19 October 2018

Results for the 3 months ended 30 September 2018 (Unaudited)

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

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

"During the third quarter Acacia is pleased to have delivered a strong operational performance, producing 136,640 ounces of gold at an all-in sustaining cost ("AISC") of US$880 per ounce sold. This is a testament to the resilience and dedication of all of our people who continue to do their very best in the face of what is now an increasingly challenging operating environment in Tanzania," **said Peter Geleta, Interim CEO of Acacia**. "Having returned the Group to free cash generation during the second quarter of this year, I am also pleased to note that we have maintained this trend, remaining cash flow positive this quarter, with a net cash position of US$74 million. As a result of our consistently strong production performance in the year to date, we are now targeting production to be marginally in excess of 500,000 ounces for the full year. In line with our on-going cost reduction strategy, we have also steadily reduced our costs throughout the year and are now tracking towards the lower end of our AISC guidance range of US$935-985 per ounce."

Mr Geleta also stated: "Against this strong operating performance, I am, however, deeply concerned about the increasing risks to the safety and security of our people and the increasingly challenging operating environment in Tanzania which could impact the outlook for the business. I am particularly concerned with the criminal charges now being brought against several current or former employees over the past week, in connection with matters which are being raised in the arbitrations with the Government of Tanzania relating to Bulyanhulu and Buzwagi. We are seeking to engage with Barrick to understand how the recent significant escalations of Government actions against BGML, NMGML and PML and employees will be taken into account in any further direct discussions between Barrick and the Government. We will also be reaching out to the Government to seek the opportunity for direct dialogue regarding the ongoing disputes between the Government, the Company and the broader Acacia Group, and also to inform the Government that failing a negotiated resolution the Company may need to pursue claims under the relevant bilateral investment treaty."

Operational Highlights

- Gold production of 136,640 ounces was 29% lower than Q3 2017 but ahead of both Q1 2018 (120,981 ounces) and Q2 2018 (133,778 ounces)
- Gold sales of 135,875 ounces were in line with production
- Expect to exceed the upper end of our full year production guidance range (435,000 to 475,000 ounces) with production now expected to be marginally in excess of 500,000 ounces for the year
- AISC of US$880 per ounce sold was 6% below Q3 2017, 4% lower than Q2 2018 (US$918/oz) and 10% lower than Q1 2018 (US$976/oz), and is now tracking towards the lower end of the full-year guidance range of US$935-985 per ounce

Financial Highlights

- Q3 2018 revenue of US$165.6 million, 3% (US$5.0 million) lower than Q3 2017 due to lower realised gold prices and lower production
- EBITDA1 of US$44.6 million for the quarter, 11% down from Q3 2017 mainly due to lower revenue
- Net earnings of US$11.9 million (US2.9 cents per share), 26% down from US$16.0 million (US3.9 cents per share) in Q3 2017
- Cash generated from operating activities for the quarter of US$33.6 million was US$56.4 million higher than Q3 2017, mainly due to negative working capital outflows (US$65.3 million) which impacted Q3 2017
- Net cash1 of US$74 million, an increase of US$11 million during the quarter and an increase of US$65 million for the first 9 months of the year
- Cash balance was broadly flat on the prior quarter at US$117 million, including a loan repayment of US$14 million during the quarter
- Paid corporate income tax relating to North Mara of US$9.6 million, bringing year-to-date corporate tax paid to US$32.9 million that was fully offset against the VAT receivable

(Unaudited)	Three months ended 30 September 2018	2017	Nine months ended 30 September 2018	2017
Gold production (ounces)	136,640	191,203	391,399	619,406
Gold sold (ounces)	135,875	132,787	386,920	445,225
Cash cost (US$/ounce)[1]	670	616	690	588
AISC (US$/ounce)[1]	880	939	922	907
Net average realised gold price (US$/ounce)[1]	1,211	1,279	1,287	1,248
(in US$'000)				
Revenue	165,642	170,602	499,024	562,266
EBITDA [1]	44,562	50,302	178,132	211,717
Adjusted EBITDA[1]	44,562	76,695	136,162	242,914
Net earnings	11,850	16,038	42,727	78,581
Basic earnings per share (EPS) (cents)	2.9	3.9	10.4	19.2
Adjusted net earnings[1]	11,850	34,513	25,369	100,419
Adjusted net earnings per share (AEPS) (cents)[1]	2.9	8.4	6.2	24.5
Cash generated from/ (used in) operating activities	33,632	(22,784)	92,498	(21,469)
Capital expenditure[2]	23,001	35,619	74,287	128,075
Cash balance	117,036	95,321	117,036	95,321
Total borrowings	42,600	71,000	42,600	71,000

[1] These are non-IFRS measures. Refer to page 16 for definitions.
[2] Excludes non-cash capital adjustments (reclamation asset adjustments) and include finance lease purchases and land purchases recognised as long term prepayments.

Other Developments

Board Changes

During the quarter Acacia announced that Mr Kelvin Dushnisky had tendered his resignation as a non-executive director of Acacia, effective as at 31 August 2018, and from his position as Chair of the Board. This was further to the announcements made on 23 July 2018 by Barrick Gold Corporation ("Barrick") and by AngloGold Ashanti Limited ("AngloGold Ashanti"), respectively, of Kelvin's departure from Barrick as at the end of August 2018, and his appointments as CEO and as an Executive Director of AngloGold Ashanti, effective 31 August 2018.

Further to Kelvin's resignation, the Board of Acacia appointed Rachel English, previously one of Acacia's Independent Non-Executive Directors, as Interim Chair of the Board, with effect from 31 August 2018. The Company has commenced a search process for a new permanent Chair of the Board.

Update on Discussions between Barrick and the Government of Tanzania ("GoT")

Acacia continues to engage with Barrick to seek to understand Barrick's expectations for the future conduct and a timetable for the completion of its direct discussions with the GoT. While the Company remains excluded from these discussions, Acacia is not aware of any material developments or progress in the direct discussions and engagements between the GoT and Barrick through the quarter.

Any proposal received by Acacia in the future for a comprehensive resolution of the Company's disputes with the GoT that might be agreed in principle between Barrick and the GoT as a result of any such future discussions will be subject to review by the Independent Committee of the Acacia Board of Directors.

Operating Environment

Through the quarter, and over the first three weeks of October, our businesses and people in Tanzania have been exposed to an increasingly challenging operating environment, including ad hoc reviews of historical environmental issues at North Mara, a series of investigations and demands imposed on our people and businesses across a number of issues, and culminating in criminal charges being brought against our people and group companies over the past week (see below). Each of the recent charges relate to matters which are subject to or have been introduced into the existing contractual arbitrations with the GoT (see below). The Company is currently considering its legal position and is concerned about the increasing risks to the safety and security of its people.

International Arbitration

A negotiated resolution remains the preferred outcome to the Company's on-going disputes with the GoT.

In 2017, 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 each referred their disputes with the GoT to arbitration in accordance with the dispute resolution processes agreed by the GoT in its Mine Development Agreements with BGML and PML. The commencement of arbitration by BGML and PML was necessary to protect their respective rights and interests and to promote a sustainable resolution of disputes.

These contractual arbitration processes have continued through 2018, with a number of necessary procedural steps and with the GoT fully participating, including service of its defence last week. Each of the charges brought by the Government against Group companies and the Group's current and former employees to date relate to matters which are subject to or have been introduced into these existing contractual arbitrations with the GoT.

The Company notes that in light of the increasingly challenging operating environment, including the recent criminal charges, it will be reaching out directly to the Government to seek the opportunity for direct dialogue regarding our ongoing disputes, and the disputes between BGML, PML and NMGML, and also to inform the Government that failing a negotiated resolution the Company may need to pursue claims under the bilateral investment treaty between the United Republic of Tanzania and the United Kingdom.

Merger Announcement by Barrick and Randgold Resources

The Company notes the 24 September 2018 announcement by Barrick and Randgold Resources Limited ("Randgold") regarding a potential merger between the two companies. The Company has further noted that the potential transaction will be subject to the approval of both Barrick and Randgold shareholders in separate shareholder meetings to be held on or around 5 November 2018, and is expected to be effective by Q1 2019, subject to the satisfaction or waiver of all relevant conditions.

In Barrick's announcement on 24th September 2018, and its Circular to shareholders issued on 4th October 2018, Barrick referred to the Company's rights under its Relationship Agreement with Barrick with respect to the Proposal and to any future Barrick proposal to carry on gold or silver exploration activities in Africa, or any future Barrick proposal to acquire an African gold or silver mining business ("Pre-emption Rights").

The Company further notes that, following due consideration by a committee of its independent directors and with its advisors, the Company has advised Barrick that the Company will not exercise its Pre-emption Rights in respect of Randgold. The Company has reserved its position on the exercise of the Pre-emption Rights with respect to any future proposals by Barrick to acquire or increase any African gold or silver mining or exploration rights, irrespective of scale, that Barrick might consider in the future and in respect of which the Company's Pre-emptions Rights apply.

Update on Nyanzaga Project

On 6 September 2018, the Tanzanian Fair Competition Commission ("FCC") granted its approval for OreCorp Tanzania Limited (OreCorp Tanzania) to increase its interest in Nyanzaga Mining Company Limited ("NMCL") to 51%. This move remains subject to: (i) the approval of the newly established Mining Commission, the application for which was lodged at the same time as the application for FCC approval; and (ii) the future payment of US$3 million to the Acacia Group.

In addition, members of the OreCorp Group have now entered into a completion agreement with Acacia and other members of the Acacia Group to allow OreCorp Tanzania to move to 100% ownership of NMCL, and thereby 100% ownership of the Nyanzaga Gold Project (Project). This move remains subject to: (i) the Tanzanian regulatory approvals referred to above; (ii) the grant of the Special Mining Licence (SML) in respect of the Project; and (iii) the making of a future payment of US$7 million to the Acacia Group. Following completion Acacia will retain a net smelter return production royalty over the Project, capped at US$15 million.

Both OreCorp and Acacia believe that a simplified ownership structure of NMCL is beneficial to the future development of the Project and would enable it to be best placed to provide significant benefits to Tanzania and all stakeholders.

Asset Level Discussions with Chinese Interested Parties

As announced in February 2018, in response to a number of indicative expressions of interest to Acacia from Chinese companies,, the Company has engaged with a small number of parties to explore the potential sale of a stake in one or more of its Tanzanian assets. Noting some media reports published during the third quarter, Acacia confirms that the Company is not aware of any new material information regarding the future ownership of Acacia, any of its Tanzanian businesses or regarding Barrick's intentions for its 64% stake in the Company. Given that the timetable and successful completion of any discussions in relation to any such transaction are likely to be inextricably linked to the Company's ability to reach a comprehensive agreement with the GoT in order to settle historic disputes and provide a stable future operating environment, no significant progress is expected to be made on a potential transaction until there is a clearer picture of the likely outcomes of Barrick's discussions with the GoT.

Acacia remains committed to shareholder value and evaluates all opportunities against strict strategic and financial criteria. Any transaction will be pursued only if it is determined by Acacia's Board to be in the best interests of the Company. There is currently no certainty as to whether any agreement will be reached with any of the potential investors.

Bulyanhulu Reduced Operations and Optimisation Study Update

In Q3 2017, Acacia took the decision to place Bulyanhulu on reduced operations ("ROP") due to the unsustainable losses experienced at the mine due to the inability to export concentrate. This process was completed in Q4 2017. During Q3 2018, reduced operating costs amounted to US$6.6 million, compared to US$16.6 million in H1 2018, and mainly consisted of site overhead costs including labour, power, camp related costs, security costs and on-going maintenance related work.

Acacia has been taking the opportunity to progress essential capital spend of approximately US$7 million in 2018, primarily on the process plant, together with an optimisation study which is designed to ensure that when the mine restarts it does so in an optimised manner. The study work is progressing and is on track to be completed in early Q1 2019. Preliminary indications from the study suggest a focus on more continuous higher grade ore and therefore higher margin ounces which consequently may lead to a smaller initial reserve base than currently estimated. We expect to be in a position to provide further details during Q1 2019.

Contribution to Tanzania

Since the inception of its businesses, over 15 years ago, the Acacia Group and its predecessors have invested over US$4 billion into Tanzania and paid over US$1 billion in taxes and royalties. We remain committed to supporting efforts towards Tanzania's socio-economic advancement, including the realisation of the Government's Development Vision 2025.

As at the end of Q3 2018, Acacia had paid a total of US$97.9 million in taxes and royalties in the year to date. This is made up of provisional corporate tax payments for the year of US$28.7 million, a final 2017 corporate tax payment of US$4.2 million, royalties of US$38.4 million, payroll taxes of US$18.5 million and other taxes of US$8.2 million.

During the quarter, our Sustainable Communities initiatives contributed to tangible benefits for the local communities around our operations with the completion of a number of community projects supporting advancements in water and sanitation, education, health, and local infrastructure.

In July 2018 the Tanzanian Prime Minister officially opened Acacia-funded facilities in the locality of our Buzwagi mine, including the Mwendakulima Health Centre, the Kahama football stadium and a new girls' dormitory block at a local secondary school. Meanwhile our Bulyanhulu mine entered into an agreement with the local district council to contribute US$250,000 towards the construction of 32 medical dispensaries in support of the Government's health agenda for the region.

In late September, a national disaster saw the MV Nyerere ferry sink on Lake Victoria tragically claiming over 228 lives. Acacia donated 80 million Tanzanian shillings (approximately US$35,000) to the GoT in support of relief efforts. We also sent a team to assist in the rescue mission, as well as providing other support and medical equipment.

In terms of our daily operations in Tanzania, Acacia continues to progress a number of strategies within its Supply Chain function with a view to further increasing its annual spend with Tanzanian-owned businesses. Acacia has always maintained a policy of sourcing local first, where viable, and the plans form part of our continued efforts to grow our annual local spend. Based on our current plans, we expect that by Q1 2019 we will achieve a further 10% increase in our total annual spend with suppliers that are Tanzanian-owned. This will take the Group's annual spend with Tanzanian-owned businesses on goods and services – including construction materials, fuel and lubricants, as well as internet and security services – to US$170 million. Furthermore, if the Bulyanhulu mine were to restart in the future, and run at full capacity, we expect a significant further increase in our annual local spend. From 2016 to date the Acacia Group has spent US$500 million with Tanzanian-owned suppliers.

Indirect Taxation Update

The net indirect tax receivables balance increased during Q3 2018 from US$172.5 million at 30 June 2018 to US$175.2 million at 30 September 2018. This increase was driven by a further US$13.5 million of VAT outflows, for which no cash VAT refunds were received, offset by our third provisional corporate tax payment for 2018 relating to North Mara of US$9.6 million and foreign exchange revaluation losses and other adjustments of US$1.2 million. The provisional corporate tax payments have been offset against indirect tax receivables in line with an existing agreement with the Tanzanian Revenue Authority.

As previously disclosed, Tanzania's new mining legislation includes an Amendment to the VAT Act 2015 to the effect that no input tax credit can be claimed for the exportation of "raw minerals", with effect from 20 July 2017. Bulyanhulu, Buzwagi and North Mara have each received notices from the Tanzania Revenue Authority that they are not eligible for any VAT relief from July 2017 onwards on the basis that all production (both doré and concentrate) constitutes "raw minerals" for this purpose. The total VAT claims submitted since July 2017 amount to approximately US$76 million. We have disputed this interpretation of the legislation as a matter of Tanzanian law, while this is also a matter that is in contravention of the relevant terms of our MDAs with the GoT and subject to our on-going disputes with the GoT.

Recent Charges Brought by the Tanzanian Prevention and Combating of Corruption Bureau ("PCCB") Against Current and Former Employees

Post-period end, on 10 October 2018, one of the Group's employees in Tanzania, a South African national, was charged by the Tanzanian Prevention and Combating of Corruption Bureau (PCCB) with an offence under the Tanzanian Prevention and Combating of Corruption Act. The employee has pleaded not guilty, and been granted bail. The charges relate to the historical activities of a Land Task Force (LTF) conceived and agreed between the GoT and North Mara Gold Mine Limited (NMGML) in 2012 to create a transparent, safe, fair and inclusive process for valuing land that might be purchased by agreement around the North Mara mine, and which operated between 2013 and 2015.

The Company notes that the employee who has been charged was not involved in the LTF process, and appears to have been charged due to his being responsible for signing cheques for approved payments made by NMGML at the time, including a cheque regarding the agreed LTF process in 2013. Two former government officials were charged in connection with receiving funds paid by NMGML through the same transaction, while a former employee of NMGML, who left the Group in 2013, was named in connection with the transaction but the Company does not believe he has been charged.

The Company further notes that the PCCB laid additional charges against a number of government officials in connection with their relationships with NMGML and North Mara, one of which also relates to the LTF exercise, but no further charges were laid against NMGML or any other of the Group's employees. The Company notes that historical allegations and issues around the creation and implementation of the LTF at North Mara from 2013 to 2015 have been subsequently investigated over the past four years, including by the PCCB itself since early 2017, and NMGML and the Company have been working with and assisting the responsible authorities throughout.

Also post period-end the Company announced on 17 October that a current and a former employee of its Tanzanian businesses, together with three individual companies, were charged by the PCCB with a number of different offences including breaches of the Tanzanian Anti-Money Laundering Act. Each of the companies and both the current employee and the former employee have pleaded not guilty to all charges. The Company notes with concern that under Tanzanian law offences under the Anti-Money Laundering Act are not bailable, and, accordingly, the accused have not been released on bail.

The Company is in the process of analysing the charges brought by the PCCB, and will be able to comment further once more details are known. A total of 39 charges have been brought, either against the current and the former employee and/or against one or more of the Company's operating subsidiaries in Tanzania, Pangea Minerals Limited ("PML"), Bulyanhulu Gold Mine Limited ("BGML") and North Mara Gold Mine Limited ("NMGML"), as well as a Canadian company, Explorations Minieres du Nord Ltd. The majority of the 39 charges and allegations brought by the PCCB appear to relate to the historical structuring and financing of PML, BGML and NMGML dating back as far as 2008, prior to the creation of the Acacia Group. The charges are wide ranging and include: tax evasion; conspiracy; a charge under organised crime legislation; forgery; money laundering and corruption.

The great majority of the allegations in the criminal proceedings by the GoT relate to matters already being considered in the arbitrations commenced by BGML and PML in July 2017 regarding their disputes with the GoT under their respective MDAs, which are progressing towards a hearing and in which the GoT are fully participating.

As the Company has previously announced, the PCCB have been reported in Tanzanian media to have stated that the arrests and charges on 17th October formed part of their "ongoing investigation into natural resources exploitation" and as part of the "war that the government is waging in the Minerals sector", and alleged that the two people arrested and later charged had "occasioned the Government losses". Acacia is committed to running its business to the highest ethical standards and is taking these matters extremely seriously.

Outlook

We are pleased to report a strong operational performance for the year to date, delivering 391,000 gold ounces in the nine months to the end of September 2018. As a result, we expect to exceed the upper end of our full year production guidance range of 435,000 to 475,000 ounces and are now targeting production to be marginally in excess of 500,000 ounces for the full year.

In line with our clear cost reduction strategy, we have also steadily reduced our costs throughout the year and are now tracking towards the lower end of our AISC guidance range of US$935-985 per ounce and cash costs per ounce of between US$690-720 per ounce. Year to date capital expenditure amounted to US$74 million, in line with expectations, and we continue to expect full year group capital expenditure of approximately US$100 million. While the strong operational performance through the quarter has demonstrated the operating resilience of our businesses and our people, the Company is, however, concerned regarding the increasingly challenging operating environment and the increasing risks to the safety and security of itspeople. The Company is seeking to engage with Barrick to understand how the recent significant escalations of Government actions against BGML, NMGML and PML and employees will be taken into account in any further direct discussions between Barrick and the GoT. Pending any comprehensive and sustainable resolution of the situation, the Company and Group companies will continue to seek to protect the interests of all stakeholders through the existing contractual arbitrations, and through direct engagements with the Government in the context of the Company's bilateral investment treaty rights.

Key Statistics

(Unaudited)		Three months ended 30 September 2018	Three months ended 30 September 2017	Nine months ended 30 September 2018	Nine months ended 30 September 2017
Tonnes mined	Kt	4,416	8,608	12,601	26,647
Ore tonnes mined	Kt	1,085	4,221	2,764	11,433
Ore tonnes processed incl. tailings reclaim	Kt	2,373	2,004	6,943	6,864
Process recovery rate incl. tailings reclaim	%	87.3%	90.9%	87.1%	90.0%
Head grade incl. tailings reclaim	g/t	2.1	3.3	2.0	3.1
Ore tonnes processed excl. tailings reclaim	Kt	1,875	1,922	5,541	5,959
Process recovery rate excl. tailings reclaim	%	92.4%	91.7%	91.8%	92.7%
Head grade excl. tailings reclaim	g/t	2.3	3.3	2.2	3.4
Gold production	oz	136,640	191,203	391,399	619,406
Gold sold	oz	135,875	132,787	386,920	445,225
Copper production	Klbs	-	3,832	-	12,897
Copper sold	Klbs	-	37	-	1,341
Cash cost per tonne milled excl. tailings reclaim[1]	US$/t	46	41	46	42
Cash cost per tonne milled incl. tailings reclaim[1]	US$/t	38	41	38	38
Per ounce data					
Average spot gold price[2]	US$/oz	1,213	1,278	1,282	1,251
Net average realised gold price[1]	US$/oz	1,211	1,279	1,287	1,248
Total cash cost[1]	US$/oz	670	616	690	588
All-in sustaining cost[1]	US$/oz	880	939	922	907
Average realised copper price	US$/lbs	-	2.68	-	2.98

Financial results

(Unaudited, in US$'000 unless otherwise stated)	Three months ended 30 September 2018	Three months ended 30 September 2017	Nine months ended 30 September 2018	Nine months ended 30 September 2017
Revenue	165,642	170,602	499,024	562,266
Cost of sales	(113,119)	(105,538)	(334,345)	(349,505)
Gross profit	52,523	65,064	164,679	212,761
Corporate administration	(6,336)	(6,780)	(17,640)	(19,300)
Share based payments	(177)	637	1,229	8,422
Exploration and evaluation costs	(3,350)	(5,295)	(10,581)	(21,445)
Corporate social responsibility expenses	(2,130)	(2,120)	(5,213)	(5,859)
Impairment charges	-	-	(24,234)	-
Other charges	(16,945)	(24,186)	(20,566)	(43,803)
Profit before net finance expense and taxation	23,585	27,320	87,674	130,776
Finance income	234	261	1,042	1,804
Finance expense	(2,172)	(2,982)	(10,412)	(8,436)
Profit before taxation	21,647	24,599	78,304	124,144
Tax expense	(9,797)	(8,561)	(35,577)	(45,563)
Net profit for the period	11,850	16,038	42,727	78,581

[1] These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non IFRS measures" on page 16 for definitions.
[2] Reflect the London PM fix price.

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 the UK holding company of the Acacia Group, Tanzania's largest gold miner and one of the largest producers of gold in Africa. The Acacia Group has three mines, all located in north-west Tanzania: Bulyanhulu, which is owned and operated by Bulyanhulu Gold Mine Limited, Buzwagi, which is owned and operated by Pangea Minerals Limited and North Mara, which is owned and operated by North Mara Gold Mine Limited.

The Acacia Group also has 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 announcement.

Conference call

A conference call on our Q3 results will be held for analysts and investors at 09:00 BST today. The access details for the conference call are as follows:

Participant dial in:	+44 (0)20 3936 2999
Participant access code:	30 43 00

A replay of the call will be available for 7 days

Replay dial in:	+ 44 (0)20 3936 3001
Access code:	772251

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 on-going 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

The Group achieved gold production for the third quarter of 136,640 ounces, ahead of both production in Q1 2018 (120,981 ounces) and Q2 2018 (133,778 ounces), and demonstrating a consistently strong production performance in the year to date. Although, on a year on year basis, Q3 2018 production was 29% lower than Q3 2017 (191,203 ounces), this was primarily attributable to the move to reduced operations at Bulyanhulu and to stockpile processing at Buzwagi in 2018. This was partly offset by higher gold production at North Mara driven by higher head grades. Production for the quarter exceeded management expectations due to strong production performances across all three sites. Gold sold for the quarter of 135,875 ounces was broadly in line with production.

North Mara's production of 89,287 gold ounces for the quarter was 24% higher than Q3 2017 (72,011 ounces) mainly due to 24% higher head grades compared to Q3 2017, primarily driven by higher grade ore received from the eastern part of the Nyabirama open pit. Gold sold of 89,475 ounces for the quarter was in line with production and 20% higher than in Q3 2017. AISC of US$814 per ounce sold was 6% lower than in Q3 2017 (US$864/oz) as a result of higher production, partly offset by higher cash costs.

At Buzwagi, gold production of 36,460 ounces for Q3 2018 was 47% lower than in Q3 2017 (69,097 ounces), as a result of the mine transitioning to a lower grade stockpile processing operation in 2018 in line with its remaining life of mine plan. Mining of the final cut of higher grade ore at the bottom of the pit commenced during the quarter, resulting in slightly higher than expected production, and is due to be completed in Q4. Gold sold for the quarter of 35,570 ounces was in line with production and 11% higher than Q3 2017 due to the inability to sell concentrate following the export ban which partially impacted Q3 2017 and the decision, taken in September 2017, to produce gold solely in doré form going forward. AISC per ounce sold of US$1,018 was 46% higher than Q3 2017, mainly driven by higher cash costs due to the lower production base and drawdown in ore inventory as a result of lower grade stockpile processing, partly offset by lower sustaining capital spend and lower corporate administration cost allocations.

Bulyanhulu produced 10,893 gold ounces for the quarter, 78% below Q3 2017 (50,094 ounces). During the quarter all production continued to be produced from the retreatment of tailings as a result of the underground mine being placed on reduced operations in late 2017. Gold sold for the quarter of 10,830 ounces was in line with production. AISC per ounce sold for the quarter of US$727 was 47% lower than Q3 2017 (US$1,365/oz) driven by reduced capital and operating spend, partly offset by the lower production base, but excludes reduced operations costs of US$6.6 million.

Total tonnes mined during the quarter were 4.4 million tonnes, 49% lower than Q3 2017, mainly as a result of the transition to a stockpile processing operation at Buzwagi and the halting of all underground mining at Bulyanhulu. Tonnes mined at North Mara were in line with the prior year. Total ore tonnes mined of 1.1 million tonnes were 74% lower than Q3 2017, primarily due to the cessation of mining activities at Buzwagi and Bulyanhulu, although 0.2 million tonnes was mined at Buzwagi.

Ore tonnes processed for the quarter of 2.4 million tonnes were 18% higher than the comparative period in 2017, mainly driven by the higher tonnes processed at Bulyanhulu, after production from reprocessed tailings was temporarily halted due to water shortages in Q3 2017, as well as higher tonnes processed at Buzwagi. Head grade for the quarter (excluding tailings retreatment) of 2.3g/t, was 30% lower than Q3 2017 (3.3g/t) due to the lower grade stockpile processing at Buzwagi, partly offset by higher head grades at North Mara as a result of higher grades received from the open pit mine.

Cash costs of US$670 per ounce sold for the quarter were 9% higher than in Q3 2017, primarily due to:

- The drawdown of ore stockpiles at Buzwagi and a lower build-up in finished gold inventory compared to Q3 2017 (US$390/oz), given Q3 2017 was impacted by the build- up of finished gold inventory as a result of the concentrate export ban.

This was partly offset by:

- Savings in direct mining costs (US$311/oz) driven by the cessation of mining activities at Buzwagi and Bulyanhulu, partly offset by higher direct mining costs at North Mara, and lower sales related costs (US$5/oz) driven by lower sales volumes; and
- The higher production base at North Mara (US$14/oz).

All-in sustaining cost of US$880 per ounce sold for the quarter was 6% lower than in Q3 2017, mainly due to lower capitalised development costs relating to Bulyanhulu and North Mara (US$84/oz) and the lower sustaining capital spend at Bulyanhulu and Buzwagi (US$21/oz), partly offset by higher cash costs (refer to above) (US$54/oz).

Cash generated from operating activities totalled US$33.6 million for the quarter, an increase of US$56.4 million over Q3 2017 (US$22.8 million outflow), and was mainly due to negative working capital outflows (US$65.3 million) which impacted Q3 2017 relating to the build-up of concentrate stock on hand, partly offset by lower EBITDA (US$5.7 million).

Capital expenditure for the quarter amounted to US$23.0 million compared to US$35.6 million in Q3 2017, a decrease of 35%. Capital expenditure primarily comprised of capitalised development and waste stripping (US$11.3 million), mobile equipment and component change-outs (US$3.5 million) and capitalised drilling (US$2.8 million), all at North Mara, as well as the Bulyanhulu optimisation study costs (US$0.9 million), asset integrity work to Bulyanhulu's processing facilities (US$0.7 million) and the investment in Buzwagi's tailing storage facility (US$0.3 million).

Mine Site Review

North Mara

Key statistics

(Unaudited)		Three months ended 30 September 2018	Three months ended 30 September 2017	Nine months ended 30 September 2018	Nine months ended 30 September 2017
Key operational information:					
Ounces produced	oz	89,287	72,011	251,976	251,589
Ounces sold	oz	89,475	74,585	248,345	252,715
Cash cost per ounce sold[1]	US$/oz	572	550	582	473
AISC per ounce sold[1]	US$/oz	814	864	871	774
Open pit:					
Tonnes mined	Kt	4,035	3,977	11,849	11,727
Ore tonnes mined	Kt	713	813	2,021	2,349
Mine grade	g/t	2.0	1.6	2.0	1.8
Underground:					
Ore tonnes trammed	Kt	202	185	573	501
Mine grade	g/t	7.4	7.9	7.8	8.6
Processing information:					
Ore milled	Kt	709	714	2,119	2,133
Head grade	g/t	4.2	3.4	4.0	4.0
Mill recovery	%	93.2%	91.5%	92.8%	92.2%
Cash cost per tonne milled[1]	US$/t	72	57	68	56
Capital Expenditure					
- Sustaining capital[2]	US$('000)	6,303	5,016	19,984	17,193
- Capitalised development	US$('000)	11,258	14,456	39,190	47,738
- Expansionary capital	US$('000)	2,780	2,442	6,448	6,931
		20,341	**21,914**	**65,622**	**71,862**
- Non-cash reclamation asset adjustments	US$('000)	(1,254)	430	(2,419)	374
Total capital expenditure	US$('000)	**19,087**	**22,344**	**63,203**	**72,236**

[1]These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to 'Non-IFRS measures" on page 16 for definitions.
[2] Includes land purchases recognised as long term prepayments.

Operating performance

Gold production for the quarter of 89,287 ounces was 24% higher than Q3 2017 (72,011 ounces), driven by 24% higher head grades as a result of higher grades received from the eastern part of Nyabirama open pit and the impact of good plant recovery rates. Gold ounces sold for the quarter of 89,475 ounces was broadly in line with production and 20% higher than in Q3 2017.

Cash costs of US$572 per ounce sold were 4% higher than Q3 2017 (US$550/oz), mainly driven by higher direct mining costs (US$96/oz), largely due to lower capitalised stripping costs driven by a lower strip ratio in Nyabirama pit Stage 4, higher consumables, maintenance and external services costs; as well as higher sales-related costs linked to the increase in the royalty rate and the higher sales base (US$21/oz). This was partly offset by the higher production base (US$91/oz).

AISC of US$814 per ounce sold was 6% lower than in Q3 2017 (US$864/oz) primarily as a result of the positive impact of higher sales volumes on individual cost items (US$52/oz) and lower capitalised stripping costs driven by a lower strip ratio in Nyabirama pit Stage 4 (US$36/oz), partly offset by higher cash costs discussed above (US$22/oz) and higher sustaining capital spend (US$14/oz).

Total tonnes mined of 4.2 million tonnes were in line with Q3 2017. Waste tonnes moved were 5% higher than the prior year quarter and ore tonnes mined were 8% below 2017, driven by lower ore tonnes mined at the open pit.

We continued to undertake drilling programmes at Gokona during the period as we look to demonstrate the long term potential of the deposit, while a pre-feasibility study is underway at Nyabirama in tandem with the permitting for an underground exploration decline as we explore the potential for a second underground mine at North Mara (refer to the Exploration Review section for more detail).

Capital expenditure for the period before reclamation adjustments amounted to US$20.3 million, 7% lower than in Q3 2017 (US$21.9 million). Key capital expenditure included capitalised stripping costs (US$6.8 million), capitalised underground development costs (US$4.5 million), capitalised drilling mainly for reserve and resource development at Gokona underground (US$2.8 million), investment in mobile equipment and component change-outs (US$3.5 million) and investment in fixed equipment and infrastructure (US$0.9 million).

Buzwagi

Key statistics

(Unaudited)		Three months ended 30 September 2018	Three months ended 30 September 2017	Nine months ended 30 September 2018	Nine months ended 30 September 2017
Key operational information:					
Ounces produced	oz	36,460	69,097	109,560	195,181
Ounces sold	oz	35,570	31,938	107,875	85,032
Cash cost per ounce sold[1]	US$/oz	950	564	960	647
AISC per ounce sold[1]	US$/oz	1,018	695	1,031	742
Copper production	Klbs	-	2,738	-	8,991
Copper sold	Klbs	-	47	-	752
Mining information:					
Tonnes mined	Kt	179	4,259	179	13,823
Ore tonnes mined	Kt	170	3,037	170	7,988
Processing information:					
Ore milled	Kt	1,165	1,020	3,421	3,215
Head grade	g/t	1.1	2.2	1.1	2.0
Mill recovery	%	90.5%	94.0%	89.7%	95.7%
Cash cost per tonne milled[1]	US$/t	29	18	30	17
Capital Expenditure					
- Sustaining capital	US$('000)	686	2,238	2,867	3,103
- Non-cash reclamation asset adjustments	US$('000)	(338)	215	34	214
Total capital expenditure	US$('000)	**348**	**2,453**	**2,901**	**3,317**

[1]These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non-IFRS measures" on page 16 for definitions.

Operating performance

Gold production for the quarter of 36,460 ounces was 47% lower than the comparative period in 2017 as a result of Buzwagi transitioning primarily to a lower grade stockpile processing operation compared to the processing of run-of-mine ore in the previous period. Mining of the final cut of higher grade ore at the bottom of the pit commenced during the quarter, resulting in slightly higher than expected production, and is due to be completed in Q4. Gold sold for the quarter of 35,570 ounces was in line with production and 11% higher than Q3 2017 due to the inability to sell concentrate following the export ban which partially impacted Q3 2017 and the decision, taken in September 2017, to produce gold solely in doré form going forward.

Cash costs for the quarter of US$950 per ounce sold were 68% higher than Q3 2017 (US$564/oz) due to the higher average cost valuation relating to the drawdown of lower grade stockpiles compared to the higher grade mining ounces in Q3 2017.

AISC per ounce sold of US$1,018 was 46% higher than Q3 2017 of US$695/oz, primarily driven by higher cash costs as explained above (US$386/oz), partly offset by lower sustaining capital spend (US$44/oz) and lower corporate cost allocations (US$16/oz).

Capital expenditure before reclamation adjustments amounted to US$0.7 million, 69% lower than Q3 2017 (US$2.2 million), mainly consisting of processing facilities upgrades (US$0.4 million) and the expansion of the tailings storage facilities which started late in 2017 (US$0.3 million).

Bulyanhulu

Key statistics

(Unaudited)		Three months ended 30 September 2018	Three months ended 30 September 2017	Nine months ended 30 September 2018	Nine months ended 30 September 2017
Key operational information:					
Ounces produced	oz	10,893	50,094	29,863	172,636
Ounces sold	oz	10,830	26,265	30,700	107,479
Cash cost per ounce sold[1]	US$/oz	564	863	617	812
AISC per ounce sold[1]	US$/oz	727	1,365	792	1,346
Copper production	Klbs	-	1,095	-	3,906
Copper sold[2]	Klbs	-	(11)	-	588
Run-of-mine:					
Underground ore tonnes hoisted	Kt	-	187	-	596
Ore milled	Kt	-	189	-	612
Head grade	g/t	-	9.0	-	8.6
Mill recovery	%	-	88.9%	-	90.1%
Ounces produced	oz	-	48,683	-	153,279
Cash cost per tonne milled[1]	US$/t	-	104	-	124
Reprocessed tailings:					
Ore milled	Kt	498	82	1,402	905
Head grade	g/t	1.3	1.3	1.2	1.4
Mill recovery	%	53.3%	42.0%	53.7%	46.8%
Ounces produced	oz	10,893	1,411	29,863	19,356
Capital Expenditure					
- Sustaining capital	US$('000)	506	2,881	2,615	11,480
- Capitalised development	US$('000)	-	8,152	-	39,206
- Expansionary capital	US$('000)	1,385	57	2,919	1,039
		1,891	**11,090**	**5,534**	**51,725**
- Non-cash reclamation asset adjustments	US$('000)	(1,394)	386	(3,140)	577
Total capital expenditure	**US$('000)**	**497**	**11,476**	**2,394**	**52,302**

[1]These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to 'Non-IFRS measures" on page 16 for definitions.

[2] Negative sales quantities in 2017 relate to the reversal of sales recorded during Q3 2017.

Operating performance

Gold production for Q3 2018 of 10,893 ounces was 78% lower than the same period in 2017 as a result of the decision to transition to reduced operations at Bulyanhulu. Production consisted solely of the reprocessing of tailings and was 9,482 ounces higher than Q3 2017 which was negatively impacted by a drought in the Kahama district and resulted in a temporary halt in production. Gold sold for the quarter of 10,830 ounces was 59% lower than Q3 2017 but in line with the lower production base.

Cash costs of US$564 per ounce sold were 35% lower than Q3 2017 (US$863), mainly due to lower direct mining costs compared to the prior year period as a result of Bulyanhulu being on reduced operations as well as lower sales-related costs driven by lower sales volumes and partly offset by the lower production base.

AISC per ounce sold for the period of US$727 was 47% lower than the comparative period in 2017 (US$1,365/oz), driven by reduced capital spend, lower operating costs and lower corporate cost allocations, partly offset by the lower production base, but excludes reduced operations costs of US$6.6 million for the quarter.

Capital expenditure for the quarter before reclamation adjustments amounted to US$1.9 million, significantly lower than Q3 2017 (US$11.1 million) due to Bulyanhulu being on reduced operations and includes the Bulyanhulu optimisation study costs (US$0.9 million) and asset integrity work to the processing facilities (US$0.7 million).

Exploration Review

Brownfield Exploration

North Mara – Gokona Underground

A total of 15,929 metres of extension and infill drilling were completed by four rigs at Gokona Underground during Q3 2018, with a further 13 holes for 3,339 metres of grade control drilling also undertaken. Drilling continued to define the deeper parts of the Central Zone below the 1000mRL elevation; with significant intercepts returned during the quarter including:

- UGKD494 6.0m @ 14.0 g/t Au from 165m; and
  10.0m @ 5.1 g/t Au from 398m
- UGKD495 5.0m @ 12.5 g/t Au from 233m
- UGKD503 25.0m @ 4.6 g/t Au from 269m
- UGKD512 12.0m @ 4.7 g/t Au from 290m
- UGKD497 6.0m @ 18.9 g/t Au from 190m
- UGKD498 23.0m @ 5.3 g/t Au from 173m
- UGKD499 31.0m @ 7.0 g/t Au from 194m
- UGKD514 14.0m @ 7.5 g/t Au from 204m; and
  9.8m @ 8.6 g/t Au from 241m; and
  11.0m @ 13.7 g/t Au from 263m
- UGKD516 22.0m @ 5.0 g/t Au from 84m; and
  19.0m @ 6.7 g/t Au from 222m
- UGKD525 6.0m @ 9.9 g/t Au from 361m; and
  16.0m @ 5.4 g/t Au from 396m

The drilling programme also tested the deeper East Zone during the quarter, where it has been offset to the west of the Gokona Fault. Several highly significant intercepts were returned with numerous occurrences of visible gold; most notably from UGKD510 intersecting 23m @ 110.2g/t Au approximately 400m deeper than the current East Decline development.

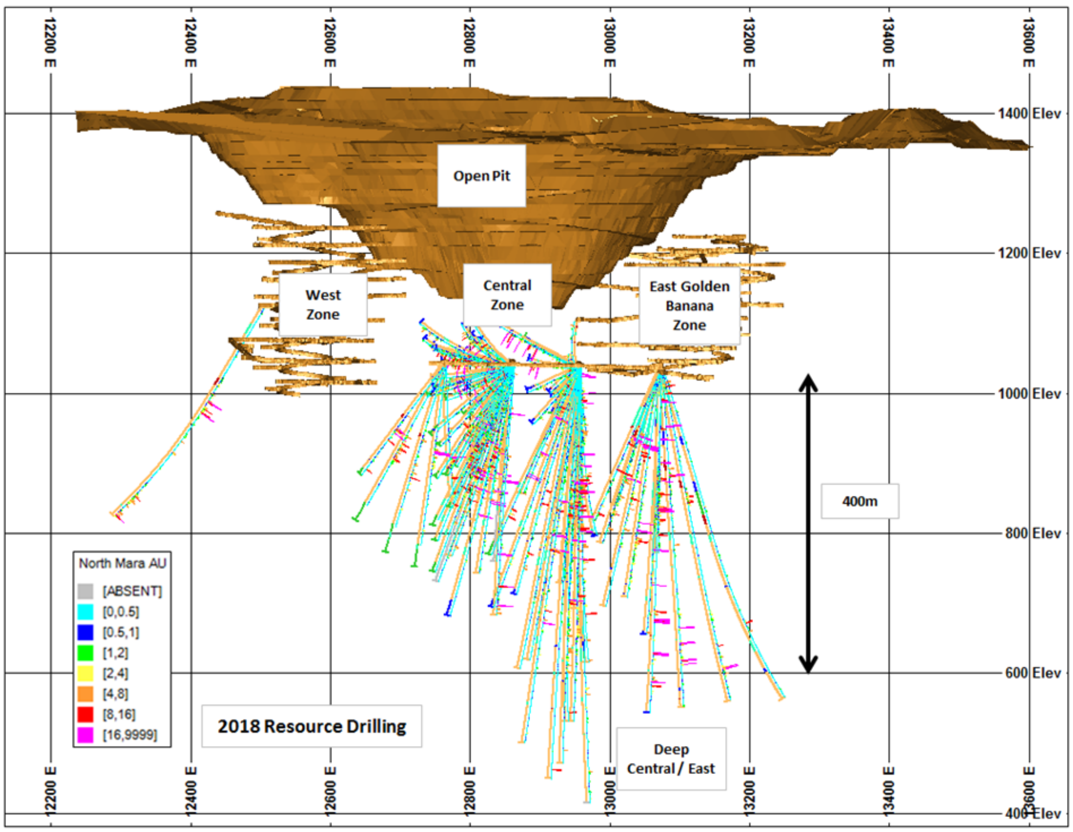
- UGKD501 20.0m @ 5.0 g/t Au from 564m
- UGKD502 19.0m @ 8.8 g/t Au from 179m; and
  7.0m @ 8.0 g/t Au from 479m; and
  10.0m @ 14.1 g/t Au from 505m; and
  18.0m @ 17.9 g/t Au from 537m
- UGKD509 9.0m @ 9.1 g/t Au from 214m
- UGKD510 23.0m @ 110.2 g/t Au from 426m; and
  6.0m @ 14.9 g/t Au from 502m
- UGKD517 40.0m @ 4.6 g/t Au from 202m
- UGKD518 12.0m @ 5.5 g/t Au from 201m
- UGKD519 21.0m @ 19.9 g/t Au from 121m
- UGKD521 18.0m @ 5.0 g/t Au from 115m
- UGKD532 22.0m @ 4.5 g/t Au from 248m

Further deep holes are planned to be drilled into the lower East area during Q4.

Drilling also continued to test the lower grade West Zone below the 1000mRL elevation, with several more significant intercepts returned:

- UKGC_01074 12.0m @ 8.6 g/t Au from 125m
- UKGC_01076 10.0m @ 6.0 g/t Au from 197m; and
  24.0m @ 8.7 g/t Au from 318m
- UKGC_01078 12.0m @ 10.3 g/t Au from 134m
- UKGC_01080 10.0m @ 12.0 g/t Au from 208m
- UKGC_01081 28.0m @ 3.0 g/t Au from 180m
- UKGC_01082 24.0m @ 3.3 g/t Au from 127m
- UKGC_01083 26.0m @ 3.8 g/t Au from 169m
- UKGC_01084 16.0m @ 9.0 g/t Au from 281m

Gokona Underground Diamond Drilling 2018



Greenfield Exploration

Acacia sees greenfield exploration as integral to our future growth strategy and commenced an exploration portfolio review during the quarter ahead of our 2019 business planning process in order to further target and refine our exploration spend in 2019.

Kenya

Two diamond rigs operated across the Western Kenya Project during the quarter with 15 holes drilled totalling 5087 metres. In addition, prospect scale geological mapping and multi-element soil geochemical surveys continued.

Liranda Corridor

In May 2017 a maiden resource of 1.31 million ounces of gold at 12.1 grams per tonne was declared for the Isulu prospect. This resource was unconstrained.

A scoping study was completed in September 2018 and indicates a reduction in the mineable portion of the resource to 4.7 Mt at 5.92 g/t Au (fully diluted) containing 894 koz gold with a proposed mining scenario giving an ore production rate of 400-500 kt/y using mechanised mining and treated through conventional gravity and CIL processing. However, the resource can potentially improve with further drilling and the opportunity exists for the deposit to be mined using conventional mining methods, which are typically used in 'small scale' mines. Therefore, Acacia will look at different options and explore the possibility of bringing in a partner who has the necessary conventional mining expertise to take the project forward.

The Isulu South East and GAP targets

During the quarter drill testing of the Isulu South East Prospect and the so-called GAP target (a blind target between Isulu and Bushiangala) was completed. The Isulu South East target was based on soil geochemistry and structural interpretation. The GAP target followed up on a strong VTEM anomaly pointing to a mineralised intrusive body associated with a distinct hydrothermal leakage soil anomaly of possible pathfinder elements. The purpose was to identify possible satellite bodies in the vicinity of a hypothetical Isulu mine. Three diamond holes totaling 1117 metres were drilled into the Isulu South East target and another 3 holes, totaling 1264 metres, into the GAP target.

Mineralisation at Isulu South East is associated with sulfides (pyrite, pyrrhotite, arsenopyrite and chalcopyrite), quartz carbonate veining, sericite and minor green mica alteration. Assays returned broad zones of lower-grade mineralisation including some medium-grade intervals: (1)

- LCD0206: 20.5m @ 1.13 g/t Au from 44m; 1m @ 3.68g/ Au from 62.5m
- LCD0209: 31.8m @ 1.29g/t Au from 201m incl. 7.7m @ 3.05 g/t Au from 207
- LCD0210: 13.5m @ 0.90 g/t Au from 281m incl of 1m @ 7.56g/t Au from 281m
- LCD0213: 0.5m @ 1.05 g/t Au from 231.6m and 0.6m @ 1.16 g/t Au from 235.5m,

1.4m @ 4.4 g/t Au from 374.6m and 0.6m @ 1.68 g/t Au from 383m

- LCD0216: 1m @1.81 g/t Au from 113.5m.

The intersected mineralisation is non-economic for an underground scenario and drilling was stopped.

(1) The first three holes were drilled in Q2 but assays only became available in Q3

Drilling on the GAP target started at the end of June and was completed in August 2018. No intrusive was intersected at the modeled depth of 500 metres. Several wide and weakly mineralised shear zones were intersected. The best grade was LCD0214 (IBG): 0.5m @ 1.15 g/t Au from 408.80m and on this basis no follow up can be recommended.

Lake Zone

The Ramba-Lumba target is characterised by multiple parallel and anastomosing shear structures and quartz veins mapped in a >3km long and up to 600m wide corridor. The shallow parts of the mineralised shears were partially mined in the 1980-1990s.

Based on the encouraging results of the DD holes which totalled 1604 metres drilled in Q2, a follow-up drilling programme commenced in August. Nine diamond drill holes totalling 2738 metres have been drilled to follow-up recent significant intercepts and test strike the dip/plunge extensions of the mineralisation. The assay results from this are still awaited.

Burkina Faso

During Q3 we continued to explore our four joint-venture properties covering over 2,700km² in the highly prospective Houndé Belt in southwest Burkina Faso. Due to the onset of the rainy season at the end of July, no fieldwork was carried out during the months of August and September.

South Houndé JV (Sarama Resources Limited) – current interest 50%

Tankoro Corridor- MM and MC Zones

During the first half of the year SRK Consulting (UK) Limited ("SRK") were contracted to update the mineral resource estimation, based on the new 3D geology model with work still ongoing.

Central Houndé JV (Thor Explorations Limited) – current interest 51%, next stage earn-in to 80%

Detailed field geological mapping and rock-chip sampling continued on the Légué-Bongui Corridor and on the Ouéré soil anomaly. Regional soil sampling identified a number of anomalies.

The programme for the remainder of the year on the Central Houndé project comprises 5000 metres of air-core drilling to test the continuity of the gold mineralisation along the strike and to test recently identified soil anomalies. The drilling will be converted to RC where ground conditions are not suitable. For logistical reasons, drilling at Central Houndé will be conducted in Q4 after the wet season finishes.

Pinarello & Konkolikan JV (Canyon Resources Limited) – 100% interest

The air-core drilling programme started on the Western part of the Tangolobé target in June 2018 and was completed on 27th July. A total of 9,940 metres were drilled, returning only one significant result (2m @ 1.11 from 36m at Dafala).

Frontier JV (Metallor SA) – earning 100% through option payments

No field work was conducted on the Frontier project in Q3. A number of strong targets have already been identified and these will be followed up in Q4 with 6,000 metres of air-core drilling.

Mali

Due to the early onset of the rainy season during Q3, only limited field work could be conducted on our properties in the highly prospective Senegal-Mali Shear Zone (SMSZ) in southwest Mali. Acacia currently manages two joint ventures and holds one permit covering a total of 191km².

Tintinba-Bané Project JV (Demba Camara and Cadem Gold) – 100% interest

A drilling programme that started in mid-June had to be stopped in early July due to the onset of the rainy season. Only 2730 metres of a total planned 5000 metres could be drilled during the quarter with the remainder scheduled for drilling after the rainy seasons during Q4. Boubou JV (Mande Empire) – earning 100% through option payments

No fieldwork was carried out during Q3.The results of a regional soil sampling survey have been received. Two strong NE striking soil anomalies of > 80 ppb Au, supported by As assays were observed. The anomalies have a strike extent in excess of 1 km. Infill sampling and mapping is planned during Q4.

Gourbassi Est – 100% Acacia (ABG Exploration Mali SARL)

No fieldwork was carried out during Q3. All outstanding soil assay results were received during the period and a strong >80 ppm Au, NNE striking, soil anomaly was identified in the western portion of the tenement. The soil anomaly has a strike length of approximately 3km. Multi element analysis and detailed mapping is planned for Q4.

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 but 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$000)	Three months ended 30 September		Nine months ended 30 September	
(Unaudited)	2018	2017	2018	2017
Gold revenue	164,578	169,828	496,243	555,687
Add: Realised gold hedge gains	-	-	1,662	-
Net gold revenue	164,578	169,828	497,905	555,687
Gold sold (ounces)	135,875	132,787	386,920	445,225
Net average realised gold price (US$/ounce)	**1,211**	**1,279**	**1,287**	**1,248**

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 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)	2018	2017	2018	2017
Cost of Sales				
Direct mining costs	79,230	68,508	229,383	228,818
Third party smelting and refining fees	313	1,498	2,340	8,236
Realised gains on economic hedges	(77)	337	(315)	615
Realised gains on gold hedges	-	-	(1,662)	-
Royalty expense	12,676	12,213	38,375	30,895
Depreciation and amortisation*	20,977	22,982	66,224	80,941
Total	**113,119**	**105,538**	**334,345**	**349,505**
Total cost of sales	**113,119**	**105,538**	**334,345**	**349,505**
Deduct: Depreciation and amortisation*	(20,977)	(22,982)	(66,224)	(80,941)
Add: Realised gains on gold hedges	-	-	1,662	-
Deduct: Co-product revenue	(1,064)	(774)	(2,781)	(6,579)
Total cash cost	**91,078**	**81,782**	**267,002**	**261,985**
Total ounces sold	135,875	132,787	386,920	445,225
Total cash cost per ounce sold	**670**	**616**	**690**	**588**

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

All-in sustaining cost (AISC) per ounce sold 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 2018				Three months ended 30 September 2017			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	Group*	Bulyanhulu	North Mara	Buzwagi	Group*
Cash cost per ounce sold	564	572	950	670	863	550	564	616
Corporate administration	39	34	29	47	60	28	50	51
Share based payments	(12)	1	1	1	(8)	(2)	(3)	(5)
Rehabilitation	27	5	7	7	21	11	6	12
CSR expenses	62	7	11	16	10	17	8	16
Capitalised development	-	126	-	83	310	194	-	170
Sustaining capital	47	69	20	56	109	66	70	79
Total AISC	727	814	1,018	880	1,365	864	695	939

** The group total includes a cost of US$19/oz in Q3 2018 mainly related to corporate costs incurred, and a cost of US$16/oz in Q3 2017.*

(Unaudited)	Nine months ended 30 September 2018				Nine months ended 30 September 2017			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	Group*	Bulyanhulu	North Mara	Buzwagi	Group*
Cash cost per ounce sold	617	582	960	690	812	473	647	588
Corporate administration	42	36	31	46	42	25	49	43
Share based payments	(18)	(1)	(2)	(3)	(5)	(2)	(5)	(19)
Rehabilitation	28	7	7	8	17	11	6	11
CSR expenses	37	8	9	13	9	10	8	13
Capitalised development	8	158	-	102	365	189	-	195
Sustaining capital	78	81	26	66	106	68	37	76
Total AISC	792	871	1,031	922	1,346	774	742	907

** The group total includes a cost of US$13/oz in YTD 2018 mainly related to corporate costs incurred, and a cost of US$1/oz for YTD 2017.*

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.

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)	2018	2017	2018	2017
Net profit for the period	11,850	16,038	42,727	78,581
Plus: income tax expense	9,797	8,561	35,577	45,563
Plus: depreciation and amortisation[1]	20,977	22,982	66,224	80,941
Plus: impairment charges	-	-	24,234	-
Plus: finance expense	2,172	2,982	10,412	8,436
Less: finance income	(234)	(261)	(1,042)	(1,804)
EBITDA	**44,562**	**50,302**	**178,132**	**211,717**
Adjusted for:				
Restructuring costs	-	15,399	-	18,703
Gain on sale of non-core mineral royalty	-	-	(45,000)	-
One off legal settlements[2]	-	3,583	3,030	5,083
Reduced operational costs[3]	-	7,411	-	7,411
Adjusted EBITDA	**44,562**	**76,695**	**136,162**	**242,914**

1 Depreciation and amortisation includes the depreciation component of the cost of inventory sold.
2 Once-off legal settlements relate to the North Mara royalty settlement.
3 Reduced operational costs for Q3 2017 relate primarily to once-off contractor exit costs and inventory write-downs incurred as part of the Bulyanhulu reduced operations programme.

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.

EBIT is a non-IFRS financial measure and reflects EBITDA adjusted for depreciation and amortisation and 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)	2018	2017	2018	2017
Net profit for the period	11,850	16,038	42,727	78,581
Adjusted for:				
Gain on sale of non-core mineral royalty	-	-	(45,000)	-
Restructuring cost	-	15,399	-	18,703
Impairment charges[1]	-	-	24,234	-
Once-off legal settlements[2]	-	3,583	3,030	5,083
Reduced operational costs[3]	-	7,411	-	7,411
Tax impact of the above	-	(7,918)	378	(9,359)
Adjusted net earnings	**11,850**	**34,513**	**25,369**	**100,419**

1 The impairment charge was recognised as a result of the revaluation of Acacia's remaining stake in the Nyanzaga Project.
2 Once-off legal settlements relate to the North Mara royalty settlement.
3 Reduced operational costs for Q3 2017 relate primarily to once-off contractor exit costs and inventory write-downs 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. It is calculated by deducting total borrowings from cash and cash equivalents.

Mining statistical information

The following describes certain line items used in the Acacia Group’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.