Acacia Coal

ASX RELEASE
16 July 2014

COMET RIDGE - JORC RESOURCE UPDATE

Highlights

- **Total Coal Resources of 57 Million tonnes**
- **Confidence increased with 32% of Resource at Measured and Indicated Status**
- **Resource Update compliant with the 2012 Edition of the JORC Code**
- **Upgrade reflects 2013 exploration, coal quality results and the Comet Ridge Preliminary Cost Model**

JORC Compliant Resources Summary

Mining Method	Depth Interval (m)	Measured (Mt)	Indicated (Mt)	Measured + Indicated (Mt)	Inferred (Mt)
Open cut	0 – 30	6.8	3.6	10.4	8
Open cut	30 – 50	0.7	5.8	6.5	35
Total		7.5	9.4	16.9	43
Total Resources (rounded)		**8**	**9**	**17**	**40**

Note: Numbers subject to rounding

Note: Summary Resource information has been extracted from MBGS Competent Person Report dated June 2014

JORC Resource notes

- Details of the JORC compliant resource are contained in the Competent Person Report, which can be found on the Company's website (www.acaciacoal.com).
- Independent Geologists McElroy Bryan Geological Services (MBGS) have prepared the JORC Compliant Resources Report in accordance with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (The JORC Code).

This updated Resource estimate, prepared by McElroy Bryan Geological Services, includes results of an additional 46 drill holes completed within the Comet Ridge Project in the 2013 drill programme.

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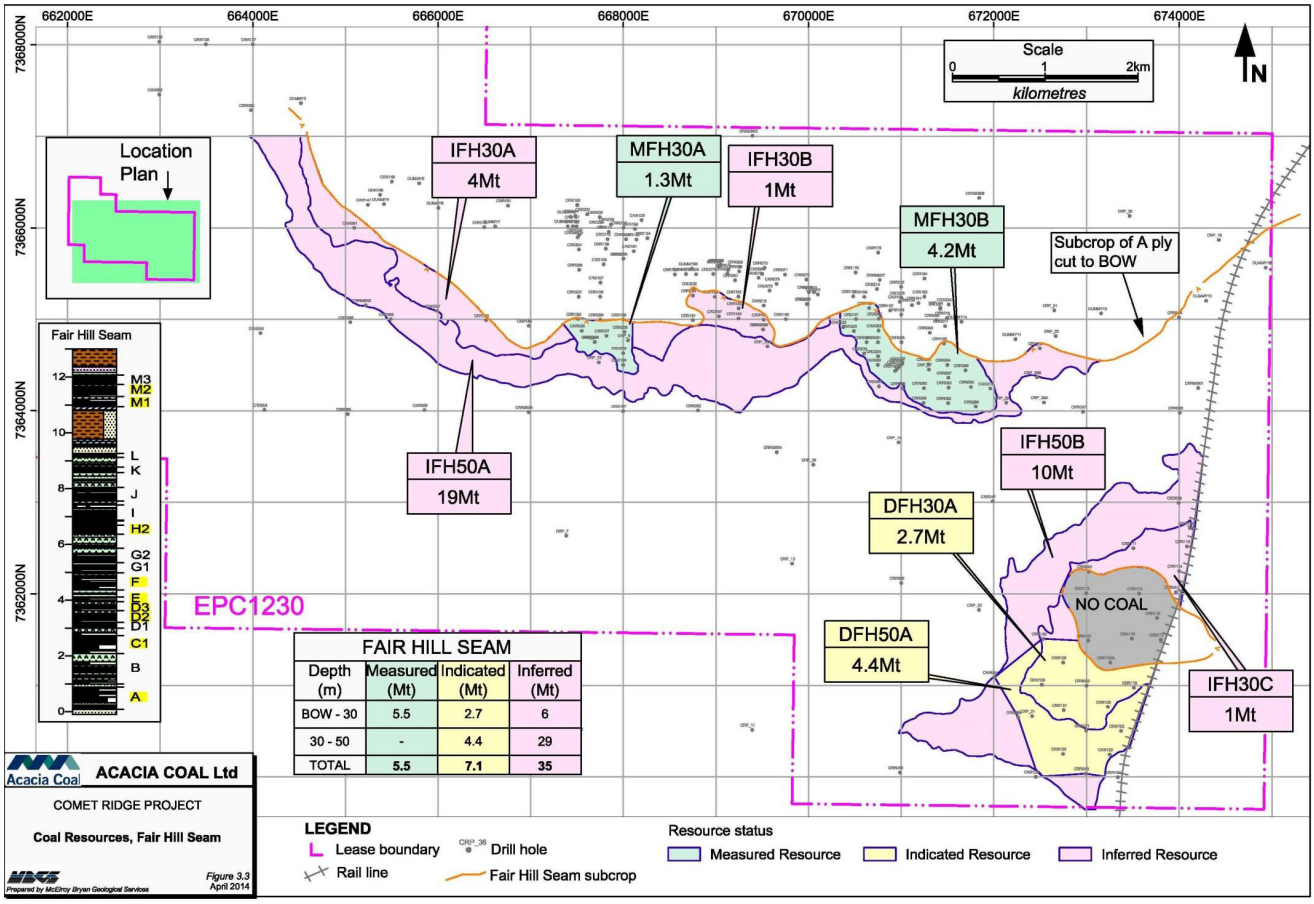
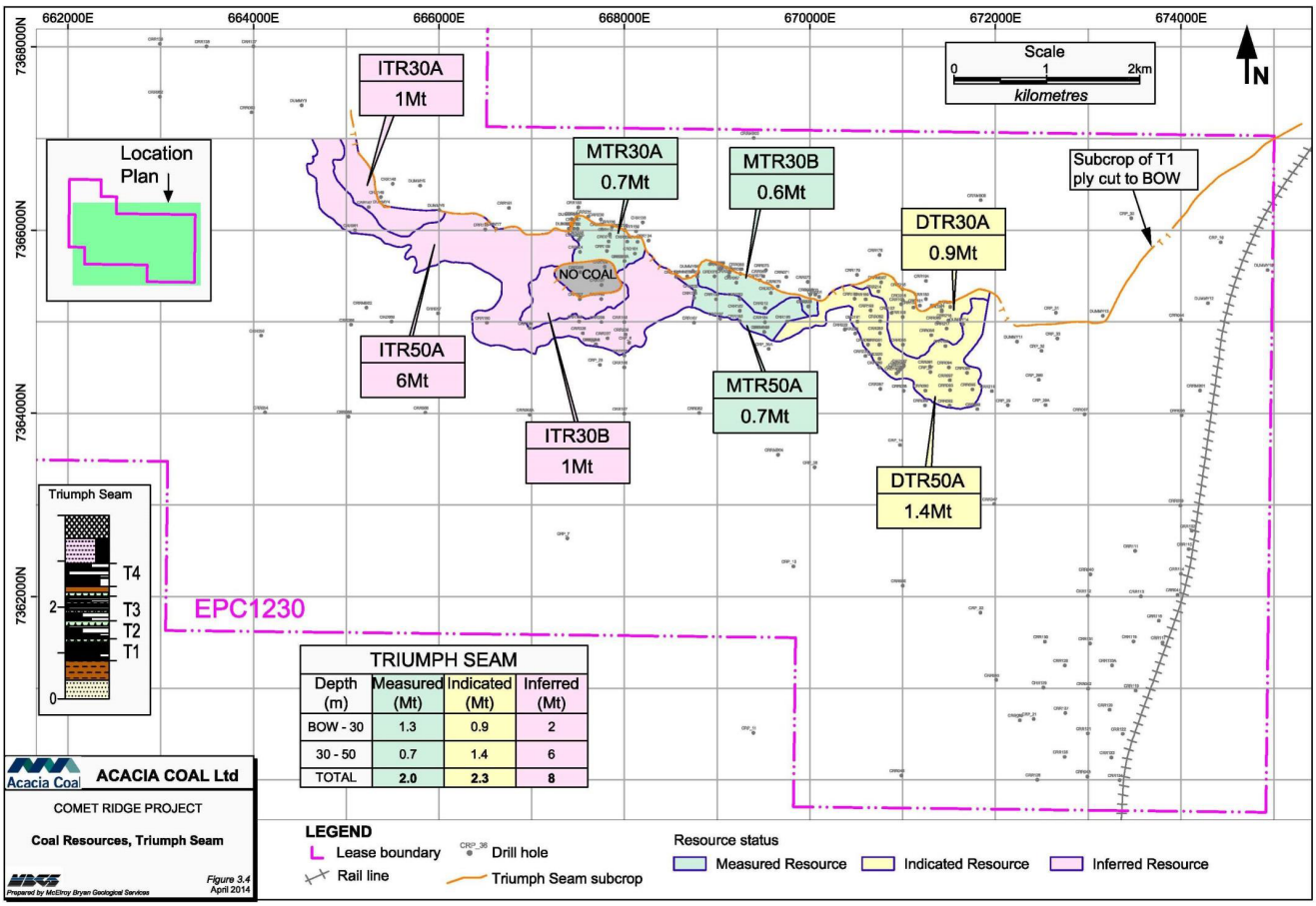
Summary resource plans of the Triumph and Fair Hill Seams are shown below and Appendix 1 details sections 1, 2 and 3 of the JORC Code Table 1.





Compliance Statement

The information in this announcement that relates to the mineral resources is based on information evaluated by Rob Dyson who is a Fellow of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Dyson is a fulltime employee of McElroy Bryan Geological Services Pty Ltd. Mr Dyson is a qualified Geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Dyson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix A

Table 1 of the Competent Person Report
Section1, 2, & 3

Appendix A **JORC Code, 2012 Edition Table 1**

SECTION 1. SAMPLING TECHNIQUES AND DATA		
CRITERIA	**EXPLANATION**	**COMMENTS**
SAMPLING TECHNIQUES	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	*Industry standard 4C (100mm) partially cored holes have been drilled to recover Fair Hill and Triumph coal seams for analytical testing. Industry standard non-core core holes were also drilled, but chips samples were not sent for laboratory analysis.* *All drill holes since 2011 have been geophysically logged using Weatherford Slimline geophysical logging tools. Instruments were calibrated every 14 days in accordance with the manufacturer's guidelines. Typical instruments run down drilled holes include; short and long spaced density, natural gamma radiation and caliper tool.* *Prior to 2013 exploration, eight core holes intersecting Fair Hill Seam had been selected for drop shatter pre-treatment testing. Full Fair Hill Seam and conceptual in-seam mining sections underwent drop shatter pretreatment testing and were then sent to ALS Brisbane for float sink and quality analysis. Two holes intersecting full Triumph Seam (T4-T1 plies) were selected for drop shatter pre-treatment testing and were sent to the laboratory for washability analysis. Eleven holes were sampled for raw coal quality on a ply by ply basis including stone partings.* *In 2013 exploration, an additional two core holes intersecting Fair Hill Seam were selected for drop shatter pre-treatment testing of the conceptual mining section and one hole for ply by ply quality analysis. For Triumph Seam, three core holes were selected for drop shatter pre-treatment testing and five core holes were selected for ply by ply coal quality analysis. All drop shatter samples were sent to ALS Brisbane for washability analysis, and all ply samples were sent for raw and washability analysis.* *Throughout the drop shatter testing, material was weighed, screened and arranged into sized samples and placed into plastic sample bags. Sample information/identification indicating; project, hole details, seam, size fraction, drop details and weight were written on sample bags and sample tags. These details were also recorded on an analytical advice sheet and a copy was sent to the laboratory upon dispatch of the samples.* *When sampling for coal quality, coal plies and partings between plies were individually sampled. Samples were placed in plastic sample bags (double bagged) with sample information indicating; project, hole, seam, ply details written on the sample bag and sample tag. These details were also recorded on an analytical advice sheet and a copy was sent to the laboratory upon dispatch of the samples.* *All core sent for analysis after drop shatter testing or ply by sampling was dropped/sampled as full core diameter. No sub sampling or core splitting was undertaken.*
DRILLING TECHNIQUES	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	*Slim hole non-core, HQTT core and 4C (100mm) conventional core holes have been drilled within EPC1230. In 1996 non-core holes CR0003, CR0004 and CR0006 and core holes CR0005 and CR0007 (twinned next to CR0004 and CR0006 respectively) were drilled in EPC596 by INGWE Australia Pty Ltd and are located centrally within EPC1230. In Feb-May 2011, SRK Consulting supervised drilling of 25 non-core and two diamond core holes (CRD035A and CRD036) and in August-October, MBGS supervised a program of 27 non-core and partially cored holes (CRR037-063). In May-September 2012, MBGS supervised the completion of 125 non-core and 12*

		partially cored holes (CRR064-CRD199). In September 2013, MBGS supervised the completion of a further 35 non-core holes and 11 fully cored or partially cored holes (CRR200-CRR236). Throughout 2012 and 2013, non core holes utilised a 125mm PCD drill bit on air and core holes were conventionally drilled using a 150mm tungsten bit (4C). All holes from 2011 – 2013 were geophysically logged using a down-hole density tool.
DRILL SAMPLE RECOVERY	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and coal quality and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	*Core recoveries were assessed by comparing length drilled against length of core recovered per run. This information was subsequently verified by the density geophysical log which confirmed coal seam thickness. With Fair Hill and Triumph Seams, 95% core recovery was required. Logged core intervals and losses recorded in the field were verified against 1:20 geophysics. Larger diameter cores (4C) were drilled to maximize sample recovery.*
LOGGING	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Coal Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	*Since February 2011, core logging has been carried out to centimeter scale and non-core chip logging has been logged to minimum 0.5m intervals. Log data was coded onto computer coding sheets for input in a digital database system. Geotechnical logs were completed and geotechnical samples of core were preserved at the time of drilling for all 2013 core holes. Drill chips and core were photographed in the field using a digital camera for holes drilled from August 2011 to 2013. Drill chips and core photography for earlier holes has not been sighted. Geological and geotechnical data acquired is to an industry standard and level of detail that supports Coal Resource estimation.* *All exploration holes intersecting Fair Hill and Triumph Seams since 2011 have been geophysically logged and have hard copy geophysics available in drill hole folders and LAS data stored on MBGS servers. PDF versions of relevant historical geophysical logs also exist on MBGS servers.*
SUB-SAMPLING TECHNIQUES AND SAMPLE PREPARATION	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	*Coal industry standard practice is to sample whole cylindrical core sections of coal. All samples sent to the laboratory for analysis represented the full cored diameter. To maximize the preservation of in-situ moisture all coal core was placed in plastic tubing at the drill site and stored out of sunlight until sampled.* *When sampling for coal quality on individual plies, the entire cored interval of each ply is placed in the sample bag (double bagged) and tagged with ID information. No sample preparation for individual ply analysis takes place outside the laboratory. Further sub-sampling of the core material was undertaken at the laboratory as determined by the sampling and testing instructions established by Acacia Coal. Coal quality testing undertaken at laboratories comply with Australian Standards for sample preparation.* *Usual laboratory sampling procedures included crushing coal samples to -12mm and subdivide (a quarter for raw analysis, a quarter for washability testing, and half generally for reserve e.g. composites or retests).* *For drop shatter pretreatment analysis, the entire cored interval of the conceptual mining section was dropped and sized outside of the lab. All procedures and conditions required by NATA (National Association of Testing Authorities) for drop shatter testing were followed. The drop shatter testing performed outside of the laboratory was supervised by Acacia's Chief Metallurgist consultant. After all drop shatter material was separated into size fractions, each size fraction/sample was placed into the sample bag, tagged with ID information and then sent to the laboratory.*

QUALITY OF ASSAY DATA AND LABORATORY TESTS	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established).*	*Down hole geophysical data is the primary form of geophysical data acquired. All drill logs are corrected to down hole geophysics, and drill logs combined with geophysics are reconciled with actual core prior to the sampling process. Geophysical instruments run down all drill holes were calibrated by the logging contractor every 14 days as per manufacturer's specifications.* *The laboratory conducting the tests was NATA registered. As part of the NATA registration they are obliged to complete all analysis in accordance with relevant Australian Standards or other standards where applicable. The use of standards, blanks, duplicates, external round robin checks and other routine checking procedures to ensure they meet the required accuracy for each test are part of their NATA certification.*
VERIFICATION OF SAMPLING AND ASSAYING	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	*Laboratories used to analyse coal cores have complied with Australian Standards for coal quality testing and are certified by the National Association of Testing Authorities Australia (NATA). Repeat sampling on a regular basis to validate results is standard procedure for proximate analysis testing. Laboratories as part of standard procedures always keep a reserve sample if re-analysis is required.* *Collection of primary data, data entry procedures and data storage protocols is standardised for geologists by following a Task Procedures Manual developed by MBGS. Primary data and coal quality data has been verified by the modeller for any anomalous results and was investigated upon identification. Drill hole logs and laboratory results are held as soft copy in the Acacia Coal office in Sydney. MBGS holds a digital copy of the same dataset.* *The geological model uses a coal quality database from laboratory reports which are loaded into Minex Modelling Software and validated. Any anomalies identified are investigated prior to modelling.*
LOCATION OF DATA POINTS	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Coal Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	*All drill sites within EPC1230 were located with hand held GPS unit. Drill collars have been surveyed in 2011, 2012 and 2013 by T.R.Baillie (Registered Surveyors) using RTK GNSS Survey Techniques with Trimble R8 GNSS Receivers. RTK survey equipment was setup on existing site control with the position of the base station checked via connections to other site control marks. Horizontal accuracy is +/- 10mm and vertical accuracy is +/- 20mm. All GPS and survey data is referenced to grid system MGA94 Zone 55 with surface RLs from the Australian Height Datum. A revised DTM over EPC1230 was acquired in January 2014 by aerial topographic survey and is accurate to +/-0.5m.*
DATA SPACING AND DISTRIBUTION	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and coal quality continuity appropriate for the Coal Resource and Coal Reserve estimation procedure(s) and classification applied.* • *Whether sample compositing has been applied.*	*Earlier holes (Feb 2011) were drilled close to existing property tracks and did not adhere to a drill grid. In more recent holes (August 2011 - 2012) drill programs employed a 1km grid to locate proposed drill holes. Following completion of 2012 drilling, hole spacing was generally 1km. In the shallower parts of the deposit drill spacing was reduced to less than 500m and in several potential open cut areas close to subcrop, drill hole spacing was placed on a 250m grid. Drilling in 2013 further exploited the 250m grid through potential open cut areas and seam subcrop zones. In some areas, holes were drilled at 125m spacing.* *No exploration results are being tabulated or presented in this report. All drill hole data has been loaded and has been included in generating the geological model. This resource report is reporting on Measured, Indicated and Inferred Coal Resources. The distribution of core and non-core holes with down hole geophysics has shown that Fair Hill and Triumph Seams are continuous within the EPC and have reasonably consistent seam thickness and character. The drill hole spacing and consistency of Fair Hill and Triumph Seams support estimated Coal Resources and Resource Classifications within EPC1230.*

ORIENTATION OF DATA IN RELATION TO GEOLOGICAL STRUCTURE	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	*This is not relevant to this style of coal deposit, which is stratiform and not highly structured (folded or faulted). All drill holes are vertical and coal seams are close to horizontal (<5^0 dip). All sampling from vertical drill holes is almost orthogonal to the target seams and represents a cross section of the entire seam that can be sampled and analysed. No sampling bias has been generated by the method of coring and core recovery.*
SAMPLE/DATA SECURITY	• *The measures taken to ensure sample security*	*In the field, coal cores were enveloped in 'lay-flat' plastic tubing, then boxed, labelled, and stowed undercover until time of sampling. During sampling, coal samples were placed in plastic bags (double bagged) with ID information and sent to the laboratory for analysis. Sample tags accompanied samples to the lab, with sample tags stubs remaining with the sampling geologist. Sample ID information was documented on sample bags, tags and the sample analytical advice sheets, which were electronically distributed to the laboratory at time of dispatch. At the laboratory, samples were stored in a cool room until commencement of testing. Sample mass is always compared to sample length by the laboratory.*
AUDITS OR REVIEWS	• *The results of any audits or reviews of sampling techniques and data.*	*All drill hole data is corrected to geophysical logs prior to sampling and loading into the computer model. Drill hole data is validated in Minex by the modeller prior to generating the geological model. After generation of the model the validation process continues with review of cross sections and contour plots. All coal quality results are checked by MBGS for any anomalous data.*

SECTION 2. REPORTING OF EXPLORATION RESULTS		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
MINERAL TENEMENT AND LAND TENURE STATUS	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	*Acacia Coal Limited (Acacia) holds title to EPC1230 which is located in the Bowen Basin of Central Queensland, approximately 60km east of the regional centre of Emerald and 25km south of the small township of Comet. EPC1230 covered an area of 86 sub-blocks and Acacia purchased this title in October 2010 from Queensland Coal Corporation Pty Ltd (QCC. Title was granted to QCC on 10th September 2008 and was renewed in September 2013 for a further 5 years. Acacia changed its company name from Newland Resources Ltd to Acacia Coal Ltd in December 2011. In September 2012 Acacia relinquished 20 sub blocks from the northern and eastern perimeter of EPC1230 and in February 2013, relinquished another 30 blocks from its northern portion. Following the relinquishment of an additional 5 sub blocks in late 2013, 31 sub blocks now comprise EPC1230. Acacia renewed EPC1230 in September 2013 for another 5 year period.*
EXPLORATION DONE BY OTHER PARTIES	• *Acknowledgement and appraisal of exploration by other parties.*	*In 1996 non-core holes CR0003, CR0004 and CR0006 and core holes CR0005 and CR0007 (twinned next to CR0004 and CR0006 respectively) were drilled in EPC596 by INGWE Australia Pty Ltd and are located centrally within EPC1230. In Feb-May 2011, SRK Consulting supervised drilling of 25 non-core and two diamond core holes (CRD035A and CRD036). In August-October 2011, MBGS were commissioned to supervise a program of 27 non-core and partially cored holes (CRR037-063). Both exploration programs in 2011 provided Acacia with an understanding of overall deposit geometry and preliminary drop shatter/pre-treatments data on Fair Hill Seam.* *In May-September 2012, MBGS supervised the completion of 125 non-core and 12 partially cored holes (CRR064-CRD199) to investigate the extent of the deposit and obtain additional coal quality data on Fair Hill and Triumph Seams. In September 2013, MBGS supervised the completion of a further 35 non-core holes and 11 fully cored or partially cored holes (CRR200-CRR236) to better define subcrop zones, and improve confidence in coal resources.*
GEOLOGY	• *Deposit type, geological setting and style of mineralisation.*	*EPC1230 is located in the structural element of the Bowen Basin known as the Comet Platform, a stable basement block bound to the east by the Taroom Trough and to the west by the Denison Trough. Both Troughs' were areas of active subsidence and sedimentation during Permian and Triassic periods. Permian and Triassic sediments deposited on the Comet Platform have been mildly deformed during and after deposition to form the north-south trending Comet Anticline, which runs through the eastern margin of EPC1230.* *The Comet Ridge Project is targeting shallow open cut resources in the Fair Hill Seam and Triumph Seam, within the Fair Hill Formation. Triumph Seam was identified by exploration drilling in 2012 and typically occurs between 20m and 25m below Fair Hill Seam. Other seams within the Fair Hill Formation are Lepus, Canis and Hercules Seam, which are not present within EPC1230. Fair Hill and Triumph Seams are the oldest seams within Fair Hill Formation, which overlies MacMillan Formation and underlies Burngrove Formation. Two thin rider seams were intersected above Fair Hill Seam near the southern edge of EPC1230, however these are not continuous throughout the lease and could not be correlated.* *Regional dip is <5 degrees to the south and southwest and Fair Hill and Triumph Seams sub-crop close to the northern boundary of EPC1230. Fair Hill Seam is between 10m and 11m thick and is relatively consistent throughout the resource area. Fair Hill Seam character comprises thin (approximately 30cm) high ash coal bands interbedded with tuffaceous and carbonaceous claystone. Coal within Fair Hill Seam is mostly dull, however, very thin, bright coal bands exist within the dull coal which have known coking coal propertie. This bright coal is being targeted as a potential coking coal product.* *Triumph Seam resides between 22m and 25m below Fair Hill Seam and is 1m – 2m thick. Triumph Seam is*

		thickest when all plies (T4 – T1) are united to form a coal section, with plies separated by two or three distinguishable tuffaceous claystone partings approximately 0.2m thick.
DRILL HOLE INFORMATION	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level- elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *downhole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	*Individual drill hole results are not tabulated and presented in this report however all drill hole data that pertains to the target coal seams has been loaded and modelled in the geological computer model used to estimate coal resources. The coal resource table presented in this report does present summary information such as:* • *Cumulative thickness of selected plies within the Fair Hill and Triumph Seams considered a resource* • *in situ density* • *raw coal parameters* *Although directional information has not been acquired, all hole were drilled vertically and have been modelled as vertical. Given the gentle regional dip (<5 degrees) and shallow depth of drill holes, it is assumed that seam intersections are close to perpendicular and represent true thickness.*
DATA AGGREGATION METHODS	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	*Fair Hill and Triumph Seams have been sampled on a ply by ply basis with ply boundaries determined by reconciliation against down hole geophysics. When reporting Exploration Results, all laboratory data from ply information is loaded into the computer model and no data has been excluded.* *When estimating Coal Resources, an ash limit of 65% has been applied to determine the inclusion/exclusion of Fair Hill and Triumph plies. Coal Resources have been estimated on a ply by ply basis. Samples are weighted by length and density.* *No metal equivalents are reported for coal.*
RELATIONSHIP BETWEEN MINERALISATION WIDTHS AND INTERCEPT LENGTHS	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known).*	*The regional dip of coal seams and strata throughout EPC1230 is close to horizontal with dip angle less than 5 degrees to the south/southwest. All holes have been drilled vertically so drilled intersections are close to true thickness of the coal seams.* *Drill hole deviation information is not available, so true down hole width is unknown. Given the shallow nature of hole depths and seam intersections, any drill hole deviations would be minor and would have negligible impact on recovered thicknesses.*
DIAGRAMS	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not limited to a plan view of*	*This report contains a selection of text figures presenting the following geological information:* • *Regional Geology* • *Typical Stratigraphy* • *Fair Hill and Triumph Seams floor level, thickness and overburden*

	drill hole collar locations and appropriate sectional views.	• *Geological sections through resource areas* • *Coal Resources, Fair Hill Seam* • *Coal Resources, Triumph Seam*
BALANCED REPORTING	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high coal quality and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	*Typical/average values have been reported for coal resources. Although some outlying anomalous values may exist, the typical/average values are considered representative of the Coal Resources.*
OTHER SUBSTANTIVE EXPLORATION DATA	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater; geotechnical and rock characteristics; potential deleterious or contaminating substances.*	*In October 2013, high resolution aerial photography was taken over the resource area of EPC1230. The high resolution imagery coupled with a detailed (+/- 0.5m) digital terrain model has assisted the interpretation and mapping of Tertiary caps/ridges overlying Permian strata within the lease. The presence of Tertiary material has been observed to rapidly increase base of weathering horizons, which is a limiting factor to resources edges.* *Core drilling conducted throughout 2012 and 2013 exploration programs has been 4C (100mm) size, allowing adequate sample mass to perform drop shatter and wet pretreatment analysis. Drop shatter testing was conducted outside of a laboratory and was performed to Australian Standards and supervised by an independent metallurgical consultant. Conceptual working sections were dropped, screened, placed in individual sample bags and sent to the laboratory for further analysis.* *Geotechnical logs and samples were taken by the geologist during exploration in 2013. Field geotechnical logs identified defect types, angles and character through cored intervals. Geotechnical samples were taken of seam roof, floor and interburden material.* *Geochemical samples were taken from non-core and core holes of seam roof, floor, interburden material and in-seam waste rock. Some Potential Acid Forming (PAF) horizons exist within coal seams and their immediate roof and floor strata at isolated locations within the lease.* *Groundwater monitoring bores (stand pipe) were installed at strategic locations around the resource area and will record variations in water quality before during and after mining. No material data has been acquired from monitoring bores to date.*
FURTHER WORK	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	*Acacia Coal has completed exploration to define coal resource and potential shallow open cut mining areas. No further exploration is planned at this stage. Limit of Oxidation (LOX) drilling may be undertaken to more accurately determine pit low wall mining positions.*

SECTION 3. ESTIMATION AND REPORTING OF COAL RESOURCES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
DATABASE INTEGRITY	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Coal Resource estimation purposes.* • *Data validation procedures used.*	*Transcription and human errors from initial data collection is resolved through correcting lithologies and coal seams to 1:20 scale downhole geophysics and to core photographs. Once corrected, coal seam graphic logs are checked against geophysical logs for correctness. At this point, drill data is digitally loaded into the computer model and no transcription takes place.* *Validation of drill hole data incorporated into the model includes reviewing seam thicknesses, coal seam and ply correlations and quality data (minimum, maximum and mean values). An MBGS modeller and geologists involved in the data acquisition verify data through use of printed downhole geophysical logs, model generated grids and geological cross sections. Anomalous data was checked and verified or removed if proven to be in error.*
SITE VISITS	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	*R Dyson has visited the Comet Ridge site during exploration and has viewed core of the Fair Hill and Triumph Seams. Mr R Dyson has worked extensively in this part of the Bowen Basin as a senior geologist for over 10 years. Mr Dyson is familiar with local and regional geology and style of deposit within EPC1230.*
GEOLOGICAL INTERPRETATION	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the coal deposit.* • *Nature of the data used and any assumptions made.* • *The effect, if any, of alternative interpretations on Coal Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	*Data handling, correction and verification procedures from initial acquisition to model loading are well understood. Through the use of downhole geophysics, coal plies within Fair Hill and Triumph Seam can be identified and correlated throughout the resource area. Coal seam character throughout the lease is highly consistent and deposit geology is well understood. There is a high degree of confidence in the geological model and subsequent to 2013 exploration, Measured Resources have been classified within potential open cut areas.*
DIMENSIONS	• *The extent and variability of the Coal Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Coal Resource.*	*EPC1230 is now rectangular and is approximately 13km wide (east west) and 7km long (north south). Permian strata is broadly striking east west through the lease and Fair Hill and Triumph Seams are present within the entire lease until they subcrop close to the northern boundary of the EPC. Seams are cut to base of weathering which varies from 4m to approximately 15m in conceptual pit areas, to over 30m deep when underneath Tertiary ridges. Seams dip to the south and southwest and overburden ranges from 4m (within subcrop area) to over 120m in the southwest of the EPC. A depth limit to Coal Resources has been applied at 50m, with overburden in conceptual pit areas limited to approximately 30m.*
ESTIMATION AND MODELLING TECHNIQUES	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	*Within EPC1230, coal resources were estimated for nine (A, C1, D2, D3, E, F, H2 and M1-2) of the 20 coal plies identified and correlated within Fair Hill Seam. For Triumph Seam up to four plies (T1-T4) were selected if present. Coal plies from both seams that were selected as a resource, were based on raw coal quality, and washability results indicating those plies having a coking coal fraction.* *The selected coal ply thicknesses determined from down hole geophysical logs (density) have been composited in Minex to form a cumulative coal thickness for each seam, in the resource estimation process. Claystone/tuffaceous bands within Fair Hill and Triumph Seams have not been included in the resource estimation.*

	• *The availability of check estimates, previous estimates and/or mine production records and whether the Coal Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlations between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using coal quality cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	*The estimation was completed using in-situ density and ply thickness grids in Minex Software (version 6.1.3), using vertical sided polygon areas. The latest geological model for Acacia Coal was completed in February 2014.* *Once resource polygons were defined, the status of coal resources within each polygon was classified either as.* • ***Measured Resources*** *- where the geological data points based on detailed and reliable exploration, sampling and testing information support a reasonable level of confidence in seam thickness, continuity, coal quality and structure of Fair Hill and Triumph Seams.* • ***Indicated Resources*** *- where the geological data points contributed to a reasonable level of confidence in seam thickness and continuity, and some coal quality data is present.* • ***Inferred Resources*** *- where there was a paucity of coal quality data and drill hole spacing was only sufficient to delineate Fair Hill and Triumph Seam thicknesses to a low level of confidence.* *Drill hole data is validated in Minex prior to modelling and anomalous values are reviewed against original data (including geophysics, field logs and core photos) and corrected where necessary. The geological model is validated by posting seam thickness and quality values at drill holes, which are compared to contours output from the model grids. Within EPC1230, resources have been classified as* ***Measured, Indicated or Inferred Resources.***
MOISTURE	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	*Resource tonnages and coal quality parameters are reported to an in situ moisture content of 6%. Coal quality specialist Bob Leach who has worked in Queensland coal fields for more than 20 years considered 6% in situ moisture was appropriate.*
CUT-OFF PARAMETERS	• *The basis of the adopted cut-off or quality parameters applied.*	
MINING FACTORS OR ASSUMPTIONS	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Coal Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	*Fair Hill Seam is up to 12m thick and comprises numerous carbonaceous and tuffaceous claystone bands/partings interbedded with high ash coal plies containing very thin, bright (vitrinite) coal bands. Triumph Seam is up to 2m thick and also contains high ash coal containing thin vitrinite bands and is interbedded with two or three distinct claystone partings. In order to liberate coal from both seams, the mining method will incorporate dry separation techniques prior to washing.* *Following extraction of the proposed mining sections in Fair Hill and Triumph Seams, ROM coal passes through a rotary trommel positioned in pit to generate a coal concentrate with most stone removed. Additional separation techniques being considered include FGX dry separation or x-ray coal sorting methods.* *Coal resources have been estimated to 50m overburden depth. A preliminary mining study has indicated coal resources beyond 30m overburden thickness may be uneconomic in current market conditions.*

METALLURGICAL FACTORS OR ASSUMPTIONS	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Coal Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	*Fair Hill and Triumph Seams have not traditionally been viewed as targets to produce a coking coal product through conventional mining methods. However, in pit dry separation techniques have been designed to generate an in pit coal concentrate which would then be beneficiated by wash plant to generate a coking fraction as well as a high ash thermal coal product.*
ENVIRONMENTAL FACTORS OR ASSUMPTIONS	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	*No environmental assumptions have been made for this resource estimate. Acacia Coal Limited (Acacia) has not specified environmental factors that could affect JORC Resources.*
BULK DENSITY	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	*Laboratory raw coal data has provided Relative Density (RD) of coal for each sample. RD data has then been adjusted using the Preston Sanders formula, from an air dried basis to an in situ moisture basis of 6%.*
CLASSIFICATION	• *The basis for the classification of the Coal Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/coal quality*	*Core and non-core drill holes with down hole geophysics are considered points of observations in the resource estimation process.* *Fair Hill and Triumph Seams are consistent and individual plies can be correlation across the lease area. Resources were considered Measured where drill hole points of observation contributed a high level of confidence*

	estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	*in seam thickness, continuity, coal quality and structure. Drill hole spacing was generally in the order of 250m and comprised a mix of both core and non core holes.* *Resources were considered Indicated where drill hole points of observation contributed to a reasonable level of confidence in seam thickness, continuity, coal quality and structure. Drill hole spacing was generally less than 500m and comprised mostly non core holes with some core holes.* *Resources were considered Inferred where there was a paucity of coal quality data and drill hole spacing was only sufficient to delineate seam thickness to a low level of confidence. Drill hole spacing was usually up to 1km.*
AUDITS OR REVIEWS	• *The results of any audits or reviews of Coal Resource estimates.*	*No audits or review of Coal Resources have been completed on the current resource estimation.*
DISCUSSION OF RELATIVE ACCURACY/ CONFIDENCE	• *Where appropriate a statement of the relative accuracy and confidence level in the Coal Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits or if such an approach is not deemed appropriate a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	*Resources have been classified as either Measured, Indicated or Inferred depending on the density of drill hole points of observation. A review of the 1:20 density logs, model sections and ply thickness plans from Minex was reviewed on Fair Hill and Triumph Seams to gain a sound understanding of seam character trends within the deposit. Any anomalies discovered were reviewed and corrected. The review of drill hole data, model grids and geophysical logs has allowed a high level of confidence in the classification of resource polygons.* *The classification of Measured, Indicated and Inferred Resources indicates the Competent Persons confidence level in those resources within the deposit.* *A geostatistical study of drill hole data has not been carried out.* *As single data points in a stratiform coal environment such as this will have little or no effect on the total coal resource. This is considered to be a global estimate.*