4 September 2017

Acacia Mining plc
LSE:ACA

(“Acacia” or the “Company” or the “Group”)

Intention to reduce operational activity at Bulyanhulu

- Decision driven by unsustainable cash outflows at the mine due to concentrate ban and operating environment
- Due to this change, Acacia believes the Group can return to positive cash generation in 2018
- Talks between Barrick Gold Corporation (“Barrick”) and Tanzanian Government on-going

Since the gold/copper concentrate export ban was imposed on 3 March 2017, impacting approximately 35% of year to date group production, Acacia has seen a build-up of approximately US$265 million of concentrate inventory in Tanzania, based on current prices. To help to mitigate the lost revenue, Acacia has taken a number of actions to reduce our operating and capital costs in order to protect jobs and our supplier base, both of which are predominantly Tanzanian. Despite these actions, the loss of revenue, together with an outflow of approximately US$65 million of indirect taxes and costs from other changes to the operating environment, has led to a significant cash outflow of approximately US$210 million in 2017 year to date.

Accordingly, as part of Acacia’s 2017 Interim Results, we announced that we would need to consider reducing operational activity and expenditure at the Bulyanhulu mine if the concentrate ban was not lifted by the end of Q3 2017. The impact of the ban, in addition to the deterioration of the current operating environment, has led to negative cash flow of approximately US$15 million per month at the mine and thus has made ordinary course operations at Bulyanhulu unsustainable. Acacia has therefore decided to commence a programme to reduce operational activity and expenditure at Bulyanhulu in order to preserve the viability of our business over the longer term. This programme will include the preservation of all assets and equipment to enable the mine to resume ordinary course operations should the export ban be lifted and the operating environment stabilised.

In the meantime, discussions between Barrick and the Government of Tanzania are on-going. Acacia continues to support the discussions and still believes that a negotiated resolution is the best outcome for all stakeholders.

Following this announcement, Bulyanhulu will commence appropriate consultations with its stakeholders as part of a programme to reduce operational activity. As part of the implementation of this programme, underground activity will cease and the processing of underground ore is planned to cease within four weeks. The retreatment of tailings, which is currently suspended to preserve water in light of the on-going drought conditions in northern Tanzania, is expected to recommence in October, assuming adequate rainfall is received, and will continue at a rate of 30-35,000 ounces per annum whilst
underground activity is ceased. Regrettably, the implementation of this programme will lead to a significant reduction in the workforce from the current 1,200 employee and 800 contractor roles.

It is envisaged that the process of moving to a reduced operational state will be completed in three months and will include one-off costs of US$20-25 million in addition to the natural unwinding of around two months’ worth of working capital (approximately US$35-40 million). The mine will also incur an average of US$5 million per month of operating cash outflows over the next three months, before reaching a steady state of around US$3 million per month. These costs will be partly offset by the revenue from the retreatment of tailings, which produces saleable doré.

For the time being Buzwagi, our other mine affected by the concentrate ban, will continue to operate in the ordinary course, due to its remaining short mine life and lower impact of the changes in the operating environment on the Company’s cash outflows. The mine has commenced a trial to test whether it is cash flow positive in light of the current export ban to change the processing flow sheet to solely produce doré and no concentrate. This change would mean a reduction in overall gold and silver recoveries and the mine would no longer recover the contained copper, but would enable the mine to sell all the gold and silver it produces rather than only 35% of production. This could bring forward the planned end of gold/copper concentrate production from mid-2018.

We do not believe that is possible to make a similar change to the processing flow sheet at Bulyanhulu as the different nature of the ore at Bulyanhulu means that such a change is not economic.

As a result of the planned reduction in operating activity at Bulyanhulu, Acacia now expects annual production to be in the order of 100,000 ounces lower than the bottom of the previous guidance range of 850,000-900,000 ounces. This revised guidance is based on limited production occurring beyond August at Bulyanhulu and marginally lower production at North Mara than previously planned due to underground development delays as a result of work permit issues for key contractors.

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

Once the changes at Bulyanhulu are completed, Acacia believes the Group will be able to return to positive cash generation in early 2018. The Company is also evaluating further steps to reduce cash outflows and protect its balance sheet, with the cash balance at the end of August 2017 amounting to US$107 million, with US$71 million of debt. These steps may include a reduction in corporate overheads, expansionary drilling at North Mara, greenfield exploration activity and a gold hedging programme.

Acacia reiterates that it shares the Government of Tanzania’s goals of enhancing the country’s social and economic development. Since its inception, over 15 years ago the Company, and its predecessors, have invested over US$4 billion (TSH8.8 trillion) into the country to build and sustain our mines, spent over US$3 billion (TSH6.6 trillion) with Tanzanian suppliers to support the operation of our business, invested
over US$75 million (TSH165 billion) into our communities and paid over US$1 billion (TSH2.2 trillion) in taxes and royalties.

In the first six months of 2017 alone, Acacia paid US$53 million (TSH117 billion) in taxes and royalties to Tanzania and delivered projects that supported over 40,000 people in the communities around our mines. Over 5,000 employees and contractors work across Acacia’s operations, with over 95% of our employees being Tanzanian. An independent EY report into Acacia’s contribution to Tanzania in 2016 stated that for every direct Acacia employee, 11 additional jobs are supported in the broader Tanzanian economy and the Group represented around 1.6% of Tanzanian gross domestic product (GDP).

The Company remains hopeful that the ongoing discussions between Barrick and the Government of Tanzania will lead to a resolution to the concentrate ban and operating environment and enable the reassessment of the operating situation at Bulyanhulu in the near future.

Acacia management will host a conference call to discuss this announcement at 09:00 BST this morning. Details for the conference call are below and a recording will be available on www.acaciamining.com and accessed through the press release, shortly after the call finishes:

Dial-in: +44 20 3059 8125  
Passcode: Acacia Mining

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

**Acacia Mining plc**  
Brad Gordon, Chief Executive Officer  
Giles Blackham, Investor Relations

**Camarco**  
Gordon Poole / Billy Clegg / Nick Hennis

www.acaciamining.com
About Acacia Mining plc

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

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

Disclaimer and forward-looking statements

This announcement is for information purposes only and does not constitute an invitation or offer to underwrite, subscribe for or otherwise acquire or dispose of any securities of Acacia in any jurisdiction.

This announcement includes “forward-looking statements” that express or imply expectations of future events or results as opposed to historical facts. These statements include, 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 herein. 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 and ongoing implementation of operational reviews, as well as risks and hazards associated with the business of mineral exploration, development, mining and production and risks and factors affecting the gold mining industry in general.

Although Acacia’s management believes that the expectations reflected in such forward-looking statements are reasonable, Acacia cannot give assurances that such statements will be correct. Accordingly, investors should not place reliance on forward-looking statements contained in this announcement. Any forward-looking statements in this announcement only reflect information available at the time of preparation. Save as required under the Market Abuse Regulation or otherwise as may be required under applicable law, Acacia explicitly disclaims any obligation or undertaking publicly to update or revise any forward-looking statements in this announcement, whether as a result of new information, future events or otherwise. Nothing in this announcement 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 its historical published profits or earnings per share.