource of 1.3Moz. It has successfully bulked out some of the Isulu lodes through additional infill drilling as well as increasing the confidence at Bushiangala but has constrained the mineralisation in areas where we had expected some lateral extensions. As a result we do not expect any material increase in the resource by the end of 2017. We continue to believe 2Moz is a realistic target for the project based on our current understanding of the deposit and the recent drilling has helped to define targets with scope for incremental mineralisation, including along strike, which we plan to test in 2018. Better results from Isulu and Bushiangala received during Q3 included:

Isulu Prospect (formerly Acacia)

- LCD0158W1 - 2.5m @ 114 g/t Au from 892m and 1.0m @ 11.0 g/t Au from 898m,
- LCD0158W3 – 3.7m @ 10.7 g/t Au from 925m and 0.6m @ 21.0 g/t Au from 931m,
- LCD0161W1 - 2.0m @ 37.0 g/t Au from 995m and 1m @ 21.5 g/t Au from 1,003m,
- LCD0161W3 - 2.0m @ 8.49 g/t Au from 958m and 4.0m @ 2.27g/t Au from 972m,
- LCD0162W1 - 2.0m @ 7.52 g/t Au from 846m and 2.0m @ 2.07 g/t Au from 852m,
- LCD0168 - 2.0m @ 7.06g/t Au from 698m, and 2.8m @ 3.81 g/t Au from 760m
- LCD0175 - 3.0m @ 55.2 g/t Au from 129m

Bushiangala Prospect

- LCD0173 - 3.1m @ 7.07 g/t Au from 187m,
- LCD0174 - 3.5m @ 6.70 g/t Au from 154m,
- LCD0176 - 1.5m @ 12.0 g/t Au from 134m and 3.1m @ 12.0 g/t Au from 175m,
- LCD0177 - 1.5m @ 10.5 g/t Au from 114m,
- LCD0182 - 0.6m @ 8.19 g/t Au from 116m,
- LCD0189 - 2.0m @ 12.7 g/t Au from 164m,
- LCD0192 - 2.0m @ 23.1 g/t Au form 166m

The current drill programme originally planned for approximately 48,000 metres of diamond core drilling, is planned to be completed in October 2017 with two rigs now operating and completing deep down-plunge extension holes targeting mineralisation between 800m and 1,000 metres vertical depth with the objective of increasing the Isulu Prospect Inferred resource. Planning for 2018 drilling is currently underway to assess a series of evolving targets within 2km of the Isulu resource area.

Burkina Faso

During Q3 2017 we continued to explore our properties in the highly prospective Houndé Belt in southwest Burkina Faso. Acacia currently manages four joint ventures and an interest in over ~2,700km^2 of prospective greenstone belt. A major component of Q3 and year-to-date work programmes in 2017, apart from drilling, has been to review the structural architecture of the land holding and complete a target generation exercise using airborne aeromagnetic and radiometric data and ground IP geophysical data where available. These target generation layers are now being used with our surface geochemical data layers to develop priority drilling targets, and to date we have delineated more than 65 targets warranting follow-up by either mapping or reconnaissance drilling.

South Houndé Joint Venture – current ownership 50%, next stage earn-in to 70% (end 2018)

During the quarter we continued to focus on both resource extensions to the Tankoro Resource and regional exploration programmes searching for new discoveries. During Q3 2017 work continued to focus on the Tankoro Resource area (MM and MC Zones), the

Tankoro Corridor prospects (Tankoro SW, Guy, Phantom and Phantom East) and regional targets (Ouangoro, Tyikoro, Poyo/Werienkera and Bini West). A total of 847 metres RC, 673 metres diamond core (DD) and 4,122 metres of Aircore (AC) were completed, bringing the year to date totals to 34,165 metres AC, 3,051 metres of RC and 6,664 metres of diamond core drilling. In addition to this, rock chips were collected on regional targets.

Tankoro - MM and MC Zones [1]

During Q3 we completed planned drilling to test the down-plunge extensions of higher grade gold mineralisation related interpreted cross structures at the MM and MC Zones within the Tankoro resource. A "results based" phased strategy was adopted "cycling" the rig between the Chewbacca, Yoda, Anakine and Jabba targets within the MM and MC parallel mineralised structures. All holes drilled to date continued to intersect the targeted porphyries and cross structures, with the best potential at this stage interpreted to be depth extensions on the MC (Jabba) Zone where drilling has identified multiple mineralised porphyries and gold mineralisation in the surrounding intercalated sediments. Better results from drilling included:

- FRC1082 - 2.2m @ 4.74g/t Au from 324.7m, 5m @ 2.18g/t Au from 370m and 6.15m @ 6.33g/t Au from 419m;
- FRC1083A - 3.5m @ 3.79g/t Au from 406.5m (including 1m @ 8.75g/t Au), 1.85m @ 8.03g/t Au from 429.85m and 1.05m @ 5.19g/t Au from 504m;
- FRC1076 - 6m @ 11.9g/t Au from 231m, 6.7m @ 3.80g/t Au from 240.8m (including 4m @ 6.12g/t Au)

The targeted higher grade lodes on the MM Zone were either lower grade that expected or had a shorter strike extent than expected, and as a result the future focus of deeper drilling will be on the MC (Jabba) Zone and areas outside those tested on the MM Zone to date. A review of the entire Tankoro mineralised trend is currently underway in order to better define potential open-pit and underground resource expansion targets, and to scope out the required drill programmes needed to fully test the core 9-10km strike extent of the resource area.

Tankoro Corridor – Phantom, Phantom East & Phantom West [1]

The MM & MC Zones host the bulk of the Tankoro project's 2.1Moz mineral resource and features several near-surface, higher-grade shoots which extend to depth and have potential for exploitation by underground mining. The Phantom, Phantom West and Phantom East Zones represent potential extensions that could add shallow ounces to the global resource. Limited drilling was undertaken during the quarter with a series of RC/DD holes drilled right before the end of the dry season. Additional drilling is warranted in 2018 based on results of these first few holes showing potential to add 2-6g/t resource ounces, especially since Phantom, Phantom East, Phantom West (northeast resource extensions) and Kenobi and Obi (southwest extensions) have been only sparsely drilled relative to the rest of the system. The better results from RC/DD received during the quarter include:

- Phantom East - FRC1081 - 1.85m @ 6.83g/t Au from 173.65m;
- Phantom East - FRC1053RE1 - 5.5m @ 4.88g/t Au from 120m and **9m @ 4.85g/t Au from 129.5m**,
- Phantom - FRC1088 - 2.45m @ 2.42g/t Au from 145.4m
- Phantom West - FRC1091 - 4.25m @ 2.12g/t Au from 248.45m.

One sample of primary mineralisation at Phantom has been submitted for preliminary metallurgical test-work.

Tankoro Southwest Extension [1]

AC drilling was completed across multiple IP-geophysical and gold-soil geochemical targets on the southwest extensions of the Tankoro resource trend, known as the Djimbake area. A total of 33 holes for 1,992 metres were drilled for the quarter across 12 individual target area, bringing the YTD totals to 114 holes for 6,948 metres. The AC drilling was following up previous anomalous AC drill results from Q4 2016, testing the southern extension of the Kenobi Trend, and testing for new mineralised zones. Assay results were only partially received at quarter-end with better results including:

• 4m @ 1.46g/t Au	6m @ 1.11g/t Au	10m @ 1.73g/t Au
• 8m @ 1.19g/t Au	12m @ 0.66g/t Au	12m @ 0.51g/t Au
• 10m @ 0.96g/t Au	12m @ 0.63g/t Au	12m @ 0.55g/t Au
• 8m @ 2.57g/t Au	8m @ 4.25g/t Au	14m @ 0.87g/t Au
• 6m @ 1.33g/t Au	6m @ 1.99g/t Au	4m @ 1.17g/t Au

Gold anomalism in the AC drilling occurs in weathered and altered sediments and porphyritic intrusive rocks with observed alteration being carbonate, sericite and kaolinite; minor quartz veining was also observed co-incident with some better zones of gold anomalism. Planned follow-up drilling includes infill and step-out AC traverses as well as some RC and diamond core drilling to determine the significance of the shallow oxide gold mineralisation and orientation/controls in fresh rock.

Ouangoro Trend [1]

Aircore drilling commenced at the beginning of the quarter on the Ouangoro Trend and has identified continuous gold anomalism along several interpreted NNE-trending linear geophysical features. A total of 15 holes for 970 metres were drilled for the quarter, bringing the YTD totals to 382 holes for 24,097 metres on predominantly 200m and 400m spaced drill fences. Positive results have been returned from the majority of AC traverses including better results of:

- 20m @ 0.67g/t Au from 28m (including 2m @ 3.09g/t Au)
- 8m @ 0.86g/t from surface (including 2m @ 2.32g/t Au)
- 18m @ 0.61g/t Au from 6m (including 4m @ 1.69g/t Au)
- 2m @ 1.80g/t Au
- 6m @ 1.04g/t Au
- 4m @ 1.34g/t Au

12m @ 1.73g/t Au
10m @ 1.95 g/t Au
8m @ 1.10 g/t Au
6m @ 1.40 g/t Au
4m @ 1.16 g/t Au
4m @ 1.58 g/t Au

Gold mineralisation and anomalism in drill chips, and observed in artisanal workings, is typically associated with quartz veins in sheared siltstone and sandstone units intruded by interpreted quartz-feldspar porphyries, with fresher drill chips show carbonate and silica-sericite alteration. Regionally the anomalous gold zones intersected in Aircore drilling occur on interpreted 020-trending shear zones, often interpreted to be cross-cut by 070-trending structures (a possible control to higher grade shoots). The next phase of work being contemplated for the Ouangoro Trend is to complete trenching and IP-geophysical surveys to help better define the target structures and to look for local controls to higher grade mineralisation. Follow-up AC, RC and DD drilling will also be part of a phased follow-up programme in 2018.

[1] Drilling results are quoted as downhole intersections. True widths of mineralisation intersected by RC and DDH drilling are estimated to be approximately 70% to 80% of reported downhole intersection lengths, except as otherwise noted. The orientation of some of the mineralised units by AC drilling is not yet well understood.

Pinarello & Konkolikan Joint Venture (Canyon Resources Limited) – current ownership 75%, potential to earn 100%

Acacia has now earned 75% equity in the project and we have therefore entered the contributory/dilution phase of the JV agreement. Canyon Resources, our joint venture partner has elected to dilute, and the current programmes will increase Acacia's equity to approximately 89%.

A total of 1,073 soil samples, 23,089 metres of Aircore drilling and 6,401 metres of RC drilling have been completed during 2017. Results from RC drilling completed in Q2 and received in Q3 2017 were mixed with broad zones of gold anomalism and narrow higher grade zones intersected at the Gaghny Prospect whilst hole PIRC0039 on the northern Pinarello licence following up the projected extension of the Tankoro Trend intersected **6m @ 11.1g/t Au from 28m, including 2m @ 32.4g/t Au from 28m.** A programme of RC and diamond core drilling is being designed to follow-up this intersection during Q4 2017 and into Q1 2018.

Frontier JV – earning 100% through option payments

Regional regolith and geological mapping has been completed for both licences. A regional 800m x 400m reconnaissance BLEG soil sampling programme, combined with termite mound, rock chip and quartz lag sampling programmes has also been completed. This work identified a number of significant large scale gold-in-soil anomalies (soils up to 3g/t Au). A 200m x 200m infill programme of soil sampling commenced in Q3 with a further 45 samples collected, bringing the year to date total to 7,780 soil samples. The programme of soil sampling was suspended in early July due to the commencement of the wet season.

Results from the soil sampling programmes received during the quarter continue to be encouraging with gold assays up to 3,841ppb Au (8.84g/t Au) reported. Portable XRF work on the soil samples shows anomalous pathfinder elements including, Mo, W, As and K co-incident with several of the large-scale gold anomalies identified to date. Work in Q4 2017 will involve continuing infill soil sampling, mapping, and XRF multi-element analysis in preparation for trenching and drilling in Q1 2018.

Mali

Tintinba - Bane Project – earning 95% through option payments

The Tintinba-Bane Project consists of three permits covering approximately 150km^2. These properties are located within the Kénéiba Inlier of Western Mali, along the world class Senegal-Mali-Shear-Zone (SMSZ), which hosts more than 50 million ounces of gold endowment. During the quarter, a ground-based gradient array induced polarisation geophysical survey was completed (31 line km) and interpreted. Results from IP, soils, drilling and mapped and interpreted geology have been used to refine existing and define new targets for drill testing. At least 25 targets with co-incident IP chargeability, resistivity, and surface gold-in-soil anomalism have been identified.

RC drilling year to date has returned positive results from 8 of 13 gold anomalies tested including better results of; 4m @ 18.7g/t and 4m @ 5.62g/t, 13m @ 1.11g/t, 15m @ 0.50g/t, 13m @ 0.50g/t, 25m @ 0.50g/t including 7m @ 1.01g/t, 17m @ 0.71g/t and 19m @ 0.55g/t. Given the discovery history of several >3Moz deposits in the SMSZ, these results and the associated alteration on essentially single RC fences, across large-scale gold-in-soil anomalies can be considered very significant and warrant follow-up drilling. Work in Q4 2017 will involve trenching and follow-up reconnaissance drilling as required to better define the highest priority targets for a more extensive campaign of drilling.

Non-IFRS Measures

Acacia has identified certain measures in this report that are not measures defined under IFRS. Non-IFRS financial measures disclosed by management are provided as additional information to investors in order to provide them with an alternative method for assessing Acacia's financial condition and operating results, and reflects more relevant measures for the industry in which Acacia operates. These measures are not in accordance with, or a substitute for, IFRS, and may be different from or inconsistent with non-IFRS financial measures used by other companies. These measures are explained further below.

Net average realised gold price per ounce sold is a non-IFRS financial measure which excludes from gold revenue:
- Unrealised gains and losses on non-hedge derivative contracts; and
- Export duties

It also includes realised gains and losses on gold hedge contracts reported as part of cost of sales.

Net average realised gold price per ounce sold have been calculated as follow:

(US$000)	Three months ended 30 September		Nine months ended 30 September	
(Unaudited)	2017	2016	2017	2016
Gold revenue	169,828	275,897	555,687	760,511
Less: Realised gold hedge losses	-	(1,331)	-	(1,331)
Net gold revenue	169,828	274,566	555,687	759,180
Gold sold (ounces)	132,787	206,488	445,225	607,451
Net average realised gold price (US$/ounce)	1,279	1,330	1,248	1,250

Cash cost per ounce sold is a non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation, reduced operation costs and corporate social responsibility charges. Cash cost is calculated net of co-product revenue. Cash cost per ounce sold is calculated by dividing the aggregate of these costs by total ounces sold.

The presentation of these statistics in this manner allows Acacia to monitor and manage those factors that impact production costs on a monthly basis. Cash costs and cash cost per ounce sold are calculated on a consistent basis for the periods presented.

The table below provides a reconciliation between cost of sales and total cash cost to calculate the cash cost per ounce sold.

(US$'000)	Three months ended 30 September		Nine months ended 30 September	
(Unaudited)	2017	2016	2017	2016
Cost of Sales				
Direct mining costs	68,508	111,649	228,818	346,085
Third party smelting and refining fees	1,498	5,589	8,236	19,228
Realised losses on economic hedges	337	2,161	615	8,615
Realised losses on gold hedges	-	1,331	-	1,331
Royalty expense	12,213	12,895	30,895	35,429
Depreciation and amortisation*	22,982	41,702	80,941	120,078
Total	**105,538**	**175,327**	**349,505**	**530,766**
Total cost of sales	**105,538**	**175,327**	**349,505**	**530,766**
Deduct: Depreciation and amortisation*	(22,982)	(41,702)	(80,941)	(120,078)
Deduct: Realised losses on gold hedges	-	(1,331)	-	(1,331)
Deduct: Co-product revenue	(774)	(8,798)	(6,579)	(29,131)
Total cash cost	**81,782**	**123,496**	**261,985**	**380,226**
Total ounces sold	132,787	206,488	445,225	607,451
Total cash cost per ounce sold	**616**	**598**	**588**	**626**

*Depreciation and amortisation includes the depreciation component of the cost of inventory sold

All-in sustaining cost (AISC) is a non-IFRS financial measure. The measure is in accordance with the World Gold Council's guidance issued in June 2013. It is calculated by taking cash cost per ounce sold and adding corporate administration costs, share-based payments, reclamation and remediation costs for operating mines, corporate social responsibility expenses, mine exploration and study costs, realised gains and/or losses on operating hedges, capitalised stripping and underground development costs and sustaining capital expenditure. This is then divided by the total ounces sold. A reconciliation between cash cost per ounce sold and AISC for the key business segments is presented below:

(Unaudited)	Three months ended 30 September 2017				Three months ended 30 September 2016			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	Group*	Bulyanhulu	North Mara	Buzwagi	Group*
Cash cost per ounce sold	863	550	564	616	808	364	986	598
Corporate administration	60	28	50	51	30	20	29	29
Share based payments	(8)	(2)	(3)	(5)	8	7	11	97
Rehabilitation	21	11	6	12	8	8	2	7
CSR expenses	10	17	8	16	8	17	20	14
Capitalised development	310	194	-	170	347	199	-	200
Sustaining capital	109	66	70	79	91	40	28	53
Total AISC	1,365	864	695	939	1,300	655	1,076	998

** The group total includes a cost of US$16/oz of unallocated corporate related costs in Q3 2017, and a cost of US$95/oz in Q3 2016.*

(Unaudited)	Nine months ended 30 September 2017				Nine months ended 30 September 2016			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	Group*	Bulyanhulu	North Mara	Buzwagi	Group*
Cash cost per ounce sold	812	473	647	588	700	402	1,030	626
Corporate administration	42	25	49	43	23	22	26	26
Share based payments	(5)	(2)	(5)	(19)	10	7	11	65
Rehabilitation	17	11	6	11	7	9	3	7
CSR expenses	9	10	8	13	6	14	11	13
Capitalised development	365	189	-	195	230	189	-	166
Sustaining capital	106	68	37	76	81	51	27	58
Total AISC	1,346	774	742	907	1,057	694	1,108	961

** The group total includes a cost of US$1/oz of unallocated corporate related costs in Q3 YTD 2017, and a cost of US$63/oz in Q3 YTD 2016.*

AISC is intended to provide additional information on the total sustaining cost for each ounce sold, taking into account expenditure incurred in addition to direct mining costs and selling costs.

Where reference is made to AISC per ounce produced, this is calculated in a similar manner as set out above, but adjusted for the impact of the change in inventory charge/credit relating to finished gold inventory. This recalculated number is then divided by ounces produced.

Cash cost per tonne milled is a non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, co-product credits, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and corporate social responsibility charges. Cash cost is calculated net of co-product revenue. Cash cost per tonne milled is calculated by dividing the aggregate of these costs by total tonnes milled.

EBITDA is a non-IFRS financial measure. Acacia calculates EBITDA as net profit or loss for the period excluding:

- Income tax expense;
- Finance expense;
- Finance income;
- Depreciation and amortisation; and
- Impairment charges of goodwill and other long-lived assets.

EBITDA is intended to provide additional information to investors and analysts. It does not have any standardised meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently.

A reconciliation between net profit for the period and EBITDA is presented below:

(US$000)	Three months ended 30 September		Nine months ended 30 September	
(Unaudited)	2017	2016	2017	2016
Net profit for the period	16,038	52,787	78,581	46,659
Plus income tax expense	8,561	27,970	45,563	135,714
Plus depreciation and amortisation*	22,982	41,702	80,941	120,078
Plus finance expense	2,982	3,023	8,436	8,403
Less finance income	(261)	(657)	(1,804)	(1,147)
EBITDA	**50,302**	**124,825**	**211,717**	**309,707**

*Depreciation and amortisation includes the depreciation component of the cost of inventory sold.

Adjusted EBITDA is a non-IFRS financial measure. It is calculated by excluding one-off costs or credits relating to non-routine transactions from EBITDA. It excludes other credits and charges that, individually or in aggregate, if of a similar type, are of a nature or size that requires explanation in order to provide additional insight into the underlying business performance. EBITDA is adjusted for items (a) to (f) as contained in the reconciliation to adjusted net earnings below.

EBIT is a non-IFRS financial measure and reflects EBITDA adjusted for depreciation and amortisation and goodwill impairment charges.

Adjusted net earnings is a non-IFRS financial measure. It is calculated by excluding certain costs or credits relating to non-routine transactions from net profit attributed to owners of the parent. It includes other credit and charges that, individually or in aggregate, if of a similar type, are of a nature or size that requires explanation in order to provide additional insight into the underlying business performance. Adjusted net earnings and adjusted earnings per share have been calculated as follows:

(US$000)	Three months ended 30 September		Nine months ended 30 September	
(Unaudited)	2017	2016	2017	2016
Net earnings	16,038	52,787	78,581	46,659
Adjusted for:				
Restructuring costs[(a) 2]	15,399	800	18,703	2,925
One off legal settlements [(b)]	3,583	-	5,083	-
Insurance settlements[(c)]	-	(3,500)	-	(3,500)
Reduced operational costs[(d)3]	7,411	-	7,411	-
Discounting of indirect taxes[(e)]	-	-	-	(6,508)
Prior year tax positions recognised[(f) 1]	-	-	-	69,916
Tax impact of the above	(7,918)	811	(9,359)	173
Adjusted net earnings	**34,513**	**50,898**	**100,419**	**109,665**

[1] For the year ended 31 December 2016, US$69.9 million represents a provision raised for the implied impact of an adverse tax ruling made by the Tanzanian Court of Appeal with respect to historical tax assessments of Bulyanhulu. As reported in Q1 2016, the impact of the ruling was calculated for Bulyanhulu and extrapolated to North Mara and Tulawaka as well and covers results up to the end of 2015. On a site basis, US$35.1 million was raised for Bulyanhulu, US$30.4 million for North Mara and US$4.4 million for Tulawaka.
[2] Restructuring costs for Q3 2017 mainly consist of severance costs incurred as part of the Bulyanhulu reduced operations programme.
[3] Reduced operational costs for Q3 2017 relate primarily to one-off contractor exit costs and inventory writedowns incurred as part of the Bulyanhulu reduced operations programme.

Adjusted net earnings per share is a non-IFRS financial measure and is calculated by dividing adjusted net earnings by the weighted average number of Ordinary Shares in issue.

Free cash flow is a non-IFRS measure and represents the change in cash and cash equivalents in a given period.

Net cash is a non-IFRS measure and is calculated by deducting total borrowings from cash and cash equivalents.

Mining statistical information - the following describes certain line items used in Acacia's discussion of key performance indicators:

- Open pit material mined – measures in tonnes the total amount of open pit ore and waste mined.
- Underground ore tonnes hoisted – measures in tonnes the total amount of underground ore mined and hoisted.
- Underground ore tonnes trammed – measures in tonnes the total amount of underground ore mined and trammed.
- Total tonnes mined includes open pit material plus underground ore tonnes hoisted.
- Strip ratio – measures the ratio of waste-to-ore for open pit material mined.
- Ore milled – measures in tonnes the amount of ore material processed through the mill.
- Head grade – measures the metal content of mined ore going into a mill for processing.
- Milled recovery – measures the proportion of valuable metal physically recovered in the processing of ore. It is generally stated as a percentage of the metal recovered compared to the total metal originally present.