

27 November 2014

Acacia Mining plc (formerly African Barrick Gold plc)

LSE:ACA

("Acacia" or the "Company")

Approval of Gokona Underground project at North Mara

- **Total production of 450,000 ounces over a 5 year life of mine, first ore in H1 2015**
- **All-in sustaining costs expected to be below US\$750 per ounce**
- **Reduces mine footprint, supporting improved community relationships**

Acacia is pleased to announce that the Board has approved the next step in the optimisation of the Company's assets through the approval of the Definitive Feasibility Study ("DFS") into developing an underground operation at the Gokona pit at North Mara.

The DFS, undertaken by independent consultant, Mining One, confirms an attractive return for the Company at current reserve pricing. Final applications for the permits required to commence mining underground will now be submitted, with first ore anticipated in H1 2015.

The project will utilise the on-going exploration decline in the Gokona pit and will require total pre-production capital expenditure of US\$37 million (including the cost of the exploration decline). The underground project is expected to produce 450,000 ounces over a 5 year life of mine, with all in sustaining costs ("AISC") of under US\$750 per ounce. Further upside exists beyond the initial life of mine, with potential for lateral extensions as well as the mineralisation remaining open beneath the 300 metre vertical depth cut off used in the DFS.

Background:

In October 2013, Acacia management decided to defer the mining of Gokona Stage 3 via an open pit whilst undertaking a study into the potential to mine the reserve via an underground operation. Following the completion of a Scoping Study that showed positive results, an independent consultant was appointed in H1 2014 to conduct the DFS into the potential underground operation. The findings of the study show that development of the Gokona Underground is financially and operationally robust. In addition, the development of an underground operation at North Mara not only provides an opportunity to exploit and further explore the extension of the ore bodies at depth, but also helps to mitigate the continuing impacts of issues regarding land acquisition and concurrent rehabilitation.

In conjunction with the progression of the DFS, management has also advanced the development of the Gokona Underground Exploration Portal, which provides access to further geotechnical evaluation and to conduct bulk sampling in order to test the behaviour of underground material when processed through the plant. It is not expected that there will be a significant difference from the Gokona open pit material processed to date.

Definitive Feasibility Study Operating Summary

A summary of the key parameters of the Gokona Underground DFS is shown below:

Physicals		
Life of mine	Years	5
Total tonnes	kt	2,981
Total ore tonnes	kt	1,991
Total Development metres	km	17.7
Average gold grade	g/t	8.06
Calculated Recovery	%	88%
Tonnes Processed	kt	1,991
Gold Produced	koz	453
Life of Mine Operating Costs and Capex ¹		
Pre-production Capital	\$m	37
Total Capital	\$m	130
Mining cost per tonne mined	\$/t	51
Milling cost per tonne of ore processed	\$/t	18
G&A cost per tonne of ore processed	\$/t	11
Cash cost per ounce	\$/oz	418
AISC per ounce	\$/oz	705

1. The accuracy of this cost model is estimated to be within the required plus or minus 15% variance.

In the DFS model, pre-production capital predominantly consists of the development costs of the access portals together with the assumption that Acacia purchases new mining equipment for the project. Acacia is investigating the alternative opportunity to rent equipment from the contractor which could substantially reduce pre-production capital costs.

It should be noted that due to the project utilising existing infrastructure at North Mara, operating costs have been calculated on an incremental cost basis. Therefore it is only the additional costs required to mine and process the underground material that have been included in the model rather than fully allocating mine site costs across the project.

Definitive Feasibility Study Post-tax Sensitivities

The DFS shows that the project can deliver a post-tax NPV, using a 5% discount rate, of US\$161 million. This compares to the current carrying value of the Stage 3 open pit at Gokona of US\$95 million. The sensitivity below highlights the robustness of the project even in a lower gold price environment. In addition, the project delivers a short payback period of 1.6 years, calculated from the first spend on the exploration decline in July 2014.

Gold price (\$/oz)	\$1,000/oz	\$1,300/oz
Post Tax NPV at 5%	81	161
Payback period (years)	1.9	1.6

Updated Mineral Reserve Estimate

The following table details the Gokona Underground Mineral Reserves, which have been developed and are reported in accordance with Canadian National Instrument 43-101.

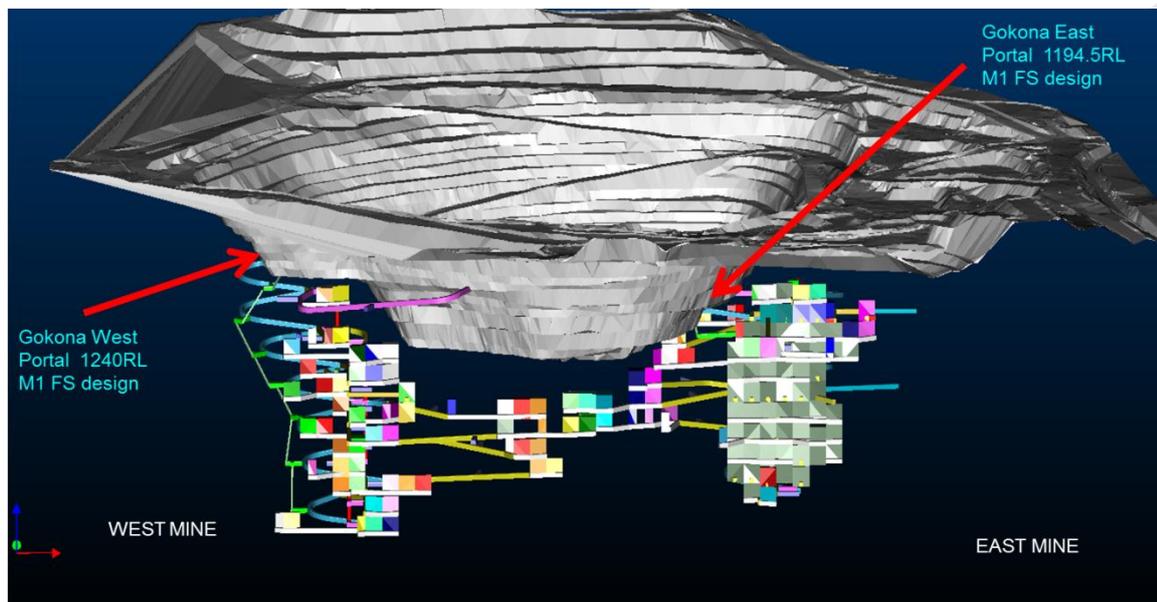
	Proven			Probable			Proven and Probable		
	Kt	Grade (g/t)	Koz	Kt	Grade (g/t)	Koz	Kt	Grade (g/t)	Oz
Gokona Underground	95	5.88	18	1,894	8.18	498	1,989	8.07	516

- (1) Estimated at a 4.0g/t Au cut-off
- (2) Base case gold price of \$1,300 per ounce
- (3) Totals may not add due to rounding
- (4) See 'Note to mineral resource estimates' at the end of this release for information on the calculation of mineral reserve and resources estimates and definitions.

In the year end 2013 reserve and resource statement, Stage 3 of the Gokona open pit amounted to 584koz at 5.7g/t. The new underground reserves effectively replace those Stage 3 ounces, which means that there has been a reduction of approximately 68koz of reserves at North Mara, although the NPV of the underground reserves are 69% higher than if the Stage 3 open pit option was chosen.

Mining

In order to optimise productivity and minimise the amount of level development, the mine will have two major declines within the mine plan. One portal will access the Eastern material, with a second portal accessing mineralisation at the Western End of the pit. The Eastern decline is currently being developed as an exploration portal and has been developed to a length of 120 metres to date.



Development, and subsequently mining, will initially proceed using a specialist mining contractor, ByrneCut, who are already operating at North Mara as the exploration portal development contractor. Under the DFS, equipment required for the operation will be purchased by Acacia, but

Management are exploring the opportunity to source equipment from redundant Acacia operations and/or hire equipment from Byrnegut.

The mining method utilised in the operation is Long Hole Open Stopping (“LHOS”) with Cemented Aggregate Fill (“CAF”). This is a well-known method with limited technical complexity. Byrnegut are anticipated to be in situ as the mining contractor for at least the initial period of three years, further reducing technical risk.

Milling

It is anticipated that the material from the Gokona Underground will be blended with the lower grade ore from the Nyabirama open pit in order to fill the process plant at North Mara which has a nameplate capacity of 2.8 million tonnes per annum. The high grade material from the Gokona Underground will be preferentially treated and will not be stockpiled. Recoveries of the underground material are expected to be in the region of 88%, which when combined with the lower grade Nyabirama material, will lead to recoveries of between 85-87% for the mine as a whole.

Further Upside:

The DFS solely looked at mineralisation above 990RL (or 300 metres vertical depth). Historical drilling shows that mineralisation extends down to 900 metres vertical depth and there are estimated to be inferred resources of 761koz ounces at a grade of 7.66g/t (using a 4.0g/t cut-off grade and a gold price of US\$1,500 per ounce) beneath 990RL. It is anticipated that as the exploration portal and the underground mine progress there will be increased access to drilling locations to potentially upgrade inferred ounces to extend the life of mine beyond five years.

It is also anticipated that lateral extensions of the mineralisation will be possible as the mine progresses, providing further potential upside to the reserve.

Next Steps:

Following the approval of the Feasibility Study, Acacia will now submit applications for outstanding permits in order to start mining via the underground operation. Whilst the permitting activity is ongoing we will continue to progress the exploration decline in order to provide a better understanding of the ore body, whilst completing detailed design of the underground mine. We anticipate receiving approvals to commence mining operations in H1 2015.

ENQUIRIES

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About Acacia Mining plc

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

Our approach is focused on strengthening our three core pillars; our business, our people and our relationships. Our name change from African Barrick Gold to Acacia Mining reflects a new approach to mining, and an ambition to create a leading African Company.

Acacia Mining 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 remains our majority shareholder. Acacia Mining 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 prove to 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. Subject to the requirements of the Disclosure and Transparency Rules and the Listing Rules or 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.

Note to mineral reserve and resource estimates

Mineral reserves and resources estimates contained in this announcement have been calculated in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities. Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definitions were followed for the mineral reserves and resources estimates. Mineral resource estimations have been reviewed, verified (including estimation methodology, sampling, analytical and test data) and compiled under the supervision of Acacia Qualified Person: Haydn Hadlow, Chief Mineral Resources Geologist, with Mineral reserves estimated by Mark Van Leuven from Mining One and Mineral Resources estimated by Charles Muller from CJM. However, the figures stated are estimates and no assurances can be given that the indicated quantities of metal will be produced. Mineral reserves have been calculated using an assumed long-term average gold price of US\$1,300 per ounce, with Mineral resources having been calculated using an assumed long-average gold price of US\$1,500 per ounce.

Resource estimates can change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly the conversion to ore reserves. In addition, estimates of inferred mineral resources may not form the basis of an economic analysis and it cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Therefore, investors are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category. Likewise, investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded into mineral reserves.

A proven mineral reserve is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

A probable mineral reserve is the economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

An inferred mineral resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.