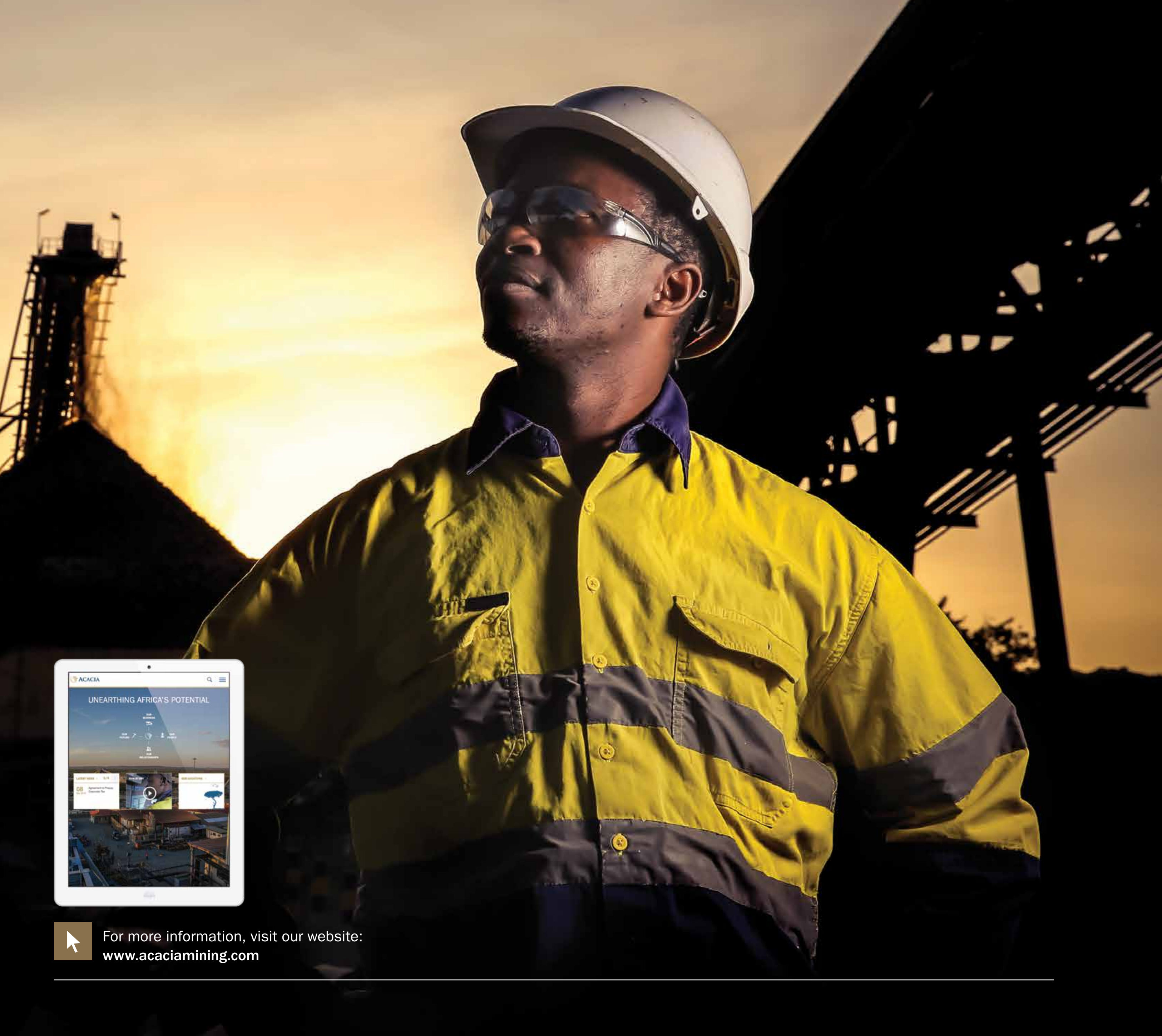
ACACIA

Annual Report & Accounts 2015

CONTINUING TO TRANSFORM OUR BUSINESS

MAKING STEADY PROGRESS

We are pleased with the progress we have made over the past 12 months as we continued to transform the business into a low cost producer. This will enable us to become a leading company in Africa and deliver returns for our shareholders and stakeholder communities.



For more information, visit our website:
www.acaciamining.com

Acacia Mining ('Acacia') is Tanzania's largest gold miner and one of the largest producers of gold in Africa.

We have three producing mines, all located in north-west Tanzania, and a portfolio of exploration projects across Africa.

Our approach to operating our assets is focused on our key strategic pillars: our business, our people and our relationships, while continuing to invest in our future.

OUR BUSINESS

OUR PEOPLE

OUR RELATIONSHIPS

OUR FUTURE

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2015 was another year of transformation as we progressed the mechanisation of Bulyanhulu and successfully transitioned North Mara into a combined open pit and underground operation.

Financial

Relevant pages p36

REVENUE (US$MILLION)

US$868.1m

2014: US$930.2m

ALL-IN SUSTAINING COST[1,2] (US$/oz)

US$1,112/oz

2014: US$1,105/oz

EBITDA[1,3] (US$MILLION)

US$175.0m

2014: US$252.7m

1 These are non-IFRS measures. Refer to page 164 for definitions.
2 2013 comparative amounts have been restated to exclude Tulawaka.
3 EBITDA includes continuing and discontinued operations.

Operational

Relevant pages p24

BULYANHULU, TANZANIA

273,552

Ounces of gold produced

BUZWAGI, TANZANIA

171,172

Ounces of gold produced

NORTH MARA, TANZANIA

287,188

Ounces of gold produced

Sustainability

Relevant pages p42

EDUCATION

US$4.1m

Amount invested in 2015

HEALTH

US$1.2m

Amount invested in 2015

WATER AND SANITATION

US$0.6m

Amount invested in 2015

INFRASTRUCTURE

US$2.7m

Amount invested in 2015

FOCUSING ON OUR CORE VALUE DRIVERS...

To help us deliver on our plan and enhance the long-term proposition of our business offering, we are focusing on our core value drivers.

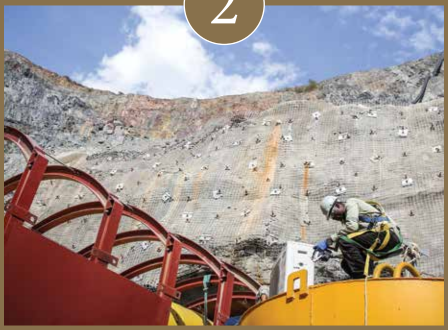
1

A LEADING ASSET PORTFOLIO IN AFRICA

p4

Enhancing our mix of high quality open pit and underground operations.

2



FOCUSED ON FREE CASH FLOW

p10

Ensuring every ounce we produce adds free cash flow.

3

CREATING SHARED STAKEHOLDER BENEFIT

p18

Becoming the partner and employer of choice.

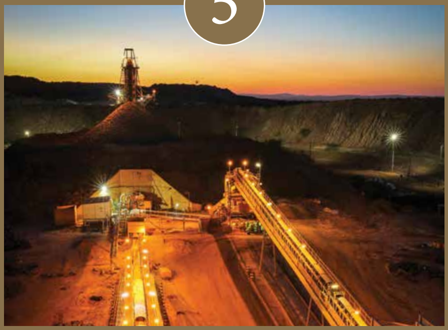
4

GROWING OUR FOOTPRINT

p30

Building an exploration portfolio across the most geologically prospective belts in Africa.

5



DISCIPLINED CAPITAL ALLOCATION

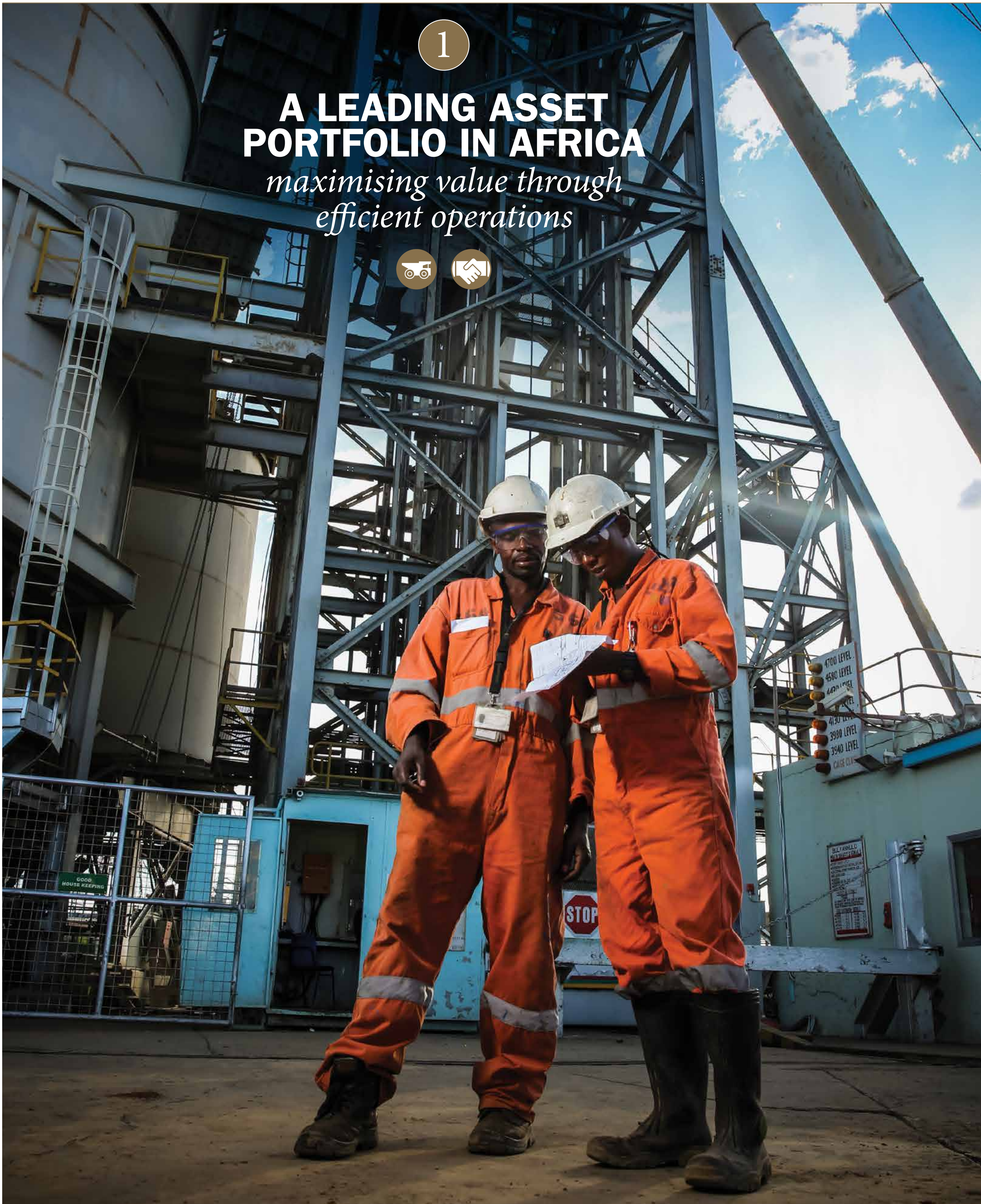
p36

Driving returns for our shareholders from every dollar invested.

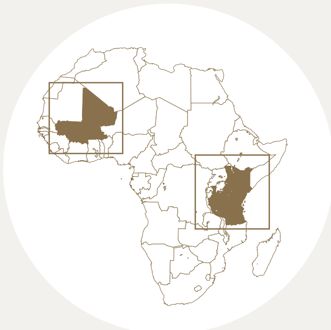
1

A LEADING ASSET PORTFOLIO IN AFRICA

maximising value through efficient operations



We are the leading gold producer in Tanzania and have built a portfolio of exploration projects across Africa.



PRODUCING MINES

BULYANHULU

17.1

Total Reserves and Resources (Moz)

BUZWAGI

2.7

Total Reserves and Resources (Moz)

NORTH MARA

3.8

Total Reserves and Resources (Moz)

EXPLORATION

NEAR-MINE/BROWNFIELD

- Bulyanhulu Resource Expansion
- North Mara mine life extensions

GREENFIELD

- West Kenya Joint Ventures
- Houndé Belt Joint Ventures
- Tintinba Project
- Nyanzaga Joint Venture

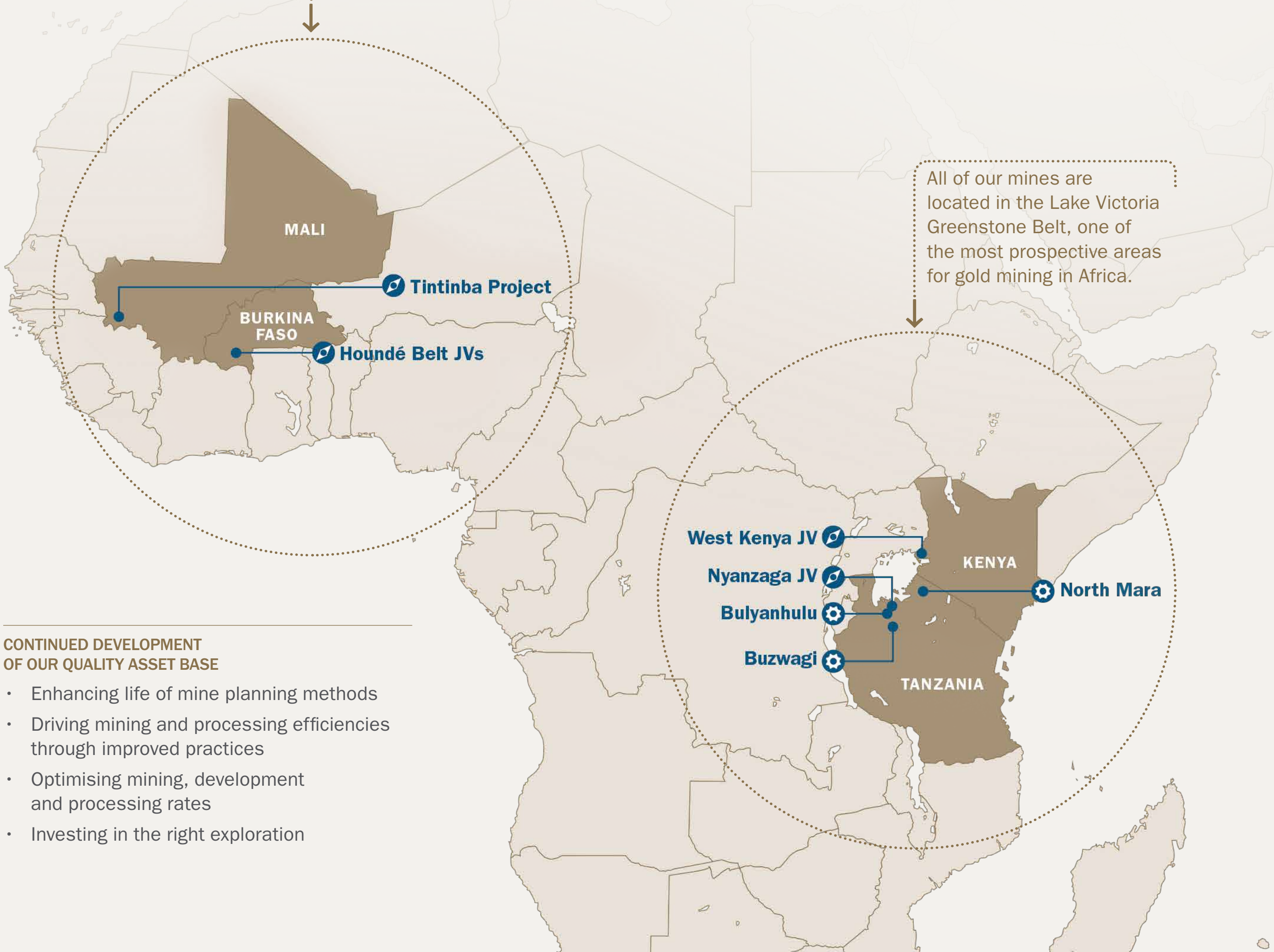
2015 SPEND

US$19.7m

on our exploration projects

Expanding our positions in the most geologically prospective belts in Africa.

All of our mines are located in the Lake Victoria Greenstone Belt, one of the most prospective areas for gold mining in Africa.



CONTINUED DEVELOPMENT OF OUR QUALITY ASSET BASE

- Enhancing life of mine planning methods
- Driving mining and processing efficiencies through improved practices
- Optimising mining, development and processing rates
- Investing in the right exploration

We have produced over eight million ounces of gold in 15 years of operations.

Our business model is designed to create a leading company in Africa.

OUR VALUE DRIVERS
What we stand for

1. A leading asset portfolio in Africa
2. Focused on free cash flow
3. Creating shared stakeholder benefit
4. Growing our footprint
5. Disciplined capital allocation

STRATEGIC PILLARS
Delivering a plan for the future

Our business
Driving free cash generation

Our people
Creating a high-performance culture

Our relationships
Becoming the partner of choice

Our future
Discovering our next mine

Effective governance and risk management practices

- Fostering strong, effective and experienced leadership
- Providing for diversity
- Developing sound governance structures and practices
- Progressing and maintaining internal controls and risk mitigation strategies

Sustainability

- Enhancing community and Government relationships
- Protecting the environment
- Safeguarding safety and health in the workplace
- Creating development and training opportunities for our employees
- Respecting human rights

Relevant pages

p24
Operating review

VALUE CREATION
Discovering and operating the best assets

PRODUCTION
An experienced operator

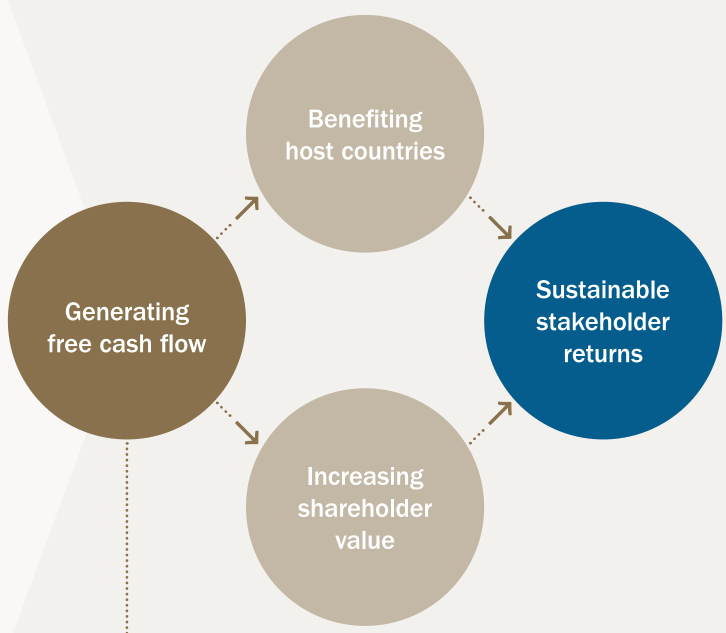
Acacia has a 15-year track record of discovering, building and operating both open pit and underground mines in Tanzania. Over the past three years we have produced on average 700,000 ounces of gold per annum.

See p24–29 for more information

EXPLORATION
Focused on prospective regions

Over the past three years we have invested over US$60 million into highly prospective exploration projects across Africa. We aim to make greenfield gold discoveries and will continue to enhance our producing assets through near-mine exploration.

See p30 for more information



Strong cost and capital discipline
- Enhancing supply chain and inventory management
- Maintaining appropriate operational cost levels
- Adopting stringent capital allocation and expenditure practices
- Using robust financial management procedures

Relevant pages

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Sustainability review

p48
Governance overview

During 2015, we continued to make significant progress in enhancing the overall efficiency of our operations. Although we experienced some challenges, Acacia remains on track to deliver long-term value.

"To demonstrate our commitment to providing returns to shareholders and our confidence in the ability of the business to generate cash flow, the Board has recommended a final dividend of US2.8 cents per share."

Kelvin Dushnisky
Chairman of the Board

Dear shareholders,
2015 was another year of transformation for Acacia as we progressed the mechanisation of Bulyanhulu and commenced underground operations at North Mara. We delivered increased production for the third consecutive year, albeit at marginally lower levels compared to original expectations. With our continued investment into the turnaround of Bulyanhulu, costs remained flat year on year, which together with the average realised gold price being over US$100 per ounce lower year on year, impacted on free cash generation.

Our ongoing turnaround has taken place against a negative market backdrop for the broader mining industry. The economic slowdown in China impacted demand for the majority of industrial metals and commodities, leading to a significant fall in physical prices which has been reflected in equity valuations. The gold price was by no means immune from the broader mining sector malaise, and reached a six-year low of US$1,049 per ounce in December. Having performed very strongly towards the end of 2014, Acacia's share price fell by 29.5% over 2015, reflecting the lower gold price and the operational challenges experienced during the year.

In light of the poor market conditions, both the Board of Directors and the Executive Leadership Team have unanimously volunteered to take a 10% reduction in pay in 2016.

Board composition

2015 was a year of stability for the Board as we embedded the talent added over the past two years. As part of this process, we undertook an extensive review of Board activities. We also undertook our first externally-facilitated Board performance evaluation. This confirmed that the Board, and its respective Committees, had operated effectively throughout the reporting period and has helped to shape our focus areas for 2016.

All Directors will stand for re-election at the 2016 AGM, save for Graham Clow who has decided not to stand in order to concentrate on other interests. We would like to thank Graham for his many contributions to the Company and wish him well for the future.

Final dividend

In 2014, we amended our dividend policy to ensure that it is more closely aligned with the cash generation potential of the business. As such, it is now based on operational cash flow after sustaining capital and capitalised development but before expansion capital and financing costs, rather than on net earnings.

As a result of the net cash decrease for the year, strictly following our dividend policy would imply no final dividend be recommended for the year. However, to demonstrate our commitment to providing returns to shareholders, the strength of our balance sheet and to signal our confidence in the ability of our business to generate cash flow, the Board has recommended a final dividend of US2.8 cents per share. Subject to shareholder approval of this recommendation at the AGM on 21 April 2016, the final dividend will be paid on 27 May 2016 to shareholders on the register as of 6 May 2016. The ex-dividend date is 5 May 2016. Together with our interim dividend of US1.4 cents per share, this represents a full year dividend of US4.2 cents per share.

Relevant pages

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Governance overview

Outlook

Whilst we encountered challenges in the year, the team continued to make significant improvements to the business as we moved through 2015. The hard work and commitment of the management team and those at the operations led to increased production from 2014 levels, and has orientated the business to deliver positive cash flows in 2016 at levels well below the current gold price.

Looking forward to 2016, we plan to consolidate the significant changes that the team has made over the past two years to provide a platform for operational stability going forward. We will continue to identify and implement further potential efficiencies within the Company, and our focus this year will be on improving productivity as we have now largely completed the re-engineering of our operations and the rightsizing of our workforce.

On behalf of the Board, I sincerely thank all Acacia employees for their hard work and dedication over the past year. I would also like to thank our shareholders for their continued support and commitment to the Company.

Kelvin Dushnisky
Chairman of the Board

EFFECTIVE GOVERNANCE

Our Directors have considerable knowledge and experience of the mining industry and bring other relevant experience to the Board to assist Acacia in achieving its strategic goals.

Kelvin Dushnisky
Chairman of the Board

Brad Gordon
Chief Executive Officer

Peter Tomsett
Senior Independent Non-Executive Director

Andre Falzon
Independent Non-Executive Director

Ambassador Juma V. Mwapachu
Independent Non-Executive Director

Michael Kenyon
Independent Non-Executive Director

Graham Clow
Independent Non-Executive Director

Rachel English
Independent Non-Executive Director

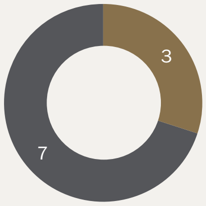
Steve Lucas
Independent Non-Executive Director

Stephen Galbraith
Non-Executive Director

Board skills

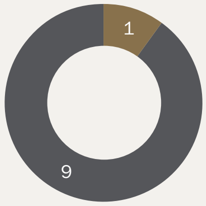
Geology
Engineering
Financial
African and regional affairs

Board independence



Non-independent
Independent

Board diversity

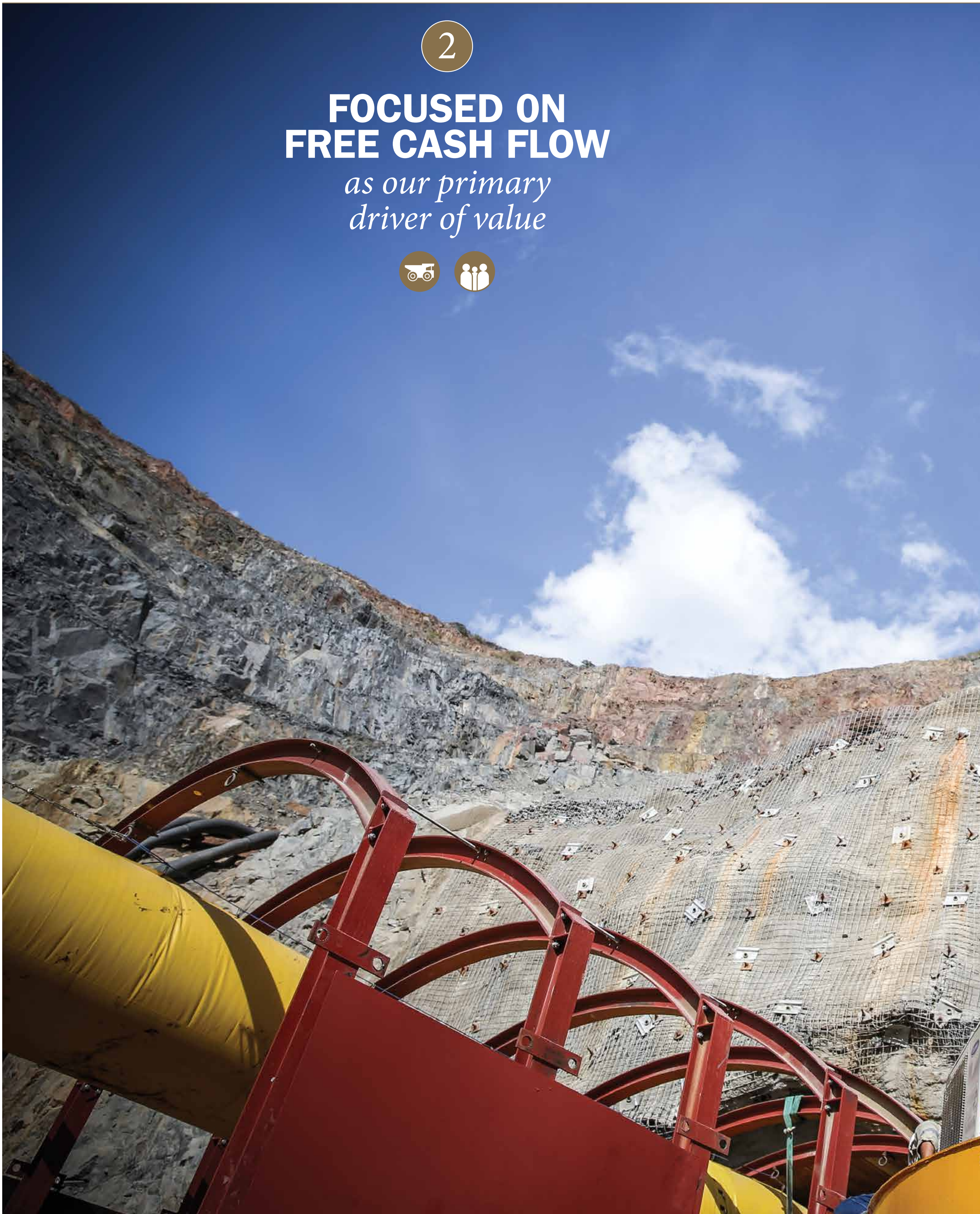


Female
Male

2

FOCUSED ON FREE CASH FLOW

as our primary driver of value



732koz
Production

Driving operating efficiencies
A further year of increased Group production

US$1,112/oz
AISC

Embedding cost discipline across the business
Costs in line with previous year

US$233m
Cash balance

Maintaining a strong balance sheet
Continuing to allocate capital to shareholders

We continue to look for ways to drive productivity and efficiencies within each of our operations.

"In light of the lower gold price environment we are redoubling our efforts to remove further costs from the business in order to return to free cash generation."

Brad Gordon
Chief Executive Officer

Introduction

I am pleased with the progress we have made across the business over the past 12 months as we continued to transform Acacia into a leading company in Africa, although the speed of the turnaround is slower than I had hoped to achieve. While we did not realise our primary aim of generating free cash flow in 2015 as a result of the challenges we faced, primarily in the third quarter, we did see an increase in production over 2014. This production was, however, lower than planned, which had a knock-on effect on costs.

Clearly we are disappointed that we did not achieve some of our goals. However, to address the combined effects of Q3 performance and the continuation of a lower gold price we decided to accelerate a wide-ranging rightsizing of our workforce in Q4. This process has now largely been completed and means we have a leaner, more nimble organisation that is set up to deliver in 2016 and beyond, as was evident in our improved Q4 performance.

Year in review

Much was accomplished in 2015 as we progressed the mechanisation of Bulyanhulu and successfully transitioned North Mara into a combined open pit and underground operation. As a result, production increased for the third consecutive year to 731,912 ounces, 2% higher than 2014, but marginally below the initial guidance range for the year. Production increased by 5% at North Mara to 287,188 ounces driven by the contribution of the newly commissioned Gokona Underground and by 17% at Bulyanhulu to 273,552 ounces as we saw a full year of operations of the re-claimed tailings project. At Buzwagi, production fell by 19% as a result of operations being focused on low grade areas in the open pit.

On the cost side, we continued to demonstrate discipline and began to show the full benefit of the changes we have made to the cost base over the year in the fourth quarter, with all-in sustaining costs ('AISC') of US$1,004 per ounce. This represents a US$700 per ounce reduction in our quarterly AISC since Q3 2012. Although we delivered strong cost performance in Q4, the impact of lower than expected annual production, together with continued investment into the development of Bulyanhulu, led to full year AISC of US$1,112 per ounce sold, broadly in line with 2014 and marginally above our initial guidance range. Encouragingly, we continued to show strong capital discipline whilst delivering increased production, with capital expenditure being down by 30% over 2014.

We ended the year with net cash of US$105 million and US$233 million of cash on our balance sheet, a reduction over the previous year of US$61 million. This included costs incurred of US$20 million on exploration, US$17 million on dividends, US$10 million on restructuring our workforce and US$15 million spent on the first repayment of our outstanding project debt for the CIL expansion at Bulyanhulu. In the fourth quarter we added US$7 million in cash to the balance sheet, at a time when the gold price hit a six-year low, and we believe that with the expected reduction in costs this year we will add cash to the balance sheet in 2016 at levels well below the current gold price. Given our planned production profile we expect this to occur primarily in the second half of the year.

Total revenue for the year amounted to US$868 million, which was 7% below 2014 as a result of the US$104 per ounce lower average realised gold price and despite the 2% increase in sales ounces. EBITDA was similarly affected by the gold price, at US$175 million, down from US$253 million in 2014. We had a loss for the year of US$197 million, primarily as a result of a US$189 million non-cash impairment at Buzwagi, with adjusted earnings of US$7 million.

Reserves and resources

The continuing weakness in the gold price throughout 2015 has led to a reduction in the gold price assumption we have incorporated into our reserve and resource calculations. Our reserve pricing is now US$1,100 per ounce, down from US$1,300 per ounce, and our resource pricing at our mines has been reduced by US$100 per ounce to US$1,400 per ounce. This reduction in gold price, in tandem with updated operating assumptions at Bulyanhulu, following a detailed block by block re-appraisal of our reserves, has led to a total reduction of approximately 3.7 million ounces of gold reserves, with around 90% of the reduction being at Bulyanhulu. Whilst this is disappointing, Bulyanhulu continues to have a mine life in excess of 20 years and unchanged total reserves and resources of 17 million ounces. Our planning will be focused on the continued optimisation of our operating performance and on ultimately bringing as many of these ounces as possible back into our reserve base. This will only be once we are fully satisfied that they meet our return criteria at current prices. At North Mara, we more than replaced reserves in the Gokona Underground as an improved understanding of the ore body allowed us to both extend and add stopes within the mine plan to bring in additional profitable ore tonnes.

Carrying value review

As a result of the continued decrease in the gold price during 2015, the gold price used to assess the carrying value of our operating assets and exploration properties was reduced in line with market expectations to US$1,100 per ounce for 2016, US$1,150 for 2017 and US$1,200 from 2018 onwards. This change required us to test the carrying value of each of our operating mines for potential impairment. The impairment review resulted in no change to the carrying value at either Bulyanhulu or North Mara, but due to the impact of the lower gold price on the short life of mine at Buzwagi, where we have assumed a flat US$1,100 per ounce gold price, we have incurred a non-cash post-tax impairment charge of US$188.7 million at the mine. Following the impairment our total carrying value for the Company has decreased to US$1.7 billion, with Buzwagi now carried at US$81 million.

Expanding our footprint

We continue to look to enhance our portfolio of assets, and during 2015 expanded our exploration portfolio in Burkina Faso and made our first entry into Mali. We believe that exploration is a significant driver of value for the business over the long term and now is the time to invest, which is a contrarian view to many in the market.

We also had a successful year within our existing exploration portfolio as the drilling programmes in West Kenya identified encouraging potential across the Liranda Corridor, and we announced in December 2015 that we had intercepted multiple lenses of high grade mineralisation which will be followed up in 2016. In Burkina Faso, programmes on the South Houndé joint venture have expanded both the oxide and fresh rock resources and our joint venture partner Sarama Resources announced in February 2016 an increase of 600,000 ounces of inferred resources at the project, giving a total resource of 2.1 million ounces at 1.5 grams per tonne (calculated and, where relevant, declared in accordance with JORC requirements).

We have also formed an earn-in joint venture with OreCorp Limited to progress our Nyanzaga Project in Tanzania. The structure of the joint venture allows us to continue our focus of delivery from our existing mines whilst retaining the optionality to participate in the potential future development of a large-scale gold mine. We believe that the team at OreCorp, having previously run large-scale projects in Tanzania, are well placed to advance the project.

Safety

We are pleased to report that we saw an improvement in safety performance in 2015 as the behavioural safety programme, "Tunajali" or "We Care", began to take effect across all of our operations. As a result our total reportable incident frequency rate improved by 21% despite a toughening of the criteria we use to assess the measure. Whilst we experienced no fatal incidents in 2015, regrettably, in January 2016 one of our contractors at North Mara passed away as a result of a haul truck accident. We continue to target zero injuries and having every person going home safely every day.

Cost saving initiatives

As we move into 2016, our focus continues to be the delivery of free cash flow. We successfully returned to free cash generation in Q4 2015, despite the costs associated with the significant reduction in workforce, and expect to generate free cash for the full year 2016. To strengthen our ability to generate free cash flow, we have taken further action to reduce costs across the business, including:

- US$25 million annual saving from the restructuring of the workforce announced in late 2015
- US$10 million further reduction in capital expenditure (based on the bottom of 2016 guidance range)
- US$10 million reduction in corporate administration costs; spend reduced by 50% since 2012
- US$10 million of annualised savings targeted through renegotiation of contracts across supply chain
- The Board of Directors and the Executive Leadership Team have volunteered to take a 10% reduction in salary

Mitigation of gold price risk at Buzwagi

In February 2016, Acacia entered into zero cost collars in relation to 136,000 ounces of 2016 production from Buzwagi in order to mitigate cash flow risk associated with a potential fall in the gold price. The agreements provide a guaranteed floor price of US$1,150 per ounce and also provide exposure to the gold price up to an average of US$1,290 per ounce. This was a prudent step in locking in a gold price in excess of our planning price at Buzwagi, where mining activities are due to complete in 2017 followed by approximately two years of stockpile retreatment. We are, and plan to remain, fully unhedged at our long-life assets, Bulyanhulu and North Mara.

Acacia Kilimanjaro Challenge

In June 2015, a team of Acacia staff, led by CEO, Brad Gordon and CFO, Andrew Wray raised over US$420,000 for CanEducate, a charity that provides educational sponsorships to impoverished and at-risk children primarily in Tanzania, by completing the challenge of reaching Uhuru Peak; the summit of Mount Kilimanjaro.

Mount Kilimanjaro, in Tanzania, is the highest freestanding mountain in the world and Uhuru Peak, at 5,895 metres, is the highest point in Africa. To get there the climbers spent seven days tackling a variety of climates and terrain, along with physical challenges such as altitude sickness.

Uhuru means freedom and we believe education brings freedom through choice, which is why CanEducate is the perfect recipient of funds raised through the climb. Acacia's relationship with CanEducate began in 2010 when the initiative covered 158 students at Bulyanhulu and it has now grown to cover over 2,100 students in 2015, and has supported over 7,000 students since 2010.

For more information, visit:
www.acaciamining.com/sustainability/acacia-kilimanjaro-challenge

With special thanks to our Uhuru Peak sponsors:

AKO Catering & Facilities Management

Atlas Copco

FREIGHT FORWARDERS TANZANIA LTD.

RBC Sponsored by Royal Bank of Canada

MARKET OVERVIEW

Our commodity environment

Gold

The market price of gold has a significant impact on Acacia's ability to generate cash flows. Gold price volatility continued to be elevated during 2015 with the gold price ranging from a high of US$1,302 per ounce to a low of US$1,051 per ounce and closing the year at US$1,061 per ounce. Market gold prices averaged US$1,160 per ounce in 2015, an 8% decline from the prior year average of US$1,266. The price of gold was negatively influenced during the year by US economic growth, which led to a strong dollar and exchange traded fund ('ETF') outflows. These were partially offset by strong physical demand in Asia, particularly China and India, and central bank buying. In December 2015, the US Federal Reserve increased its interest rates by 0.25% from its previous historical lows which led to further US dollar strength and gold weakness.

During 2015, Acacia did not undertake gold hedging, but in February 2016, in order to mitigate the cash flow risk associated with the potential fall in the gold price, Acacia has entered into zero cost collars that cover 136,000 ounces of production from Buzwagi at an average floor price of US$1,150 per ounce and also provide exposure to the gold price up to an average of $1,290 per ounce. We are, and will remain, unhedged at Bulyanhulu and North Mara.

Copper

Acacia also produces copper as a co-product which is recognised as a part of revenue. Copper traded between US$2.05 and US$2.92 per pound in 2015. The average market copper price for 2015 was US$2.49 compared to US$3.11 per pound in 2014. The price of copper was negatively influenced during the year by weakening demand from China, the world's largest consumer.

During 2015 we utilised an option collar strategy whereby 24% of our expected annual copper production was hedged at an average floor price of US$3.08 per pound and an average ceiling price of US$3.35 per pound, resulting in a realised gain of US$1.4 million for the year. In 2016, we currently have no copper collars in place but continue to monitor prices to target prices with floors above the current budget rates.

Fuel

At our operations we consume diesel within our mobile mining fleet and to self-generate power when required. Diesel is refined from crude oil and is therefore subject to the same price volatility affecting crude oil prices and has a significant impact on our production costs. We consumed approximately 455,000 barrels of diesel in 2015 (2014: 496,000). During 2015, Brent Crude oil traded between US$36 and US$68 per barrel and averaged US$54 per barrel (2014: US$100 per barrel). Crude oil has been impacted by the strength of the US dollar and increased supplies from OPEC countries as sanctions were lifted, resulting in an oversupplied market.

During 2015, we utilised an option collar strategy to hedge 75% of our estimated diesel consumption at an average floor price of US$97 per barrel and average ceiling price of US$110 per barrel, resulting in a realised loss of US$13.6 million. In 2015, we have continued this strategy and put in place protection on approximately 75% and 68% of our expected 2016 and 2017 consumption respectively, with average floors of US$72 and US$50 and average ceilings of US$94 and US$81 per barrel respectively.

Our operating environment

Currency depreciation

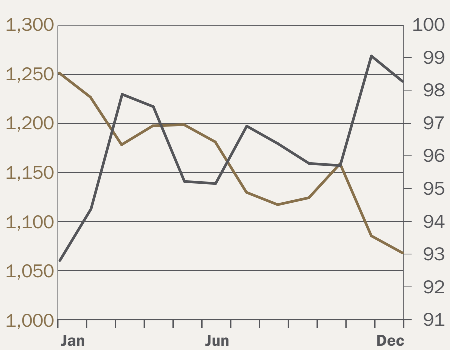
Over 2015, the US dollar strengthened against many of the global currencies as a result of stronger economic growth and expectations of an increasing interest rate environment. Emerging market currencies, including the Tanzanian shilling, performed particularly poorly as their growth outlook weakened due to their higher proportional exposure to the commodity markets. In Tanzania this led to a 25% fall in the value of the Tanzanian shilling over the year.

This had a twin impact on Acacia. On the positive side, it provides a small operational benefit to Acacia as approximately 15% of our cash costs are denominated in Tanzanian shillings and the impact of the exchange rate differential is yet to be removed through inflation. However, on the negative side, we also have US$110 million of outstanding indirect tax receivables owed to Acacia by the Government of Tanzania which are denominated in TSH. As Acacia reports in dollars, these are re-valued each quarter and result in mark-to-market losses in proportion to the exchange rate changes. In 2015, these amounted to a loss of US$28 million.

General elections

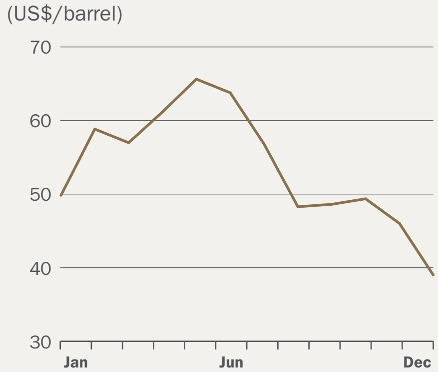
Tanzania's general election cycle runs every five years and under electoral law, the sitting President, having served two terms, was unable to stand again in 2015. Peaceful multi-party elections took place in October and were closely watched by international observers. The election was preceded by a closely fought campaign, primarily focused on reduction of corruption in the country, between the candidates of the ruling party, Chama Cha Mapinduzi ('CCM') and Chadema, the main opposition. Ultimately CCM prevailed and President John Magufuli has been inaugurated as Tanzania's fifth President. During the electoral process Acacia continued to operate well.

Spot gold prices vs. DXY Index

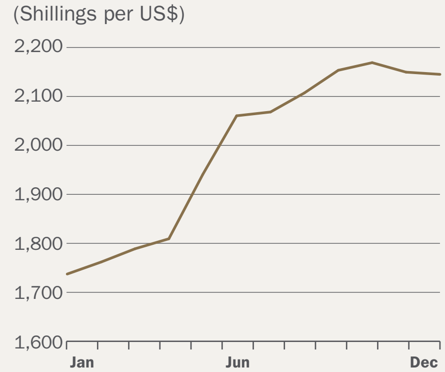


Monthly Average Gold Price (US$/oz)
DXY Index

Brent Crude
(US$/barrel)



Tanzanian shilling
(Shillings per US$)



Outlook

Whilst the Group delivered strong performance in the fourth quarter, full year delivery in 2015 was below expectations despite a very successful year at North Mara. As a result, we have incorporated the learnings from this as well as our primary focus on free cash flow into our mine plans for 2016 and beyond. We expect production to increase to 750,000–780,000 ounces, a 5% increase over 2015 at the mid-point of the range. We also expect a reduction in AISC of approximately 15% to US$950–980 per ounce, with cash costs expected to fall to US$670–700 per ounce. Due to the grade profile at Buzwagi in Q1, we expect a production ratio of 45:55 in terms of the first half versus the second half of the year.

At Bulyanhulu we have fundamentally re-engineered the operation over the past two years and delivered a 40% production increase in that time. We have made significant progress in the mechanisation of the mine, increasing workforce productivities and improving underground operating metrics.

Our focus is on free cash flow and accordingly we have reviewed reserves based on the lower gold price assumption and a more detailed mine design approach. Following this review, and our experience in 2015, it was determined that within the Upper East Zone, which was expected to ramp up significantly in 2016, further definition drilling on the Reef 2 series is required in order to define the geological complexity and as a result we have deferred the planned increase in mining rates. As a result, we expect production in 2016 to be broadly in line with 2015 and with our focus on cost reduction measures we expect AISC to fall by more than 15% year on year.

We are still confident that Bulyanhulu will produce 350,000 ounces per annum over the medium term and are assessing the potential above this production rate through an ongoing three-year drilling programme, primarily on the Reef 2 series.

North Mara is expected to continue to perform strongly as the Gokona Underground is fully ramped up and a second access portal is developed to provide additional flexibility. As a result of the increased proportion of mill feed being sourced from the underground we expect to see a 5% increase in production, with a similar reduction in AISC in 2016 over 2015.

At Buzwagi, we expect the mine to generate solid cash flows over 2016, with production expected to be 10% higher than 2015 with AISC down by approximately 15%. As a result of delays in waste movement in 2015, there will be a focus on waste stripping in Q1 2016 to reduce the backlog. This will result in the deferral of some of the high-grade material previously planned to be mined in the year into Q1 2017 and will mean that approximately 35% of the mill feed in the first quarter will come from lower-grade stockpiles.

We have continued to improve our capital discipline and expect a further 5% reduction in capital expenditure in 2016 to US$175–180 million driven by a further reduction in sustaining capital to approximately US$60 million as we focus on production critical initiatives at each of the mines. Our investment in waste stripping and underground development is expected to be in line with 2015 as we continue to build flexibility in the underground operations at Bulyanhulu and North Mara.

As previously indicated, we plan to maintain our exploration spend at approximately US$20 million, as we progress projects in Kenya, Burkina Faso and Mali and look to further add prospective land packages to our portfolio. Corporate administration costs are expected to fall by over 25% to US$25 million as we see the impact of a reduction in headcount, travel and other central expenses.

Finally, I would like to thank all of my colleagues for their commitment, enthusiasm and hard work throughout what has been another year of transformation at Acacia. We have made good progress to date and believe we are on the cusp of making this Company a leader in Africa. I would also like to thank our Board for their support and guidance through the year and I am looking forward to 2016 and beyond.

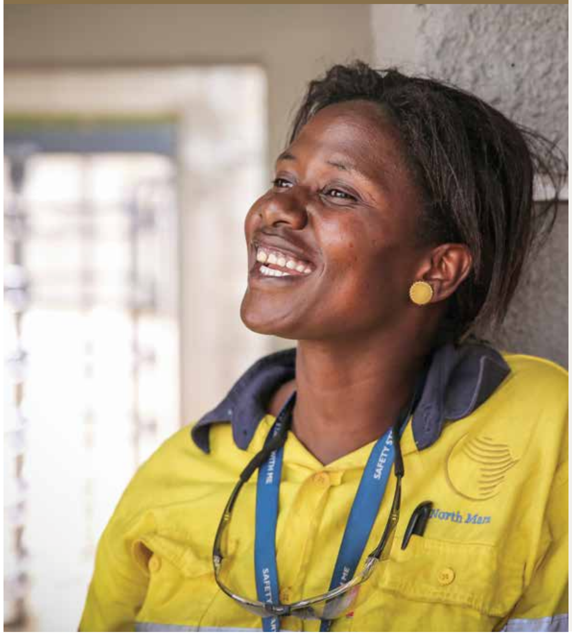
Brad Gordon
Chief Executive Officer

Throughout 2015, we continued to make progress against our refreshed strategic approach and our ambition to become a leading company in Africa.

OUR VISION

To be the leading gold producer in Africa.

We will do this through focusing on the following strategic pillars.



STRATEGIC PILLAR

Our business

We have made significant technical changes to our business to ensure that each of our mines are correctly engineered, set up to deliver free cash flow and able to drive operating efficiencies. Each mine is transitioning to operate as its own commercial business unit, with regulatory and strategic oversight being provided by the central offices.

Our people

Our people are our core asset and we are focused on creating a high-performance culture where our people are held accountable, but are given the tools to succeed. In order to achieve this we have significantly reduced the levels of management, restructured our corporate offices, rightsized the workforce and promoted local talent.

Our relationships

We have focused on improving our relationships with the communities around our mines and with the Government. We have engaged more actively with the community, the media and our broader stakeholders. We have also worked hard to strengthen our relationships with local and national authorities to ensure that we receive the appropriate support for our business in order for us to continue to be a key economic development driver for our host countries.

Our future

We believe that exploration is a significant driver of value for the business over the long term and now is the time to invest, which is a contrarian view to many in the market. As a result, we are focused on building a significant land package across Africa in the most geologically prospective belts to provide our exploration group the best opportunity to discover our next mines, as well as other opportunities to drive shareholder value over the long term.

Relevant pages

p20
Key performance indicators

p42
Sustainability review

p80
Principal risks and uncertainties

PROGRESS IN 2015	PRIORITIES FOR 2016	2015 KPIs	RELEVANT RISK AREAS
• Completed transition of North Mara into a combined open pit and underground operation • Progressed the mechanisation of mining at Bulyanhulu • Delivered a further 30% reduction in capital expenditure	• Complete the second access portal at the Gokona Underground • Identify alternative areas to source ore tonnes underground at Bulyanhulu • Accelerate waste movement at the Buzwagi pit to enable access to higher-grade areas	732 GOLD PRODUCTION (koz) 1,112 AISC (US$/oz)	Strategic Financial External Operational
• Completed the roll out of behavioural safety programme (WeCare) • Undertook significant right-sizing of workforce • 20% reduction in TRIFR rate • Further reduction in proportion of international workers	• Roll out of first line leader training programme • Further improve TRIFR rates with ambition of zero injuries • Continue to enhance Accountable Management System	0.68 SAFETY – TRIFR (Frequency rate) 95.6% LOCALISATION (% of operational workforce Tanzanian)	Strategic Operational
• Successfully operated through country-wide general election • Maintenance of improved relationship with communities at North Mara • Updated closure plan for Buzwagi	• Further reduction in intruder numbers at North Mara • Generation of alternative livelihoods and improved community well-being • Increase local content within supply base • Reduce overall level of community grievances	US$12.9m COMMUNITY SPEND (US$m)	Strategic External Operational
• Delivered encouraging initial results from drilling on Liranda Corridor in Kenya • Increased resource base on South Houndé JV in Burkina Faso • Expanded footprint in Burkina Faso • Acquired licences in Mali	• Follow-up drilling programmes on Liranda Corridor to delineate the extent and continuity of mineralisation • Test depth and satellite targets on the South Houndé JV • Undertake grassroots exploration on newly acquired licences • Continue to expand footprint in most prospective areas	28.6 RESERVES AND RESOURCES (Moz)	Strategic Financial External Operational

3

CREATING SHARED STAKEHOLDER BENEFIT

through becoming the partner and employer of choice

11
Jobs are created elsewhere in the Tanzanian economy for every Acacia job

45,000
Jobs supported through Acacia's operations on average in 2015

US$889m
Direct contribution made by Acacia to Tanzanian economy

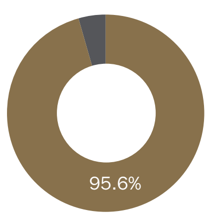
US$109m
Acacia's net taxation contribution

We aim to work as a partner with our local communities to drive lasting shared benefits for all of our stakeholders.

Deodatus Mwanyika
Vice President, Corporate Affairs

95.6%
Over 95% of Acacia employees at our operations are Tanzanians

Tanzanian workforce



Relevant pages

p42
Sustainability review

Benefiting our host communities

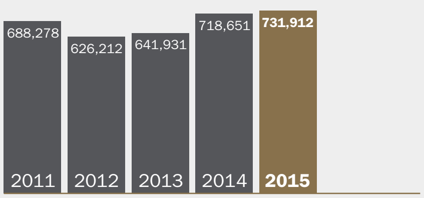
We are committed to assisting our communities by providing opportunities to generate livelihoods. One of the programmes we undertake is the IMTT, where Acacia sponsors students who have completed fourth form English and Mathematics to undertake a range of multi-year technical training courses. The programmes include learning to become a welder (two years), Electrician (three years), Auto Electrician (three years) and Diesel Mechanic (three years) amongst others.

The sponsorship includes transport, tuition fees, practical attachments, course textbooks, accommodation and bursaries for living expenses and nearly 150 students have now graduated from the programme. One of those who benefited from the sponsorship, Antony Juma Steven, who completed his fourth-form studies at Mwalimu Nyerere Secondary School in Segese, says; "After successfully completing my fourth-form studies I applied for sponsorship through my village government and after a short while I was invited to go through the registration process. I was subsequently admitted! I did not believe it as getting 100% sponsorship is no joke. Everything is provided for by Bulyanhulu and in our group, we joined 30 students all being paid for by Acacia."

We assess our performance against the following key performance indicators, each of which is linked to our long-term strategy.

OPERATIONAL MEASURES

Gold production
(oz)



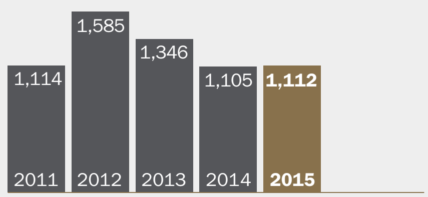
Performance

Gold production was 731,912 ounces, 2% higher than 2014, as a result of the range of improvements made within our operations.

Relevance to strategy

Gold production is the aggregate of the Group's equity interest in gold ounces produced from our mines and one of the key measures used to track progress made in increasing our productivity levels.

All-in sustaining costs
(US$/oz)



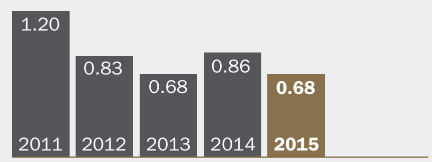
Performance

AISC for the year was US$1,112 per ounce sold, broadly in line with 2014 as increased production was offset by increased operating costs.

Relevance to strategy

AISC is used to provide additional information on the total sustaining cost for each ounce sold in order to provide additional clarity as to the full cost of production. It is one of the key indicators that we use to monitor and manage those factors that impact production costs on a monthly basis.

Total reportable injury frequency rate
(Frequency rate)



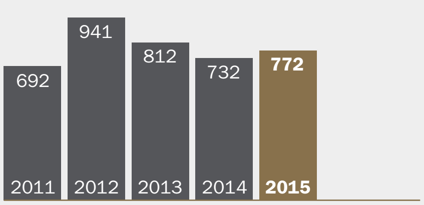
Performance

Total reportable injury frequency rate ('TRIFR') was 0.68 for the year, compared to 0.86 in 2014, as a result of an enhanced safety programme (WeCare) that was rolled out in 2015 to improve safety performance.

Relevance to strategy

TRIFR tracks all employee and contractor reported workplace injuries that require medical treatment, including lost time and restricted duty. We use it to measure progress towards our health and safety goal of zero harm. It is calculated as total reportable injuries multiplied by 200,000 then divided by total number of hours worked.

Cash cost per ounce sold
(US$/oz)



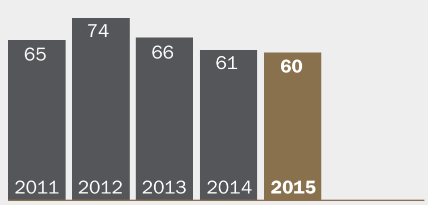
Performance

Cash cost per ounce sold for the year was US$772 per ounce, an 8% increase on 2014, as a result of increased operating costs and similar levels of production.

Relevance to strategy

Cash cost per ounce sold is calculated by dividing the aggregate of cash costs by gold ounces sold. It is one of the key indicators that we use to monitor and manage those factors that impact production costs on a monthly basis.

Cash cost per tonne milled
(US$/tonne)



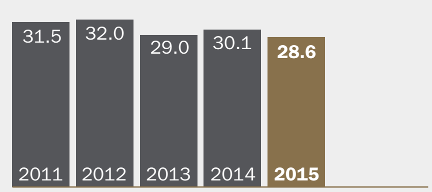
Performance

Cash cost per tonne milled for the year was US$60 per tonne, an 2% reduction on 2014, as a result of achieving improved process throughput.

Relevance to strategy

Cash cost per tonne milled is calculated by dividing the aggregate of cash costs by ore tonnes milled. We use it to track cash costs against productivity.

Total reserves and resources
(Moz)



Performance

Total reserves and resources for the year amounted to 28.6 million ounces of gold, a reduction of 1.5 million ounces from 2014 due to a combination of revised gold price and operating assumptions together with depletion.

Relevance to strategy

Calculated as the total of proven and probable reserves, plus measured, indicated and inferred resources expressed in contained ounces. It measures our ability to discover and develop new ore bodies and to replace and extend the life of our operating mines.

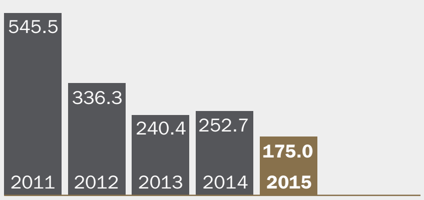
Strategic pillars

- Our business
- Our people
- Our relationships
- Our future

▲ These KPIs are linked to Executive Directors' remuneration. For full disclosure please see the Remuneration Report on page 63.

FINANCIAL MEASURES

EBITDA
(US$million)



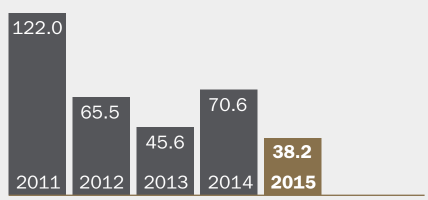
Performance

EBITDA for the year was US$175 million, a 31% decrease on 2014 mainly as a result of lower gold prices and higher cost of goods sold.

Relevance to strategy

EBITDA is a valuable indicator of our ability to generate operating cash flow to fund working capital and capital expenditures and to service debt obligations.

Operating cash flow per share
(US¢/share)



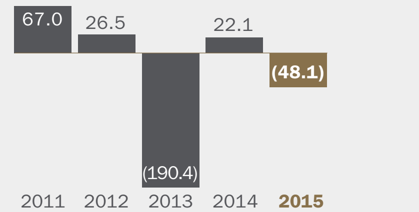
Performance

Operating cash flow per share was US38.2 cents per share, 46% down from 2014 largely due to the lower gold price and working capital investment.

Relevance to strategy

Operating cash flow per share is the cash generated from, or utilised in, operating activities, divided by the weighted average of the number of Ordinary Shares in issue. It helps to measure our ability to generate cash from our business.

Net earnings/(loss) per share
(US¢/share)



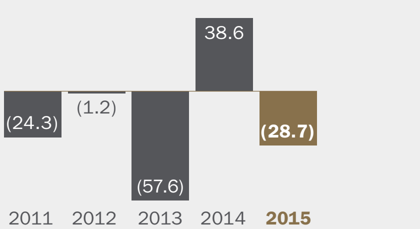
Performance

Net loss per share was 48.1 cents, compared to earnings of 22.1 cents in 2014. The loss was primarily driven by an impairment at Buzwagi.

Relevance to strategy

Net earnings per share is calculated by dividing net earnings by the weighted average number of Ordinary Shares in issue. It serves as an indicator of our profitability and is often used to determine share price and value.

Total shareholder return
(%)



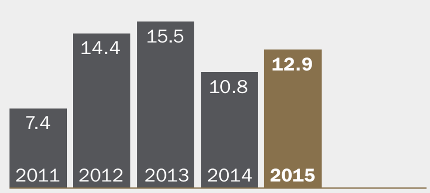
Performance

Total shareholder return ('TSR') in 2015 was negative 28.7% due to a reduction in share price following the fall in the gold price and operational challenges over the year.

Relevance to strategy

TSR is the return on investment a shareholder receives over a specified time frame based on our share price appreciation/depreciation and dividends received. It is used to compare our performance against industry peers.

Total community investment
(US$million)



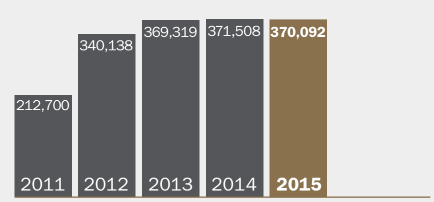
Performance

Total community investment was US$12.9 million, an increase on 2014 due to a focus on completing commitments under the VBIAs at North Mara and increased Acacia Maendeleo Fund spending.

Relevance to strategy

This represents the amount of money that we invest across our corporate social responsibility programmes. It helps us to track progress made as regards our objective to support socio-economic development in our operating environment.

GHG emissions
(Total tonnes CO_2)



Performance

Total CO_2 emissions for 2015 amounted to 370,092 tonnes, in line with 2014. Further information as regards our GHG emissions reporting is provided on page 84.

Relevance to strategy

GHG emissions are measured on the basis of total tonnes of CO_2 produced by our operations as a way of assessing our carbon footprint.

The successful delivery of Acacia's strategy depends on our ability to manage risks appropriately in a manner that does not jeopardise the interests of our stakeholders.

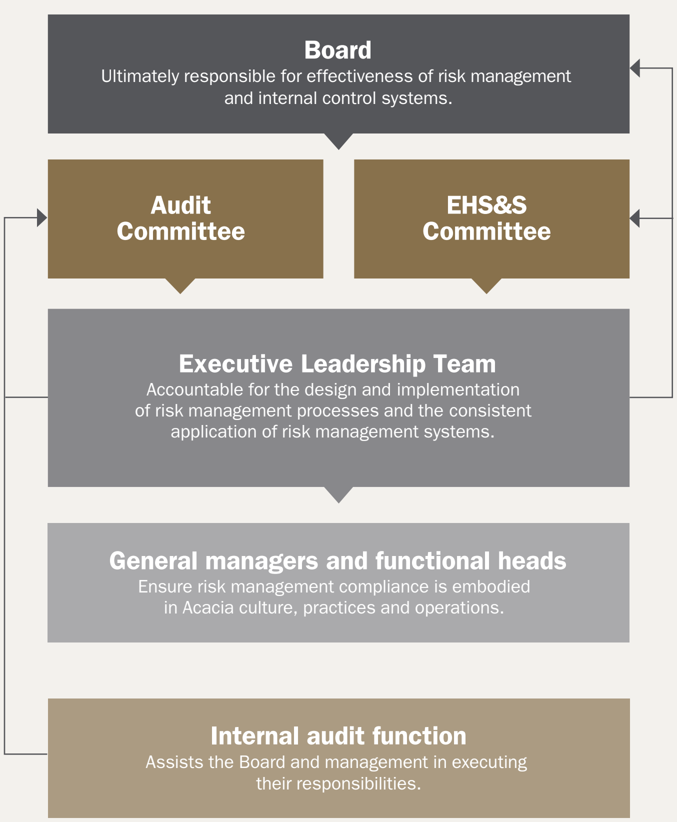
We assess the principal risks to our business as part of ongoing business performance and operational reviews, as follows:

- We conduct Group-level risk workshops to consider overall strategic risks to the business
- We conduct operational risk workshops focused on specific operational risks in the context of each of our operations
- We conduct functional risk workshops to assess key matters which could affect underlying support functions, such as treasury, tax, technical services and business improvement, required for our long-term business plans
- We ensure that principal risks are assessed as material components of our monthly operational and financial performance reporting

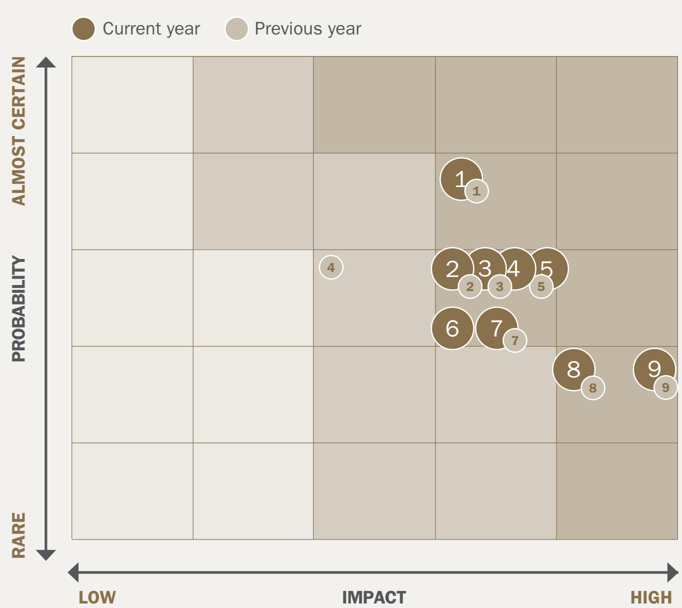
Our annual business plan and budgeting process incorporates risks identified as a result of these reviews. Residual risks are then identified based on the effectiveness of existing controls and mitigating action plans. The principal risks identified via this process are then monitored, assessed and reviewed throughout the year by the Executive Leadership Team in the first instance, the Audit and EHS&S Committees where relevant to their respective remits of responsibility, and ultimately by the Board, as part of Acacia's continuing assessment of risk trends and developments.

Further detail as regards the outcome of the Board's internal control and risk management review for the year is provided on page 54 and below.

RISK MANAGEMENT FRAMEWORK



PRINCIPAL RISK MATRIX – RESIDUAL RISKS



Principal risks (by residual risk)
1. Security, trespass and vandalism
2. Implementation of enhanced operational systems
3. Significant changes to commodity prices
4. Environmental hazards and rehabilitation
5. Political, legal and regulatory developments
6. Continuity of power supply (new for 2015)
7. Equipment effectiveness
8. Safety risks relating to mining operations
9. Single country risk

Relevant pages

p80

Principal risks and uncertainties

Risk governance and management

As part of continuing assessments for our risk management practices and in light of the enhanced requirements introduced for risk management, monitoring and assessment under the 2014 edition of the UK Corporate Governance Code, this year we conducted a robust assessment of our risk management and internal controls framework, with the assistance of Deloitte LLP. This assessment covered a review of material components of the risk management and internal controls practices outlined opposite, the role of our internal audit function as regards internal controls and risk management and the interface of risk management with our wider compliance programmes.

In this regard, we assessed our practices in the context of risk governance, culture, ownership and accountability, infrastructure and identification, assessment and evaluation, reporting, monitoring, review and assurance. From a governance perspective, we also reviewed the allocation of risk oversight responsibilities for our principal risks between the Audit and EHS&S Committees and the Board. Further details of the allocation of principal risk oversight are provided as part of the principal risk table and Committee reports. Overall, the review identified a number of key strengths and good practices and did not identify any material or business critical gaps within the framework we use. It also identified suggestions for improvement for consideration in the context of the continuing evolution of our risk management process in areas such as risk assessment and evaluation, and training and assurance practices in order to further enhance and integrate our framework and systems.

2015 Principal risk review

For 2015 our principal risks have continued to fall within four broad categories: strategic risks, financial risks, external risks and operational risks. Generally, the makeup of our principal risks has not significantly changed throughout the year from those identified as principal risks in 2014. However, there have been changes in certain risk profiles as a result of developments in our operating environment and developments or trends affecting the wider global economy and/or the mining industry. For the time being, this has resulted in risks relating to occupational health and life-threatening diseases being removed from those risks previously viewed as principal risks to Acacia and its operations, given the decreased impact of Ebola in West Africa and the threat that this disease was perceived to have to the wider African continent. We will of course continue to assess the potential impact of all material occupational health and wider health risks on our business as part of our general health monitoring practices. In addition, we increased our assessment of the potential impact of a significant environmental event on our business in light of the impact of the Samarco tailings dam failure in Minas Gerais, Brazil. However, in this regard we would highlight that our assessment of the probability of such an event occurring remains unchanged from 2014. Lastly, we have decided to reintroduce the continuity of power supply as a principal risk, due to increasing and continuing fluctuations and stoppages in TANESCO power supply experienced during the year.

As a result of the review, at the end of 2015 we viewed our principal risks as relating to the following:

- Single country risk
- Significant changes to commodity prices
- Political, legal and regulatory developments
- Security, trespass and vandalism
- Safety risks relating to mining operations
- Implementation of enhanced operational systems
- Equipment effectiveness
- Environmental hazards and rehabilitation
- Continuity of power supply

The principal risk matrix opposite shows how we have allocated residual risk ratings across these principal risks for 2015. In addition, the table entitled principal risks and uncertainties on page 80 sets out a description of each of our principal risks, along with commentary regarding management responsibility, Committee and Board oversight, mitigating action and key progress made in 2015 for further information purposes. In addition to those risks stated, there may be additional risks unknown to Acacia and other risks, currently believed to be immaterial or that relate to the wider gold mining industry, that could turn out to be material to the Group. Additional discussions of certain trends and uncertainties that may affect our operations are provided in other parts of this Strategic report.

Assessment of viability

In addition to risk management reviews, this year we also conducted additional reviews relating to business viability relevant to our assessment of Acacia's ongoing viability and the related confirmations required to be made in this regard.

Accordingly, the Directors confirm that they have a reasonable expectation that the Acacia Group will continue to operate and meet its liabilities, as they fall due, for the next three years. The Directors' assessment has been made with reference to the Acacia Group's current position and prospects, its strategy and the Acacia Group's principal risks and how these are managed, with particular regard to those which are viewed as having the most relevance to Acacia continuing in operation, when assessed in terms of financial and operational planning and impact over a three-year period, being: environmental hazards and rehabilitation; implementation of enhanced operational systems; significant change to commodity prices; political, legal and regulatory developments; safety risks relating to mining operations and equipment effectiveness. Further details as regards these risks are provided in the principal risks and uncertainties table at page 80.

A three-year assessment period has been selected on the basis of the key components and criteria underpinning the Acacia Group's life of mine planning process. This process is built on a mine by mine basis using a detailed physical and financial model. It makes certain assumptions as regards the ongoing gold price environment and the performance level of each mine. Each component of the plan is then stressed tested for market sensitivities as part of ongoing reviews. The key components of the plans, associated principal risks and relevant scenario testing to this planning process are reviewed by the Directors at least annually. In addition, the life of mine planning process is underpinned by regular Board briefings as part of ongoing periodic operational performance reviews and the discussion of any operational initiatives to be undertaken in the ordinary course of business.

The information relating to Acacia's performance included on pages 24 to 47 (inclusive) of this Annual Report and the information relating to its principal risks and uncertainties on pages 80 to 83 (inclusive) of this Annual Report, is incorporated by reference into this Strategic report and is deemed to form part of this Strategic report.

BULYANHULU

The Bulyanhulu gold mine is located in north-west Tanzania, in the Kahama district of the Shinyanga region, approximately 55 kilometres south of Lake Victoria and approximately 150 kilometres south-west of the city of Mwanza, a regional business and economic hub.

Supporting local women's enterprise

Bulyanhulu provided funding and training for a local co-operative of women, ranging between 18 and 50 years old, to help them to build the soap manufacturing industry in the local district. The project will both provide livelihoods and enhance sanitation in the communities around the mine.

For more information, visit our website:
www.acaciamining.com

Progress in 2015

- Continued the mechanisation of the mine thereby improving the production and safety profile of the mine
- Significantly reduced the size of the workforce following implementation of revised shift patterns
- Delivered a 28% reduction in average long-hole stoping mining width through implementation of operational improvements

Priorities for 2016

- Deliver further increase in development metres and improve stope cycle times
- Achieve improved recoveries from run-of-mine ore and re-claimed tailings materials
- Progress drilling programmes across the Reef 2 Series, both in the Upper East and the Lower West Zones

2015 PERFORMANCE

273,552
Contribution to Group ounces (oz)

37%
Percentage contribution to total Group ounces (oz)

1.03
TRIFR

17.1
Total reserves and resources (Moz)

Operating performance

Gold production for the year of 273,552 ounces was 17% higher than the same period in 2014. This was due to ounces produced from underground mining increasing by 8% over 2014, driven by an 8% increase in throughput as access to stopes improved; and the new CIL circuit delivering 33,508 ounces, against 2014 production of 12,405 ounces. Gold sold for the year amounted to 265,341 ounces, 23% higher than 2014 but 3% lower than production due to the timing of production at year end impacting the shipment of ounces.

Copper production of 6.3 million pounds for the year was 19% higher than in 2014 due to higher copper grades combined with higher run of mine throughput.

Cash costs for the year of US$797 per ounce sold were 2% lower than 2014 (US$812) mainly due to the higher production base and lower labour costs driven by lower international and national employee headcount, partly offset by increased contracted services driven by increased development contractor activity and increased consumables costs as a result of the additional reagents required in the larger CIL circuit.

AISC per ounce sold for the year of US$1,253 was 1% lower than 2014 (US$1,266) driven by the impact of the higher production base, partly offset by increased sustaining capital expenditure mainly relating to investments in equipment, tailings infrastructure and underground ventilation and refrigeration.

We have fundamentally re-engineered the operation over the past two years and have made significant progress in the mechanisation of the mine, increasing workforce productivities and improving underground operating metrics.

Our focus is on free cash flow and accordingly we have reviewed reserves based on the lower gold price assumption and a more detailed mine design approach. This has led to a reclassification of 3.4 million ounces of reserves to resources at the mine, with reserves now 6.1 million ounces, and total reserves and resources remaining unchanged at 17.1 million ounces. Underground reserve grade has also reduced to 8.9g/t as a result of increased mining width assumptions.

We expect production in 2016 to be broadly in line with 2015 and with our focus on cost reduction measures we expect AISC to fall by more than 15% year on year. We are still confident that Bulyanhulu will produce 350,000 ounces per annum over the medium term and are assessing the potential above this production rate through an ongoing three-year drilling programme, primarily on the Reef 2 series.

Capital expenditure for the year before reclamation adjustments amounted to US$101.3 million, 23% lower than the 2014 expenditure of US$131.5 million, mainly driven by lower expansionary capital spend, partially offset by increased sustaining capital spend. Capital expenditure consisted mainly of capitalised underground development costs (US$59.8 million), investment in mobile equipment and component change-outs (US$5.4 million), investments in tailings and infrastructure (US$15.1 million) and investments in an underground refrigeration plant (US$12.0 million). The credit in expansionary capital expenditure relates to the reversal of amounts over-accrued on 2014 expansionary capital projects.

Key mine statistics

		Year ended 31 December		Variance %
(Unaudited)		2015	2014	
Key operational information:				
Ounces produced	oz	273,552	234,786	17%
Ounces sold	oz	265,341	215,740	23%
Cash cost per ounce sold[1]	US$/oz	797	812	(2)%
AISC per ounce sold[1]	US$/oz	1,253	1,266	(1)%
Copper production	Klbs	6,308	5,289	19%
Copper sold	Klbs	5,424	4,925	10%
Run-of-mine:				
Underground ore tonnes hoisted	Kt	993	909	9%
Ore milled	Kt	983	906	8%
Head grade	g/t	8.6	8.7	(1)%
Mill recovery	%	88.5	88.0	1%
Ounces produced	oz	240,044	222,381	8%
Cash cost per tonne milled[1]	US$/t	195	188	4%
Reprocessed tailings:				
Ore milled	Kt	1,368	617	122%
Head grade	g/t	1.3	1.1	18%
Mill recovery	%	56.6	56.9	(1)%
Ounces produced	oz	33,508	12,405	270%
Capital expenditure:				
– Sustaining capital[2]	US$('000)	42,419	23,388	81%
– Capitalised development	US$('000)	59,830	60,151	(1)%
– Expansionary capital	US$('000)	(957)	48,010	nm
		101,292	131,549	(23)%
– Non-cash reclamation asset adjustments	US$('000)	(5,663)	6,141	nm
Total capital expenditure	US$('000)	95,629	137,690	(31)%

1 These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non-IFRS measures" on page 164 for definitions.
2 Includes land purchases recognised as long-term prepayments.

BUZWAGI

The Buzwagi mine is located in north-west Tanzania in the Kahama district of the Shinyanga region, approximately 97 kilometres from Bulyanhulu and six kilometres south-east from the town of Kahama.

Enhancing social cohesion through sport

In 2015, Acacia entered into a sponsorship agreement with Stand United, a local football club playing in the Tanzanian Premier League. The agreement is designed to support the club, which was created by the community in Kahama, whilst providing funding to develop local youth talent through providing increased access to coaching.

For more information, visit our website: **www.acaciamining.com**

Progress in 2015

- Reduction in capital expenditure of 72% as mine moves into harvest mode
- Improvement in recoveries to 94.1%, despite a reduction in grade
- Ongoing development of Buzwagi closure plan

Priorities for 2016

- Complete programme of waste stripping in Q1 2016 to open up access to the main ore zone
- Maintain process plant recoveries of 94%
- Improve excavator productivity to achieve material movement plan
- Assess future strategic options for the mine

2015 PERFORMANCE

171,172
Contribution to Group ounces (oz)

23%
Percentage contribution to total Group ounces (oz)

0.66
TRIFR

2.7
Total reserves and resources (Moz)

Operating performance

Gold production for the year of 171,172 ounces was 19% lower than 2014, as head grade reverted towards reserve grade, due to mining being concentrated away from the main ore zone. This was partially offset by a 2% increase in recoveries due to initiatives focused on managing the plant's stability and performance. Gold sold for the year amounted to 166,957 ounces, 2% below production due to the timing of concentrate production at year end.

Total tonnes mined for the year of 25.0 million tonnes were 2% higher than 2014 due to a focus on the accelerated mining of lower-grade ore in order to supplement the low-grade stockpiles in the first half of the year and the focus on increased waste movement in the second half of the year to improve access to higher-grade areas in 2016.

Copper production of 8.7 million pounds for the year was in line with 2014.

Cash costs for the year of US$1,046 per ounce sold were 32% higher than in 2014 (US$791). Cash costs were primarily impacted by a lower capitalisation of mining costs given the lower strip ratio, the lower production base and higher freight and warehouse related costs. This was partially offset by lower energy and fuel costs due to lower oil prices and lower labour costs driven by a decrease in international employees.

AISC per ounce sold for the year of US$1,187 was 13% higher than 2014 (US$1,055). This was mainly driven by the higher cash cost and lower production base as discussed above.

As a result of delays in waste movement in late 2015, there will be a focus on waste stripping in Q1 2016. This will result in the deferral of some of the high-grade material previously planned to be mined in the year into Q1 2017 and will mean that 35% of the mill feed in the first quarter is expected to come from the lower-grade stockpiles. Over the full year we expect production to be 10% higher than in 2015, with AISC expected to fall by more than 15% year on year.

Capital expenditure for the year before reclamation adjustments of US$12.3 million was 72% lower than 2014 (US$44.2 million). This was mainly due to mining taking place in the final stage of the open pit resulting in lower capitalised stripping costs. Key capital expenditure for the year consists of component change out costs (US$6.6 million) and investments in tailings and infrastructure of US$2.3 million.

Key mine statistics		Year ended 31 December		Variance %
(Unaudited)		2015	2014	
Key operational information:				
Ounces produced	oz	171,172	210,063	(19)%
Ounces sold	oz	166,957	213,399	(22)%
Cash cost per ounce sold[1]	US$/oz	1,046	791	32%
AISC per ounce sold[1]	US$/oz	1,187	1,055	13%
Copper production	Klbs	8,672	8,780	(1)%
Copper sold	Klbs	7,894	8,523	(7)%
Mining information:				
Tonnes mined	Kt	24,989	24,510	2%
Ore tonnes mined	Kt	5,658	4,692	21%
Processing information:				
Ore milled	Kt	4,085	4,086	–
Head grade	g/t	1.4	1.7	(18)%
Mill recovery	%	94.1	92.4	2%
Cash cost per tonne milled[1]	US$/t	43	41	5%
Capital expenditure:				
– Sustaining capital	US$('000)	10,855	12,817	(15)%
– Capitalised development	US$('000)	1,480	31,357	(95)%
		12,335	44,174	(72)%
– Non-cash reclamation asset adjustments	US$('000)	(7,364)	(1,131)	nm
Total capital expenditure	US$('000)	4,971	43,043	(88)%

1 These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non-IFRS measures" on page 164 for definitions.

NORTH MARA

The North Mara gold mine is located in north-west Tanzania in the Tarime district of the Mara region. It is around 100 kilometres east of Lake Victoria and 20 kilometres south of the Kenyan border.

Presidential CSRE Award Champion

North Mara was named as overall winner of the Presidential Awards for Corporate Social Responsibility and Empowerment in Tanzania in 2015. The award is part of a programme jointly run by the Tanzanian Ministry of Energy and Minerals and the Extractive Inter-Stakeholders Forum. Operations are judged on their commitment to sustainable community wellbeing, human resource development and training and the integration of the sector with other areas of the economy.

For more information, visit our website:
www.acaciamining.com

Progress in 2015

- Delivered fourth consecutive year of increased production
- Completion of mining in the Gokona open pit
- Ramp-up of the Gokona Underground project
- Continued enhancement of relationships with local communities led to reduction in intrusions and violent incidents

Priorities for 2016

- Develop second portal into Gokona Underground to increase mining flexibility
- Initiate Nyabirama deeper drilling programme
- Prepare underground drill platforms ahead of 2017 deeper drilling programme at Gokona
- Maintain improved community relations

2015 PERFORMANCE

287,188

Contribution to Group ounces (oz)

39%

Percentage contribution to total Group ounces (oz)

0.33

TRIFR

3.8

Total reserves and resources (Moz)

Operating performance

Production for the year of 287,188 ounces was 5% higher than the prior year period as a result of higher head grades. Higher-grade Gokona Underground stoping ore supplemented the lower-grade Nyabirama ore from the open pit during the year with approximately 65,800 contained ounces being mined from the underground. Gold ounces sold for the year of 288,905 ounces were in line with production, and 5% higher than the prior year due to the higher production base. Open pit mined grade decreased due to an increased proportion of ore being sourced from the lower-grade Nyabirama pit as the Gokona open pit was completed in Q3 2015.

Cash costs of US$590 per ounce sold were 5% lower than 2014 (US$623) driven by the higher production base and lower fuel costs, partly offset by increased contracted services costs as a result of the Gokona Underground project.

AISC per ounce sold for the year of US$915 was 3% lower than 2014 (US$947) primarily due to the impact of increased sales volumes, lower cash costs and lower sustaining capital expenditures.

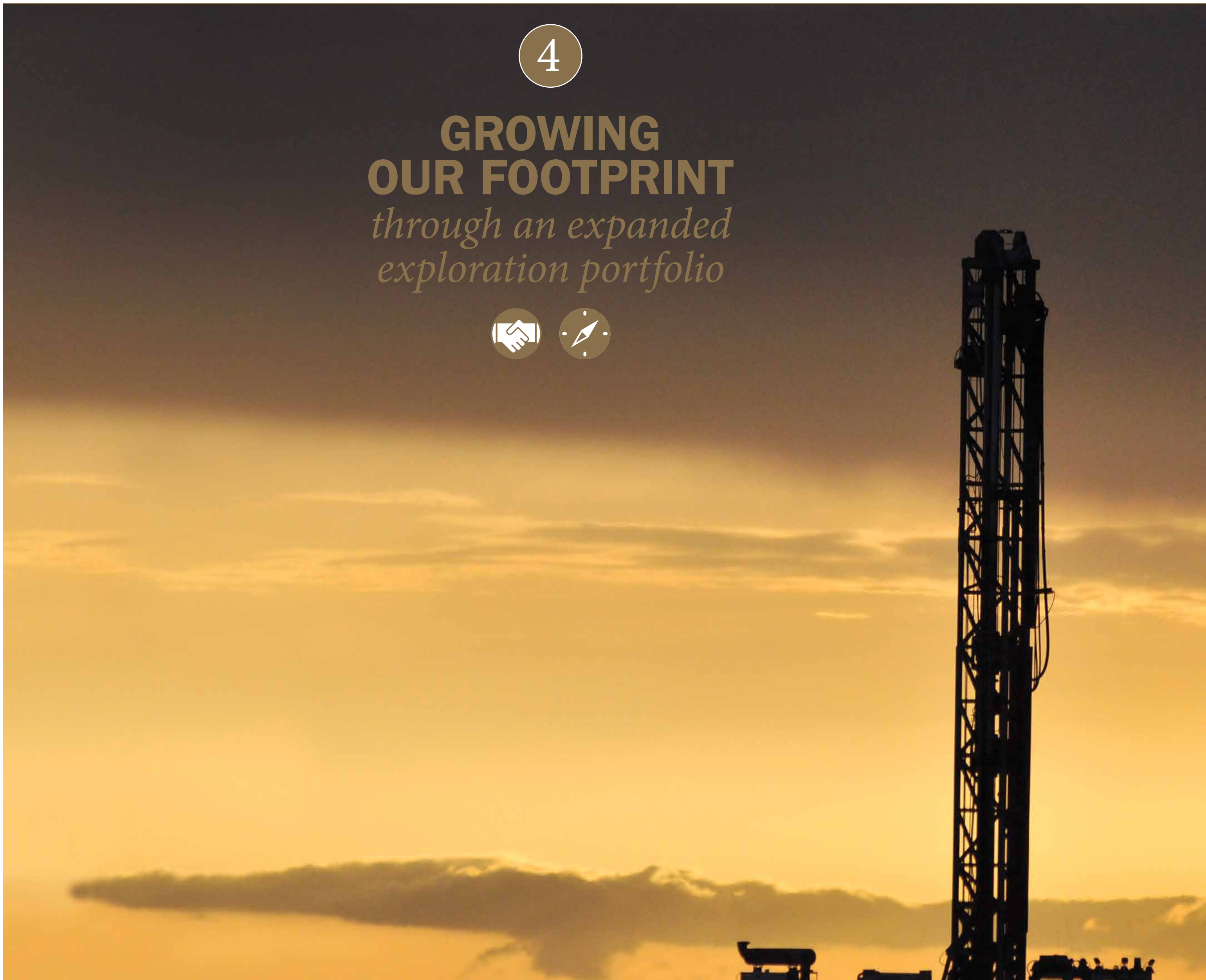
The mine is expected to continue to perform strongly in 2016 as the Gokona Underground is fully ramped up and a second access portal is developed to provide additional flexibility. As a result of the increased proportion of mill feed being sourced from the underground we expect to see a 5% increase in production, with a similar reduction in AISC.

Capital expenditure for the year before reclamation adjustments of US$69.0 million was 15% lower than in 2014 (US$81.1 million). Key capital expenditure included capitalised stripping costs (US$30.1 million), capitalised underground development costs (US$18.2 million), investment in mobile equipment and component change-outs (US$6.8 million) and investment in tailings and infrastructure (US$3.5 million). In addition, US$6.4 million was spent on land acquisitions primarily around the Nyabirama open pit. Land acquisition costs are included in capital expenditure above as they are included in AISC but are treated as long-term prepayments in the balance sheet.

Key mine statistics

Key mine statistics		Year ended 31 December		Variance %
(Unaudited)		2015	2014	
Key operational information:				
Ounces produced	oz	287,188	273,803	5%
Ounces sold	oz	288,905	274,540	5%
Cash cost per ounce sold[1]	US$/oz	590	623	(5)%
AISC per ounce sold[1]	US$/oz	915	947	(3)%
Open pit:				
Tonnes mined	Kt	15,110	16,265	(7)%
Ore tonnes mined	Kt	3,361	2,569	31%
Mine grade	g/t	2.4	3.5	(31)%
Underground:				
Ore tonnes trammed	Kt	298	–	nm
Mine grade	g/t	7.1	–	nm
Processing information:				
Ore milled	Kt	2,833	2,804	1%
Head grade	g/t	3.6	3.5	3%
Mill recovery	%	88.2	87.2	1%
Cash cost per tonne milled[1]	US$/t	60	61	(2)%
Capital expenditure:				
– Sustaining capital[2]	US$('000)	19,678	27,039	(27)%
– Capitalised development	US$('000)	48,376	40,900	18%
– Expansionary capital	US$('000)	962	13,126	(93)%
		69,016	81,065	(15)%
– Non-cash reclamation asset adjustments	US$('000)	(18,909)	16,003	nm
Total capital expenditure	US$('000)	50,107	97,068	(48)%

1 These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non-IFRS measures" on page 164 for definitions.
2 Includes land purchases recognised as long-term prepayments.



4

GROWING OUR FOOTPRINT

through an expanded exploration portfolio

Providing access to water in arid climates

In Burkina Faso, Acacia has commissioned water boreholes in two villages within the South Houndé JV project area. The boreholes serve over 500 people, and community members no longer need to travel in search of clean water, thus releasing their time for more productive activities and reducing the risk of water-borne diseases contracted through the use of unsafe water.

For more information, visit our website:
www.acaciamining.com

Progress in 2015

- Encouraging initial drill results on Liranda Corridor in Kenya
- Increased resource base on South Houndé JV in Burkina Faso
- Expanded footprint in Burkina Faso and into Mali
- Enhanced understanding of the potential of Reef 2 extensions at Bulyanhulu and underground potential at Nyabirama

Priorities for 2016

- Drilling programme on Liranda Corridor to delineate the extent and continuity of mineralisation
- Test depth and satellite targets on the South Houndé JV
- Undertake grassroots exploration on recently acquired licences
- Continue to progress brownfield projects at Bulyanhulu and North Mara

2015 was a successful year for exploration with the key highlights including successful drilling at our greenfield joint venture projects in Kenya, our entry into highly prospective acreage in western Mali, expansion of our exploration acreage in Burkina Faso, and further successful drilling results from our brownfield exploration projects at Bulyanhulu and North Mara.

Peter Spora
Vice President, Exploration

Greenfield projects

West Kenya Joint Venture Project

An extensive exploration programme was completed in 2015, including the drilling of 121 aircore holes (8,221 metres), 79 reverse circulation holes (8,744 metres) and 57 diamond core holes (21,750 metres) across the West Kenya Joint Venture Project. The majority of this work occurred on the Liranda Corridor Project in the Kakamega Dome Camp, however, regional targets in the Lake Zone Camp were also advanced.

Kakamega Dome Camp

In early 2015, an initial diamond core drilling programme tested 12 gold anomalies derived from aircore drilling of gold-in-soil anomalies along the 12 kilometre long “Liranda Corridor”. The drilling programme was successful in identifying gold mineralisation occurring in multiple locations along the corridor. A second and ongoing phase of diamond core and reverse circulation drilling commenced in late 2015, targeting three of the larger zones of mineralisation, namely the Bushiangala, Acacia and Shigokho shoots. A total of 64 diamond core holes (23,250 metres) have now been completed within the Liranda Corridor since 2014, of which 45 diamond holes for 19,391 metres were completed in 2015. To date, 38 holes have intersected mineralised zones of >1g/t Au, 25 holes >4g/t Au and 14 holes >8g/t Au.

The gold mineralisation is mostly characterised by grey quartz veins within mudstones and pillow basalts with associated silica-sericite-carbonate-pyrite-pyrrhotite alteration. The higher-grade intersections display green mica alteration (fuchsite and roscoelite). As part of the current phase of diamond core drilling, eight holes targeted mineralisation between 300 and 500 vertical metres to test the down plunge continuity of the higher-grade shoots at Acacia, Bushiangala and Shigokho. Results from two holes, LCD0053 (Bushiangala shoot) and LCD0057 (Acacia shoot), returned multiple high-grade zones showing the potential for an economic discovery. At LCD0053, results included 3m @ 62.3g/t from 32m, 3m @ 10.8g/t from 241m, 5m @ 9.02g/t from 271m and 3m @ 3.36g/t from 301m. At LCD0057 results included 3.4m @ 30.5g/t from 437m, 4m @ 10.2g/t from 453m, 6m @ 4.98g/t from 461m, 6m @ 19.4g/t from 473m and 4m @ 9.88g/t Au from 673m.

The diamond core results from the deeper drilling are very encouraging and show the potential for significant extensions both laterally and vertically to both the Bushiangala and Acacia shoots.

In 2016, the drilling will continue to test both the Bushiangala and Acacia shoots, with step out drilling along strike and at depth to determine the size potential of the system. We expect to drill to 1,000 metres vertical depth on 160 and 80 metre spaced holes, targeting an Inferred resource that indicates we could have a deposit that meets Acacia’s economic thresholds. Additionally, other shoots within the Liranda Corridor will be targeted with a second phase of deeper diamond core drilling to look for higher-grade domains.

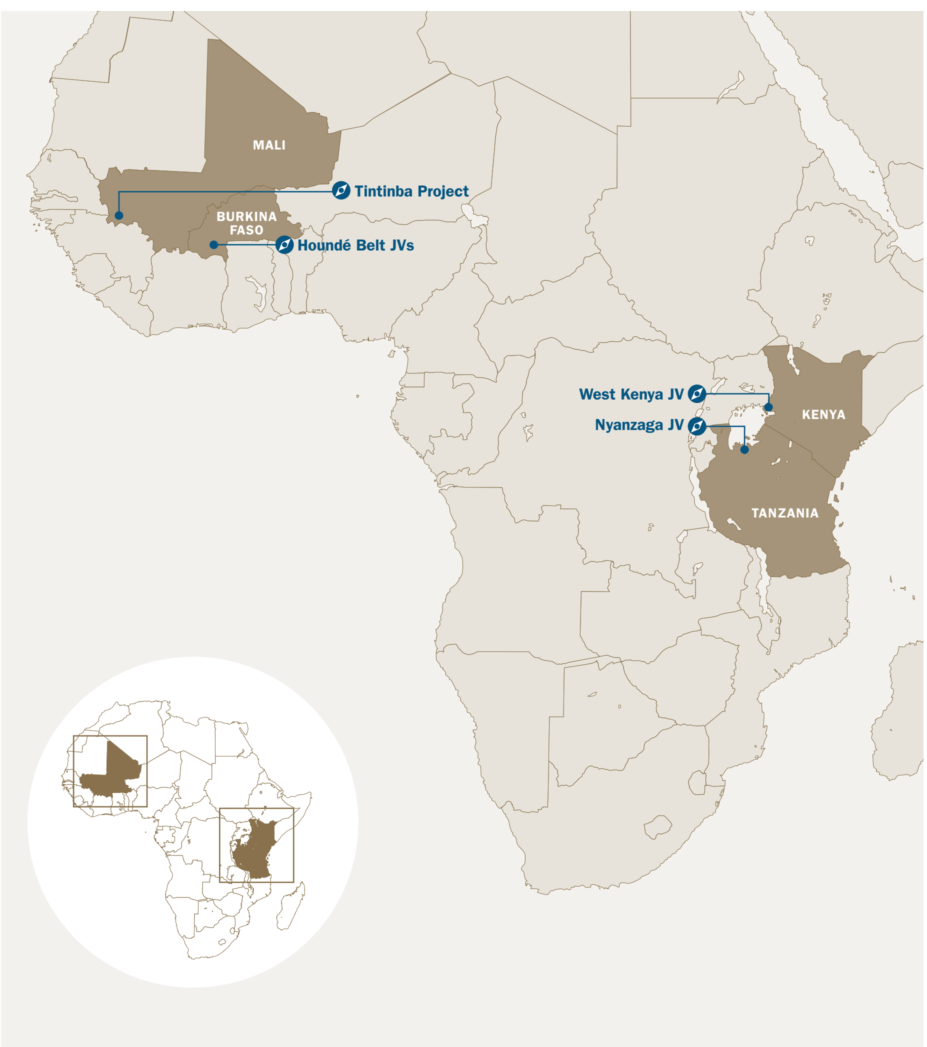
Lake Zone Camp

A diamond core and reverse circulation drilling programme following up selected gold targets with associated Induced Polarisation ('IP') geophysical anomalies was undertaken throughout the Lake Zone Camp. A total of 12 diamond core holes and 73 shallow reverse circulation holes were completed across the Abimbo, Viyalo, Kitson and Barding prospect areas. Gold mineralisation was intersected at all prospects and their potential is presently being reviewed for further drilling programmes.

Burkina Faso Projects

South Houndé Joint Venture

In November 2014, Acacia entered into an earn-in agreement with Sarama Resources Ltd ('Sarama') whereby Acacia can earn an interest of up to 70% with the expenditure of up to US$14 million over a number of years, at Sarama's highly prospective South Houndé Project in Burkina Faso (the 'Project'). Acacia may increase its interest in the Project to 75% on satisfaction of certain conditions relating to resource delineation. Over 2015, Acacia provided approximately US$3.5 million of funding for project exploration activities.



During 2015, exploration programmes included the acquisition, processing and interpretation of high resolution satellite imagery, airborne magnetic and radiometric surveys, ground induced polarisation gradient array and pole-dipole surveys, mapping, alteration and structural studies, geochemical sampling programmes, auger (652 holes for 4,012 metres), aircore (492 holes for 26,368 metres), reverse circulation (80 holes for 9,176 metres) and diamond core (30 holes for 7,663 metres) drilling.

While drill programmes primarily targeted the Tankoro Corridor prospects, including the MM Zone, MC Zone, Phantom, Obi, Kenobi, Dlarakoro, Autres and Guy prospects, reconnaissance aircore drilling was also carried out on regional targets such as Bini, Tyikoro and Ouangoro. Results from deeper diamond drilling into the MM and MC zones have been mixed; more work is needed to understand controls on high-grade mineralisation. Results from step-out reconnaissance and aircore drilling have intersected several new wide zones of mineralisation and the results from more regional targets are considered interesting and warrant follow-up.

As a result of the 2015 drilling programmes, in February 2016, Sarama announced an updated JORC compliant Inferred Resource of 2.1Moz at 1.5g/t Au. Work during 2016 will continue to focus on expanding the existing resource and on defining high-grade underground potential beneath MM and MC Prospect. Additionally, further drilling will test targets within the Tankoro Corridor as well as regional targets.

Pinarello and Konkolikan Projects

In March 2015, Acacia increased its exploration footprint in the Houndé Belt through the execution of an earn-in arrangement for the Pinarello and Konkolikan Projects. The earn-in agreement required an upfront payment of US$400,000 to acquire a 51% interest in the projects with the potential to earn up to a 75% interest through exploration expenditure of US$1.5 million over the next two years. The projects comprise six exploration licences which are contiguous with other Acacia joint venture properties.

During 2015, we completed regolith and geological mapping, mapping of artisanal sites and a regional surface geochemical sampling programme (soil, termite, quartz lag and rock chip samples) comprising 6,075 samples. Results from this first pass wide spaced reconnaissance sampling (800m x 100m) are considered extremely encouraging. Significant gold-in-soil/auger geochemical anomalies were outlined along major structures defined from geological and airborne magnetic interpretation. Anomalous gold trends on these properties confirm known regional anomalous trends that host gold occurrences, prospects and deposits, the most significant being the Ouro, Legle, and Tangolobe-Nlzele gold-in-soil anomalies identifiable over a 13 kilometre strike length. A gradient array induced polarisation (‘IP’) survey was also carried out to follow-up a gold-in-auger anomaly located on the Tankoro-Bantou mineralised corridor. The IP survey has defined a number of targets associated with coincident chargeability – resistivity anomalies some associated with anomalous gold geochemistry and an obvious structural disconformity.

Work during 2016 will consist of follow-up of regional targets, induced polarisation gradient array surveys, auger, AC, RC and diamond drilling of geochemical and geophysical anomalies and conceptual geological targets.

Central Houndé JV Project

The Central Houndé Project is a grassroots exploration project between Acacia and Thor Explorations Ltd covering three exploration licences over an area of 474km^2 located within the southern part of the prospective Houndé Belt. The project is contiguous with other Acacia joint venture properties.

During 2015, we completed regolith and geological mapping, mapping of artisanal sites, and a regional surface geochemical sampling programme (soil, termite, quartz lag and rock chip samples) comprising 3,293 samples.

Results from this first pass wide spaced reconnaissance sampling (800m x 100m) are considered extremely encouraging. Significant gold-in-soil/auger geochemical anomalies were defined along major structures defined from geology and airborne magnetic interpretation. Anomalous trends on the property extend from known regional anomalous trends that host gold occurrences, prospects and deposits, the most significant of these being the Legue Anomaly comprising three parallel zones over a strike length of more than 7 kilometres.

Work during 2016 will consist of follow-up of regional targets, induced polarisation gradient array surveys, auger, AC, RC and diamond drilling of geochemical and geophysical anomalies and conceptual geological targets.

Mali

Tintinba Project

In June 2015, Acacia began exploring in Mali when it acquired interests in the Tintinba Project by entering into an earn-in agreement with a local partner. The project comprises three exploration licences covering approximately 150 square kilometres within the Keneiba-Kedougou Inlier situated along the world class Senegal-Mali Shear Zone.

Despite the earlier than expected start to the rainy season we managed to conduct reconnaissance field investigations, mapping of artisanal sites and commencement of a regional surface geochemical sampling programme (soil, termite, quartz lag and rock chip sampling). To the end of December 2015, 1,460 samples had been collected.

Work during 2016 will consist of follow-up of geological and regolith mapping, infill sampling, trenching, induced polarisation gradient array surveys and AC and RC drilling.

Brownfield Projects

In 2015, brownfield exploration was focused on the Bulyanhulu ore body where surface and underground diamond core drilling targeted extensions to both Reef 1 and Reef 2 mineralised systems. The surface drilling demonstrated further resource potential on the Reef 2 vein series up to 3 kilometres west of existing underground infrastructure, while underground drilling continued to intersect multiple narrow high-grade Reef 2 series veins as part of the resource expansion programme. Aircore programmes were also undertaken within 5 kilometres of the mine targeting satellite discoveries, with several follow-up targets emerging.

Bulyanhulu

Reef 2 Underground Drilling

The programme is a multi-phase, multi-year drilling programme targeting a total resource increase of 5 million ounces from extensions of the Bulyanhulu Reef 1 and Reef 2 series veins outside the current resource model. The 2015 programme focused exclusively on the Reef 2 series west of the current resource and was drilled from several underground drill platforms with a total of 9,240 metres of diamond core completed from 18 holes. The drill holes were planned to intersect the Reef 2M zone at 200 metre centres across a total strike length of 1,000 metres.

Geological interpretation from the recent holes indicates four near-vertical narrow gold bearing quartz vein structures striking north-westerly. The highest assay returned was from the most northern vein, 146.7g/t weighted over a metre ('gram metre'). The drill intersections to date prove the Reef 2 structures continue west of the current resource although proving continuity of high-grade intersections will require more closer spaced drilling than Reef 1 to move the resource from Inferred to Indicated and into reserve.

An infill drilling programme of 25,000 metres will be completed in 2016 to reduce the drill spacing to 100 metres across a 400 metre vertical area along the 1,000m strike length extension. The next phases of the underground exploration drilling programme require development of drill access drives in order to provide drill platforms for continued step-out drilling to the west. We plan to complete the first of these drill access drives by Q3 2016 and we expect to commence drilling in Q4 2016. The next exploration drilling phase will target extensions to the Reef 2 vein series on 200 metre spaced fans a further 800 metres west of the current phase. Additionally, from these platforms, drilling will also target a 200 metre extension of Reef 1 to the northwest.

Bulyanhulu North-Western Extensions and Nose Zone

Historic drilling northwest of the currently defined resources on Reef 1 and Reef 2 at Bulyanhulu shows that gold mineralisation extends at least a further 3 kilometres. During 2015, programmes of aircore drilling and diamond core drilling were undertaken to test for indications of economic mineralisation within 2-5 kilometres of the Bulyanhulu mine. In the Northwest and Nose Zone areas a total of 103 aircore holes for 4,583 metres and four diamond core drill holes for 1,856 metres were drilled to test several targets primarily associated with the Reef 2 series vein extensions. All the diamond core holes intersected gold mineralisation in a series of 2-5 veins per hole similar to those types of reefs intersected on Reef 2. These results, together with those from previous drilling programmes, confirm the presence and lateral extension of the targeted multiple reefs associated with the Reef 2 series veins. Follow-up programmes in late 2016 or early 2017 will aim at testing the down-plunge potential of higher-grade shoots.

Aircore drilling was undertaken across Nose Zone and extensions of this area further northwest of the diamond core drilling. The aircore drilling targeted a 2km x 0.5km gold-in-soil anomaly that had received very little drill testing in the past. A programme totalling 275 holes for 10,909 metres of AC drilling completed over 11 drill fences with positive results received. These results confirm the presence of north-westerly mineralised zones/structures (possible reefs) warranting further follow-up drilling to test mineralisation potential at depth and continuity along strike.

North Mara

Nyabirama

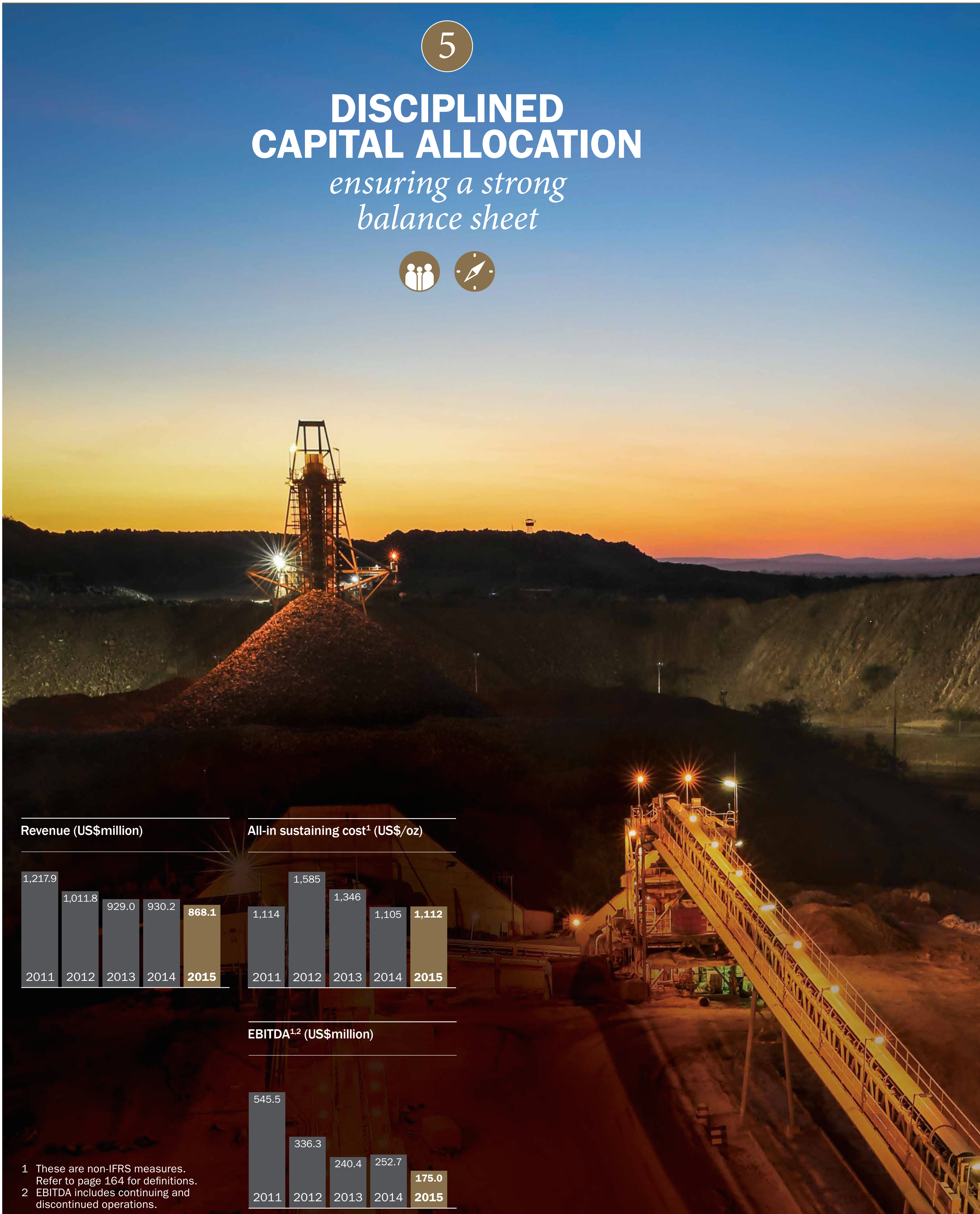
During late 2014 and H1 2015 we completed a drilling programme of 29 holes for 5,421 metres in the Nyabirama pit primarily designed to confirm the geological and resource model of the Stage 4 cutback, but also to assess the potential for a future underground operation. The drilling programme was completed on time and under budget and provided enhanced structural understanding and predictability of high-grade zones within the geological model and confirmed the resource model. As a result, we have identified four principal lodes below the final pit outline which appear to demonstrate continuity of high-grade mineralisation between 300m and 600m vertical depth.

In 2016 we will undertake an initial deeper drilling programme of seven holes for a total of 5,000 metres targeting underground potential. This is aimed at improving the 3-D geological model and predictability of high-grade mineralisation for underground resource estimations and if successful is expected to form a basis for potential underground mining studies.

5

DISCIPLINED CAPITAL ALLOCATION

ensuring a strong balance sheet



1 These are non-IFRS measures. Refer to page 164 for definitions.
2 EBITDA includes continuing and discontinued operations.

KEY HIGHLIGHTS

- Revenue of US$868 million, 7% lower than 2014 driven by lower market prices
- Gross direct mining costs were US$7 million lower than 2014, mainly driven by lower labour and energy and fuel costs
- AISC of US$1,112 per ounce sold broadly in line with 2014, as cost containment measures take effect
- Capital expenditure of US$184 million, 30% lower than 2014 driven by lower expansionary spend
- Full year dividend maintained at 2014 levels, underlining our confidence in the business to generate cash

US$868.1m
Revenue (US$million)

US$1,112
All-in sustaining cost (US$/oz)

US$175.0m
EBITDA (US$million)

In a lower gold price environment, we protected our balance sheet strength whilst continuing to improve our cost discipline.

Andrew Wray
Chief Financial Officer

Introduction

The continued cost discipline during the year was partially offset by the ongoing weak gold price environment in 2015, with the average realised gold price US$104 per ounce (8%) lower than the prior year period. This is reflected in the Acacia Group financial results for the year ended 31 December 2015:

- Revenue of US$868.1 million was US$62.1 million lower than 2014 driven by the 8% decrease in the average realised gold price to US$1,154 per ounce sold (US$1,258 per ounce sold in the prior year period), partly offset by an increase in sales volumes of 17,523 ounces (2%).
- Cash costs increased to US$772 per ounce sold from US$732 in 2014, driven by lower capitalisation of development costs, higher contracted services costs and higher general and administrative costs, partly offset by lower labour costs and lower energy and fuel.
- AISC was broadly in line with 2014 at US$1,112 per ounce sold with higher sustaining capital expenditure and higher cash costs offset by the higher production base and lower capitalised development costs.
- EBITDA decreased by 31% to US$175.0 million, mainly driven by a lower gold price, higher cost of sales, and the impact of negative foreign exchange revaluations of indirect tax receivables as a result of the weakness in the Tanzanian shilling of US$26.7 million.
- Impairment charge, after tax of US$188.7 million, relating to Buzwagi following the change in gold price assumption.
- As a result of the above we incurred a loss of US$197.1 million, compared to a profit of US$89.9 million in 2014.
- Adjusted net earnings of US$6.8 million, were 93% lower than 2014. Adjusted earnings per share, mainly excluding a US$188.7 million non-cash impairment adjustment, restructuring costs and prior year North Mara tax positions recognised, amounted to US1.7 cents, down from US24.1 cents in 2014.
- Operational cash flow of US$156.5 million was 46% lower than 2014, primarily as a result of lower revenue and increased operating costs, combined with unfavourable working capital outflows due to a build-up in the indirect tax receivable from the Tanzanian Government driven by the timing of refunds and a reduction in accounts payable as a result of timing of payments.

The following review provides a detailed analysis of our consolidated results for the year ended 31 December 2015 and the main factors affecting financial performance. It should be read in conjunction with the audited consolidated financial statements and accompanying notes on pages 94 to 143, which have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union ('IFRS').

Discontinued operation: Tulawaka

2014 results relating to Tulawaka have been aggregated in one line called "Net (loss)/profit from discontinued operations" following the sale of Tulawaka in February 2014.

Revenue
Revenue for 2015 of US$868.1 million was US$62.1 million lower than 2014. The 8% decrease in the average realised gold price from US$1,258 per ounce sold in 2014 to US$1,154 in 2015 as a result of lower market prices more than offset the 2% increase in sales volumes (17,523 ounces). The increase in sales ounces was due to the higher production base.

Included in total revenue is co-product revenue of US$35.7 million for 2015, which decreased by 21% from the prior year period (US$45.3 million) due to a 23% lower realised copper price. The 2015 average realised copper price of US$2.33 per pound compared unfavourably to that of 2014 (US$3.01 per pound), and was driven by the lower market price for copper.

Cost of sales
Cost of sales was US$734.2 million for 2015, representing an increase of 7% on the prior year period (US$688.3 million). The key aspects impacting the cost of sales for the year were a reduction in capitalisation of direct mining costs as discussed below combined with realised losses on fuel hedges and higher depreciation and amortisation costs as a result of the higher production base.

Gross direct mining costs of US$639 million for 2015 were 1% lower than 2014 (US$646 million). Individual cost components comprised:

- A 23% reduction in energy and fuel expenses across all sites due to lower diesel usage and lower global fuel prices.
- An 18% reduction in labour costs, mainly as a result of an 18% reduction in international employees and an 8% reduction in national employees across the sites, driven by localisation efforts and restructuring and the savings associated with the local labour costs given the devaluation of the Tanzanian shilling.
- A 28% increase in contracted services mainly as a result of contracted development activities at Bulyanhulu, the contracted development of the North Mara underground project combined with increased maintenance and repairs contractor charges at Buzwagi.
- A 17% increase in general administration costs driven by warehouse related costs at Buzwagi and increased freight costs due to higher consumable usage due to the expanded Bulyanhulu CIL circuit operating for the full year.
- A 4% increase in consumables costs mainly at Bulyanhulu due to increased processing activity with the new CIL circuit.
- A 2% increase in maintenance costs mainly at Bulyanhulu driven by increased maintenance activity, specifically relating to investments to improve underground equipment availability and to improve Group maintenance practices.

The table below provides a breakdown of cost of sales:

(US$'000)	Year ended 31 December	
	2015	2014
Cost of sales		
Direct mining costs	520,943	493,933
Third-party smelting and refining fees	21,110	24,937
Royalty expense	38,059	41,284
Realised losses on economic hedges	12,358	–
Depreciation and amortisation[1]	141,697	128,124
Total	**734,167**	**688,278**

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

A detailed breakdown of direct mining expenses is shown in the table below:

(US$'000)	Year ended 31 December	
	2015	2014
Direct mining costs		
Labour	108,786	132,656
Energy and fuel	100,453	130,486
Consumables	108,324	103,770
Maintenance	106,963	104,452
Contracted services	124,088	96,785
General administration costs	90,290	77,360
Gross direct mining costs	**638,904**	**645,509**
Capitalised mining costs	(117,961)	(151,576)
Total direct mining costs	**520,943**	**493,933**

Capitalised direct mining costs, consisting of capitalised development costs and investment in inventory, is made up as follows:

(US$'000)	Year ended 31 December	
	2015	2014
Capitalised direct mining costs		
Capitalised development costs	(88,218)	(122,782)
Investment in inventory	(29,743)	(28,794)
Total capitalised direct mining costs	**(117,961)**	**(151,576)**

Total capitalised direct mining costs
Capitalised development costs were 28% lower than 2014, driven by the decrease in capitalised waste stripping costs at Buzwagi and North Mara, partly offset by increased capitalised underground development costs at North Mara. The investment in inventory was US$29.7 million, marginally higher than in 2014 due to a build-up of ore inventory at North Mara and Buzwagi due to increased ore mining rates.

Central costs
Corporate administration expenses totalled US$34.5 million for 2015, a 5% increase on 2014 (US$32.7 million) driven by increased consulting fees for security, partly offset by lower legal fees and lower World Gold Council fees. The decrease in the share-based payment expense was a result of the weaker share price performance over 2015, specifically when compared to our peers and the global mining index impacting on the valuation of share-based payment liabilities to employees.

(US$'000)	Year ended 31 December	
	2015	2014
Corporate administration	34,455	32,685
Share-based payments	5,537	8,388
Total central costs	**39,992**	**41,073**

Exploration and evaluation costs

Exploration and evaluation costs of US$19.7 million were incurred in 2015, 8% higher than the US$18.3 million spent in 2014. The key focus areas for 2015 were exploration programmes at the West Kenya Joint Venture project amounting to US$8.2 million, exploration programmes in Burkina Faso for US$6.2 million and extension drilling on both Reef 1 and 2 at Bulyanhulu (US$4.3 million).

Corporate social responsibility expenses

Corporate social responsibility costs incurred for 2015 amounted to US$12.9 million compared to the prior period of US$10.8 million. The main projects for 2015 related to Village Benefit Implementation Agreements ('VBIAs') at North Mara and contributions to general community projects funded from the Acacia Maendeleo Fund, amounting to US$7.6 million.

Other charges

Other charges amounted to US$28.1 million, 41% lower than 2014 (US$47.9 million). The main contributors were: (i) non-cash foreign exchange losses mainly related to indirect tax receivables due to the weakening of the Tanzanian shilling, slightly offset by gains on accounts payable (US$23.1 million), (ii) legal costs of US$5.4 million mainly relating to a North Mara lawsuit, (iii) retrenchment costs of US$9.9 million and (iv) one off legal settlement costs relating to a North Mara commercial dispute of US$4.9 million. These costs were partly offset by the following main contributors: (i) Acacia's ongoing programme of zero cost collar contracts to mitigate the negative impact of copper, rand and fuel market volatility, which resulted in a combined mark-to-market revaluation gain of US$2.3 million (as these arrangements do not qualify for hedge accounting these unrealised gains are recorded through profit and loss), (ii) a gain on the sale of the previous corporate office in Dar es Salaam and other assets (US$1.3 million), (iii) the reversal of a deferred consideration liability (US$5.3 million), (iv) a reduction in discounting provisions related to long-term indirect taxes of US$5.9 million and (v) the de-recognition of finance lease liabilities at Buzwagi of US$3.9 million.

Finance expense and income

Finance expense of US$12.6 million for 2015 was 26% higher than 2014 (US$10.0 million). The key components were borrowing costs relating to the Bulyanhulu CIL Expansion project (US$5.1 million) which are no longer capitalised, accretion expenses relating to the discounting of the environmental reclamation liability (US$3.7 million) and US$2.2 million relating to the servicing of the US$150 million undrawn revolving credit facility.

Other costs include bank charges and interest on finance leases. Finance income relates predominantly to interest charged on non-current receivables and interest received on money market funds. Refer to note 12 of the consolidated financial statements for details.

Impairment charges

As a result of the continued decrease in the gold price during 2015, we reduced the gold price assumption used to calculate the recoverable amount of our assets as well as the reserve and resources estimations. For the reserve calculation we have used US$1,100 per ounce, with our carrying value review using the same figure for 2016, before rising to US$1,150 in 2017 and to US$1,200 per ounce over the longer term. In the case of Buzwagi, management has considered the gold price assumption in light of the fact that the remaining mine life is the shortest, consisting of just over one year of mining followed by just over two years of processing stockpiles. As a result, the current spot price has a heavier weighting in terms of likely achieved price for Buzwagi with a more limited period to benefit from any increase in the market price of gold. As such, management considered it more appropriate for Buzwagi to use a flat spot based price for the remaining life of mine of US$1,100 per ounce.

This required us to reassess the operating performance of each cash generating unit ('CGU') in order to ensure optimised returns and cash flows in the lower gold price environment. Each of the operating mines and the exploration business are classified as separate CGUs.

The impairment review resulted in a post-tax impairment to the long-lived assets at Buzwagi of US$149.0 million and supplies inventory of US$39.7 million (2014: no impairment charge). On a gross basis, and before taking into account the impact of reduced future operating performance on deferred tax assets, the total impairment charge amounted to US$146.2 million at Buzwagi. Refer to note 7 of the consolidated financial statements for details.

Taxation matters

The taxation charge was US$73.0 million for 2015, compared to a charge of US$26.0 million in 2014. The tax charge was made up solely of deferred tax charges and reflects mainly the impact of the profitability on a year to date basis and the tax impact relating to the release of deferred tax assets as a result of reduced future operating performance of US$42.5 million. The effective tax rate in 2015 amounted to 59% compared to 23% in 2014.

The increase in the effective tax rate is mainly driven by the increase in losses for exploration and corporate entities for which no deferred tax assets are recognised as well as the de-recognition of a large portion of Buzwagi's deferred tax asset previously recognised due to the impairment expense recognised in 2015.

Net loss

As a result of the factors discussed above, the net loss for 2015 was US$197.1 million, against the prior year profit of US$89.9 million. A lower gold price, higher cost of sales, corporate administration costs, impairment charges, finance costs, increased foreign exchange losses and a higher tax expense contributed to the variance.

Loss per share

The loss per share for 2015 amounted to US48.1 cents, a decrease of US70.2 cents from the prior year earnings per share of US22.1 cents. The decrease was driven by the lower net profit, with no change in the underlying issued shares.

Adjusted net earnings

Adjusted net earnings of US$6.8 million compared to US$98.7 million in 2014. The factors impacting the net loss in the year as described above have been adjusted for the impact of items such as impairment charges, restructuring costs, legal settlements and prior year tax positions recognised. Refer to page 165 for a reconciliation between net loss and adjusted net earnings.

Financial position

Acacia had cash and cash equivalents on hand of US$233.3 million as at 31 December 2015 (US$293.9 million as at 31 December 2014). The Group's cash and cash equivalents are with counterparties whom the Group considers to have an appropriate credit rating. Location of credit risk is determined by physical location of the bank branch or counterparty. Investments are held mainly in United States dollars, with cash and cash equivalents in other foreign currencies maintained for operational requirements.

During 2013, a US$142 million facility ('Facility') was put in place to fund the bulk of the costs of the construction of the Bulyanhulu CIL Expansion project ('Project'). The Facility is collateralised by the Project, and has a term of seven years with a spread over LIBOR of 250 basis points. The seven-year Facility is repayable in equal instalments (bi-annual) over the term of the Facility, after a two-year repayment holiday period. The interest rate has been fixed at 3.6% through the use of an interest rate swap.

The full facility of US$142 million was drawn in 2013 and the first repayment of US$14.2 million was made in H2 2015. At 31 December 2015, the outstanding capital balance is US$127.8 million (2014: US$142.0 million).

The above complements the existing undrawn revolving credit facility of US$150 million which runs until November 2018.

The net book value of property, plant and equipment decreased from US$1.43 billion in December 2014 to US$1.39 billion in December 2015. The main capital expenditure drivers have been explained in the context of cash flow used in investing activities below, and have been offset by depreciation charges of US$133.4 million and an impairment to property, plant and equipment of US$37.5 million. Refer to note 20 to the consolidated financial statements for further details.

Total indirect tax receivables, net of the impact of discounting applied to the non-current portion, increased from US$108.1 million as at 31 December 2014 to US$110.2 million as at 31 December 2015. The increase was mainly due to a gross increase in current VAT receivables of approximately US$113.8 million and a decrease in the impact of discounting of US$5.9 million, partly offset by refunds of US$85.6 million received during 2015 and foreign exchange losses of US$26.7 million. The net deferred tax position increased from a liability of US$11.1 million as at 31 December 2014 to a liability of US$84.0 million as at 31 December 2015. This was mainly as a result of the reversal of the deferred tax asset at Buzwagi which was adjusted in line with the reduced future operating performance, taxable income in 2015 and the impact of timing differences.

Net assets decreased from US$2.00 billion in December 2014 to US$1.79 billion in December 2015. The decrease reflects the current year loss of US$197.1 million and the payment of the final 2014 dividend of US$11.5 million and the interim dividend of US$5.7 million.

Cash flow generation and capital management

Cash flow: continuing and discontinued operations

(US$'000)	Year ended 31 December	
	2015	**2014**
Cash generated from operating activities	156,465	289,528
Cash used in investing activities	(181,436)	(256,992)
Cash used in financing activities	(32,270)	(19,016)
Increase/(decrease) in cash	(57,241)	13,520
Foreign exchange difference on cash	(3,341)	(2,079)
Opening cash balance	293,850	282,409
Closing cash balance	**233,268**	**293,850**

A breakdown of total capital and other investing capital activities for 2015 is provided below:

(US$'000)	Year ended 31 December	
	2015	**2014**
Sustaining capital	(83,331)	(53,138)
Expansionary capital	(5)	(61,136)
Capitalised development	(109,686)	(132,408)
Total cash capital	**(193,022)**	**(246,682)**
Land purchases	(6,449)	(8,991)
Non-current asset movement[1]	18,035	10,314
Cash flow related to the sale of Tulawaka	–	(11,633)
Cash used in investing activities	**(181,436)**	**(256,992)**
Capital expenditure reconciliation:		
Total cash capital	193,022	246,682
Land purchases	6,449	8,991
Non-cash sustaining capital: Movement in capital accruals	(15,854)	7,120
Capital expenditure	**183,617**	**262,793**
Land purchases	(6,449)	(8,991)
Non-cash rehabilitation asset adjustment	(31,936)	21,013
Total capital expenditure per segment note	**145,232**	**274,815**

1 Non-current asset movements relates to the movement in Tanzania Government receivables, proceeds on the sale of property, plant and equipment and other long-term assets.

Cash flow from operating activities was US$156.5 million for 2015, a decrease of US$133 million, when compared to 2014 (US$289.5 million). The decrease relates to a lower operating profit due to a lower gold price and higher operating costs and unfavourable working capital outflows of US$4.8 million compared to inflows of US$20.2 million in 2014. The working capital outflow relates to a build-up in long-term ore stockpiles at Buzwagi and North Mara and a build-up in the indirect tax receivable from the Tanzanian Government driven by the timing of refunds.

Cash flow used in investing activities was US$181.4 million for 2015, a decrease of 29% when compared to 2014 (US$257.0 million), driven by lower capitalised development at Buzwagi and lower expansionary capital expenditure at Bulyanhulu.

Sustaining capital

Sustaining capital expenditure includes investments in tailings and infrastructure (US$21.0 million), investment in mobile equipment and component change-outs (US$18.8 million), investment in the Bulyanhulu refrigeration plant (US$12.0 million) and other sustaining capital expenditure across sites of US$15.6 million. During the year, capital accruals from December 2014 of US$15.9 million were paid.

Expansionary capital

Expansionary capital expenditure consisted mainly of capitalised drilling at North Mara (US$1.0 million), offset by the reversal of accruals relating to the Bulyanhulu CIL Expansion project (US$1.0 million).

Capitalised development
Capitalised development includes Bulyanhulu capitalised underground development (US$59.8 million), capitalised stripping (US$30.1 million) and underground development (US$18.2 million) at North Mara and capitalised stripping at Buzwagi (US$1.5 million).

Non-cash capital
Non-cash capital was US$51.9 million and consisted mainly of a decrease in capital accruals (US$15.9 million) and reclamation asset adjustments (US$31.9 million). The reclamation adjustments were driven by changes in estimates of future reclamation cash flows, partly offset by lower US risk free rates driving lower discount rates.

Other investing capital
During 2015 North Mara incurred land purchases totalling US$6.4 million. This was partly offset by proceeds from the sale of property, plant and equipment of US$3.7 million and a decrease in Tanzanian Government receivables of US$2.0 million.

Cash flow used in financing activities for 2015 was an outflow of US$32.3 million, an increase of US$13.3 million on an outflow of US$19.0 million in 2014. The outflow relates to payment of the final 2014 dividend of US$11.5 million, the 2015 interim dividend of US$5.7 million, the payment of the first capital instalment of the borrowings related to the Bulyanhulu CIL Expansion project of US$14.2 million and finance lease payments of US$0.8 million.

Dividend
The final 2014 dividend of US2.8 cents per share was paid to shareholders on 29 May 2015 and the interim dividend of US1.4 cents per share was paid to shareholders on 25 September 2015. The Board of Directors has recommended a final dividend for 2015 of US2.8 cents per share, payable to shareholders in May 2016.

Significant judgements in applying accounting policies and key sources of estimation uncertainty
Many of the amounts included in the consolidated financial statements require management to make judgements and/or estimates. These judgements and estimates are continuously evaluated and are based on management's experience and best knowledge of the relevant facts and circumstances, but actual results may differ from the amounts included in the consolidated financial statements included in this report. Information about such judgements and estimation is included in the accounting policies and notes to the consolidated financial statements, and the key areas are summarised below.

Areas of judgement and key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the consolidated financial statements include:

- estimates of the quantities of proven and probable gold and copper reserves;
- estimates included within the life of mine planning such as the timing and viability of processing of long-term stockpiles;
- the capitalisation of production stripping costs;
- the capitalisation of exploration and evaluation expenditures;
- review of goodwill, tangible and intangible assets' carrying value, the determination of whether a trigger for an impairment review exists, whether these assets are impaired and the measurement of impairment charges or reversals;
- the estimated fair values of cash generating units for impairment tests, including estimates of future costs to produce proven and probable reserves, future commodity prices, foreign exchange rates and discount rates;
- the estimated useful lives of tangible and long-lived assets and the measurement of depreciation expense;
- property, plant and equipment held under finance leases;
- recognition of a provision for environmental rehabilitation and the estimation of the rehabilitation costs and timing of expenditure;
- whether to recognise a liability for loss contingencies and the amount of any such provision;
- whether to recognise a provision for accounts receivable, and in particular the indirect tax receivables from the Tanzanian Government, a provision for obsolescence on consumables inventory and the impact of discounting the non-current element of the indirect tax receivable;
- recognition of deferred income tax assets, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes;
- determination of the cost incurred in the productive process of ore stockpiles, gold in process, gold doré/bullion and concentrate, as well as the associated net realisable value and the split between the long-term and short-term portions;
- determination of fair value of derivative instruments; and
- determination of fair value of share options and cash-settled share-based payments.

Going concern statement
Acacia Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the operational and financial review sections of this report. The financial position of Acacia Group, its cash flows, liquidity position and borrowing facilities are described in the preceding paragraphs of this financial review.

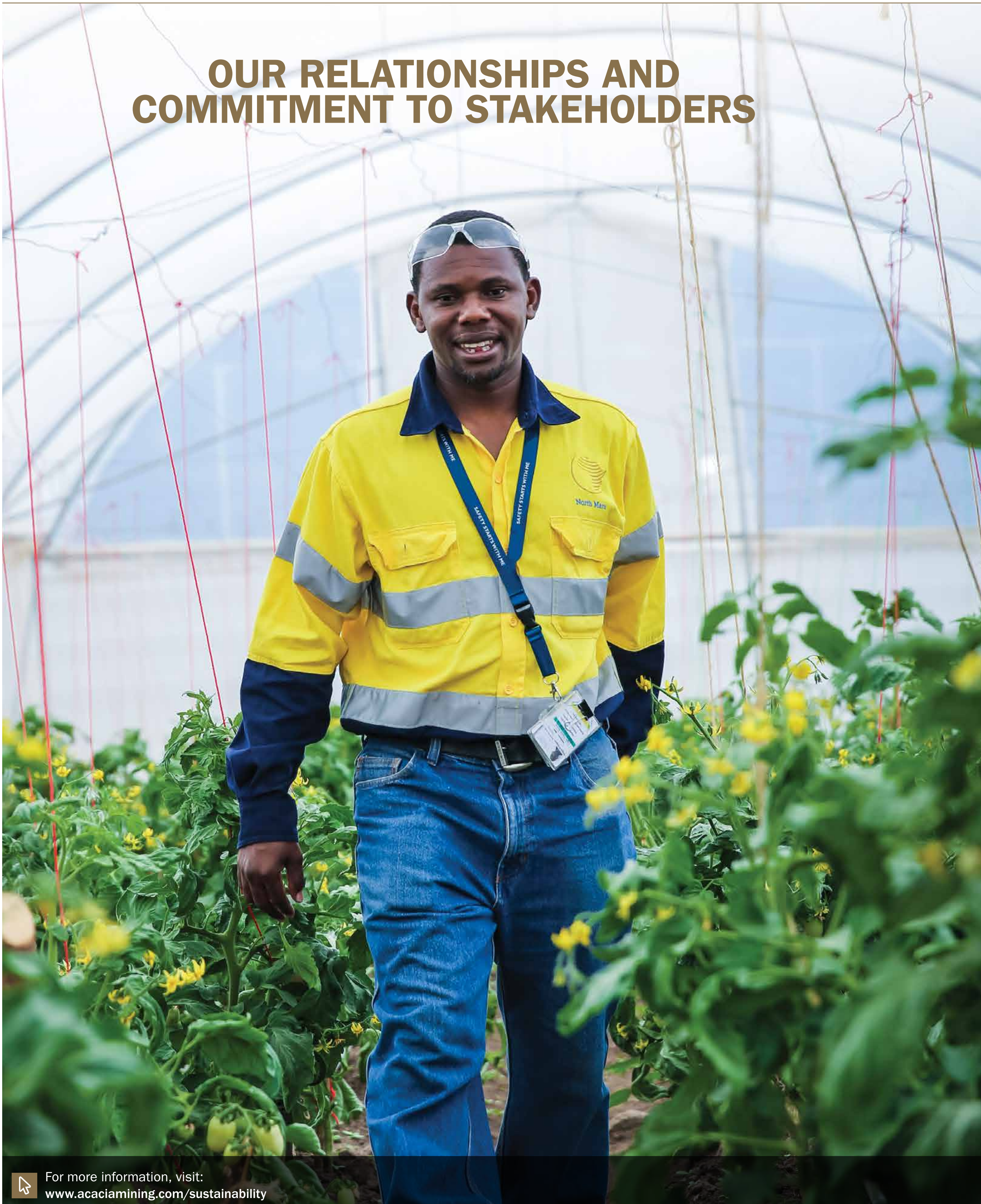
At 31 December 2015, the Group had cash and cash equivalents of US$233.3 million with a further US$150 million available under the undrawn revolving credit facility which remains in place until November 2018. Total borrowings at the end of the period amounted to US$127.8 million, of which US$28.4 million will be paid in 2016.

Included in other current assets are amounts due to the Group relating to indirect taxes of US$57.6 million which are expected to be received within 12 months, but these will be offset to an extent by new claims submitted for input taxes incurred during 2016. The refunds remain dependent on processing and payments of refunds by the Government of Tanzania.

In assessing Acacia Group's going concern status the Directors have taken into account the above factors, including the financial position of Acacia Group and in particular its significant cash position, the current gold and copper price and market expectations for the same in the medium term, and Acacia Group's capital expenditure and financing plans. After making appropriate enquiries, the Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Andrew Wray
Chief Financial Officer

OUR RELATIONSHIPS AND COMMITMENT TO STAKEHOLDERS



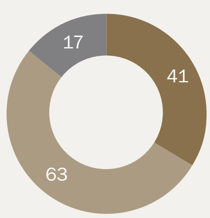
For more information, visit:
www.acaciamining.com/sustainability

We contribute to the economic growth of our host communities, regions and countries to assist the progression of sustainable socio-economic development.

Acacia's direct economic contribution is made up of the economic value we add by paying our employees, Governments, suppliers, shareholders, contractors and communities. However, our true economic contribution is far greater once the wider effects of our presence are considered. These include the indirect effects of people spending their wages, Governments distributing tax and royalty revenues, and neighbouring communities using the infrastructure developed for our operations. Our direct economic contribution in 2015 was US$889 million compared to US$920 million in 2014.

The distribution of Acacia's taxes includes royalties, indirect taxes (VAT payable on domestic goods and fuel levies), payroll taxes (inclusive of social security payments and other taxes such as withholding taxes), stamp duties and environmental levies. Geographically, the majority of our taxes are paid in Tanzania, being the location of our operating mines. Our net taxation contribution was US$109 million in 2015, compared to US$121 million in 2014, as a result of the reduction in our workforce reducing payroll taxes.

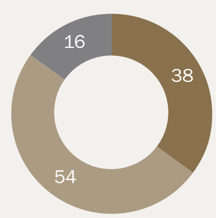
2014 Net tax contribution[1]
(US$million)



- Royalty – Government
- Payroll taxes (including social security)
- Other taxes (including WHT, stamp duties, environmental levies)

1 Excludes refundable indirect taxes.

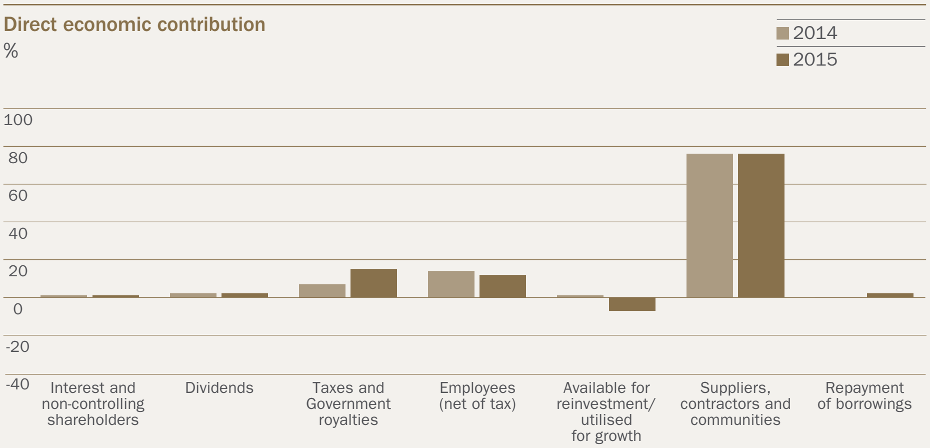
2015 Net tax contribution[1]
(US$million)



- Royalty – Government
- Payroll taxes (including social security)
- Other taxes (including WHT, stamp duties, environmental levies)

1 Excludes refundable indirect taxes.

Direct economic contribution
%



EDUCATION

28
Key Projects supported in 2015

US$4.1m
Amount invested in 2015

HEALTH

9
Key Projects supported in 2015

US$1.2m
Amount invested in 2015

WATER AND SANITATION

6
Key Projects supported in 2015

US$0.6m
Amount invested in 2015

INFRASTRUCTURE

9
Key Projects supported in 2015

US$2.7m
Amount invested in 2015

LIVELIHOODS

5
Key Projects supported in 2015

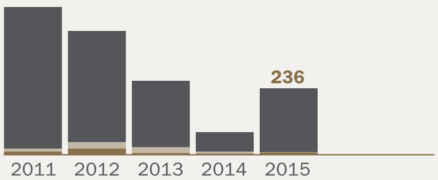
US$0.3m
Amount invested in 2015

COMMUNITY COHESION & OTHER

16
Key Projects supported in 2015

US$4.0m
Amount invested in 2015

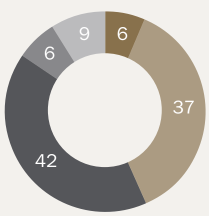
Breakdown of new grievances lodged by mine site
(Total number)



Bulyanhulu	7
Buzwagi	1
North Mara	228

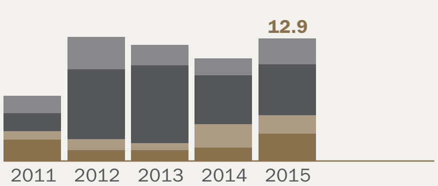
Tracking of grievances was introduced in 2011.
Total excludes 12 grievances registered in Kenya.

Breakdown of new grievances lodged by type
(%)



Environmental
Security/Human Rights
Land and property
Livelihoods
Other

Total community investment
(US$million)



Bulyanhulu	2.9
Buzwagi	1.9
North Mara	5.4
Corporate and other	2.7

Community relations

We continued to make good progress across all of our community relations initiatives during the year, with our efforts being recognised in Tanzania as North Mara emerged as the overall CSRE Champion in the Presidential CSRE awards, as well as the winner in the large mining companies category. Buzwagi also emerged as the winner in the community infrastructure category.

During the year we spent US$12.9m on a range of community-related initiatives, primarily through the Acacia Maendeleo Fund. These included:

- upgrading of the Bwirege Secondary School near North Mara;
- upgrading the Bugarama Health Centre near Bulyanhulu; and
- revamping of Nyangoto Water pipeline near North Mara.

We also launched two initiatives in 2015 to build local community cohesion. We championed the Mahusioano sports tournament involving teams from our surrounding communities across a range of sports and formed a strategic partnership with Sunderland Football Club for grassroots football coaching and development for youths in the communities around our mines.

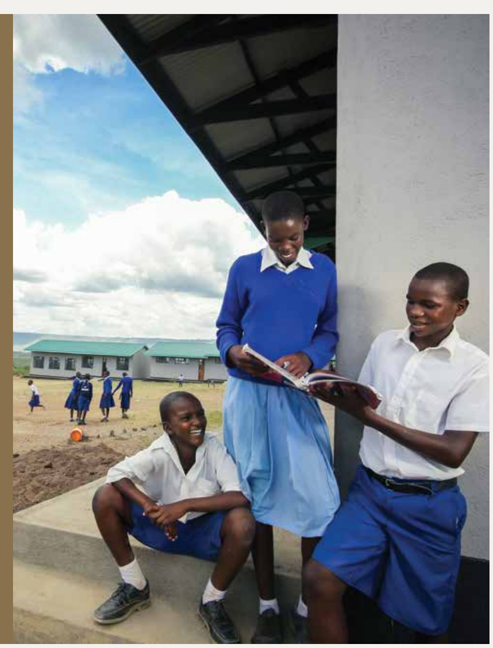
In addition, we progressed our planning for the development of an artisanal and small-scale mining project, in collaboration with the World Bank, AngloGold Ashanti and the Tanzanian Ministry of Energy and Minerals. Initial recommendations of this project include establishing a processing centre; it is anticipated that this will lead to improved gold production, increasing earnings for the miners, whilst minimising the health and environmental impacts associated with the current artisanal gold recovery processes.

In 2015, we continued our efforts to publicise the availability of the Grievance Mechanism at all the sites and encouraged the reporting of any grievances through this Mechanism. As a result, we have seen an increase in the registration of some categories of grievances, including human rights grievances, against the 2014 reporting period, with a total of 248 new grievances lodged during the year compared to 77 new grievances in 2014. The majority of these grievances are at North Mara and relate to land issues at North Mara, where speculative investments have delayed the land compensation/resettlement programmes as well as intruder related human rights related grievances. Whilst our assessment is that a number of these grievances are not justified, we are encouraged by the increased usage of the Grievance Mechanism which demonstrates that this Mechanism is accessible and seen as a credible option by members of the communities in which we operate.

Acacia Maendeleo Fund

We established the Acacia Maendeleo Fund in 2011 as part of our commitment to promoting sustainable development in the communities in which we operate. Since that time we have invested US$35.0 million into a range of areas including education, health, water, infrastructure and livelihoods.

For more information, visit:
www.acaciamining.com/sustainability/acacia-maendeleo-fund



During the year, we developed Acacia's new "Sustainable Communities" strategy. This new ambitious strategy advances beyond traditional models of corporate social responsibility as it is anchored on the concept of creating "shared value" within the Acacia business and the communities in which we live and work. Shared value strategies engage the scale and innovation of companies such as Acacia to advance social progress. The focus is on creating value, developing people's capabilities and enhancing resilience both within the Acacia business and the communities in which we live and work.

Our "Sustainable Communities" strategy will help to contribute to more prosperous communities and greater alignment of interests between the community and Acacia, and will focus on advancing three connected areas:

- **A thriving local economy:** We will invest to provide training and support to promote local business development and help to build an enterprising economy that can create employment opportunities for local people and reduce dependency on our operations.
- **Strategic social infrastructure:** We will invest in strategic social infrastructure in order to enhance communities' ability to generate wealth.
- **Community cohesion:** We will invest in initiatives to enhance the social capital between the communities near our operations and the mines, with a focus on sport, music and culture.

We will start to implement the new strategy in 2016, working in partnership with others including NGOs, social enterprises and Governments to implement our strategy. We will also align our commitments to "Sustainable Communities" with national government development ambitions, and the new UN international Sustainable Development Goals.

Ending child labour in artisanal and small-scale mining

In May 2015, Acacia and Search for Common Ground ('SFCG') co-funded a six-month project aligned with Acacia's initiative to end children in mining, something which remains prevalent in Tanzanian rural mining areas. Child labour in mining is classified by the International Labour Organization ('ILO') as the worst form of child labour.

The project involved members of the Unity Peace Club, a youth group originally set up by SFCG with funding from Acacia to transform the inter-clan conflicts in the surrounding area. Many of the Unity Peace Club students worked at artisanal and small-scale sites on weekends and holidays, and knew other children who were working on these sites full-time.

Eighty of the Unity Peace Club students were selected to participate in the project to research the reason for children in mining, and their reports would be used as a basis for adults taking action. They decided to call themselves The Voice of North Mara Youth.

In June 2015, they were trained by SFCG media experts and Tanzanian journalists on data collection and how to write and produce articles, presentations, social media entries and radio programmes. Equipped with recorders, cameras and notepads, the students interviewed men and women, old and young, workers on mine sites and others who had never set foot there. They then held presentations with the results of their interviews for village leaders and community members, asking for their leaders to take action.

As a result, a valuable discussion began on the importance of education and the need to end all child labour, not just in mining. With support from SFCG, child protection committees were created in each village around North Mara, and the community leaders began finding strategies to identify children in their community who were out of school, and mapping out the reasons why. They also committed to fundraising for school fees as a community, and supporting each other to keep the children in school.

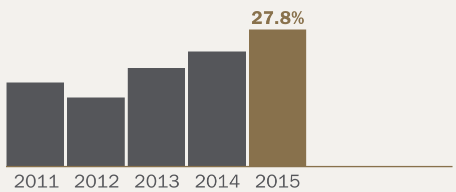
Employees

We continued to make noticeable progress across a variety of employee initiatives throughout 2015, whilst maintaining acceptable levels across core employee metrics. Annual turnover across our operations was approximately 27.8%, a considerable increase on 2014 (23%) due to ongoing organisational and labour reviews across all the mine sites and offices which have resulted in a significant right-sizing of the workforce. We continued to progress our commitment to the localisation of our workforce throughout 2015, with annual national employment levels amounting to approximately 96% of our total workforce, an increase on 2014 levels (94%).

We continued to invest in training and development programmes throughout the year, notably through the continuation of Tufanikiwe Pamoja, our cultural transformation programme, the WeCare programme, our enhanced health and safety training programme, and a number of additional business improvement and project management programmes. We also maintained our focus on longer-term training programmes, such as our Rainbow leadership training programme for first line leaders which is ready for roll out in 2016. 51 apprentices graduated from the Integrated Mining Technical Training ('IMTT') programme.

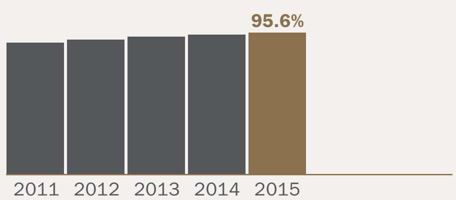
Approximately 9% of our overall workforce is comprised of women, something which is reflective of gender diversity generally within the mining industry. Of this, female representation across our management structures equalled approximately 10% at Board level and 17% at senior leadership level. All levels are broadly consistent with female representation levels in 2014.

Group-wide turnover
(Percentage within operations)



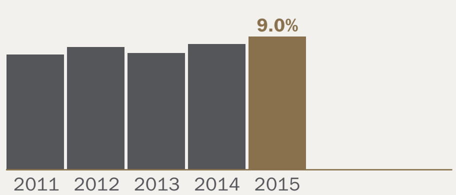
Bulyanhulu	37.1%
Buzwagi	26.8%
North Mara	8.0%

Localisation of workforce
(Percentage of nationals in operational workforce)



Bulyanhulu	94.4%
Buzwagi	99.0%
North Mara	94.6%

Female representation
(Percentage of overall workforce)



Bulyanhulu	6.5%
Buzwagi	9.0%
North Mara	8.3%
Corporate and other	27.3%

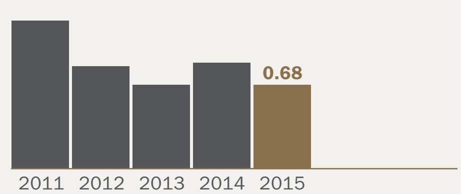
Health and safety

Group-wide Total Reportable Injury Frequency Rate ('TRIFR') was 0.68 for 2015 compared to 0.86 in 2014, a 21% improvement. A key driver behind the commendable improvement was the full implementation of the WeCare programme ('Tunajali'). This behavioural safety programme is now embedded as part of the safety culture at each of the mine sites and is expected to contribute, together with other health and safety initiatives, to further improvements in Acacia's safety and health performance.

Over the past year we have continued to evolve our critical risk control standards covering the top 11 risks that Acacia personnel are exposed to. As part of this we have focused on those risks at each mine site where the majority of the High Potential Incidents occur. These are regarding light vehicles, mobile equipment, ground control, explosives, working at height and lifting operations. As a result, and to drive further improvement in safety performance, we will implement and audit updated standards covering these risks during 2016.

We also progressed a number of initiatives within an occupational health and safety context to increase the effectiveness of existing occupational health programmes and continued to progress health assessments, including malaria control assessments, for our employees and wider community base. This is incorporated into an updated Acacia Occupational Health and Safety Management System which will be rolled out in 2016.

Total Reportable Injury Frequency Rate ('TRIFR')
(Frequency rate)



Bulyanhulu	1.03
Buzwagi	0.66
North Mara	0.33

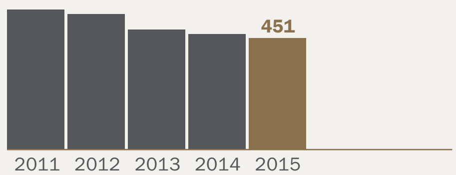
Environment

Environmental performance for 2015 was good overall, with the Group successfully completing the majority of key initiatives and priorities for the year. Key achievements include the environmental approval for Gokona Underground mining at North Mara mine, agreement with the Ministry of Energy and Minerals as regards the requirement to post rehabilitation bonds for each of the mine sites, implementation of Acacia's environmental management system in line with the ISO14001 requirements and enhancement of the mine site environmental team capabilities through training to better identify and manage the identified environmental risks at our mines. We continue to be fully ICMI compliant at North Mara and Buzwagi. Bulyanhulu is in the process of implementing an action plan to regain full ICMI certification in order to address historical WAD cyanide inconsistencies within the TSF which occurred as a result of the commissioning of the new carbon-in leach circuit. We expect to complete this programme in 2016 at which point we will re-apply for certification.

Acacia's GHG emissions continued to be impacted by interruptions to the electricity supply in Tanzania and our reliance on self-generation of power. Overall, 2015 GHG emissions equalled 370,092 tonnes of CO_2, in line with 2014 levels. However, our energy usage, assessed on the basis of mega joules of energy used per tonne of ore milled, decreased by 12% when compared to 2014 usage levels as a result of increased throughput at Bulyanhulu. Further information on Group GHG emissions is provided on page 84.

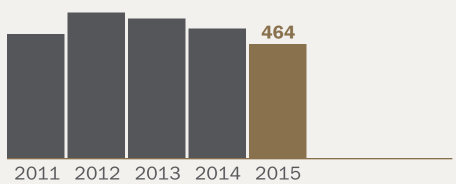
Our water usage in 2015 decreased by 4% as a result of increased throughput at Bulyanhulu, partially offset by marginally increased water usage. We will look to enhance water management practices further in 2016 as part of overall Group water management practices.

Group average total water used
(Litres used per tonne of ore milled)



Bulyanhulu	578
Buzwagi	408
North Mara	408

Group average energy used per tonne of ore milled
(Mega joules)



Bulyanhulu	430
Buzwagi	463
North Mara	493

Security and human rights

The positive progress made in security in 2014 continued into 2015. This was based upon a five-pronged security strategy: understanding our operating environment; striving for operational excellence; people – valuing and helping to develop ourselves and others; improving our reputation and engagement with stakeholders; and ensuring sufficient resources are in place to deliver on the strategy. At North Mara, this strategy has resulted in an improvement in day to day operational security and a reduction in security related fatalities and injuries. Furthermore, the integration of security operations with our community relations efforts has had a positive effect, resulting in a reduction in confrontations. Across the Company, improvements have been made to the information and investigation functions with a focus on improving policies and procedures to ensure meaningful oversight and compliance measures are in place. This will continue to be an area of focus through 2016 to ensure transparency and compliance.

We completed an annual assessment of our performance against a number of international standards and principles, including the Voluntary Principles on Security and Human Rights and use of force protocols. The outcome of these reviews was encouraging, showing consistent levels of improvement across all operations. A review of the Company-wide Grievance Mechanism was also conducted, resulting in revisions to procedures and processes to embed learnings from prior years. We increased specialist staffing in this area at North Mara over the course of 2015 in order to increase capacity and expedite the resolution of grievances. An overview of the grievances lodged in 2015 utilising the Company Grievance Mechanism is set out on page 44.

We affirmed our commitment to the activities of Search for Common Ground ('SFCG'), an international NGO focused on conflict transformation and building sustainable peace through dialogue, media and community engagement. Search for Common Ground conducted over 180 sessions with more than 16,000 stakeholders in the communities around Buzwagi, Bulyanhulu and North Mara, most of them large-scale open-air meetings together with government, civil society and village leaders. Land issues, environmental impact and mine intrusion were some of the topics addressed.

According to SFCG, perception surveys and focal group discussions with more than 1,000 community members in 2015 have shown remarkable improvements to the relationship between the community and the mines, especially in North Mara. SFCG provided training to almost 1,000 members of Tanzanian Police units based in the vicinity of our operations on the Voluntary Principles on Security and Human Rights, which teaches international standards in the use of force and firearms, procedures for arrest and detention, and prevention of sexual harassment.

Kelvin Dushnisky
Chairman of the Board

Dear shareholders,

In 2015 we continued to review our governance model to ensure we maintain appropriate alignment with best practice requirements as well as Acacia's operational objectives in order to support management and our business model.

In line with areas identified in last year's governance report, in 2015 we continued to perform key oversight and monitoring activities in the context of operational and financial performance reviews, with a particular focus on supporting management in the execution of further cost control and asset optimisation reviews. These were conducted in light of wider market factors that placed operational and financial constraints on our industry throughout the year. In addition, this year we undertook various governance processes, procedures and systems reviews, as necessary, to support the enhanced statements we have made in this Annual Report in the context of internal control and risk management assessment and monitoring, ongoing business viability and going concern. Further details regarding these assessments and the relevant statements can be found on pages 23, 41 and 54.

Lastly, and again in line with Board commitments made in the 2014 Annual Report, this year we engaged Lintstock Limited ('Lintstock'), to undertake our first externally-facilitated performance evaluation. This comprised an assessment of the Board as a whole, each of its Committees and individual Directors (including myself). The evaluation was conducted via a two-stage process, comprising the completion of tailored questionnaires and participation in individual interviews by each Director. The findings were presented to, and collectively considered by, all Directors. Overall, the Board concluded it had operated effectively throughout the reporting period.

Nevertheless, and as should be expected from any effective evaluation process, opportunities for improvement and specific priorities were identified and these have been taken into account when structuring our focus areas for 2016. Among other actions, the Board agreed it should continue its visits to major operations in order to maintain appropriate knowledge of the business, to ensure it remains visible to the operations and has access to a broad group of executives and employees. It also agreed to consider revising the time scheduled for some meetings, to review the allocation of time to core topics and, in particular, to review opportunities to schedule additional strategy and risk sessions.

Further details as to the scope of the evaluation and its recommendations are provided on page 56.

Kelvin Dushnisky
Chairman of the Board

SUMMARY OF THE BOARD'S WORK IN 2015

The Board focused on the following areas in 2015:

- Conducting externally facilitated performance evaluations
- Conducting risk management governance and framework reviews in light of enhanced UK Corporate Governance requirements
- Reviewing processes and procedures and other factors relevant to its assessment of viability and going concern in light of new UK Corporate Governance requirements
- Overseeing further optimisation and cost control reviews, including organisational structure reviews
- Overseeing operational, financial and exploration project performance

As regards asset optimisation and cost control reviews, the Board continued to oversee management plans as regards life of mine planning for all of Acacia's operations.

THE BOARD'S PLAN FOR 2016

The Board's focus areas for 2016 include:

- Continuing focus on risk management and internal controls
- Conducting additional strategy and risk reviews
- Overseeing operational, financial and exploration project performance
- Monitoring ongoing cost control and optimisation programme implementation
- Reviewing growth opportunities

The makeup of the Board's focus areas for 2016 will not significantly change from 2015 and still comprises key monitoring activities as regards Company performance across core business areas (financial, operational and exploration) and further strategic and risk reviews to support longer-term growth objectives. Furthermore, the focus areas reflect any suggestions made as a result of the 2015 performance evaluation, details of which are available on page 56.

BOARD STRUCTURE

Management Committees
Further support the Board and comprise the following key Committees:
- Disclosure
- Reserves and resources
- Capital allocation

Board
Responsible for the overall management of our organisation and our business

Executive Leadership Team
Responsible for day-to-day management of our business and operations and for monitoring detailed performance of all aspects of our business

BOARD COMMITTEES

AUDIT COMMITTEE
- reviews and monitors financial statements
- oversees relationships with internal and external auditors
- oversees external audit process
- reviews internal audit plans
- compliance matters

Membership	Meetings attended
Andre Falzon (Chair)	5(5)
Peter Tomsett	5(5)
Rachel English	5(5)

See p58 for more information

EHS&S COMMITTEE
- oversees the development of strategy and policy on CSR, environmental, health and safety and security matters
- reviews the effectiveness of CSR, environmental, health and safety and security management programmes and systems

Membership	Meetings attended
Ambassador Juma V. Mwapachu (Chair)	4(4)
Graham Clow	3(4)
Rachel English	4(4)

See p61 for more information

NOMINATION & GOVERNANCE COMMITTEE
- makes recommendations to the Board on its composition and that of its Committees
- reviews and oversees the formulation and adoption of Acacia corporate governance policies and procedures

Membership	Meetings attended
Kelvin Dushnisky (Chair)	2(2)
Ambassador Juma V. Mwapachu	2(2)
Peter Tomsett	2(2)

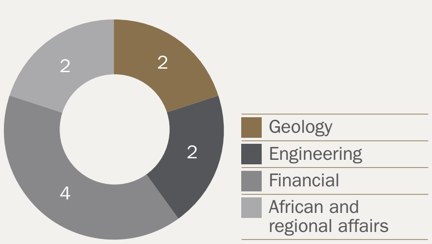
See p62 for more information

COMPENSATION COMMITTEE
- reviews and recommends overall remuneration policy and strategy
- reviews and approves remuneration arrangements for Executive Directors and Executive Leadership Team

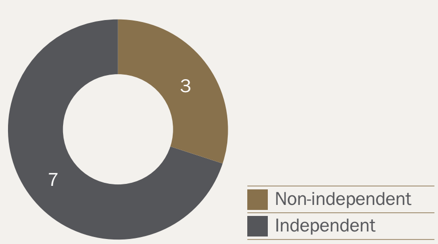
Membership	Meetings attended
Michael Kenyon (Chair)	4(5)
Peter Tomsett	5(5)
Graham Clow	4(4)
Steve Lucas	5(5)

See p63 for more information

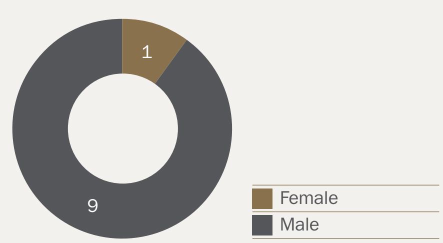
Board skills
We review Board composition regularly to ensure the range and breadth of skills provided as a result of Director appointments remains appropriate for our business.



Board independence
The Board believes that its current composition and its size is appropriate for the Company's ongoing requirements.



Board diversity
Board appointments are made on a merit basis and measured against objective criteria. Generally, we strive to attract a broad mix of individuals in order to create a diverse workgroup to support Acacia's culture.



Kelvin Dushnisky, age 52
Chairman of the Board

Year appointed
2012

Skills and experience
Mr Dushnisky was appointed as Chairman of the Board in February 2013, having served as a Director since July 2012. Mr Dushnisky has more than 25 years of international mining industry experience, with a focus on project development and public affairs. He was appointed President of Barrick in August 2015 with overall responsibility for execution of Barrick's strategic priorities, and was appointed to the Board of Directors of Barrick in February 2016. Mr Dushnisky also represents Barrick at the World Gold Council, the International Council on Mining and Metals and the Business Council of Canada. He joined Barrick in 2002.

Prior to joining Barrick, he held management positions at EuroZinc Mining Corporation, Sutton Resources and Rescan Consultants. Mr Dushnisky holds an Honors Bachelor of Science degree from the University of Manitoba, in addition to a Master of Science degree and a Juris Doctor degree from the University of British Columbia.

Board meetings attended
5/5

Independent
No

Committee membership
- Nomination & Governance

Brad Gordon, age 53
Chief Executive Officer

Year appointed
2013

Skills and experience
Mr Gordon was appointed as Acacia's Chief Executive Officer in August 2013. He was previously the CEO of Intrepid Mines, a Canadian and Australian listed precious metals exploration and development company with primary operations in Indonesia. Prior to his time at Intrepid, Mr Gordon was the CEO of Emperor Mines, the Australasian subsidiary of DRDGold before it merged with Intrepid. Before that, he held a series of progressively senior positions with Placer Dome.

Mr Gordon has a proven ability to deliver the maximum potential from the operations he has managed, from reducing costs and increasing production to achieving operational efficiencies and extending mine lives. Mr Gordon holds a Mining Engineering degree from the Western Australia School of Mines and an Executive MBA from INSEAD, France.

Board meetings attended
5/5

Independent
Not applicable

Committee membership
Not applicable

Peter Tomsett, age 58
Senior Independent Non-Executive Director

Year appointed
2013

Skills and experience
Mr Tomsett has a wide range of technical, operational and senior management experience in the mining industry. He spent 20 years with Placer Dome Inc. in a number of senior roles, culminating in serving as President and Chief Executive Officer until its acquisition in 2006. He has been a Director of the Minerals Council of Australia, the World Gold Council and the International Council for Mining & Metals.

Mr Tomsett has considerable board-level experience in the resources sector. He served as Non-Executive Chairman of Equinox Minerals until its acquisition in 2011 and is currently Non-Executive Chairman of Silver Standard Resources Inc.

Board meetings attended
5/5

Independent
Yes

Committee membership
- Audit
- Compensation
- Nomination & Governance

Ambassador Juma V. Mwapachu, age 73
Independent Non-Executive Director

Year appointed
2011

Skills and experience
Ambassador Juma V. Mwapachu has held a number of senior positions in both the public and private sector of Tanzania and was appointed as Tanzania's Ambassador to France from 2002 to 2006. He was the founding Secretary General of the Chamber of Commerce, Industry and Agriculture; he also served as Chairman of the Confederation of Tanzania Industries between 1996 and 2000. He has played a leading role in the regional integration of East Africa, holding the position of Secretary General of the East African Community prior to his appointment to the Board. He currently holds the position of Global President of the Society for International Development and is the Chairman of Airtel Tanzania Limited.

Ambassador Juma V. Mwapachu holds a Bachelor of Law degree with Honours from the University of East Africa, a postgraduate degree in International Law from the Indian Academy, and Doctorates in Literature (Honoris Causa) from the University of Dar es Salaam and Political Sciences (Honoris Causa) from the National University of Rwanda.

Board meetings attended
5/5

Independent
Yes

Committee membership
- EHS&S
- Nomination & Governance

Andre Falzon, age 61
Independent Non-Executive Director

Year appointed
2010

Skills and experience
Mr Falzon is a senior financial executive with over 25 years of financial and management experience within the mining industry, including a period as Vice President and Controller at Barrick between 1994 and 2006. He is a Director of Detour Gold Corporation and was previously a director and Audit Committee chair of a number of publicly listed gold mining companies.

Mr Falzon holds a Bachelor of Commerce degree from the University of Toronto, Canada and is a CPA, CA, CGA (Canada).

Board meetings attended
5/5

Independent
Yes

Committee membership
- Audit

Michael Kenyon, age 66
Independent
Non-Executive Director

Year appointed
2010

Skills and experience
Mr Kenyon has more than 40 years of experience in the mining industry and is a geologist by training. He is Chairman of the Board of Directors at Detour Gold Corporation. He has previously been Chairman of the Board of Directors of Troon Ventures Ltd, President and Chief Executive Officer at both Canico Resource Corp and Sutton Resources Ltd, and a Director of Cumberland Resources Ltd until their respective acquisition by third parties.

Mr Kenyon holds a MSc Geology from the University of Alberta in Canada. He was also the recipient of the 2005 Developer of the Year award from the Prospector and Developers Association of Canada in recognition of his accomplishments.

Board meetings attended
4/5

Independent
Yes

Committee membership
- Compensation

Graham Clow, age 65
Independent
Non-Executive Director

Year appointed
2013

Skills and experience
Mr Clow is currently Chairman and Principal Mining Engineer of RPA Inc. He is a senior mining executive with 40 years' experience in all aspects of acquisitions, exploration, feasibility, finance, development, construction, operations, and closure. Prior to joining RPA, he spent more than 20 years in senior executive and operating positions with publicly listed mining companies and is currently Non-Executive Director of Dominion Diamond Corporation. Mr Clow is a former Chairman of the Metal Mining Division of the Canadian Institute of Mining, Metallurgy, and Petroleum ('CIM'), and was a Member of the Committee on Ore Reserve Definitions that established the requirements for Canadian Regulatory Standard NI43-101 for mining companies.

Mr Clow is also a Fellow of CIM and has been awarded the Metal Mining Award for contributions to the industry.

Board meetings attended
5/5

Independent
Yes

Committee membership
- Compensation
- EHS&S

Steve Lucas, age 61
Independent
Non-Executive Director

Year appointed
2013

Skills and experience
Mr Lucas is a Chartered Accountant with executive experience in the extractives sector, particularly oil and gas, and the power sector. He has worked internationally, including in Tanzania, and has expertise in infrastructure finance and treasury. Mr Lucas was Finance Director at National Grid plc from 2002 to 2010 and prior to this he worked for 11 years in progressively more senior positions at Royal Dutch Shell and for six years at BG Group (formerly British Gas). He is currently a Non-Executive Director of Tullow Oil plc and Transocean Ltd. From 2004 until 2011 he was a Non-Executive Director of Compass Group plc.

Mr Lucas holds a BA in Geology from Oxford University.

Board meetings attended
5/5

Independent
Yes

Committee membership
- Compensation

Rachel English, age 53
Independent
Non-Executive Director

Year appointed
2013

Skills and experience
Ms English is a Fellow of the Institute of Chartered Accountants and previously held senior positions in BG Group and Royal Dutch Shell, with responsibilities spanning finance, corporate strategy, mergers and acquisitions, and business development. Ms English is a Non-Executive Director of Kuwait Energy plc and the Global Carbon Capture and Storage Institute and was previously a Non-Executive Director of Petropavlovsk plc until 2013. She is also a member of the Audit Committee of the UK's Department for International Development and is a Non-Executive Director of Helios Social Enterprise, which she co-founded to develop renewable energy access projects in rural sub-Saharan Africa.

Ms English holds an MA in Politics, Philosophy & Economics from Oxford University.

Board meetings attended
5/5

Independent
Yes

Committee membership
- Audit
- EHS&S

Stephen Galbraith, age 44
Non-Executive Director

Year appointed
2010

Skills and experience
Mr Galbraith has been employed by Barrick since August 2000 in treasury and finance functions, and is currently Managing Director of Barrick International (Barbados) Corporation. Mr Galbraith previously held the role of Audit Manager for PricewaterhouseCoopers.

Mr Galbraith holds a Bachelor of Arts degree in Accountancy from Strathclyde University, is a member of the Institute of Chartered Accountants of Scotland and is a Chartered Financial Analyst Charterholder.

Board meetings attended
5/5

Independent
No

Committee membership
Not applicable

Andrew Wray, age 52
Chief Financial Officer

Andrew Wray was appointed as CFO in September 2013, having spent three years as Head of Corporate Development and Investor Relations at Acacia. Previously he was employed by JP Morgan Cazenove where he was a Director in the Corporate Finance team. Andrew has over 15 years of experience in advising a range of mining and other companies in their capital-raising activities and in other strategic objectives. Prior to joining JP Morgan, Andrew worked for the Kuwait Investment Office in London, dealing with their portfolio of investments in Spain. Andrew holds a Bachelor of Arts Honours degree in Modern Languages from University College London.

Katrina White, age 40
General Counsel and Company Secretary

Katrina White joined Acacia in December 2010, having previously been employed by Barrick, where she served as Regional General Counsel and Company Secretary for Barrick Australia Africa, subsequently Barrick Australia Pacific, from 2005 to 2010. Prior to joining Barrick, Katrina was employed as a senior associate at Hunt & Humphry in Australia. Katrina has an Honours degree in Law from the University of Western Australia. She is admitted to practise as a barrister and solicitor in Western Australia, the High Court of Australia and the Federal Court of Australia.

Deodatus Mwanyika, age 53
Vice President, Corporate Affairs

Deo Mwanyika joined Acacia in March 2010, having been previously employed by Barrick which he joined in 1999 and where he occupied various managerial positions over 12 years, culminating in his appointment in 2008 as Executive General Manager, Tanzania. Deo holds a Bachelor of Law degree with Honours from the University of Dar es Salaam and a Masters in Law from the University of Cambridge. Deo is a member of the Tanganyika Law Society and the East African Law Society.

Peter Geleta, age 52
Executive General Manager, Organisational Effectiveness

Peter Geleta joined Acacia in May 2012 and has extensive experience on the African continent, having worked across a number of African countries in various operational and corporate roles. Prior to joining Acacia he held a number of roles at Barrick, including Organisational Effectiveness Director for Barrick Africa, Human Resources Director for the Australia Pacific Region and General Manager for Barrick's Cowal Gold Mine in New South Wales. Before joining Barrick, Peter worked for AngloGold Ashanti for 25 years, where he held a number of roles including Head of Human Resources and Sustainability for AngloGold Ashanti's Africa Operations and General Manager of the Navachab Mine in Namibia. Peter holds an Executive MBA qualification from the University of Cape Town.

Peter Spora, age 46
Vice President, Exploration

Peter Spora joined Acacia in March 2010 having previously been employed by Barrick, where he served as Principal Geologist, Africa, from 2006 to 2008 and Exploration Manager, Africa, from 2008 to 2010. Peter has over 19 years of experience as a geologist in Australia and Africa. He holds a Bachelor of Applied Science in Geology degree from the University of Technology, Sydney, Australia. He is a member of the Australian Institute of Mining and Metallurgy ('AusIMM'), a member of the Tanzanian Chamber of Minerals and Energy, and is a member of the Society of Economic Geologists.

Board composition

As at 31 December 2015, the Board comprised a Non-Executive Chairman, one Executive Director and eight Non-Executive Directors, of whom seven were independent.

Board changes during 2015

There were no new Board appointments during the reporting period.

Retirement and re-election

In line with the requirements for annual re-election under the UK Corporate Governance Code, save for Graham Clow all other Directors will offer themselves for re-election at the forthcoming AGM. The Board determines all of these Directors to be eligible for re-election. Graham Clow will step down from the Board at the forthcoming AGM.

Board leadership

Chairman and Chief Executive Officer

In line with best practice, the roles of Chief Executive Officer and Chairman, and their related responsibilities, are separated. The divisions of responsibility and the specifications of each role are set out in writing and reviewed periodically as part of annual corporate governance reviews. Responsibilities are divided so as to ensure that the Chairman remains principally responsible for the leadership of the Board and ensuring that the Board plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives. The Chief Executive Officer is primarily responsible for all executive management matters affecting Acacia and is principally responsible for running the Company's business. All members of the ELT report directly to him.

Senior Independent Director

Mr Tomsett is Acacia's Senior Independent Director ('SID'). The responsibilities and duties of the SID are determined in accordance with the requirements of the UK Corporate Governance Code. In particular, the SID is required to:

- act as a sounding board for the Chairman;
- act as an intermediary for other Directors, when necessary;
- ensure that an annual appraisal of the Chairman is conducted by the Non-Executive Directors, without the Chairman present; and
- be available to shareholders for discussion purposes, in cases where contact between such shareholders and the Chairman and/or CEO has been ineffective or is otherwise inappropriate.

Matters reserved

There is a schedule of matters that the Board has specifically reserved for its decision. This schedule was reviewed during the year and includes matters such as setting the Group's strategic aims and objectives, approving significant contractual commitments (including merger and acquisition activity), approving capital-raising, approving changes to the Group's share capital and corporate structure, approving financial reports and ensuring maintenance of a sound system of internal control and risk management.

Delegation of authority

The Board has delegated responsibility for certain matters to four Committees: the Audit Committee, the Compensation Committee, the EHS&S Committee and the Nomination & Governance Committee. The membership, chairmanship and activities of each of these Committees are set out in each Committee report on pages 58 to 62 and as part of the Remuneration Report.

Board effectiveness

Board meetings and attendance

Board decisions are predominantly made by achieving a consensus at Board meetings. In exceptional circumstances, decisions may be taken by the majority of Board members. Questions arising at any meeting are determined by a majority of votes. In the case of an equality of votes, Acacia's Articles of Association do not provide the Chairman with a second or casting vote. All Directors are required to take decisions objectively and in the best interests of the Company. As part of their duties as Directors, Non-Executive Directors are expected to apply independent judgement to contribute to issues of strategy and performance and to scrutinise the performance of management.

The Board is scheduled to meet at least four times a year, and at such other times as are necessary to discharge its duties. The Board met a total of five times in 2015. All meetings were held in person. Details of individual attendance are provided in the table overleaf.

Board briefings and development

The Board receives monthly management reports and quarterly reports outlining all material operational, financial and strategic developments. These ensure that Board members remain properly briefed on the performance and financial position of the Group on a continuous basis. Board and Committee papers are circulated prior to all meetings to allow Directors to be briefed in advance of discussions. Board meetings include quarterly operational, financial and exploration project performance reviews to ensure that, in addition to specific scheduled matters and any other business, core business performance is monitored and assessed on a continuous basis. In addition to scheduled Board meetings, all Directors have access to members of the Executive Leadership Team and to whatever further information they need to perform their duties and to satisfy their responsibilities. Acacia's independent Non-Executive Directors and Committee Chairmen meet with members of the Executive Leadership Team to receive more in-depth briefings on Board and Committee matters whenever required or requested. In addition, all Directors continue to have free access to visit operations outside of scheduled Board arrangements and each Director is expected to participate in at least one operational site visit per year. Board training and development needs are reviewed on an ongoing basis. Directors may take independent professional advice, as necessary, at the Company's expense in the furtherance of their duties. In addition to this, each Board Committee is entitled to seek independent professional advice at the Company's expense, where necessary, to assist or guide the Committee in the performance of its functions.

Internal control

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. In line with this responsibility, the Board has established ongoing processes and systems for identifying, evaluating and managing principal risks that the Group faces, which have been in place throughout the year and up to the date of approval of the Annual Report.

The Board principally bases its monitoring and review of the effectiveness of risk management and internal control systems on its review of management reports and assessments, and on the quarterly reports it receives on the status of Acacia's risk management and internal control environment. This is supported by the risk profile reviews that Acacia's internal audit function carries out to help the Board identify and manage the most significant risks and events that could affect the Company's operations, financials and performance on an ongoing basis. Where necessary, the Board is assisted by its Committees in reviewing internal systems and controls, particularly the Audit Committee, which is responsible for reviewing the effectiveness of the Group's internal control and risk management framework systems, as components of the Company's internal control framework.

In compliance with its obligations, the Board conducted a review of the effectiveness of the Company's risk management and internal control systems for the reporting period with the assistance of Deloitte LLP. This review took into account the enhanced monitoring, review and assessment requirements introduced by the 2014 edition of the UK Corporate Governance Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting that has been introduced to replace the Turnbull Guidance for financial reporting periods commencing on or after 1 October 2014.

The review also covered a review of all material controls, including financial, operational and compliance controls and considered all significant aspects of internal control for the reporting period. During the course of the review the Board did not identify or hear of any failings or weaknesses that it determined to be material. Therefore a confirmation of any necessary actions undertaken is not required.

Additional information regarding the internal control and risk management process specifically in relation to the financial reporting process and the preparation of the consolidated financial statements is provided as part of the Audit Committee report and the notes to the consolidated financial statements.

Further detail as regards the governance structure used for Acacia's approach to risk management and the processes and procedures used in the context of risk management is provided on pages 22 to 23 of this Annual Report. The Company's viability statement is also provided in this context on page 23.

	Board		Audit Committee		Compensation Committee		Nomination & Governance Committee		EHS&S Committee	
	Number attended	Maximum possible	Number attended	Maximum possible	Number attended	Maximum possible	Number attended	Maximum possible	Number attended	Maximum possible
Current Directors										
Kelvin Dushnisky[1]	5	5	–	–	1	1	2	2	–	–
Brad Gordon	5	5	–	–	–	–	–	–	–	–
Peter Tomsett	5	5	5	5	5	5	2	2	–	–
Ambassador Juma V. Mwapachu	5	5	–	–	–	–	2	2	4	4
Andre Falzon	5	5	5	5	–	–	–	–	–	–
Michael Kenyon	4	5	–	–	4	5	–	–	–	–
Graham Clow[1]	5	5	–	–	4	4	–	–	3	4
Steve Lucas	5	5	–	–	5	5	–	–	–	–
Rachel English	5	5	5	5	–	–	–	–	4	4
Stephen Galbraith	5	5	–	–	–	–	–	–	–	–

1 Kelvin Dushnisky stepped down from the Compensation Committee and was replaced by Graham Clow in February 2015.

Majority shareholder

Barrick is the Group majority shareholder, holding approximately 64% of Acacia's issued shares as at the date of this report. Acacia's relationship with Barrick is governed by the terms of a Relationship Agreement, the principal purpose of which is to ensure that the Acacia Group is capable of carrying on its business independently of the Barrick Group and that any transactions and relationships with the Barrick Group are conducted at arm's length and on normal commercial terms. The Relationship Agreement will continue for so long as Acacia is listed on the London Stock Exchange and Barrick owns or controls at least 15% of Acacia's issued share capital or voting rights.

The Relationship Agreement provides Barrick with certain Director appointment rights in line with a sliding scale, structured as follows:

Barrick percentage shareholding	Barrick Director appointment rights
40% or more	The higher of three Non-Executive Directors and the maximum that may be appointed under the UK Corporate Governance Code
25% up to 40%	The higher of two Non-Executive Directors and one less than the maximum number of Non-Executive Directors that may be appointed under the UK Corporate Governance Code
15% up to 25%	The higher of one Non-Executive Director and two less than the maximum number of Non-Executive Directors that may be appointed under the UK Corporate Governance Code

In addition to Director appointment rights, and subject to certain exceptions, as part of the terms of the Relationship Agreement, Barrick has undertaken that members of the Barrick Group will not carry on the exploration of gold or silver in Africa or acquire, whether through an asset purchase or the purchase of securities, a gold or silver mining business in Africa that competes with Acacia without giving Acacia the option to exercise certain rights of first refusal for so long as Barrick holds 30% or more of the issued share capital or voting rights of Acacia. Acacia has given a reciprocal non-compete commitment to Barrick in this regard.

Acacia entered into the Relationship Agreement at the time of its initial public offering in 2010. It was amended in 2014 to ensure full compliance with the independence requirements introduced to the Listing Rules, which took effect in November 2014. Following these amendments the Relationship Agreement expressly provides that:

(i) any and all transactions with Barrick (or its associates) shall be conducted at arm's length and on normal commercial terms;

(ii) neither Barrick, nor any of its associates, will take any action that will prevent Acacia from complying with its obligations under the Listing Rules; and

(iii) neither Barrick, nor any of its associates, will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

In addition, the Listing Rules now require premium listed companies with controlling shareholders to provide a confirmation in their annual reports that all of the independence provisions contained in their relationship agreements have been complied with. In line with this requirement, the Board has assessed Barrick and Acacia's compliance with the Relationship Agreement's independence requirements, as amended, and has assessed compliance with these requirements, in line with practices employed in any event since the IPO. As such, the Board can confirm that Acacia has complied with the independence requirements stated above since their adoption and, so far as the Board is aware, Barrick and its associates have also complied with these requirements. In this regard, all members of the Board support the giving of this statement and no independent Non-Executive Director has raised any objections in this regard.

Dialogue with the investment community

Acacia has a designated investor relations team which acts as the primary point of contact with the investment community and is responsible for maintaining Acacia's ongoing relations with investors and shareholders. Acacia conducts regular investor meetings and telephone calls with the investment community to discuss results, and participates in mining conferences to meet with current and prospective investors. In addition to its annual and half-year reports, Acacia publishes quarterly reports to the market, which provide further information on production and financial results, and updates on its business and operations. Acacia's investor relations team also arrange operational site tours for members of the analyst community, as and when appropriate.

AGM

Acacia's 2016 AGM will be held on 21 April 2016 at 14.00 (UK time). The business of the meeting will be conducted in accordance with Companies Act 2006 requirements and standards promoted by the UK Corporate Governance Code. The Chairman of the Board and the Chairmen of the Audit, Compensation, EHS&S and Nomination & Governance Committees will be available to answer questions put to them by shareholders at the meeting. The AGM Notice is included in the documentation that has been provided with this Annual Report and is also available on the Company's website. In accordance with best practice, the notice has been sent to shareholders at least 20 business days prior to the date of the meeting.

Conflicts of interest

Mr Dushnisky and Mr Galbraith are nominee Directors appointed by Barrick. These individuals hold a number of cross directorships with members of the Barrick Group, which give rise to situations in which these Directors could have a direct or indirect interest that conflicts, or possibly may conflict, with those of Acacia. In addition, as a result of their employment within the Barrick Group, these individuals also hold interests under Barrick's restricted stock unit plan and other employee incentive plans.

The Companies Act 2006 requires directors to avoid situations where they have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with company interests. However, the Act does allow directors of public companies to authorise conflicts and potential conflicts of interest where a company's articles of association contain a provision to that effect. Acacia's Articles of Association contain such provision and a procedure for this. In accordance with this procedure, the conflicts outlined above were declared and authorised by the Board.

The monitoring and, if appropriate, authorisation of any actual or potential conflict of interest is an ongoing process. Directors are required to notify the Company of any material changes in positions or situations that have already been considered and any new situations. In addition, Directors are required to declare interests in potential or actual transactions and are required to abstain from voting on such transactions, subject to permitted exceptions. If a question arises as to whether any interest of a Director prevents him or her from voting or being counted in a quorum in the context of a potential or actual transaction, the matter is referred to the Chairman, whose findings are final and conclusive. In the context of questions relating to any such conflict of the Chairman, the question may ultimately be decided by a resolution of the other Directors. The Board reviews conflicts of interest on a periodic basis and maintains a record of all declared conflicts.

Specifically as regards nominee Directors appointed by Barrick, the Relationship Agreement provides that if any transaction or arrangement arises directly between a member of the Barrick Group and a member of the Acacia Group and does or could, in the opinion of a majority of Directors (excluding any Director(s) appointed by Barrick), give rise to a conflict of interest between Acacia and any Director appointed by Barrick, any such matter must be approved and authorised at a duly convened Board meeting or in writing by a majority of Directors (excluding any Director(s) appointed by Barrick) prior to the Company taking further action in relation to such matter. Save for the matters set out above, no other conflicts of interest were disclosed to the Board during the reporting period.

Performance evaluation

The Board believes that annual evaluations are helpful and provide a valuable opportunity for continuous improvement. In 2015, we engaged Lintstock to undertake our first externally-facilitated performance evaluation of the Board, its Committees and individual Directors (including the Chairman).

The first stage of the review involved Lintstock engaging with the Chairman and the Company secretariat to set the context for the evaluation, and to tailor the surveys used to the Company's specific circumstances. All Board members were requested to complete an online survey addressing the performance of the Board and its Committees, the Chairman and individual Directors. Survey topics covered a range of areas including composition, skills, knowledge and experience of the Board, the respective roles and responsibilities of the Non-Executive and Executive Directors, quality of strategic and risk debate, the effectiveness of decision making and interactions with management.

Interviews were then conducted with members of the Board by two partners from Lintstock to expand upon the issues raised in the questionnaires. The anonymity of all respondents was ensured throughout the process in order to promote the open and frank exchange of views.

Lintstock subsequently produced a report which considered the following areas of Board performance:

- The size and composition of the Board and the key changes that ought to be made over the next 3–5 years to match the Company's strategic goals.
- Board members' understanding of Acacia's operations and the environment and market in which the Company operates.
- The use of time at meetings, the quality of management presentations and Board materials generally.
- The induction and ongoing training of Board members.
- The involvement of the Board in determining Acacia's strategic direction, Board performance in testing and developing strategy and reviewing progress against strategic pillars.
- The Board's oversight of sustainability performance.
- The Board's focus on risk and the oversight of culture and behaviours throughout the organisation.

The findings were presented to, and collectively considered by, all Directors. Overall, the Board concluded that it had operated effectively throughout the reporting period. Nevertheless, opportunities for improvement and specific priorities were identified and these have been taken into account when structuring our focus areas for 2016. Among other things, the Board agreed that it should continue with its visits to major operations in order to maintain appropriate knowledge of the business and to ensure that it remains visible to the operations and has access to a broad group of executives and employees. It also agreed to consider revising the amount of time scheduled for some meetings, and to review the allocation of time to core topics and, in particular, to review opportunities to schedule additional strategy and risk sessions.

As regards Committee reviews, as noted above the effectiveness of each Board Committee was also assessed through this exercise and an individual Committee report produced in each case. The reports and recommendations have been reviewed and discussed by each Committee and some minor improvement opportunities identified.

It is envisaged that the 2016 Board and Board Committee performance evaluation, whether conducted internally or externally facilitated, will be designed to build upon learnings gained this year to ensure that the recommendations agreed are implemented and that year-on-year progress is measured.

Corporate governance compliance

For the year under review, as a UK company with a premium listing on the Main Market of the London Stock Exchange, Acacia is required to make certain statements regarding the way it is governed, as required by the 2014 edition UK Corporate Governance Code, which is available at www.frc.org.uk. Accordingly, this report explains how Acacia has applied the Main Principles of the UK Corporate Governance Code during 2015.

Generally, Acacia seeks to comply with all relevant provisions of the UK Corporate Governance Code wherever possible and for the reporting year it is the Board's view that Acacia has complied with all such provisions, save for the following:

- Mr Dushnisky was not independent on appointment as Chairman and an external search consultancy was not used in connection with his appointment. Given Mr Dushnisky's experience within the mining sector, his skill set and his familiarity with the operating and geographical environment in which the Company's assets are located, the Board believes his appointment to be in the best interests of the Company irrespective of this (Provisions A.3.1 and B.2.4).
- Acacia has not adopted a formal diversity policy. In this regard however, we ensure that all recruitment is conducted on the basis that we hire the best candidate for all positions, at all levels, including Board and senior management positions, irrespective of gender or race (Provision B.2.4).

Lastly, the UK Corporate Governance Code requires that the Board provides a fair, balanced and understandable assessment of Acacia's position and prospects in its external reporting. Accordingly, the Directors were responsible for the preparation and approval of this Annual Report and consider the Annual Report and Accounts for 2015, taken as a whole, to be fair, balanced and understandable and believe that it provides the information necessary for shareholders to assess Acacia's position and performance, business model and strategy.

Acacia's external auditors have reviewed those parts of this statement, which they are required to review under the Listing Rules. In addition to compliance with the UK Corporate Governance Code, as part of commitments given in connection with Acacia's secondary listing on the Dar es Salaam Stock Exchange, the Board has undertaken to comply with the Corporate Governance Guidelines issued by the Tanzanian Capital Markets and Securities Authority to the extent that these requirements are equivalent to applicable UK corporate governance standards. In the case of any conflict between the two, the requirements of the UK Corporate Governance Code prevail.

Andre Falzon
Committee Chairman

Membership

	Meetings attended	Percentage of meetings attended
Andre Falzon (Chair)	5	100%
Peter Tomsett	5	100%
Rachel English	5	100%

Introduction

I am the Chairman of the Committee and have over 25 years of financial and management experience within the mining industry. I am a CPA, CA, CGA (Canada), and together these provide me with the relevant financial experience required for my position under applicable corporate governance standards. Rachel English and Peter Tomsett act as the other members of the Committee. Details of members' experience and qualifications are provided on pages 50 to 51 as part of the Board of Directors' biographies. Our terms of reference require us to meet at least four times a year, and in 2015 we met five times. The Chief Executive Officer, Chief Financial Officer, the Chief Compliance Officer, the Head of Risk and Internal Audit, members of the Company's finance function and the external auditors also attend Committee meetings on a regular basis by invitation. We also hold individual meetings with Acacia's external auditors and the Head of Risk and Internal Audit without management present to discuss matters within our remit of responsibilities.

Key responsibilities

Our key responsibilities include oversight of financial reporting and internal controls over financial reporting, overseeing the Group's relationship with its external auditors and Acacia's internal audit function, overseeing the external and internal audit processes generally and reviewing the effectiveness of the Group's systems of internal control, including its risk management framework. In addition, this year the Company appointed a Chief Compliance Officer who reports to the Committee and as a result our remit of responsibilities has been extended to include oversight of this function in the context of anti-fraud, anti-bribery and anti-corruption work by the Company, these being directly related to our oversight of whistleblowing arrangements and related policy reviews.

Activities in 2015 and plans for 2016

Our activities during the year were wide ranging, comprising in particular the following:

- Reviewing Committee composition based on succession planning, skill set and qualification requirements
- Reviewing our terms of reference and our remit of responsibilities in light of corporate governance developments
- Reviewing the external auditors' terms of engagement, plans, scope of work, compensation, the findings arising from all external audit work and external auditor performance
- Reviewing Acacia's periodic financial reporting
- Reviewing key accounting policies and developments in financial reporting and regulatory environment
- Reviewing the internal audit plan together with internal audit reports, findings and monitoring related action plans
- Reviewing enterprise risk registers, tax disputes and other litigation
- Reviewing the progress of the annual Anti-Corruption Compliance Programme
- Reviewing whistleblowing arrangements to support reporting requirements under Acacia's Code of Conduct and Anti-Fraud and Anti-Corruption policies and other reports from the Company's compliance function
- Receiving periodic risk management reports and updates as regards the principal risks for which the Committee has delegated oversight on behalf of the Board
- Participating in the risk management governance and framework review conducted by the Board with the assistance of Deloitte LLP
- Participating in the Committee's annual performance assessment

In 2016, the Committee will continue to focus on the majority of the above matters, these being core to its remit of responsibilities.

Further details regarding the Committee and its terms of reference are available for inspection on Acacia's website: **www.acaciamining.com**

Significant issues considered by the Committee in 2015

In addition to carrying out the activities referred to above, we reviewed and considered the following in the context of significant issues relating to Group financial statements:

Indirect tax recoverability

As part of ongoing monitoring and review of taxation matters, we have reviewed the status, recoverability and classification of the Company's indirect tax receivables relating to VAT charged on imports and the domestic supply of goods and services. In this regard, we have received reports from management on the status of discussions and negotiations of such matters between management and the Tanzanian Revenue Authority ('TRA'); we have reviewed management's ongoing calculations of amounts so outstanding; the procedure established to recover refunds and amounts due under the escrow account established to fund refunds due in respect of portions of the receivable; the audit process followed to confirm such refunds; and the overall time frame for the receipt of such refunds against amounts outstanding under the receivable from time to time. The Committee has also taken into account the views and contributions of the external auditors regarding recoverability and classification of relevant indirect tax receivables. Based on the foregoing, the Committee has satisfied itself that the Company's indirect tax receivables are recoverable and appropriately classified in the circumstances and is satisfied with the suitability of the related disclosures contained in this Annual Report.

Uncertain tax positions

A number of tax assessments have been raised by the TRA in prior years which have been challenged by members of the Group. We have reviewed the basis of these assessments and discussed with management their views as to why the assessments are incorrect, along with the status of appeals and recent correspondence with the TRA. We also discussed these matters with the external auditors. Based on this review the Committee concluded that the Company had sufficiently provided for any uncertain tax positions and that any material contingent liabilities had been adequately disclosed. In addition, the Committee reviewed the amount of deferred tax recognised with respect to losses incurred in previous periods and was comfortable with the amounts recognised.

Impairment assessment

As part of ongoing monitoring of impairment assessments, during the year the Committee has reviewed and examined key assumptions used by management for impairment testing, in particular the long-term average gold price used and the factors relevant to this selection, such as: the Company's operating cash cost levels, the basis on which these assumptions were made, and related factors underpinning relevant mine planning, budgets and forecasts. Views and contributions of the external auditors as regards the impairment testing procedures and key assumptions used formed part of the Committee's review of all impairment test calculations. Following these reviews, the Committee satisfied itself that key assumptions used to ascertain the carrying value of the Company's cash generating units had been appropriately reviewed and challenged and were therefore sufficiently robust for use. The Committee also reviewed the disclosure contained in this Annual Report and, in particular, the disclosure contained in the notes to the consolidated financial statements as regards impairment in order to satisfy itself of the accuracy and suitability of the disclosures so made.

Inventory level assessments

As part of ongoing cost control and inventory management reviews, the Committee has reviewed and scrutinised management's inventory level maintenance processes, existing inventory carrying values and the approach taken to ascertain write-downs, particularly with respect to inventory at Buzwagi. Management reported to the Committee on the procedures undertaken to determine and monitor inventory levels across the Group and overall supply chain procedures required to achieve optimal inventory levels. In addition, management reported to the Committee on all adjustments required to be made to inventory calculations, something which was further expanded through discussions with the external auditors as regards their analysis and consideration of these issues. Based on this process the Committee is satisfied that management's valuation and presentation of the Company's inventory and related costs are suitable in the circumstances.

Going concern review

In addition to the matters stated above, all of which are relevant to the Board's assessment of Acacia's position as a going concern, the statement relating to which is provided at page 41, the Committee also reviewed other matters relevant to Acacia's liquidity, namely the ongoing availability of net cash balances, Acacia's hedging strategy and policy, and the availability of funds under existing credit facilities. Management reported to the Committee on each of these matters and was questioned accordingly. In this regard, the Committee has also taken into account the views of the external auditors in order to satisfy itself of the position taken by the Board as regards to the appropriateness of the going concern assumption contained in this Annual Report.

Risk reviews

As mentioned elsewhere in this Annual Report, during the year the Board conducted an assessment of the effectiveness of the Company's risk management and internal control systems for the reporting period with the assistance of Deloitte LLP. This assessment took into account the enhanced assessment requirements introduced by the 2014 edition of the UK Corporate Governance Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Following this assessment and from a risk governance perspective it was determined that the Committee would continue to have delegated oversight of certain financial-related principal risks and would also have continuing oversight of the Company's risk management framework itself, as a component of internal controls systems generally. Further information regarding risk management and risk governance is provided on pages 22 to 23.

Fair, balanced and understandable review

At the request of the Board, the Committee has also reviewed the narrative content of the Annual Report in order to make a recommendation that the report satisfies revised narrative reporting requirements in that the Annual Report, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In this regard the Committee has taken advice from the Company's legal function to satisfy itself of the relevant legal and regulatory framework underpinning this disclosure standard.

Internal and external audit reviews

As regards internal audit, throughout the year the Committee received regular reports on matters under review by the internal audit function, and has reviewed such matters and raised questions with the Head of Risk and Internal Audit accordingly. We also reviewed the internal audit charter, mandate and performance in order to assess ongoing effectiveness, following which the Committee concluded that the internal audit function remains effective and performs in accordance with requirements of the business.

We have also assessed the effectiveness of the external audit process via responses to surveys received from the Chief Financial Officer, members of the finance and treasury function, and in particular members of the Company's financial reporting team and the Company secretariat. The survey comprised a range of factors including the following:

- Progress achieved against the agreed external audit plan
- Competence with which the external auditors handled key accounting and audit judgements and communication of the same between management, the Committee and the external audit team
- Compliance with relevant regulatory, ethical and professional guidance on rotation of lead audit partners
- Qualifications, expertise, resources and the external auditors' own assessment of their quality control procedures
- The stability and continuity provided to the business as a result of the continued appointment of PricewaterhouseCoopers LLP ('PwC') as external auditors

Based on this assessment, the Committee concluded that the external auditors remain effective and we will be recommending the reappointment of the external auditors at the forthcoming AGM in light of this assessment.

As regards external audit tender considerations, PwC have acted as external auditors for the Group since its listing on the London Stock Exchange in March 2010. In this regard, we note that the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 ('Order'), which requires mandatory tendering of audit services (at least every ten years) by FTSE 350 companies, came into effect on 1 January 2015 and applies to financial reporting years as of this date. The Committee has reviewed the requirements of this order and determined that an audit tender will be required in respect of the 2019 financial year at the earliest. We are therefore compliant with the requirements of the Order.

With respect to non-audit services provided by the external auditors, the Committee reviews the status of all non-audit services on a quarterly basis and is required to consider, and where appropriate provide prior approval for, the provision of all non-audit work by the external auditors to ensure that any such work can be conducted without adversely affecting auditor independence. The Committee also reviews the proposed provision of non-audit services against the backdrop of UK and EU prohibitions regarding the provision of non-audit services to ensure the Company complies with all restrictions and requirements applicable to it.

The auditors are precluded from engaging in non-audit services that would compromise their independence, objectivity or violate any professional requirements or regulations affecting their appointment as auditors. The auditors may, however, provide non-audit services which do not impair their independence, and where their skills and experience make them a logical supplier, subject to pre-approval by the Committee. For example, this may include the conduct of certain matters relating to taxation, given the materiality of taxation considerations to the financial assessment and external audit of the Company. The Company's procedures require that any non-audit services proposed to be provided by the auditors be supported by a justification as to why the appointment of the external auditors to provide the services is in the Company's best interests, and how auditor independence would be safeguarded in the specific context of the proposed services. In addition to this, the lead audit partner rotates at least every five years.

Fees for non-audit services incurred during the year amounted to approximately US$0.2 million (2014 – approximately US$0.6 million) representing 20% of the 2015 audit fees. Audit related and non-audit services provided by the external auditors included their review of the Company's half year report. Further information on audit and non-audit fees paid to PwC can be found in note 11 to the consolidated financial statements.

As a Company we also maintain a strict discipline on the recruitment of any former employees of the external auditors to ensure independence is not undermined. In line with this, the Committee has adopted a written policy regarding the recruitment of former employees of the external auditor. The policy prohibits the hiring of any former member of the external audit team into any financial oversight role or as an officer of the Company for a period of two years following their association with the audit, save in instances where the appointment has been pre-approved by the Committee. Between meetings, the Committee Chairman has delegated authority to deal with such appointments at his discretion. Any such interim approval must be ratified at the next meeting of the Committee. In addition, any employee of the external auditor who accepts employment with the Acacia Group whatever the role must cease all audit activity immediately and tender their resignation to the audit firm.

Ambassador Juma V. Mwapachu
Committee Chairman

Membership

	Meetings attended	Percentage of meetings attended
Ambassador Juma V. Mwapachu (Chair)	4	100%
Graham Clow	3	75%
Rachel English	4	100%

Introduction

I am the Chairman of the Committee, a position that I assumed as a result of my experience within an African socio-economic and political context, having served in a number of public and private sectors in Tanzania and within the East African Community over the years. Graham Clow and Rachel English acted as the other members of the Committee in 2015. For 2016, Brad Gordon will replace Graham Clow on Graham's departure from the Board. Details of members' experience and qualifications are provided on pages 50 to 51 of the Board of Directors' biographies. Our terms of reference require us to meet at least twice a year, and in 2015 we met four times. The Chief Executive Officer and those involved in the Company's environmental, health, safety and security ('EHS&S') and corporate social responsibility ('CSR') functions also attend Committee meetings on a regular basis by invitation, in order to report on EHS&S/CSR developments and performance.

Key responsibilities

Our key responsibilities focus on the oversight and review of activities that are of core importance to Acacia's social licence to operate. These include Acacia's strategy and policy on environmental, occupational health and safety, CSR and security matters; reviewing the effectiveness of Group EHS&S systems and controls; and generally overseeing management's monitoring and evaluation of emerging CSR issues to assess the potential impact on Acacia's business and operations. In addition, at the end of the year we extended the remit of our oversight to human rights, in line with similar oversight responsibilities assumed by EHS&S Committees or their equivalent in peers across the mining industry.

Activities in 2015 and plans for 2016

Our activities during the year were wide ranging, and comprised the following in particular:

- Reviewing Committee composition, based on succession planning, skill set and qualification requirements
- Reviewing our terms of reference and our remit of responsibilities in light of ongoing developments within the Company's business and operating environment
- Reviewing Group-wide EHS&S and CSR strategies and priorities, performance, metrics, trends and incident reports
- Reviewing key risks in the Group's operating environment regarding EHS&S and CSR
- Reviewing key regulatory and other developments relevant to the EHS&S and CSR operating environment
- Reviewing and monitoring the status of occupational, health and safety targets and systems
- Identifying and reviewing specific focus areas in the context of performance and strategic reviews, as relevant to EHS&S and CSR matters
- Reviewing progress and the status of Acacia Maendeleo Fund initiatives
- Receiving periodic risk management reports and updates regarding the principal risks for which the Committee has delegated oversight on behalf of the Board
- Participating in the risk management governance and framework review conducted by the Board with the assistance of Deloitte LLP
- Participating in the Committee's annual performance assessment
- Conducting a site visit of Acacia's operations to review CSR programmes
- Overseeing the review of Acacia's CSR strategy

In 2016, the Committee will continue to focus on the majority of the above matters, these being core to its remit of responsibilities. In addition and as mentioned elsewhere in the Annual Report, during the year the Board conducted an assessment of the effectiveness of the Company's risk management and internal control systems for the reporting period with the assistance of Deloitte LLP. This assessment took into account the enhanced assessment requirements introduced by the 2014 edition of the UK Corporate Governance Code and supporting FRC guidance. Following this assessment and from a risk governance perspective it was determined that the Committee would continue to have delegated oversight of certain EHS&S-related principal risks, given its remit of responsibilities. The specific principal risks for which the Committee has delegated oversight are identified as part of the principal risks and uncertainties table on pages 80 to 83.

Further details regarding the Committee and its terms of reference are available for inspection on Acacia's website: **www.acaciamining.com**

Kelvin Dushnisky
Committee Chairman

Membership

	Meetings attended	Percentage of meetings attended
Kelvin Dushnisky (Chair)	2	100%
Ambassador Juma V. Mwapachu	2	100%
Peter Tomsett	2	100%

Introduction

In addition to acting as the Chairman of the Board, I also act as Chairman of the Nomination & Governance Committee. Ambassador Juma V. Mwapachu and Peter Tomsett act as the other members of the Committee. Details of members' experience and qualifications are provided on pages 50 to 51 as part of the Board of Directors' biographies. Our terms of reference require us to meet at least twice a year, and we did so in 2015. The Chief Executive Officer and members from the Company secretariat also attend Committee meetings by invitation to discuss matters within our remit of responsibilities.

Key responsibilities

We play a leading role in reviewing the structure, size and composition of the Board and in reviewing prospective new Board appointments and succession planning requirements. We also have primary responsibility for making recommendations to the Board on the composition of Board Committees and we manage recommendations for the retirement and replacement of Directors. In addition, our remit of responsibilities includes delegated authority from the Board to oversee and review Acacia's corporate governance policies and procedures, including independence reviews and the monitoring of Company procedures for the management of actual and/or potential conflicts of interest.

Activities in 2015 and plans for 2016

Our activities during the year were wide ranging, and comprised the following in particular:

- Reviewing Committee composition based on succession planning, skill set and qualification requirements
- Reviewing our terms of reference and our remit of responsibilities in light of ongoing developments within the Company's business and operating environment and developments within a corporate governance context
- Reviewing the Board's structure, size and composition in the context of the Company's strategic and business objectives
- Reviewing the Company's core corporate governance policies in line with best practice developments and recent trend developments
- Participating in the Committee's annual performance assessment
- Providing oversight and review of the Board's and Board Committees' annual performance evaluation and overseeing the adoption of recommendations for 2016 work plans. In this regard an overview of the 2015 externally facilitated assessment is provided on page 56
- Reviewing periodic training and development requirements for Directors

In 2016, the Committee will continue to focus on the majority of the above matters, these being core to its remit of responsibilities.

In the context of diversity, whilst the Company has not adopted a formal policy, we base all recruitment on the premise that we strive to attract a broad mix of individuals from both the traditional and non-traditional mining labour markets in order to create a diverse workgroup and maintain a unique company culture. Above all, we aim to hire all individuals on the basis of the best candidate for all positions, at all levels, including Board and senior management positions, irrespective of gender.

Save for appointments made by Barrick under nomination rights contained in the Relationship Agreement, Board appointments are made on the basis of pre-determined job descriptions which include, as regards independent Non-Executive Directors, estimates of time commitment requirements. From a recruitment and candidate search perspective, our existing Directors provide access to a wide network of potential Board appointment candidates, particularly within the extractive industry, as a result of their collective experience and standing within the extractive sector. In addition to this, we look to retain external search consultants to assist us in identifying potential candidates for Board positions, when appropriate to do so. We did not make any new appointments to the Board this year and, as such, no external recruitment consultants were retained during the year for Board recruitment purposes.

Further details regarding the Committee and its terms of reference are available for inspection on Acacia's website: **www.acaciamining.com**

Michael Kenyon
Compensation Committee Chairman

Dear shareholders,

We have continued to transform the business over the course of the year and although we are pleased with the overall progress made at a difficult time for our industry overall, we did not realise our primary aim of generating free cash flow in 2015. In addition and as a result of challenges faced primarily in the third quarter of the year, our production and cost levels did not meet the expectations we set out at the beginning of the year. As explained in the Chairman's statement and Chief Executive's review, the CEO and all other members of the Executive Leadership Team have made voluntary elections to waive a proportion of their base salaries (10%) for 2016. Our Directors have also made an equivalent election to waive 10% of their annual base fee for 2016, details of which are provided on page 74. This represents and confirms management's and the Board's commitment to the business and to driving long-term value for our shareholders. The Company will review the suitability of reinstating prior base salaries and Director fees at an appropriate time in the future.

With respect to the 2015 bonus assessment, Company-wide performance was assessed as 12% overall, an unsatisfactory outcome. Whilst all members of the Board and the management team are disappointed with this outcome, we nevertheless achieved improvement in our overall performance when compared to 2014 and we had already begun to see noticeable improvements in performance in Q4 2015. Further details as regards the CEO's 2015 bonus assessment are provided on page 74. We will continue to adopt strenuous executive performance requirements for the vesting of bonus awards in 2016 to ensure that vesting levels remain focused on the achievement of target and above target performance.

We have not made any significant changes to our compensation practices in 2015 and throughout the year we have continued to act within the parameters of the approved remuneration policy, which garnered strong support from our shareholders at the 2014 AGM.

As regards 2015 corporate governance developments, we note the increasing prevalence of bonus deferrals and the introduction of holding periods for long-term incentives, such that overall performance and holding periods for LTIP awards is no less than five years. The Committee continues to believe that it would be inappropriate to introduce these practices at this stage, in light of the overall structure of our compensation packages. In making this assessment we have taken into account that our current practices remain consistent and in line with practices adopted by international mining companies and that the structure of our packages already ensure that executive compensation is heavily weighted towards at risk components, with bonus and long-term incentive award weightings being equivalent to approximately 70% of the CEO package. The Committee will continue to monitor best practice in these areas, and in the area of malus provisions, and will consider the appropriateness of these practices again in time for the next vote on Acacia's Remuneration Policy at the 2017 AGM.

As required under the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the remaining content of this Remuneration Report is divided into elements of the Directors' Remuneration Policy (pages 64 to 70), which are provided for continuing information purposes, and the Annual Report on Remuneration for 2015 (pages 71 to 79), which will be subject to an advisory shareholder vote at the 2016 AGM.

Directors' remuneration policy

Summary table for Executive Directors' remuneration policy

Fixed remuneration			
	Base salary	Pension	Benefits
Purpose	To provide an appropriately competitive level of base salary with due regard to the size and nature of the responsibilities of each role, as well as an individual executive's experience.	To help provide for an appropriate retirement benefit.	To provide benefits which are competitive in the market in which the individual is employed.
Operation	Reviewed annually, with any adjustments effective 1 January and made at the discretion of the Compensation Committee. Salaries are benchmarked against international gold mining, general mining and FTSE listed companies of similar size and complexity. The Compensation Committee also takes into account corporate and individual performance and experience; general market conditions; and salary increases applied within the Company as a whole.	Executive Directors receive contributions into a personal pension scheme of their choice, or a cash supplement of commensurate value. The Group does not operate any defined benefit schemes.	Executive Directors receive benefits, which usually include the provision of a company car or cash alternative, health and life insurance, liability insurance, fitness club membership and professional membership; however, the Compensation Committee retains discretion to approve any other form of benefit that it deems appropriate to award depending on individual circumstances. For example, relocation allowances and international transfer-related benefits are often provided for, when required, in line with general industry practices for the recruitment of international employees.
Opportunity	To avoid setting expectations of Executive Directors and other employees, no maximum salary is set under the Remuneration Policy. It is not anticipated that salary increases for Executive Directors will exceed those of the wider workforce over the period during which this Remuneration Policy is effective. Where increases are awarded in excess of the wider employee population, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.	Executive Directors receive contributions or an equivalent cash supplement equal to a percentage of gross base salary in line with market norms at the relevant point in time.	The value of benefits will generally be assessed on the basis of market norms at the relevant point in time. The Compensation Committee retains the discretion to approve a higher total cost of benefits in exceptional circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. increases in medical coverage inflation).
Short-Term Incentive ('STI')			
Purpose	To reinforce the delivery of key short-term operational objectives on an annual basis in order to promote performance as regards business priorities for each financial year in the context of individual and Company performance.		
Operation	Performance measure weightings and targets are set at the start of the year and weighted to reflect business priorities. At the end of the year, the Compensation Committee determines the extent to which targets have been achieved, taking into account Company-wide performance and the individual performance of each Executive Director. STI payments are delivered in cash; clawback provisions apply to any STI payment made to an Executive Director in the event of individual misconduct or financial misstatement/misreporting.		
Opportunity	The STI provides Executive Directors with an annual bonus opportunity in the range of 0% to 150% of base salary, with target bonus opportunity of up to 75% of base salary.		
Performance measures	Bonus outcomes are assessed by the Compensation Committee on a scorecard assessment, based on the achievement of the targets set for each performance measure and the Committee's broad assessment of Company performance. Performance measures are based on challenging budget and stretch targets for Company-wide financial and operational performance and, where appropriate, individual performance. Performance measures may include financial, operational, growth, production, cost and capital expenditure control and sustainability metrics. Performance measures are selected annually to reflect key strategic initiatives and matters underpinning the key financial and non-financial performance indicators used to manage performance across the Acacia Group. Performance measures will be weighted appropriately each year according to the business plan. Weightings of performance measures may vary, typically up to 10% and 50%, with the range of performance required under each measure calibrated to reflect the Company's annual published guidance range, particularly as regards production, cash costs and capital expenditure. For threshold performance, the STI is anticipated to be up to 75% of Executive Director base salary, unless otherwise determined by the Compensation Committee. Whilst performance measures, weightings and targets for any given year will not be disclosed on a prospective basis due to commercial sensitivities, the Compensation Committee aims to provide such details retrospectively as part of the Annual Report on Remuneration, unless ongoing commercial sensitivities discourage such disclosures.		

Long-Term Incentive Plan ('LTIP')	
Purpose	To reinforce an enterprise culture that promotes and protects shareholders' long-term interests, so as to reward long-term decision making and performance that support the delivery of shareholder returns and drive shareholder value over the long term.
Operation	Awards of conditional shares, options or restricted stock units ('RSUs') may be granted annually, with the maximum value that may be awarded to each Executive Director defined as a percentage of base salary at the date of grant. Vesting is based on Acacia's corporate performance over a three-year period. There is no retest provision. Clawback provisions are included in the LTIP for Executive Directors, whereby an award is subject to clawback for one year from the vesting date (or exercise date, if relevant) in the event of exceptional circumstances of individual misconduct or financial misstatement/misreporting.
Opportunity	The LTIP permits a maximum award with a value equal to 200% of base salary at the time of grant to be made each year under normal circumstances. The Committee may exceed this limit in exceptional circumstances only. Such circumstances would include, for example, specific recruitment or retention scenarios. The exercise of this discretion would be assessed in each case on the circumstances in question. The level of LTIP awards granted to Executive Directors each year is determined by the Committee, within the limits set out above, with reference to a range of factors including individual performance ratings. Maximum performance, which will be assessed as 35% outperformance of the median TSR over the three-year performance period going forward, can deliver vesting of up to 2x the value of the award granted, e.g. an award with a value of 150% of base salary at the time of grant would, if maximum performance were achieved, vest at a value equal to 300% at the time of vesting. Additional RSUs are credited to reflect dividends paid on Acacia Ordinary Shares prior to the vesting date. Such RSUs are subject to the same vesting provisions as the underlying awards.
Performance measures	Subject to continued employment and Acacia's relative TSR performance over a three-year performance period when compared to the constituents of the Euromoney Global Gold Index, TSR performance must be at least equal to that of the TSR comparator group in order to receive any payment under LTIP awards, at which level 50% of the target award will vest. If no entitlement has been earned at the end of a three-year performance period, awards will lapse. The Compensation Committee reviews the comparator group of international gold miners against which TSR performance is measured from time to time to ensure it remains appropriate. The Compensation Committee has the discretion to determine the treatment of comparators in the event of their delisting or otherwise in any event which, in the opinion of the Committee, compromises the suitability of a company as a comparator for Acacia. Additionally, the Committee may, at its discretion, reduce the number of awards vesting in the event that the achievement against the performance condition is not a genuine reflection of the underlying performance of the Company. More generally, the performance measures applied to LTIP awards are reviewed periodically to ensure they remain aligned with shareholder interests and, in this regard, the Committee retains discretion to employ performance measures other than TSR to the LTIP in order to allow for performance assessments to evolve over time.
Share Option Plan ('SOP')	
Purpose	To reinforce an enterprise culture that promotes and protects shareholders' long-term interests, so as to reward long-term decision making and performance that support the delivery of shareholder returns and drive shareholder value over the long term.
Operation	Whilst the LTIP is expected to be used as the main long-term incentive for Executive Directors going forward, the Committee retains the ability to grant stock options under the SOP where appropriate, such as in recruitment or retention scenarios. The Compensation Committee will set a vesting period for SOP awards appropriate to the circumstances at the time of grant. Historically, this has included vesting in equal parts over four years or vesting after three years. All awards expire seven years from the date of grant. There are no clawback provisions included under the SOP.
Opportunity	The SOP permits a maximum share option award with a value equal to 200% of base salary at the time of grant to be made each year under normal circumstances. The Committee may exceed this limit in exceptional circumstances only. Such circumstances would include, for example, specific recruitment or retention scenarios. The exercise of this discretion would be assessed in each case on the circumstances in question. In the event that a stock option award was used for annual incentive purposes, such awards would ordinarily be granted at a target level equal to 150% of base salary at the time of grant. In this regard, the Committee would look to use an appropriate valuation model, for example, the Black-Scholes model, for purposes of ascertaining the fair value of any award made.
Performance measures	The Compensation Committee determines the performance metrics applying to share option awards as appropriate to the circumstances at the time of grant, based on the purpose of making such award, i.e. whether for recruitment, retention or as a matter of annual performance incentive. Generally, in the event that the Committee were to grant an SOP award as an incentive, it would look to apply an appropriate performance condition.

Shareholding guidelines	
Purpose	To align the interests of Executive Directors with shareholders through the building up of a significant shareholding in the Company.
Operation	Executive Directors are required to establish a minimum shareholding equivalent to two times base salary over a period of five years. Shareholding requirements may be satisfied by interests under LTIP awards.

Pay-for-performance: scenario analysis

The chart below provides an estimate of the potential future reward opportunity for the CEO, and the potential split between the different elements of remuneration under three different performance scenarios: Minimum, On-target and Maximum.

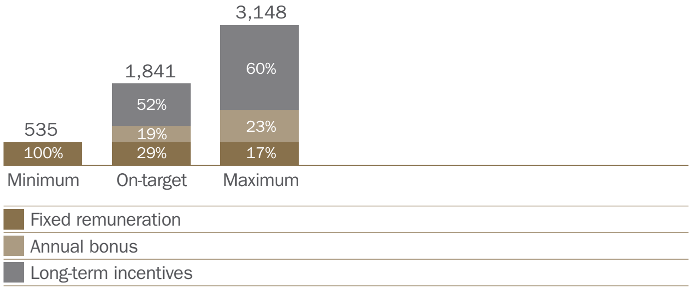
Potential reward opportunities are based on the Remuneration Policy. In each scenario, the STI and LTIP are based on the level of maximum opportunities in 2016 applied to the CEO's 2015 salary (i.e. before the 10% reduction). Note that the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant, and the projected value excludes the impact of share price movement.

The minimum scenario reflects the 2016 base salary, pension and prior year benefits (i.e. fixed remuneration) which are the only elements of the Chief Executive Officer's remuneration package not linked to performance.

The on-target scenario reflects fixed remuneration as above, plus target STI (75% of salary) and target vesting of the LTIP (200% of salary).

The maximum scenario reflects fixed remuneration, plus maximum payout under all incentives (150% of salary under the STI and full vesting of an LTIP award at maximum performance, which would be equal to 400% for an award granted at target of 200% of base salary).

Brad Gordon
(£'000)



Use of Compensation Committee discretions

Generally, it is not possible for any remuneration policy to pre-empt every possible scenario and for this reason the Compensation Committee has been provided with the ability to apply various discretions and judgements in order to ensure the achievement of fair outcomes and to maintain the flexibility required to balance the interests of individuals and those of the Company. For example, the Compensation Committee may be required to exercise discretion when determining whether or not the outcomes of performance measures and targets applicable to incentive plans are fair in context, or if realities encourage the use of upward or downward adjustments. By means of illustration, this may be the case as a result of the impact of wider socio-economic or political factors or market-wide developments that were generally unforeseeable or remote at the time of setting performance measures, but nonetheless occur during a performance period. It is for such reasons that the Compensation Committee retains a number of discretions for the operation of all incentive schemes (STI, LTIP and SOP) including, but not limited to, the ability to determine the following:

- Scheme participants
- The timing of grant and size of awards
- Appropriate treatment of vesting of awards in the context of restructurings and/or takeovers
- Appropriate adjustments to awards in the event of variations to the Company's share capital
- Absent specific bad leaver scenarios, the ability to determine and designate leavers as good leavers in order to determine appropriate treatment of awards in exit scenarios
- Treatment, size and grant of awards in a recruitment context
- The application, scope, weighting and targets for applicable performance measures and performance conditions from time to time, including any amendments to existing performance measures/conditions and related targets

Whilst it may not be possible to give an exhaustive list of Compensation Committee discretions, the exercise of discretions and the rationale underpinning their use, if any, will generally be provided in context, as part of the Annual Report on Remuneration. In this regard we can confirm that no discretions were exercised during 2015.

Approach to recruitment of Executive Directors

When determining the remuneration package for a new Executive Director the Compensation Committee aims to offer a package that is sufficiently competitive, to attract, motivate and retain candidates of the calibre and experience required to run our business. This will generally be determined in each case not only in the context of the skills required for a position and those of each candidate, but will also be determined on the basis of recruitment trends within the global mining industry and any additional considerations relevant to the recruitment of executives. In addition, our approach to recruitment will also depend on whether we use external recruitment or internal promotion routes.

External recruitment

In determining appropriate remuneration for an external candidate, the Compensation Committee will take into consideration all relevant factors (including quantum, the nature of remuneration and the jurisdiction the candidate was recruited from) to ensure that arrangements are in the best interests of the Company and its shareholders. For such purposes, the Compensation Committee may make use of all of the existing components of the Remuneration Policy as follows:

	Component	**Approach**	**Maximum annual grant value**
Fixed remuneration	Base salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current basic salary. Where new appointees have initial basic salaries set below market, any shortfall may be managed with phased increases over a period of two to three years subject to their development in the role.	N/A
	Pension	New appointees will receive pension contributions or an equivalent cash supplement, which is equivalent to that received by existing executives and in line with market norms.	N/A
	Benefits	New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of a company car or cash alternative, private medical insurance and any necessary relocation expenses.	N/A
Variable remuneration	STI	The STI described in the Summary Table for Executive Directors' Remuneration Policy will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of employment over the year. Targets for the individual element will be tailored towards the executive.	150% of salary
	LTIP	New appointees will be granted awards under the LTIP on the same terms as other executives, as described in the Summary Table for Executive Directors' Remuneration Policy.	200% of salary[1]
	SOP	New appointees may be granted awards under the SOP, as described in the Summary Table for Executive Directors' Remuneration Policy.	200% of salary[1]

1 Based on target level; award can be higher in circumstances deemed by the Committee to be exceptional, i.e. where it is necessary to buy out incentive arrangements or make offers equivalent to sign-on bonuses.

The Compensation Committee may also make an award under the terms of one of the Company's incentive plans outlined above in respect of a new appointment to buy out incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the term remaining to their vesting. In addition, where candidates are recruited from overseas, the Committee may be required to consider additional benefits received in the home jurisdiction or arrange for a form of substitution of such benefits in addition to the payment of suitable relocation allowances. The Compensation Committee may also consider it appropriate to grant an award under a structure not included in the Remuneration Policy, exercising the discretion available under Listing Rule 9.4.2 R where necessary. Such an award would include, for example, a sign-on payment. In connection with this, and as explained in assurances given at the time of publishing the 2013 Annual Report, the Compensation Committee confirms that, following discussions with shareholder representatives, any arrangement specifically established to recruit an individual would take the form of performance-related variable remuneration. On recruitment, the value of this remuneration would be capped at the limits contained in the LTIP and SOP or the value of awards which the individual had to surrender in order to be recruited, whichever is the greater. The policy that exists for current Executive Directors would then apply to the balance of the individual's remuneration package. In addition, the Compensation Committee does not envisage that a cash payment such as a "golden hello" would be offered.

Internal promotion

In cases of appointing a new Executive Director by way of internal promotion, the Committee will be consistent with the policy used for external appointees detailed above. Where an individual has contractual commitments made prior to his or her promotion to Executive Director level, the Company will continue to honour these arrangements even in instances where they would not otherwise be consistent with the prevailing Remuneration Policy at the time of appointment.

Approach to Executive Director exit arrangements

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Compensation Committee and are designed to recruit, retain and motivate directors of the quality required to manage the Company. The Committee considers appointments of an indefinite term and with a notice period of one year to be appropriate. The service contract used for the Company's current CEO, being the sole Executive Director at present, provides for compensation of 12 months' salary in the event of early termination. The Company has the discretion to pay such compensation in instalments, requiring the Executive Director to mitigate loss (i.e. by gaining new employment) over the relevant period, or in a lump sum. If notice to terminate is served by either the Executive Director or the Company, the Executive Director can continue to receive basic salary, benefits and pension for the duration of his/her notice period during which the Company may require the individual to continue to fulfil his/her current duties or may assign a period of garden leave, depending on the circumstances in question. The service contract used for any new hire would be based on similar terms. The CEO's service contract is available for inspection at the Company's registered office.

Generally, in an exit scenario the Company will honour all contractual entitlements, this being a matter required by the operation of law, and for individuals who relocated from overseas, reasonable relocation costs will be considered as appropriate in the circumstances.

The treatment of incentive arrangements in exit scenarios are considered on a case-by-case basis, taking into account the relevant contractual terms of the individual, the circumstances of the exit and any applicable duty to mitigate. Generally, the payment of incentives as part of exit arrangements is determined on the basis of good leaver/bad leaver and change of control scenarios.

Summary table for Executive Director treatment of Executive Director exit arrangements

Event	Timing of vesting	Calculation of vesting/payment
Short-Term Incentive Any event	No automatic eligibility for payment.	The Committee may exercise discretion to award a bonus for the performance year. Such discretion would generally only be used in good leaver scenarios. If an award is made, the award will be made on a pro-rata basis for the period of time served to the agreed termination date. Any STI payment would be subject to applicable STI performance measure and target assessments for the year in question.
Unvested RSUs and Stock Options Resignation	Awards lapse	Not applicable.
Retirement, injury, disability, death or any other leaver determined by the Committee to be a good leaver.	As set out in the vesting schedule determined at grant.	Vesting of RSUs is calculated based on performance to the end of the relevant performance period with awards pro-rated to reflect time employed. Note the Committee may exercise discretion to waive time pro-rating of award. Stock Options vest in full subject to the vesting schedule determined at grant. Any Stock Options which remain unexercised six months from the vesting date will lapse.
Change of control (not including internal reorganisations).	Date of change of control.	The Committee determines whether and to what extent outstanding RSUs and Stock Options vest based on all relevant facts and matters including performance, time elapsed since grant and the interests of Acacia's shareholders. Alternatively, Acacia awards may be exchanged for new equivalent awards in the acquirer where agreed. Any Stock Options which remain unexercised six months from the vesting date will lapse.

Summary termination, termination for gross misconduct or gross negligence or termination in circumstances which would justify summary termination are all examples of bad leaver scenarios. Good leavers include individuals who have left the Company as a result of retirement, injury, disability or death. In addition, the Compensation Committee retains the discretion to determine any leaver that is not a bad leaver as a good leaver. This discretion is viewed as necessary by the Company given the vast range of scenarios in which an individual may leave the Company where conduct is not at issue. The availability of this discretion is particularly relevant in exit scenarios in which an individual's performance per se is not at issue. Whilst it is not possible to provide an exhaustive list of such scenarios, examples would include circumstances in which the Board determines a need to change the Company's strategic direction or focus, or is required to review Board and management composition generally, as a result of operational or market developments, or other developments in the business, such as entry into new markets or a restructuring of the business. In any event, when exercising such discretion the Compensation Committee would always recognise and take into account the balance of shareholder interests and those of the departing individual.

The table opposite summarises how the variable incentives are typically treated in specific circumstances, subject to the exercise of the discretions described above.

Executive Director external appointments

It is the Board's policy to allow Executive Directors to accept non-executive directorships of other quoted companies for which they would normally be allowed to retain fees. Any such directorships must be formally approved by the Chairman of the Board. Currently, no such positions are held by the Company's sole Executive Director.

Approach to Non-Executive Director remuneration

The Board aims to recruit Non-Executive Directors of a high calibre with broad commercial, international and other experience relevant to mining operations. Non-Executive Directors are appointed by the Board on the recommendation of the Nomination & Governance Committee. Their appointment is for an initial term of three years, subject to annual re-election by shareholders at each AGM in accordance with the requirements of the UK Corporate Governance Code. Upon the recommendation of the Nomination & Governance Committee, they may be re-appointed for two additional terms of three years, subject to their continuing to satisfy requirements for continuing appointment and, again, subject to annual re-election by shareholders. The terms of engagement of the Non-Executive Directors are set out in a letter of appointment. These letters do not contain any provision for compensation for early termination of office. Requirements for notice periods are reviewed on a case by case basis. All letters of appointment for Non-Executive Directors are available for inspection at the Company's registered office.

Non-Executive Director remuneration primarily focuses on the payment of fees. Non-Executive Directors are not entitled to participate in any of the incentive plans available to Executive Directors. However, Non-Executive Directors may participate in the Company's DSU Plan. This plan provides Non-Executive Directors with the option to receive some or all of their annual fees in return for a deferred right to a cash payment, payable only after a participant ceases to hold office with the Company. Broadly, cash payments under this plan are calculated by reference to the fair market value of the Company's shares at the time of payment and remain subject to market fluctuations in the context of the Company's share price until the time of payment. This plan was adopted by the Company in 2012 to address certain equivalent practices and trends of North American mining companies to ensure that our practices for Non-Executive Director compensation structures remain flexible and competitive against our global peers. DSUs are granted annually, usually in April of each year. In addition, to align Non-Executive Director interests with shareholders, the Company has adopted Non-Executive Director shareholding guidelines for its independent Non-Executive Directors, which require relevant individuals to acquire a minimum shareholding equivalent to their annual base fee within five years from election to the Board, which may be satisfied through the purchase of Acacia Ordinary Shares or by DSUs holdings.

Details as regards current outstanding awards under the DSU Plan and Acacia Ordinary Shares currently held by Non-Executive Directors are provided on page 79.

Summary table for Non-Executive Director remuneration policy	
Fees	
Purpose	To attract and retain candidates with the required skill and experience to form part of the Board and to ensure fees paid to the Non-Executive Directors are competitive and comparable with other companies of equivalent size and complexity operating within the global mining industry.
Operation	The base fee for Non-Executive Directors is reviewed annually, with any adjustments effective 1 April each year. Fees payable to the Chairman are determined by the Compensation Committee, while the base fee and any other fee payable to the other Non-Executive Directors are determined by the Chairman of the Board on behalf of the Board. In addition to the base fee, additional fees are payable for acting as Senior Independent Director and as chair of any of the Board's Committees (Audit, Compensation, EHS&S, Nomination & Governance) and for individual membership of such Committees. These additional fees are also reviewed annually, with any adjustment effective 1 April each year. In the event that the Board requires the formation of an additional Board Committee, fees for the chair and membership of such Committee will be determined by the Board at the time. No base fee or fee for membership of Board Committees is payable to Non-Executive Directors appointed by Barrick pursuant to the nomination rights contained in the Relationship Agreement. Non-Executive Director fee levels are benchmarked against international gold mining, general mining and FTSE listed companies of similar size and complexity. Time commitment, responsibility, and technical skills required to make a valuable contribution to an effective Board are taken into account when reviewing fee levels.
Opportunity	Non-Executive Director fee increases are set in response to the outcome of the annual fee review. Fees for the year ending 31 December 2015 are set out in the Annual Report on Remuneration. The maximum aggregate annual fee for all Directors provided in the Company's Articles of Association is £3,000,000.
Deferred Share Unit Plan ('DSU Plan')	
Purpose	To ensure Acacia Non-Executive Director compensation structures remain flexible and competitive against global peers.
Operation	Non-Executive Directors can receive some or all of their annual fees in return for a deferred right to a cash payment under the DSU Plan. The value of additional DSUs is credited to reflect dividends paid on Acacia Ordinary Shares over the period of participation. Cash payments become payable only after a participant ceases to hold office with the Company. Cash payments are calculated by reference to the fair market value of Acacia's Ordinary Shares at the time of payment and remain subject to market fluctuations in Acacia's share price until payment. Awards lapse in the event that an individual is summarily terminated for: (i) breach of contract; (ii) breach of Director's duties; or (iii) misconduct, or if an individual resigns in circumstances justifying summary termination.
Opportunity	Non-Executive Directors can waive up to 100% of their annual fee.

Approach to recruitment of Non-Executive Directors

In the case of hiring or appointing a new Non-Executive Director, the Board will utilise the Remuneration Policy summarised in the table entitled Summary Table for Non-Executive Director remuneration policy, above. A base fee which is aligned with the prevailing fee schedule would be payable for Board membership, with additional fees payable for acting as Senior Independent Director or as Chair of any of the Board's Committees and for individual membership of such Committees. Non-Executive Directors would also be eligible to waive some or all of their annual fees in return for a deferred right to a cash payment under the DSU Plan.

Approach to Non-Executive Director exit arrangements

As regards Non-Executive Director resignation, retirement or termination, base fee and any additional fees would be payable to the resignation/retirement/termination date and treatment of any awards under the DSU Plan would be as follows:

DSU Plan		
Event	Timing of vesting	Calculation of vesting/payment
Retirement, injury, disability and death	On leaving office	Save in the case of certain circumstances[1], DSU awards vest in full on leaving office, whereby the relevant cash payment made in respect of awards is determined by reference to the fair market value of an Acacia Ordinary Share at the time of payment.
Change of control (not including internal reorganisations)		

1 Summary termination or termination for gross misconduct or termination in circumstances which would justify summary termination.

Annual Remuneration Report for 2015

Compensation Committee membership in 2015

As of 31 December 2015, the Compensation Committee comprised four Non-Executive Directors, all of whom were and remain independent:

- Michael Kenyon (Chairman)
- Graham Clow
- Peter Tomsett
- Steve Lucas

The following individuals also attended meetings by invitation during the year and provided information to the Committee to enable it to make informed decisions:

- Brad Gordon, Chief Executive Officer
- Peter Geleta, Executive General Manager, Organisational Effectiveness

No Director is present when his or her own remuneration is being determined. The Compensation Committee met five times during the year and details of members' attendance at meetings are provided on page 54. An overview of Committee activities during the year is provided as part of the Committee Chairman's introduction to this report.

Advisers

During the year, the Committee received independent advice on executive compensation matters from Kepler, a brand of Mercer which forms part of the MMC group of companies ('Kepler'). Kepler was first appointed by the Compensation Committee in 2010 and retained during the year. The Compensation Committee evaluates the support provided by its advisers annually and is comfortable that the Kepler team provides independent remuneration advice to the Committee and does not have any connections with the Company that may impair its independence. Kepler is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com

In 2015, Kepler provided independent advice on trends and developments, reporting regulations, the LTIP TSR performance condition and benchmarking data for the Executive Leadership Team. Kepler does not advise the Company on any issues outside compensation and governance thereof. Kepler's total fees for the provision of remuneration services in 2015 were £61,527 on the basis of time and materials. Other than advice on remuneration, no other services were provided by Kepler (or any other part of the MMC group of companies). The Committee also received legal advice from Travers Smith LLP as regards certain remuneration practices during the year, the total fees for which equalled £7,832.

Details of Directors' service contracts and letters of appointment

As at 31 December 2015, Directors' current appointments were as follows:

	Date of current service contract/ letter of appointment	Unexpired term as of 31 December 2015
Executive Director		
Brad Gordon	21 August 2013	N/A
Non-Executive Directors		
Kelvin Dushnisky	6 June 2015	2 years 6 months
Peter Tomsett	26 April 2013	4 months
Graham Clow	26 April 2013	4 months
Rachel English	23 October 2013	10 months
Andre Falzon	18 April 2013	4 months
Stephen Galbraith	18 April 2013	4 months
Michael Kenyon	18 April 2013	4 months
Steve Lucas	23 October 2013	10 months
Ambassador Juma V. Mwapachu	13 July 2014	1 year 7 months

Single total figure of remuneration for Directors (audited)

The table below sets out a single figure for the total remuneration received by each Director for the year ending 31 December 2015.

	Salary/fees[a]		Taxable benefits[b]		STI[c]	
	2015 £	2014 £	**2015 £**	2014 £	**2015 £**	2014 £
Current Directors						
Executive						
Brad Gordon	475,000	425,000	43,024	38,165	119,700	227,269
Non-Executive						
Kelvin Dushnisky	–	–	–	–	–	–
Peter Tomsett	122,500	115,000	–	–	–	–
Ambassador Juma V. Mwapachu	102,500	95,000	–	–	–	–
Andre Falzon	102,500	95,000	–	–	–	–
Michael Kenyon	97,500	95,000	–	–	–	–
Graham Clow	92,500	85,000	–	–	–	–
Steve Lucas	87,500	85,000	–	–	–	–
Rachel English	92,500	85,000	–	–	–	–
Stephen Galbraith	–	–	–	–	–	–

Notes:

(a) Non-Executive Director fees payable include all base fees paid in respect of the appointment as a Non-Executive Director and additional fees payable in respect of appointments as SID, Chair and/or members of Board committees. An overview of fees payable for 2015 is provided on page 74. In addition, Non-Executive Directors can elect to receive all or some of their annual fees in DSUs, pursuant to the terms of the Company's DSU Plan. Further details of this plan are provided on page 69. Details as regards DSU awards made during the year are explained in note (e) opposite. Non-Executive Directors appointed pursuant to Barrick's nomination rights under the Relationship Agreement (Kelvin Dushnisky and Stephen Galbraith) do not receive any fees in respect of their appointment.

(b) The 2014 amount stated has been amended to correct an erroneous disclosure of employer national insurance contributions that were previously classified as 'Other' in the 2014 Annual Report and Accounts (£86,422). A breakdown of 2015 taxable benefits is provided below:

	Car allowance (£)	Medical (£)	Total (£)
Brad Gordon	35,851	7,173	43,024

(c) This represents the short-term incentive payable in cash for annual performance. Details as regards the performance assessment applicable to the CEO 2015 STI award are provided on page 74.

	LTIs		Pension		Total(e)	
	2015(d) **£**	2014 £	**2015** **£**	2014 £	**2015** **£**	2014 £
	209,969	176,675	71,250	63,750	918,943	930,859
	–	–	–	–	–	–
	–	–	–	–	122,500	115,000
	–	–	–	–	102,500	95,000
	–	–	–	–	102,500	95,000
	–	–	–	–	97,500	95,000
	–	–	–	–	92,500	85,000
	–	–	–	–	87,500	85,000
	–	–	–	–	92,500	85,000
	–	–	–	–	–	–

(d) The figure for 2015 represents the second quarter of the 2013 SOP award which vested as to 100% during the year. The share price on the date of vesting was £2.60. Further details of this award are included on page 76.

(e) Certain independent Non-Executive Directors received a proportion of their annual fee for 2015 in DSUs, pursuant to the terms of the Company's DSU Plan as follows: Ambassador Juma V. Mwapachu, Graham Clow, Andre Falzon, Michael Kenyon, Peter Tomsett, and Steve Lucas each received an amount of approximately £10,000 of their respective total fee for 2015 in DSUs. Rachel English received an amount of approximately £40,000 of her total fee for 2015 in DSUs.

Executive Director salaries

The CEO base salary for 2015 was £475,000. As explained in the Committee Chairman's letter, Mr Gordon has elected to waive a proportion of base salary (10%) for 2016, which will result in his 2016 base salary being £427,500. This adjustment took effect as of 1 January 2016. This continues to be noticeably below peer group market average for the industry in which Acacia operates. The Committee will review the suitability of reinstating prior base salary levels at a suitable time in the future.

Non-Executive Director fees

For the year ending 31 December 2015, no fees were paid to Non-Executive Directors, including the Chairman, appointed by Barrick pursuant to its nomination rights under the Relationship Agreement. Non-Executive Director fees are assessed in April each year. The table below reflects fees payable in respect of 2015, effective as of 1 April 2015.

Fee component	Amount
Base fee	£85,000
Senior Independent Director fee	£25,000
Chair of Audit Committee fee	£20,000
Chair of Compensation Committee, EHS&S Committee, and Nomination & Governance Committee fee	£15,000
Board Committee membership fee	£5,000

As explained in the Committee Chairman's letter, all independent Non-Executive Directors have elected to waive 10% of their base fee for 2016, such that the base fee for 2016 purposes will be £76,500. This adjustment will apply as of 1 April 2016. All other fee components remain unchanged.

Executive Directors' Short-Term Incentive awards

For the year ending 31 December 2015, Executive Director STI awards were earned on the basis of Company-wide performance (80%), this being representative of the overall leadership, management and performance of an individual holding this position and also includes a component to assess individual performance (20%). Company-wide performance measures continue to focus on the core metrics which we use to assess performance as regards safety, production, cost control and profit generation. These performance metrics were assessed on the basis of individual weightings and in line with a range of performance targets to provide for threshold, target and maximum performance, as outlined in the table opposite. The Committee has given careful consideration to the retrospective disclosure of 2015 annual bonus targets and considers that these remain commercially sensitive at this time. It is intended that targets will be disclosed at the earliest opportunity in the next three years, provided they are no longer commercially sensitive at that time.

As regards the 2015 bonus assessment, Company-wide performance was assessed as 12% overall, an unsatisfactory outcome (equivalent to 7% of the CEO's salary following application of the Company STI weighting). This is due to the Company's underperformance against the production, free cash flow and AISC targets that we set at the outset of 2015. Whilst all members of the Board and the management team are disappointed with this outcome, we had already begun to see noticeable improvements in performance in Q4 2015.

As regards the CEO's individual performance, whilst Company-wide performance was not as we had hoped when we started 2015, Brad Gordon's commitment to the business has been unwavering and he has continued to show strong leadership of the Company to drive core initiatives and programmes, notably through progressing Bulyanhulu's mechanisation, transitioning North Mara into a combined open pit and underground operation and the implementation of the wide-ranging right-sizing of our workforce in the last quarter. Taking into account his personal achievements and commitment this year, the Board has assessed his personal performance levels as equivalent to 18% of base salary overall. When combined with the assessment of Company-wide performance, this equates to a bonus rating of 25% of base salary, compared to a target of 75%, which is equal to a payment of £119,700 for the year.

For 2016, the CEO's STI opportunity will be 75% of base salary and will be assessed against his 2015 base salary level (i.e. excluding the 10% of base salary waived) for target performance with a maximum opportunity of 150% for maximum performance. Broadly, performance measures for 2016 will continue to focus on production, costs, safety and profitability and will be assessed on the same basis as 2015, Company performance (80%) with an element of individual performance (20%).

2015 Company STI scorecard assessment

Strategic focus	KPI	Weighting	Performance assessment		Actual	Overall Scorecard Rating (%)
Safety	Total reportable injury frequency rate ('TRIFR')(i)	10%	Base (50%):	Average of trailing three-year performance	0.68	12
			Target (100%):	10% improvement on base		
			Stretch (150%):	20% improvement on base		
			Wall (200%):	30% improvement on base		
Production	Ounces of gold produced (oz)(ii)	30%	Base (30%):	95% of target	731,912	0
			Target (50%):	100% of target		
			Stretch (150%):	103% of target		
			Wall (200%):	106% of target		
Profit generation	Free cash flow(iii)	20%	Base (30%):	95% of target	-10,183	0
			Target (50%):	100% of target		
			Stretch (150%):	106% of target		
			Wall (200%):	112% of target		
Cost control	All-in sustaining cost per ounce sold ('AISC')(iv)	40%	Base (30%):	3%> target	1,112	0
			Target (50%):	Approved target AISC		
			Stretch (150%):	3%< target		
			Wall (200%):	6%< target		
			Sum of Company scorecard ratings			**12%**

Notes to Company STI scorecard table:
(i) Please refer to page 20 of this Annual Report for an explanation of how TRIFR is measured and its relevance to safety performance.
(ii) Please refer to page 20 of this Annual Report for an explanation of how gold production is measured and its relevance to our productivity levels.
(iii) For STI KPI purposes, free cash flow is calculated as: (gold revenue, copper revenue, silver revenue) – (all costs including sustaining capital, corporate social responsibility costs, finance leases relating to operations and exploration) + dividends +/– working capital.
(iv) Please refer to page 20 of this Annual Report for an explanation of how AISC is measured and its relevance to cost control achievements across the business.

Overall outcome of CEO STI assessment (Company and individual performance)

Element	Weighting	Assessment	Outcome (as a % of salary)
Company-wide performance	80%	12%	7%
Individual performance	20%	–	18%
Total	**–**	**–**	**25%**

Executive Directors' interests under the LTIP (RSUs only) (audited)

As at 31 December 2015 the following awards were outstanding under the LTIP:

Award date	Shares over which awards held as of 01 January 2015	Shares over which awards granted during the year	Market price at date of award	End of performance period	Vesting date	Shares over which awards held on 31 December 2015
Brad Gordon						
21 August 2013	803,005	–	£1.60	20 August 2016	20 August 2016	811,055
17 February 2015	–	307,303	£2.77	16 February 2018	16 February 2018	310,383

On 16 February 2016 Brad Gordon received an LTIP award equal to 418,502 Acacia Ordinary Shares, representing an award with a value of 200% of base salary. The market value of an Acacia Ordinary Share at the time of the award was £2.27, the award is subject to a three-year performance period and the vesting date is 15 February 2019.

As explained in the introduction to this report, in the event that maximum performance is achieved, the TSR performance condition operates so as to deliver up to two times the value of the initial award at the date of vesting. For all awards, additional RSUs are granted to reflect dividends paid on Acacia Ordinary Shares prior to the vesting date.

Awards made in respect of 2015 performance are subject to the assessment of the Company's TSR performance against the constituents of the Euromoney Global Gold Index. The TSR performance against the Euromoney Global Gold Index constituents will be assessed over the performance period as follows:

Acacia's TSR % outperformance of comparator group median over three years	% of target level of award
+35%	200%
+12%	100%
0%	50%
Below 0%	0%

Executive Directors' interests under the SOP (Stock Options only) (audited)

As at 31 December 2015 the following awards were outstanding under the SOP:

Award date	Shares over which awards held as at 01 Jan 2015	Shares over which awards granted during the year	Exercise price	Exercised/ (lapsed) during the year	Market price at date of exercise	Expiry date	Earliest vesting date	Final vesting date	Shares over which awards held as at 31 Dec 2015
Brad Gordon									
21 August 2013	841,308	–	£1.60	–	N/A	20 August 2020	20 August 2014	20 August 2017	841,308

As part of his recruitment package Brad Gordon received a stock option award equal to 841,308 Acacia Ordinary Shares on 21 August 2013, representing an award with a fair market value (at the time of grant) equal to one year of base salary (£425,000). The fair market value of the award was ascertained using the Monte Carlo Simulation valuation (31.5% of the market value of an Acacia Ordinary Share). The market price of Acacia Ordinary Shares at the time of this award was £1.60, assessed on the basis of the average of middle market quotations from the Daily Official List of the LSE for the day of grant and the following two dealing days. The award vests in equal parts over four years and expires seven years from the date of grant. Vesting is subject to the satisfaction of a TSR performance condition similar to that outlined above for the RSU award made to Mr Gordon in 2013. No SOP awards were granted in respect of 2015.

As disclosed in last year's report, the first tranche of Mr Gordon's 2013 SOP award was tested for performance as at 20 August 2014. Over the relevant period, Acacia TSR of 101.3% exceeded the weighted mean of comparators by 109.4%, which resulted in 100% of this tranche vesting. Consequently, 210,327 options became exercisable to Mr Gordon on 20 August 2014. The second tranche of Mr Gordon's 2013 SOP award was tested for performance as at 20 August 2015. Over the relevant period Acacia TSR of 92.9% exceeded the weighted mean of comparators by 142.8%, and consequently a further 210,327 options became exercisable to Mr Gordon on 20 August 2015. As at 31 December 2015, Mr Gordon had not exercised any of these vested awards.

Percentage change in CEO remuneration

The table below shows the percentage change in CEO remuneration from the prior year compared to the average percentage change in remuneration for ELT members. Given that the Company operates across a number of diverse economies with pay levels and structures reflecting local market conditions, the Compensation Committee believes that using the ELT as a subset for purposes of comparing CEO remuneration, provides a more meaningful comparison than using pay data for all employees.

The CEO's remuneration includes base salary, taxable benefit and STI payments and for 2015 includes the sum of payments made to Brad Gordon. ELT data is based on a consistent set of employees, i.e. the same individuals appear in the 2014 and 2015 populations.

	CEO			ELT members		
	2015 £	2014 £	% change 2014–2015	2015 £	2014 £	% change 2014–2015
Base salary	475,000	425,000	12%	280,223	263,683	6%
Taxable benefits	43,024	38,165	13%	31,198	21,058	48%
Annual bonus	119,700	227,269	-47%	74,756	154,094	-49%
Total	**637,724**	**609,434**	**5%**	**386,177**	**438,835**	**-12%**

Relative importance of spend on pay

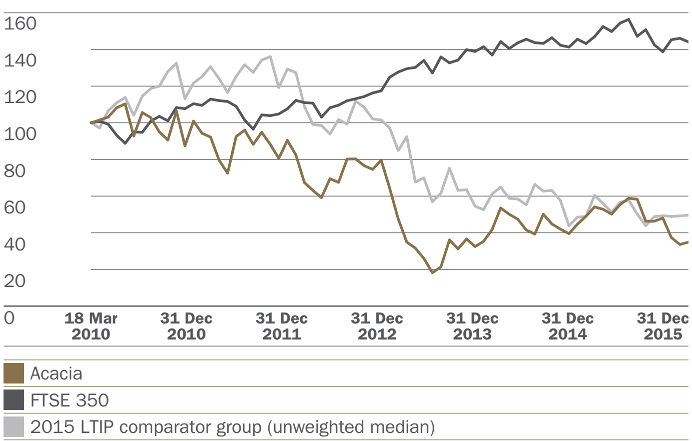
The table below shows shareholder distributions (i.e. dividends) and total employee pay expenditure for the financial years ended 31 December 2014 and 31 December 2015, along with the percentage change in both. Further details of the Company's economic contribution, including the economic value we add by paying our employees, Governments, suppliers, shareholders, contractors and communities, is included in the sustainability review of this Annual Report.

	2015 (£'000)	2014 (£'000)	% change 2014–2015
Shareholder distributions	15,196	8,448	33%
Total employee expenditure	74,279	136,741	-46%

Comparison of Company performance

The following graph shows Acacia's TSR performance for the period from the IPO to 31 December 2015 (calculated in accordance with the regulations) against the FTSE 350 and Acacia's LTIP comparator group. The FTSE 350 was chosen on the basis of it being a recognised broad equity market index, of which Acacia was a member for the reporting period. The CEO remuneration table below details the Chief Executive Officer's "single figure" remuneration over the same period.

Historical TSR performance:
Growth in the value of a hypothetical £100 holding from IPO to 31 December 2015



Based on spot share prices in GBP.
2015 LTIP comparator group based on an unweighted median.

CEO remuneration table

	Individual	2010	2011	2012	2013	2014	**2015**
CEO single figure of remuneration (£'000)	Greg Hawkins	£774	£936	£1,282	£1,171	N/A	**N/A**
	Brad Gordon	N/A	N/A	N/A	£317	£931	**£919**
STI payout as % of maximum opportunity	Greg Hawkins	60%	50%	43%	90%	N/A	**N/A**
	Brad Gordon	N/A	N/A	N/A	90%	36%	**17%**
RSU vesting as % of maximum opportunity	Greg Hawkins	N/A	N/A	N/A	44%	N/A	**N/A**
	Brad Gordon	N/A	N/A	N/A	N/A	N/A	**N/A**
Option vesting as % of maximum opportunity	Greg Hawkins	N/A	100%	100%	N/A	N/A	**N/A**
	Brad Gordon	N/A	N/A	N/A	N/A	100%	**100%**

Executive Director exit arrangements (audited)

As noted in the 2013 and 2014 Annual Remuneration Reports, due to a number of commercial sensitivities, the Board took the decision to place Greg Hawkins on garden leave following his departure from the Company in August 2013, in accordance with the flexibilities provided to address exit arrangements under Executive Director service contracts. As such Greg's official termination date was 20 August 2014. During this period Greg continued to receive a monthly salary and the benefits afforded under his service contract as regards permanent health insurance, life assurance and the use of a company car/payment of a car allowance. The exit arrangements also provided for the following:

- The determination of outstanding LTIP awards on a good leaver basis to allow for vesting in accordance with existing vesting schedules, subject to satisfaction of applicable performance conditions at the end of each performance period
- Relocation arrangements, up to a maximum amount of £100,000, given his status as an international employee and country of origin and the payment of certain legal fees in relation to the execution of exit arrangements
- The cancellation of all outstanding stock options

As a result, during the year, Mr Hawkins' remaining and outstanding LTIP award continued to subsist, subject to being pro-rated to reflect time of employment during the relevant performance periods. Vesting is assessed against the TSR performance condition in place at the time the awards were granted. The applicable TSR performance condition provides for the assessment of the Company's TSR performance on a weighted mean average against a comparator group of international gold mining companies. The comparator group and basis of assessment under the structure of this performance condition is as follows:

Comparators	
Agnico-Eagle Mines Ltd.	IAMGOLD Corp.
AngloGold Ashanti Ltd.	Kinross Gold Corporation
Buenaventura Mining Company	Petropavlovsk PLC
Centamin plc	New Gold Inc
Centerra Gold Inc.	Randgold Resources Ltd.
Eldorado Gold Corp.	Semafo Inc.
Gold Fields Ltd.	Yamana Gold Inc.
Harmony Gold Mining Co. Ltd.	

Acacia's TSR % outperformance of comparator group weighted mean over three years[1]	% of interests transferred
+20%	200%
0%	100%
-12.5%	50%
Below -12.5%	0%

1 Where performance is between the above levels, the percentage of RSUs to be transferred is determined on a proportionate basis.

The RSU award granted to Greg Hawkins in February 2013 vested post year end in February 2016. Over the relevant three-year performance period, the Company's TSR was -56%, which was 13.4% above the weighted mean of the applicable comparator group. As a result 167% of the original interests awarded were due to vest, subject to pro-rating (as a percentage) made to reflect Mr Hawkins' official termination date of 20 August 2014, as follows:

	RSUs held at 31 December 2015	Time pro-rating for employment	Interests vesting following pro-rating	RSUs vesting	Date vested	Market price on vesting	Value
Greg Hawkins	254,762	50.5%	167%	215,251	12 February 2016	£2.45	£526,721

This is the last payment to be made to Mr Hawkins and no further payments will be made going forwards.

Directors' interests in Acacia Ordinary Shares and shareholding requirements (audited)

Executive Directors are required to acquire a minimum holding in Acacia Ordinary Shares equivalent to two times base salary over a period of five years. For these purposes, LTIP awards are taken into account but stock options awards made under the SOP are not taken into account when assessing whether or not shareholding requirements have been satisfied. Independent Non-Executive Directors are required to acquire a minimum holding equivalent to their annual base fee within five years of election to the Board, which may be satisfied via the acquisition of Acacia Ordinary Shares or by the receipt of DSU awards under the Acacia DSU Plan. The table opposite shows the shareholding of each Director against their respective shareholding requirement as at 31 December 2015 along with the form of their interests in Acacia Ordinary Shares.

	Shares held	Options held		RSUs held	DSUs held			
	Owned outright or vested	Vested but not exercised	Unvested and subject to performance condition[a]	Unvested and subject to performance condition[a]	Unvested[b]	Shareholding requirement % salary/fee	Current shareholding % salary fee[c]	Requirement met?
Executive Director								
Brad Gordon	–	420,654	420,654[d]	1,121,438	–	200%	>200%	Yes
Non-Executive Directors								
Kelvin Dushnisky	–	–	–	–	–	N/A	N/A	N/A
Peter Tomsett	–	–	–	–	129,913	100%	333%	Yes
Ambassador Juma V. Mwapachu	–	–	–	–	34,089	100%	138%	Yes
Andre Falzon	9,000	–	–	–	15,193	100%	146%	Yes
Michael Kenyon	–	–	–	–	40,700	100%	192%	Yes
Graham Clow	–	–	–	–	50,623	100%	132%	Yes
Steve Lucas	–	–	–	–	12,273	100%	41%	N/A
Rachel English	17,383	–	–	–	13,822	100%	104%	Yes
Stephen Galbraith	–	–	–	–	–	N/A	N/A	N/A

Notes:
(a) RSUs and stock option awards vest subject to a relative TSR performance condition.
(b) The Company's DSU Plan for Non-Executive Directors provides Non-Executive Directors with the option to receive some or all of their annual fees in return for a deferred right to a cash payment, payable only after a participant ceases to hold office with the Company. Broadly, cash payments under this plan are calculated by reference to the fair market value of Acacia's Ordinary Shares at the time of payment and remain subject to market fluctuations in the context of Acacia's share price until the time of payment.
(c) As regards Executive Directors this is calculated by reference to annual base salary at the time of the relevant individual's appointment against the value of relevant awards at the time of grant. As regards existing Independent Non-Executive Directors, this is calculated by reference to either: (i) the annual Non-Executive Director's base fee at the time of adopting the guidelines, if appointed to the Board at that time; or (ii) the annual Non-Executive Director base fee at the time of appointment, assessed against the higher of: (i) the number of shares multiplied by the mid market price on the last trading day before the valuation date; or (ii) the number of shares multiplied by the share price on the date of acquisition of each relevant interests during the applicable five-year acquisition period.
(d) Consists of options awarded on recruitment which vest subject to a relative TSR performance condition.

Subsequent to year end, Brad Gordon's interests in RSUs were increased to reflect the 2015 LTIP award, taking his aggregate unvested RSUs to 1,539,940 RSUs. Details of this award are provided on page 75 of this report. There have been no other changes in Directors' shareholdings between 31 December 2015 and 8 March 2016.

Summary of shareholder voting at the 2015 AGM

The following table shows the results of the advisory vote on the 2014 Remuneration Report at the 2015 AGM:

	Total number of votes	% votes cast
Directors' Remuneration Report 2014		
For	354,352,718	94.27
Against	21,527,052	5.73
Votes cast (excluding withheld votes)	375,879,770	–
Votes withheld	1,879,299	–
Total votes cast (including withheld votes)	**377,759,069**	**–**

In the context of shareholder voting, the key area of concern focused on the CEO salary increase for 2015, which represented an increase of 11.5% on a year on year basis. However, when taking into account the fact that this represented one increase over a two-year period, this represented an increase of only 5.7% per annum since appointment. As noted above, there will be no CEO salary increase for 2016 and as a result of the CEO's election to waive 10% of base salary, the 2016 salary will remain below market norms. The Directors' Remuneration Policy was last subject to a binding vote at the 2014 AGM, when 98.37% of shareholders voted in favour of the relevant resolution.

Approval of Directors' Remuneration Report

The Directors' Remuneration Report has been approved by the Board and signed on its behalf by

Michael Kenyon
Compensation Committee Chairman

Risk	Executive Leadership Team responsibility	Board/Board Committee oversight responsibility
Strategic Risks		
Single country risk All of Acacia's revenue is derived from production at its three operations in Tanzania. In order to ensure continued growth, the Group needs to identify new resources and development opportunities through exploration and acquisition targets. This is particularly the case in the context of the identification of potential growth opportunities in other territories, something which is required to strengthen the business through geographic diversification in order to mitigate the effects that significant in-country developments could have on our operations and business.	CEO/CFO/Vice President, Exploration	Board
Financial Risks		
Significant changes to commodity prices Acacia's financial performance is highly dependent on the price of gold and, to a lesser extent, the price of copper and silver. Fluctuations in the pricing of these commodities, which are largely attributable to factors beyond Acacia's control, will likely have a corresponding impact on Acacia's financial condition, particularly in the context of rapid pricing fluctuations.	CFO	Board
External Risks		
Political, legal and regulatory developments Acacia's exploration, development and operational activities are subject to extensive laws and regulations governing various matters in the jurisdictions in which it operates. Acacia's ability to conduct its business is dependent on stable and consistent interpretation and application of laws and regulations applicable to mining activities and its operations, particularly in Tanzania. Changes to existing applicable laws and regulations, a more stringent application or interpretation of applicable law and regulation, or inconsistencies and irregularities in the interpretation of applicable law and regulation by relevant Government authorities could adversely affect the progression of Acacia's operations and development projects. Acacia's operations and financial condition will also be adversely affected if existing Mineral Development Agreements are not honoured by the Tanzanian Government. The Group may also be adversely affected by changes in global economic conditions, and political and/or economic instability in Tanzania or any of its surrounding countries.	CEO/Vice President, Corporate Affairs	Board
Continuity of power supply Power stoppages, fluctuations and disruptions in power supply, particularly electricity supply in Tanzania, could result in production stoppages and, as a result of increased dependency on diesel usage, could increase operating costs.	CEO/CFO	Board

Key	
↑	Increase
↓	Decrease
–	No change
New	New for 2015

Mitigation/comment	Progress made in 2015	Potential impact	Change from 2014	Further information
Acacia assesses a wide range of potential growth opportunities to build on its existing portfolio, particularly acquisition and development opportunities outside Tanzania to maximise growth potential and to help mitigate the effects that significant developments in Tanzania could have on our business.	• Continuing evaluation of corporate development opportunities across Africa. • Continued progression of exploration projects in Kenya, Burkina Faso and Mali.	High	–	Please see our Exploration review.
Acacia's strategic objective is to provide maximum exposure to the price of gold and we will only implement gold hedging in specific short-term scenarios to protect viability of certain assets. Acacia may enter into hedging arrangements for certain commodity exposures (copper, silver and diesel) to attempt to mitigate the impact of pricing fluctuations for such commodities. We also monitor our exposure to commodity price fluctuations as part of financial and treasury planning and controls procedures.	• Ongoing review of commodity price fluctuations as part of financial management controls. • Ongoing review of hedging policies for certain commodities.	High	–	Please see our Financial review.
Acacia management assesses legal and political risks as part of its evaluation of potential projects. It actively monitors legal and political developments in countries in which its existing operations are located. Acacia management actively engages in dialogue with Governments and legal policy makers in regions in which it is present to discuss all key legal and regulatory developments applicable to its operations.	• Continuing enhancement of Governmental and regulatory engagement and dialogue.	High	–	Please see the Strategic report.
Acacia has made a number of investments in power generation capacities at its operations, such that we have capacity for the self generation of power to maintain critical systems across sites. We also assess our power supply sources to introduce cost saving efficiencies where possible.	• Continued assessment of power improvement projects. • Continued review of additional power stabilisation options for operations.	High	New	Please see our Strategic report.

Risk	Executive Leadership Team responsibility	Board/Board Committee oversight responsibility
Operational Risks		
Security, trespass and vandalism Acacia faces certain risks in dealing with fraud and corruption and wider security-related matters relating to trespass, vandalism, illegal mining and incursions and small-scale mining in proximity to its operations and on specific areas covered by the Group's exploration and mining licences, all of which may have an adverse effect upon Group operations and financial condition.	Executive General Manager, Organisational Effectiveness/General Counsel.	EHS&S
Safety risks relating to mining operations Mining and in particular underground mining is subject to a number of hazards and risks in the workplace, such as fall of ground relating to underlying geotechnical risks, potential fires and mobile equipment incidents. Despite mitigating measures implemented, such incidents may occur, which in turn may have adverse effects on safety in the work place.	CEO/Executive General Manager, Organisational Effectiveness.	EHS&S
Implementation of enhanced operational systems The achievement of Acacia's production and cost targets is dependent on the use of optimised operational systems that allow for increased productivity at lower cost levels. This includes the use of appropriate mine planning techniques with integrated financial modelling. The use of inefficient or redundant systems could undermine Acacia's ability to achieve future production and cost control objectives.	CEO	Board
Equipment effectiveness Acacia's mining, processing, development and exploration activities depend on the continuing availability and reliability of operational infrastructure and operating equipment. Interruptions or inefficiencies in the use of operating equipment, for example through equipment failure or disruption or through poor utilisation or maintenance practices, can undermine equipment utilisation levels and thereby negatively impact productivity levels.	CEO	Board
Environmental hazards and rehabilitation Acacia's operations are subject to environmental hazards as a result of the processes and chemicals used in its extraction and production methods. Acacia may be liable for losses and costs associated with environmental hazards at its operations, have its licences and permits withdrawn or suspended as a result of such hazards, or may be forced to undertake extensive clean-up and remediation action in respect of environmental hazards and incidents relating to its operations, should they occur.	CEO/Executive General Manager, Organisational Effectiveness.	EHS&S

Key

- ↑ Increase
- ↓ Decrease
- – No change
- New New for 2015

Mitigation/comment	Progress made in 2015	Potential impact	Change from 2014	Further information
Acacia's security management system provides for a number of measures that protect employees, assets and operations. Measures include the ongoing development of security personnel and the implementation and, where appropriate, upgrading of security infrastructure, such as perimeter fencing, surveillance equipment and security checks and procedures. Where appropriate, Acacia also works in collaboration with local law enforcement to address security-related threats and concerns.	• Continuing review of Acacia's security model and strategy. • Ongoing compliance programmes and training focused on Acacia Code of Conduct and Anti-Fraud and Anti-Corruption Policies. • Continuing assessment and enhancements to security and safety controls.	High	–	Please see our Sustainability review.
Acacia uses a wide range of safety management systems in order to safeguard safety in the work place and provides continuous training and supervision on safety management in order to promote the use of safe operating practices.	• Continued enhancement of safety training initiatives, including the WeCare programme. • Continued enhancement of safety management systems and critical risk standards for key material operational safety risks. • Continuing safety audits and inspections.	High	–	Please see the Strategic report and our Operating and Sustainability reviews.
As part of ongoing business improvement initiatives, Acacia is implementing various enhancements to planning and operating controls, procedures and frameworks in order to align operating systems and techniques with production and cost expectations.	• Enhancements made to mining planning reviews. • Ongoing development of integrated mine planning system. • Improvements made to change management processes. • Continuing system audits to assess effectiveness.	High	–	Please see the Strategic report and our Operating review.
Management assesses the critical components of Acacia's operational equipment on a continuous basis. In addition, management continues to review opportunities to enhance maintenance systems and equipment utilisation practices in order to enhance equipment productivity levels.	• Continuing enhancements to maintenance and planning practices. • Continuing review of equipment use requirements and equipment operating procedures.	High	–	Please see the Strategic report and our Operating review.
Acacia uses a number of environmental management systems and controls across its business and operations to provide for appropriate environmental practices, including the adoption of specific environmental management plans for each of our operations and the use of environmental and social impact assessments for potential projects. Acacia also monitors mining and operational activities against key international standards, such as the International Cyanide Management Code, and assesses remediation and rehabilitation costs on an annual basis.	• Enhancing Acacia's environmental strategy. • Enhancing Acacia's environmental management plans. • Ongoing development of Buzwagi closure plan.	High	↑	Please see our Strategic report, and our Operating and Sustainability reviews.

The Companies Act 2006 requires Acacia's Directors to prepare a Directors' Report for the financial year under review. The UKLA's Listing Rules and Disclosure Rules and Transparency Rules also require Acacia to make certain other disclosures. The information contained on pages 84 to 89 (inclusive) (together with all other information in the Annual Report which has been specifically incorporated into these pages by reference) constitutes Acacia's Directors' Report.

Legal form of the Company

Acacia is a public listed company incorporated in England and Wales with the registered number 7123187. It conducts limited business activities itself and trades principally through its subsidiaries and subsidiary undertakings in various jurisdictions. Further information as regards Acacia's subsidiaries is provided in Note 1 to the consolidated financial statements on page 104.

Strategic report

The requirements of the Companies Act 2006 as regards the production of a strategic report are satisfied in the Strategic report contained at pages 2 to 23. The Strategic report provides an overview of the development and performance of Acacia's business for the financial year ending 31 December 2015 and also provides information relevant to likely future developments in the business.

In addition, for purposes of compliance with the Disclosure and Transparency Rules, the required content for the Management report can be found in the Strategic report and the Directors' Report.

Directors

The names and biographies of the Directors serving as at 31 December 2015 are provided on pages 50 to 51. An overview of Directors' appointments, by reference to current terms under appointment letters, for the duration of the year under review is provided below:

	Date of appointment	Date of termination
Executive Director		
Brad Gordon	21 August 2013	N/A
Non-Executive Directors		
Kelvin Dushnisky	6 June 2015	N/A
Peter Tomsett	26 April 2013	N/A
Graham Clow	26 April 2013	N/A
Rachel English	23 October 2013	N/A
Andre Falzon	18 April 2013	N/A
Stephen Galbraith	18 April 2013	N/A
Michael Kenyon	18 April 2013	N/A
Steve Lucas	23 October 2013	N/A
Ambassador Juma V. Mwapachu	13 July 2014	N/A

Save for Graham Clow all other Directors will put themselves forward for re-election at the forthcoming AGM. Details of Director re-election requirements are provided on page 53.

Directors' indemnity and insurance

In accordance with Acacia's Articles of Association and to the extent permitted by the Companies Act 2006, Acacia may indemnify its Directors out of its own funds to cover liabilities incurred as a result of their office. The relevant provision contained in the Articles can be categorised as a "qualifying third-party indemnity provision" under the Companies Act 2006. Acacia has adopted Directors' and Officers' liability insurance, which provides insurance cover for any claim brought against Directors or officers for wrongful acts in connection with their positions. The insurance provided does not extend to claims arising from fraud or dishonesty and it does not provide cover for civil or criminal fines or penalties imposed by law.

Global GHG emissions data for period 1 January 2015 to 31 December 2015

According to the GHG Protocol developed by the World Business Council for Sustainable Development and the World Resources Institute, GHG emissions are classified as either direct or indirect, and from there are divided further into Scope 1, Scope 2 and Scope 3 emissions. Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity. Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity but that occur at sources owned or controlled by another entity. Each scope is classified as follows:

- Scope 1 emissions: direct emissions from sources owned or operated by our Company.
- Scope 2 emissions: indirect emissions attributable to our Company due to its consumption of purchased electricity, notably our consumption of electricity from TANESCO.
- Scope 3 emissions: all other indirect emissions associated with activities that support or supply our Company's operations.

For 2015, in light of practicalities, we have calculated Acacia's Scope 1 and Scope 2 emissions footprint on the basis of carbon dioxide emissions only and will look to measure and report on other greenhouse gases in future reporting years. Going forward, we will also look at opportunities to monitor and calculate Scope 3 emissions.

	Total tonnes of CO_2		Percentage of total emissions (%)		Year-on-year percentage, change (%)
	2015	2014	**2015**	2014	
Scope 1 emissions	210,233	228,997	57	62	-8.2
Scope 2 emissions	159,860	142,511	43	38	12.2
Total	370,092	371,508	–	–	-0.4

Total CO_2 emissions for 2015 amounted to 370,092 tonnes, a 0.4% decrease on 2014 (371,508 CO_2). The reduction in Scope 1 emissions was offset by increased consumption of purchased electricity from hydropower sources as part of our energy conservation strategy.

In addition, the Company monitors its GHG emissions ratio on the basis of CO_2 produced per tonnes of ore milled. For 2015 this equated to 0.0399 per tonne of ore milled, this being a 10% decrease on 2014 (0.0444), due to increased throughput at Bulyanhulu.

Directors' interests
Details of the interests of Directors and their connected persons in Acacia's Ordinary Shares or in related derivatives or financial instruments are outlined in the Directors' Remuneration Report.

Employee share schemes
Details of Acacia's employee share plans and long-term incentive plans are provided in the Directors' Remuneration Report.

Employee diversity
An overview of female representation percentages across our workforce is provided on page 46. In addition, the total breakdown of male and female employees as at 31 December 2015 was as follows:

	Female	Male
Board of Directors	1	9
Executive Leadership Team	1	5
Other employees	349	3,543

Dividends
An interim dividend of US1.4 cents per share was paid to shareholders on 25 September 2015. The Directors recommend the payment of a final dividend of US2.8 cents per Ordinary Share. This represents a total dividend of US4.2 cents for 2015. Subject to the shareholders approving this recommendation at the AGM, the final dividend will be paid on 27 May 2016 to shareholders on the register at 6 May 2016. The ex-dividend date is 5 May 2016. Acacia will declare the final dividend in US dollars. Unless a shareholder has elected or elects to receive dividends in US dollars, dividends will be paid in pounds sterling with the US dollar amount being converted into pounds sterling at exchange rates prevailing on or around 9 May 2016. Currency elections must be made by return of currency election forms. The deadline for the return of currency election forms is 9 May 2016.

Share capital
As at 31 December 2015, the Company's issued share capital comprised 410,085,499 Ordinary Shares of 10 pence each. The voting rights of all Acacia Ordinary Shares are identical, with each share carrying the right to one vote. The Company holds no Ordinary Shares in Treasury and does not have any class of share other than its Ordinary Shares. Further details on voting rights and rights relating to the transfer of shares are provided below.

Acacia's Articles of Association provide the authority for the Company to purchase its own shares (including any redeemable preference shares), provided that it complies with any applicable requirements contained in the Companies Act 2006, the CREST regulations or any other applicable law. As part of resolutions passed at the 2015 AGM, the Company obtained shareholder approval to make market purchases of up to 41,008,550 of its Ordinary Shares, equivalent to 10% of the issued share capital at the time of approval. The authority was granted subject to stated upper and lower limits in accordance with Listing Rule requirements and expires at the forthcoming AGM. The authority was not exercised during the year under review. An equivalent shareholder resolution will be sought as a matter of ordinary business at the forthcoming AGM. Details of Acacia's issued share capital and any movements during the year are included in Note 24 to the consolidated financial statements on page 130.

Major shareholdings
The following persons as at 31 December 2015 are interested in the following percentages of Acacia's issued Ordinary Share capital:

Name	Number of shares	Percentage of issued share capital
Barrick International (Barbados) Corp[1]	179,609,530	43.80
PDG Sona (Cayman) Ltd[1]	45,258,970	11.04
PDG Bank Limited[1]	37,378,450	9.11
Blackrock Investment Management	23,774,462	5.80
M&G Investment Management	20,974,524	5.11
Total	301,915,075	73.62

1 Members of the Barrick Group.

Following year end, Blackrock Investment Management decreased its interest in Acacia's issued share capital to 23,624,931 shares, equivalent to 5.76%. There were no other changes as of 1 March 2016.

Relationship with major shareholder
An overview of Acacia's relationship with Barrick and the Relationship Agreement that has been executed in respect of their ongoing relationship is provided on page 55.

Political and charitable donations
Acacia does not make political donations. Information as regards Acacia's social and community contributions for the year is provided as part of our Sustainability and Financial reviews.

Information required by LR 9.8.4R
There is no information required to be disclosed under LR 9.8.4R save in respect of LR 9.8.4R (10) (Contracts of significance with controlling shareholder/in which director interested), LR 9.8.4R (11) (Contracts for the provision of services by a controlling shareholder) and LR 9.8.4R (14) (Relationship Agreement with controlling shareholder) which can be found on pages 55 and 86 of this Annual Report. Details of interest capitalised by the Group are provided in Note 12 of the consolidated financial statements.

Policy on derivatives, financial instruments and financial risk management

Acacia's policies on financial risk management, derivatives, financial instruments and information on its exposures to foreign currency, commodity prices, credit, equity, liquidity and interest rates can be found in Notes 2 and 32 to the consolidated financial statements contained on pages 105 and 136 of this Annual Report. All such information is incorporated by reference into this Directors' Report and is deemed to form part of this Directors' Report.

Material agreements containing change of control provisions/significant agreements with Directors/ Controlling Shareholders

The Directors consider the following as material agreements/ arrangements for Acacia's business and operations, which alter or terminate on a change of control of Acacia and/or significant agreements with Directors/Barrick:

- **Relationship Agreement:** see page 55 of this report for an overview of the Relationship Agreement. In addition to the Relationship Agreement, Acacia entered into a Services Agreement with Barrick in February 2010 as part of arrangements for the IPO, under which Barrick provides certain services to the Acacia Group for the ongoing operation of the business. These services include support for information technology, technical services and other administrative and corporate functions. The agreement's termination events include a basis for either party to terminate the agreement with immediate effect in the event of specified breaches of the agreement, insolvency, analogous events or a change of control. Whilst this agreement remains in force, limited services are provided under it and no services provided are deemed to be material or significant.
- **Credit Agreement:** an overview of the Credit Agreement between, among others, the Company and Citibank International plc as administrative agent, is provided in Note 30 to the consolidated financial statements on page 134. A change of control is a mandatory prepayment event under the Credit Agreement and, subject to certain exceptions, a termination event.

Acacia's mining concessions are held by its operating companies in Tanzania. Under applicable law, a change of control of the operating companies requires the consent of the Minister of Energy and Minerals in Tanzania. In addition, each Acacia Group operating mine has a Mineral Development Agreement ('MDA') with the Tanzanian Government. The material terms and conditions of each MDA are substantially similar and include provisions governing royalty payments, taxes and other charges, banking arrangements, local procurement obligations, and import rights. The MDAs also provide for no expropriation or nationalisation rights. Broadly, these rights provide that the Tanzanian Government will not nationalise or compulsorily acquire the whole or any part of Acacia's interest in the applicable special mining licences or any of its property or its contractors' or subcontractors' property used for the purpose of mining operations or in relation to the applicable special mining licences, without adequate compensation. Each MDA is governed by Tanzanian law. Adherence to the terms and conditions of the MDAs is of significant importance to Acacia's business, given the agreements' overall importance to our operations.

Certain employment contracts for members of the Company's Executive Leadership Team, excluding the current CEO, contain change of control provisions, which provide entitlements to severance payments in the event of being dismissed without cause or resigning for good reason in the 12 months following a change of control. Any payment made under these arrangements would replace the entitlement to receive payment under applicable contractual notice periods in each case. Special provisions also allow the early exercise of awards made under the Company's Stock Option Plan ('SOP') and early vesting of awards made under the Long-Term Incentive Plan ('LTIP'), in the event of a takeover, reconstruction or winding up. In such circumstances, the Compensation Committee determines whether and to what extent options or awards become exercisable, by taking into account all relevant facts and circumstances including, but not limited to, satisfaction of any applicable performance condition. When determining the vesting of LTIP awards or options, the Compensation Committee may proportionately reduce the award depending on the time which has elapsed between the first day of the performance period and the date of change of control. Alternatively, awards may be exchanged for new equivalent awards where appropriate.

Going concern

The Directors' statement on Going Concern is contained on page 41 of this Annual Report.

Corporate governance compliance

The corporate governance statement as required by Rule 7.2.1 of the UKLA's Disclosure Rules and Transparency Rules is set out in the corporate governance report on pages 48 to 62 of this Annual Report. All information detailed in the corporate governance statement is incorporated by reference into this Directors' Report and is deemed to form part of this Directors' Report.

Articles of Association

The Company's Articles of Association may be amended by special resolution of the shareholders.

Shareholder rights

The rights and obligations attaching to the Ordinary Shares contained in the Articles of Association are as follows:

Voting rights

Subject to any special rights or voting restrictions contained in the Articles of Association for any class of share, at any general meeting every member who is present in person or by proxy shall, on a show of hands, have one vote and every member present in person or by proxy shall, on a poll, have one vote for each share of which he or she is the holder. A resolution put to a vote of the meeting shall be decided on a show of hands, unless a poll is duly demanded. Subject to the provisions of the Companies Act 2006, a poll may be demanded by the Chairman; by at least five members who have the right to vote at the meeting; by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or by a member or members holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. Unless the Directors otherwise determine, a shareholder is not entitled to vote at a shareholders' meeting, either in person or by proxy, or to exercise any other right conferred by membership in relation to a shareholders' meeting, unless and until all calls or other sums presently payable by him or her in respect of that share with interest and expenses (if any) have been paid to the Company or if he/she or any other person appearing to be interested in shares has been issued with a notice pursuant to Section 793 of the Companies Act 2006 (requiring disclosure of interest in shares) and has failed to provide the required information within 14 days from the service of the notice.

Dividend rights

The Board may declare and pay dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates and may from time to time pay interim dividends as it thinks fit. Final dividends shall be declared by ordinary shareholder resolution, in accordance with Board recommendations. No dividend declared by shareholders shall exceed the amount recommended by the Board. Provided that the Board acts in good faith, it shall not incur any liability to shareholders for any loss that they may suffer by the lawful payment of any fixed or interim dividend on any shares ranking after or pari passu with those shares. Except as otherwise provided by the rights attached to shares, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly. No amount paid up on a share in advance of the date on which a call is payable shall be treated as paid up on the share.

Payment of any dividend declared may be satisfied wholly or partly by the distribution of specific assets, and in particular of paid up shares or debentures of the Company, with shareholder approval. The Directors may retain any dividend or other money payable on or in respect of a share on which the Company has a lien and may apply the same towards satisfaction of the monies payable to the Company in respect of that share.

Unless the Directors otherwise determine, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld, and the Company shall have no obligation to pay interest on it, if such shares represent at least 0.25% of the nominal value of the issued share capital of their class and the holder, or any other person appearing to be interested in those shares, has been issued with a Section 793 notice and has failed to supply the information required by such notice within 14 days. Furthermore, such a holder shall not be entitled to elect to receive shares instead of a dividend. The payment by the Board of any unclaimed dividend or other monies on or in respect of a share into a separate account shall not constitute Acacia a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and shall revert to Acacia.

Transfer of shares

Subject to any applicable restrictions, each member may transfer all or any of his or her shares, which are in certificated form, by instrument of transfer in writing in any usual form or in any other form acceptable to the Board and may be under hand only. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register in respect of it.

All transfers of shares which are in uncertificated form shall, unless the CREST regulations otherwise provide, be effected on a relevant system.

The Directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:

(i) it is in respect of a share which is fully paid up;

(ii) it is in respect of only one class of shares;

(iii) it is in favour of not more than four joint transferees;

(iv) it is lodged duly stamped (if so required) at the transfer office;

(v) it is accompanied by the relevant certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to prove the title of the transferor and the due execution of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; and

(vi) in the case of partly paid shares listed on the London Stock Exchange, such refusal would prevent dealings in such shares from taking place on an open and proper basis.

Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person appearing to be interested in the transferor's shares has been issued with Section 793 shares in respect of shares representing at least 0.25% of their class and the relevant information has not been supplied within 14 days. This restriction on transfer will not automatically apply if the member is not personally in default as regards supplying the information required and the proposed transfer is only part of the member's holding, provided that certain requirements are satisfied at the time of presenting the transfer for registration.

Division of assets on a winding up

If the Company is wound up the liquidator may, with the sanction of a shareholder special resolution, divide the whole or any part of the Company's assets between shareholders. In such circumstances the liquidator may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholder. Subject to certain requirements, the liquidator may also vest any part of the assets in trustees on such trusts for the benefit of the shareholders, but no shareholder shall be compelled to accept any assets on which there is a liability.

Variation of rights

If at any time the share capital of the Company is divided into shares of different classes, rights attached to a class may only be varied in such manner (if any) as may be provided by prescribed rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held.

Powers of Directors

Managing the business

Acacia's business is managed by the Board, and the Articles of Association permit the Board to exercise all of the Company's powers in this regard. These powers may be exercised by any meeting of the Board at which a quorum of two Directors is present. The power of the Board to manage the business is subject to any limitations imposed by the Companies Act, the Articles of Association or any directions given by special resolution of the shareholders applicable at a relevant time. The Articles contain an express authority for the appointment of Executive Directors and provide the Directors with the authority to delegate or confer upon such Directors any of the powers exercisable by them upon such terms and conditions and with such restrictions as they see fit. The Articles contain additional authorities to delegate powers and discretions to Board committees and subcommittees.

Borrowing powers

Subject to the provisions of the Companies Act 2006, the CREST regulations and any other applicable law, the Directors may exercise all the powers of the Company to borrow money, guarantee, indemnify, mortgage or charge its undertaking, property (present and future) and uncalled capital or any part or parts thereof and issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of Acacia or of any third party up to a maximum amount of two times the aggregate of the Group's adjusted total equity, calculated in accordance with the procedure contained in the Articles of Association. Borrowings in excess of this amount require prior shareholder approval.

New issues of shares

Subject to the provisions of the Companies Act 2006, the CREST regulations and every other enactment for the time being in force relating to the Directors' authority to allot shares and/or the disapplication of pre-emption rights and to any resolution of the Company in general meeting regarding the same, the Directors may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think appropriate.

Acacia's shareholders passed the following resolutions relating to the allotment and pre-emption right disapplications at the 2015 AGM:

(i) The Directors were granted authority to allot new shares (or grant rights to subscribe for or convert securities into shares) up to a nominal value of £13,532,821, equivalent to approximately 33% of the total issued Ordinary Share capital of the Company, exclusive of treasury shares, at the time of passing the resolution. In addition to this, the Directors were also granted authority to allot additional new shares (or grant rights to subscribe for or convert any security into shares) up to a further nominal amount of £13,532,821, but only in connection with a rights issue.

(ii) Pre-emption rights were disapplied over new shares allotted for cash pursuant to the authority granted at (i) above, but only:
(a) in connection with a pre-emptive offer or rights issue; or
(b) otherwise up to a nominal value of £2,050,427 (equivalent to approximately 5% of the Company's total issued Ordinary Share capital at the time of passing the resolution).

These authorities have not been exercised during the reporting period and will expire on the date of the forthcoming AGM. Equivalent resolutions for a renewal of these authorities will be put to the shareholders at the forthcoming AGM, as amended to reflect the Pre-Emption Group's revised Statement of Principles that provide for certain non-pre-emptive allocations in the context of acquisitions and specified capital investments.

Appointment and replacement of Directors

Shareholders may appoint any person who is willing to act as a Director by ordinary resolution and may remove any Director by ordinary resolution. The Board may appoint any person to fill any vacancy or as an additional Director, provided that they are submitted for re-election by the shareholders at the AGM following their appointment.

Specific conditions apply to the vacation of office, including cases where a Director becomes prohibited by law or regulation from holding office, or is persistently absent from Directors' meetings, or if three-quarters of appointed Directors request his or her resignation or in the case of mental incapacity or bankruptcy. Barrick's rights to appoint Directors are summarised on page 55. Additional information regarding Director re-election requirements is provided on page 53 as part of the corporate governance report.

Related party transactions

Details of related party transactions undertaken during the year are contained in Note 35 on page 142 of the consolidated financial statements.

Post-balance sheet events

Particulars of any important events affecting the Company or the Group since the year end are contained in Note 37 on page 143 of the consolidated financial statements. Such information is incorporated into this Directors' Report and is deemed to be part of it.

Audit information

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the auditors are unaware and each Director has taken all steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The Company's auditors are PricewaterhouseCoopers LLP ('PwC'). A resolution to reappoint PwC as auditors will be proposed at the forthcoming AGM. Refer to page 94 as part of the consolidated financial statements for the Independent Auditors' report on such statements.

Under applicable UK law, the Directors are responsible for preparing the Annual Report, the consolidated financial statements and parent company financial statements in accordance with applicable law and regulation.

Responsibility for financial statements

The Companies Act 2006 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group's consolidated financial statements, Article 4 of the IAS Regulations. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement required by Disclosure and Transparency Rules

The Directors, whose names and functions are set out on pages 50 to 51 of this Annual Report, confirm to the best of their knowledge that:

- The financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole.
- The management report, which is incorporated into the Directors' Report, includes a fair review of the development or performance of the business and the position of the Company and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face.

Approval of Strategic report and the Directors' Report

The Strategic report and the Directors' Report have been approved by the Board and signed on its behalf by

Katrina White
Company Secretary

Mineral reserves and mineral resources estimates contained in this Annual Report have been calculated as at 31 December 2015 in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities, unless otherwise stated. Canadian Institute of Mining, Metallurgy and Petroleum ('CIM') definitions were followed for mineral reserves and resources. Calculations have been reviewed, verified (including estimation methodology, sampling, analytical and test data) and compiled by Acacia personnel under the supervision of Acacia Qualified Person: Haydn Hadlow, Technical Services Manager. However, the figures stated are estimates and no assurances can be given that the indicated quantities of metal will be produced. In addition, totals stated may not add up due to rounding.

Mineral reserves have been calculated using an assumed long-term average gold price of US$1,100 per ounce, a silver price of US$15.00 per ounce and a copper price of US$2.50 per pound.

Reserve calculations incorporate current and/or expected mine plans and cost levels at each property and reflect contained ounces.

Mineral resources at Acacia mines have been calculated using an assumed long-term average gold price of US$1,400 per ounce, a silver price of US$15.00 per ounce and a copper price of US$2.50 per pound and reflect contained ounces.

Mineral resources at Acacia exploration properties have been calculated using an assumed long-term average gold price of US$1,500.00 per ounce.

Resources have been estimated using varying cut-off grades, depending on the type of mine or project, its maturity and ore types at each property. Reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and any other relevant new information and therefore these can vary from year to year. Resource estimates can also 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 to mineral reserves.

Definitions

A Mineral Resource

A concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilised organic material including base and precious metals, coal, and industrial minerals. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

An Inferred Mineral Resource

The part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An Indicated Mineral Resource

The part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

A Measured Mineral Resource

The part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

A Mineral Reserve

The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.

Modifying Factors

These are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

A Probable Mineral Reserve

The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve. Probable Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study.

A Proven Mineral Reserve

The economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors. Proven Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study.

Mine gold reserves and resources

		2015			2014		
Mine		Tonnes ('000s)	Grade Au (g/t)	Ounces ('000s)	Tonnes ('000s)	Grade Au (g/t)	Ounces ('000s)
Bulyanhulu – Underground	Proven and probable	20,820	8.851	5,925	29,681	9.667	9,225
	Mineral resource	22,158	7.033	5,010	12,399	8.491	3,385
	Inferred	19,900	9.227	5,903	13,725	9.897	4,367
Bulyanhulu – Tailings	Proven and probable	6,548	1.074	226	9,082	1.046	305
	Mineral resource	–	–	–	–	–	–
	Inferred	–	–	–	–	–	–
Buzwagi	Proven and probable	14,682	1.323	624	20,762	1.345	898
	Mineral resource	44,152	1.346	1,911	48,333	1.298	2,017
	Inferred	3,656	1.340	158	4,623	1.237	184
North Mara – Surface and Stockpiles	Proven and probable	19,526	2.061	1,294	21,664	2.198	1,531
	Mineral resource	10,330	2.051	681	13,370	2.283	982
	Inferred	193	2.008	12	3,979	1.434	183
North Mara – Underground	Proven and probable	3,455	6.125	680	1,989	8.071	516
	Mineral resource	2,345	5.330	402	4,591	4.590	677
	Inferred	4,756	4.712	720	6,094	4.413	865
Total	**Proven and probable**	65,030	4.185	8,750	83,178	4.665	12,475
	Mineral resource	78,984	3.152	8,004	78,692	2.791	7,061
	Inferred	28,504	7.413	6,794	28,422	6.128	5,599

Exploration property gold reserves and resources

		2015			2014		
Mine		Tonnes ('000s)	Grade Au (g/t)	Ounces ('000s)	Tonnes ('000s)	Grade Au (g/t)	Ounces ('000s)
Tusker (Nyanzaga)	Proven and probable	–	–	–	–	–	–
	Mineral resource	95,054	1.320	4,034	95,054	1.320	4,034
	Inferred	2,214	0.952	68	2,214	0.952	68
Kilimani (Nyanzaga)	Proven and probable	–	–	–	–	–	–
	Mineral resource	2,298	0.929	69	2,298	0.929	69
	Inferred	828	0.858	23	828	0.858	23
Golden Ridge	Proven and probable	–	–	–	–	–	–
	Mineral resource	7,944	2.779	710	7,944	2.779	710
	Inferred	1,414	2.268	103	1,414	2.268	103
Total Exploration	**Proven and probable**	–	–	–	–	–	–
	Mineral resource	105,296	1.422	4,812	105,296	1.422	4,812
	Inferred	4,456	1.352	194	4,456	1.352	194
Total Acacia	**Proven and probable**	65,030	4.185	8,750	83,178	4.665	12,475
	Mineral resource	184,280	2.163	12,817	183,988	2.007	11,873
	Inferred	32,960	6.594	6,987	32,877	5.481	5,793

Contained copper reported within gold reserves and resources

		2015			2014		
Mine		Tonnes ('000s)	Grade Cu (%)	Pounds ('000s)	Tonnes ('000s)	Grade Cu (%)	Pounds ('000s)
Bulyanhulu – Underground	Proven and probable	20,820	0.530	243,388	29,681	0.586	383,707
	Mineral resource	22,158	0.440	215,049	12,399	0.510	139,306
	Inferred	19,900	0.533	233,698	13,725	0.609	184,269
Bulyanhulu – Tailings	Proven and probable	–	–	–	–	–	–
	Mineral resource	–	–	–	–	–	–
	Inferred	–	–	–	–	–	–
Buzwagi	Proven and probable	14,682	0.100	32,409	20,762	0.095	43,647
	Mineral resource	44,152	0.127	123,626	48,333	0.110	116,817
	Inferred	3,656	0.136	10,960	4,623	0.109	11,066
Total	**Proven and probable**	35,502	0.352	275,797	50,443	0.384	427,354
	Mineral resource	66,310	0.232	338,675	60,732	0.191	256,123
	Inferred	23,556	0.471	244,658	18,348	0.483	195,335

Contained silver reported within gold reserves and resources

Mine		2015 Tonnes ('000s)	2015 Grade Au (g/t)	2015 Ounces ('000s)	2014 Tonnes ('000s)	2014 Grade Au (g/t)	2014 Ounces ('000s)
Bulyanhulu – Underground	Proven and probable	20,820	7.624	5,104	29,681	8.321	7,941
	Mineral resource	22,158	5.920	4,218	12,399	6.506	2,594
	Inferred	19,900	6.312	4,038	13,725	7.097	3,132
Bulyanhulu – Tailings	Proven and probable	6,548	3.362	708	9,082	3.275	956
	Mineral resource	–	–	–	–	–	–
	Inferred	–	–	–	–	–	–
Total	**Proven and probable**	27,368	6.605	5,811	38,763	7.139	8,897
	Mineral resource	22,158	5.920	4,218	12,399	6.506	2,594
	Inferred	19,900	6.312	4,038	13,725	7.097	3,132

Mine gold reserves

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu – Underground	Proven	1,391,531	10.265	459,238
	Probable	19,428,574	8.750	5,465,717
	Total (P+P)	20,820,105	8.851	5,924,955
Bulyanhulu – Tailings	Proven	–	–	–
	Probable	6,547,655	1.074	226,065
	Total (P+P)	6,547,655	1.074	226,065
Buzwagi	Proven	8,177,029	0.972	255,479
	Probable	6,505,076	1.764	368,928
	Total (P+P)	14,682,105	1.323	624,407
North Mara – Surface and Stockpiles	Proven	4,976,458	1.942	310,634
	Probable	14,549,371	2.102	983,259
	Total (P+P)	19,525,829	2.061	1,293,894
North Mara – Underground	Proven	151,146	4.000	19,438
	Probable	3,303,612	6.222	660,865
	Total (P+P)	3,454,758	6.125	680,302
Total mine gold reserves	Proven	14,696,164	2.211	1,044,789
	Probable	50,334,288	4.761	7,704,834
	Total (P+P)	65,030,452	4.185	8,749,623

Contained copper reported within gold reserves

Mine	Classification	Tonnes	Grade Cu (%)	Contained Cu (lbs)
Bulyanhulu – Underground	Proven	1,391,531	0.407	12,474,718
	Probable	19,428,574	0.539	230,913,352
	Total	20,820,105	0.530	243,388,070
Bulyanhulu – Tailings	Proven	–	–	–
	Probable	–	–	–
	Total	–	–	–
Buzwagi	Proven	8,177,029	0.070	12,623,928
	Probable	6,505,076	0.138	19,785,320
	Total	14,682,105	0.100	32,409,248
Total copper reported within gold reserves	Proven	9,568,560	0.119	25,098,646
	Probable	25,933,650	0.438	250,698,672
	Total	35,502,210	0.352	275,797,318

Contained silver reported within gold reserves

Mine	Classification	Tonnes	Grade Cu (%)	Contained Cu (lbs)
Bulyanhulu – Underground	Proven	1,391,531	6.416	287,035
	Probable	19,428,574	7.711	4,816,550
	Total	20,820,105	7.624	5,103,585
Bulyanhulu – Tailings	Proven	–	–	–
	Probable	6,547,655	3.362	707,809
	Total	6,547,655	3.362	707,809
Total silver reported within gold reserves	Proven	1,391,531	6.416	287,035
	Probable	25,976,229	6.615	5,524,359
	Total	27,367,760	6.605	5,811,394

Mine gold resource (measured and indicated, exclusive of reserves)

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu – Underground	Measured	63,478	6.29	12,830
	Indicated	22,094,544	7.035	4,997,485
	Total (M+I)	22,158,022	7.033	5,010,315
Bulyanhulu – Tailings	Measured	–	–	–
	Indicated	–	–	–
	Total (M+I)	–	–	–
Buzwagi	Measured	189,364	1.646	10,021
	Indicated	43,962,342	1.345	1,901,051
	Total (M+I)	44,151,706	1.346	1,911,072
North Mara – Surface and Stockpiles	Measured	2,308,916	2.173	161,296
	Indicated	8,020,704	2.016	519,799
	Total (M+I)	10,329,620	2.051	681,095
North Mara – Underground	Measured	328,812	4.114	43,487
	Indicated	2,015,875	5.528	358,280
	Total (M+I)	2,344,687	5.330	401,767
Total mine resource (M+I)	Measured	2,890,570	2.449	227,634
	Indicated	76,093,465	3.179	7,776,615
	Total (M+I)	78,984,035	3.152	8,004,249

Contained copper reported within gold resources

Mine	Classification	Tonnes	Grade Cu (%)	Contained Cu (lbs)
Bulyanhulu – Underground	Measured	63,478	0.292	408,351
	Indicated	22,094,544	0.441	214,640,840
	Total (M+I)	22,158,022	0.440	215,049,191
Bulyanhulu – Tailings	Measured	–	–	–
	Indicated	–	–	–
	Total (M+I)	–	–	–
Buzwagi	Measured	189,364	0.137	571,781
	Indicated	43,962,342	0.127	123,054,112
	Total (M+I)	44,151,706	0.127	123,625,893
Total copper reported within gold resources	Measured	252,842	0.176	980,132
	Indicated	66,056,886	0.232	337,694,952
	Total (M+I)	66,309,728	0.232	338,675,084

Contained silver reported within gold resources

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Ag (oz)
Bulyanhulu – Underground	Measured	63,478	5.016	10,236
	Indicated	22,094,544	5.923	4,207,433
	Total (M+I)	22,158,022	5.920	4,217,669
Bulyanhulu – Tailings	Measured	–	–	–
	Indicated	–	–	–
	Total (M+I)	–	–	–
Total silver reported within gold resources	Measured	63,478	5.016	10,236
	Indicated	22,094,544	5.923	4,207,433
	Total (M+I)	22,158,022	5.920	4,217,669

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion, Acacia Mining plc's Group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the consolidated balance sheet as at 31 December 2015;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

Our audit approach

Overview

Materiality	• Overall Group materiality: US$5.7 million which represents approximately 5% of three-year average profit before tax adjusted for "Impairment charges" and items included within "Other Charges" (as presented on the face of the consolidated income statement and detailed within notes 7 and 10).
Scope	• We identified three mine sites located in Tanzania which, in our view, required an audit of their complete financial information. • We conducted other audit procedures in London, South Africa, and Tanzania. • Taken together, the territories and functions where we performed our audit work accounted for 100% of revenue and approximately 88% of absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant territories and functions).
Areas of focus	• Impairment assessments of goodwill, intangible assets and property, plant & equipment. • The recoverability of the supplies inventory balance at the Buzwagi site. • Taxation including provisions for uncertain deferred tax positions and the recoverability of indirect taxes.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table opposite. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Impairment assessments of goodwill, intangible assets and property, plant & equipment Refer to page 58 (Audit Committee report), page 106 (critical accounting estimates and judgements), page 111 (principal accounting policies) and note 7. Acacia Mining has goodwill of US$127.9 million, indefinite-lived intangible assets of US$83.3 million and property, plant and equipment of US$1,390.7 million as at 31 December 2015 primarily contained within the following cash generating units ("CGUs"); Bulyanhulu, North Mara, and Buzwagi. The Bulyanhulu CGU which has a carrying value of $1,257.3 million contains goodwill and indefinite-lived intangible assets and therefore must be tested for impairment on an annual basis. Management must also determine the recoverable amount for other assets including property, plant and equipment when impairment indicators are identified. As at 31 December 2015, being management's testing date, the Buzwagi and North Mara CGUs had a carrying value of $269.4 million (excluding impairment charges of $188.7 million) and $284.9 million respectively and management identified an impairment indicator due to the continued decrease in the gold price during the year which reduced the price assumption used to calculate the mines' reserve and resource estimations. The determination of recoverable amount was based on the higher of value-in-use and fair value less costs to dispose, which requires judgement on the part of management in valuing the relevant CGUs. Recoverable amounts are based on management's views of variables such as future commodity prices, the most appropriate discount rate and timing and approval of future capital and operating expenditure. As a result of its assessment, management has recorded a pre-tax impairment charge of US$146.2 million in relation to assets within the Buzwagi CGU which includes an allocation to non-current inventory and supplies inventory.	We considered management's impairment trigger analysis and agreed that an indicator existed. In assessing the valuation of the CGUs, we evaluated management's future cash flow forecasts for each CGU, and the process by which they were drawn up, including verifying the mathematical accuracy of the cash flow models and agreeing future capital and operating expenditure to the latest Board approved budgets and the latest approved life of mine plans. For each CGU we used our valuation specialists to assist us in evaluating the appropriateness of key market related assumptions in management's valuation models, including both short-term and long-term gold prices, and discount rates. We assessed the reasonableness of management's future forecasts of capital and operating expenses included in the cash flow forecasts in light of the historical accuracy of such forecasts and the current operational results. We performed sensitivity analysis around the key assumptions within the cash flow forecasts using a range of higher discount rates and lower long-term gold prices based on what, in our view, a market participant may apply. For the Buzwagi CGU, the estimation of recoverable amount is highly sensitive to changes in gold price assumptions. However, due to the short remaining mine life, changes to the discount rate do not have a significant impact on recoverable amount. We formed an independent view of the gold price that a market participant might use in a fair value less cost to dispose scenario which indicated a range of possible values for the CGU. Management's estimate of recoverable amount was in the mid-point of this range and was considered reasonable. The carrying value exceeded this estimated recoverable amount, resulting in the need for an impairment charge. We considered the allocation of the impairment charge between supplies inventory, non-current inventories and property, plant and equipment and were satisfied that the methodology applied was appropriate. With regards to the North Mara and Bulyanhulu CGUs, management's estimated recoverable amounts supported the carrying value of these assets as at 31 December 2015. In assessing the level of headroom at these CGUs we performed downside sensitivities based on a range of possible gold prices and discount rates, concluding that headroom was maintained under these scenarios. Consequently, no impairment charge was considered necessary, although the estimate of recoverable amount remains sensitive to changes in these key assumptions. We validated the appropriateness of the related disclosures in note 7 of the financial statements, including the sensitivities provided with respect to the CGUs.
The recoverability of the supplies inventory balance at the Buzwagi site Refer to page 58 (Audit Committee report), page 106 (critical accounting estimates and judgements), page 109 (principal accounting policies) and note 17. The Group has a material supplies inventory balance at the Buzwagi site. We focused on this area because of the risk of existence of the large quantity of supplies inventory on hand, in addition to the short remaining life of mines that could have an adverse impact on the valuation of the inventory. As part of the impairment assessment noted above, management has booked a provision of $39.7 million for supplies inventory at Buzwagi that is not expected to be used during the remaining mine life. The net carrying value as at 31 December 2015 is US$35.1 million.	We considered the methodology applied by management to identify slow moving and surplus supplies inventory including validating the identification of aged items and considered it an appropriate method to determine an estimate of recoverability. With regards to the existence of supplies inventory, we attended inventory sample counts performed by local management at year end at all three mine sites. During these counts we observed management's count procedures and performed independent test counts by selecting a sample of items from both the accounting records and from the inventory on hand. Management's count procedures were considered appropriate. No significant exceptions in management's count procedures, or unexplained variances from our test counts were identified.

Area of focus	How our audit addressed the area of focus
Taxation including provisions for uncertain deferred tax positions and the recoverability of indirect taxes Refer to page 58 (Audit Committee report), page 106 (critical accounting estimates and judgements), page 114 (principal accounting policies) and note 34. The Group has material deferred tax balances which include prior year tax loss assessments that continue to be in dispute with the Tanzanian Revenue Authority. In addition, the Group has recorded significant indirect tax receivables, of which a material amount has not been refunded in a timely manner.	We read correspondence between management and the Tanzanian Revenue Authority and assessed management's position in relation to the specific matters disputed. Refer to note 34 for tax related contingencies disclosed. In relation to deferred tax, we also assessed the availability of estimated future taxable income to utilise recognised carry forward losses and the reversal of temporary deferred tax differences by comparing the estimates to the latest Board approved budgets and the latest approved life of mine plans. We assessed the impact of the revised life of mine plans and the impairment at Buzwagi and satisfied ourselves that the reduction in deferred tax asset in relation to losses at the operation was calculated appropriately and was consistent with the underlying trading assumptions. We also determined based on payments received to date and the existence of a memorandum of settlement with the Tanzanian Revenue Authority for the long-term element of the receivable, that the indirect tax receivables are recoverable, and appropriately classified as non-current based on the expected future tax payable from 2017. We examined the Annual Report disclosures to ensure the risk associated with recovery was appropriately highlighted.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's assets and operations are primarily located at three mine sites in Tanzania, representing the Group's three CGUs noted above. Financial reporting processes related to the activities of these mine sites are undertaken at shared business centres ("SBCs") located in Dar es Salaam and Johannesburg.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at each of the three mine sites and the SBCs by us, as the Group engagement team, and by component auditors from other PwC network firms operating under our instruction. We requested that full scope audits were performed at each of the three main mine sites which included the relevant SBC. In addition, we conducted other audit procedures in London, South Africa and Tanzania, including specified procedures performed by a component audit team in South Africa over exploration expenses incurred within Acacia Exploration Kenya due to the quantum of costs incurred during the current year. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those sites and SBCs to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Involvement of the Group engagement team included site visits at two of the three mines, attendance at Acacia's Tanzanian and South African offices, conference calls and meetings with the Tanzanian audit team, review of the Tanzanian auditor work papers, attendance at local audit clearance meetings, and other forms of communication as considered necessary depending on the significance of the accounting and audit issues arising.

Taken together, the territories and functions where we performed our audit work accounted for 100% of revenue and approximately 88% of absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant territories and functions).

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	US$5.7 million (2014: US$8.45 million).
How we determined it	Approximately 5% of three-year average profit before tax adjusted for "Impairment charges" and items included within "Other Charges" (as presented on the face of the consolidated income statement and detailed within notes 7 and 10).
Rationale for benchmark applied	In 2014 our benchmark for materiality was the profit before tax for the year, adjusted for other charges to eliminate the impact of the volatility resulting from those charges. This year, there has been further volatility resulting from movements in the gold market. To eliminate this further volatility, we changed our materiality benchmark to the average adjusted profit over the last three years. We continued to determine materiality based on 5% of our chosen benchmark. The result is, nonetheless, that our materiality is significantly lower than last year.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$1 million (2014: US$1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 41, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are also required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

OTHER REQUIRED REPORTING

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
information in the Annual Report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading.	We have no exceptions to report.
the statement given by the Directors on page 57, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report.
the section of the Annual Report on page 58, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:	
the Directors' confirmation in the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
the Directors' explanation in the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group, set out on page 23. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 89, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OTHER MATTERS

We have reported separately on the parent company financial statements of Acacia Mining plc for the year ended 31 December 2015 and on the information in the Directors' Remuneration Report that is described as having been audited.

Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 March 2016

CONSOLIDATED INCOME STATEMENT

(in thousands of United States dollars, except per share amounts)	Notes	For the year ended 31 December 2015	For the year ended 31 December 2014
Continuing operations			
Revenue	5	**868,131**	930,248
Cost of sales	6	**(734,167)**	(688,278)
Gross profit		**133,964**	241,970
Corporate administration		**(34,455)**	(32,685)
Share-based payments		**(5,537)**	(8,388)
Exploration and evaluation costs	9	**(19,737)**	(18,284)
Corporate social responsibility expenses		**(12,882)**	(10,787)
Impairment charges	7	**(146,201)**	–
Other charges	10	**(28,079)**	(47,921)
(Loss)/profit before net finance expense and taxation		**(112,927)**	123,905
Finance income	12	**1,384**	1,324
Finance expense	12	**(12,617)**	(10,043)
		(11,233)	(8,719)
(Loss)/profit before taxation		**(124,160)**	115,186
Tax expense	13	**(72,988)**	(25,977)
Net (loss)/profit from continuing operations		**(197,148)**	89,209
Discontinued operations			
Net profit from discontinued operations	3	**–**	726
Net (loss)/profit for the year		**(197,148)**	89,935
Net (loss)/profit attributable to:			
Owners of the parent (net (loss)/earnings)			
– Continuing operations		**(197,148)**	89,209
– Discontinued operations		**–**	1,193
Non-controlling interests			
– Discontinued operations		**–**	(467)
(Loss)/earnings per share:			
– Basic and diluted (loss)/earnings per share (cents) from continuing operations	14	**(48.1)**	21.8
– Basic and diluted earnings per share (cents) from discontinued operations	14	**–**	0.3

The notes on pages 104 to 143 are an integral part of these consolidated financial statements.

STRATEGIC REPORT
PERFORMANCE REVIEW
GOVERNANCE
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Net (loss)/profit for the year	**(197,148)**	89,935
Other comprehensive expense:		
Items that may be subsequently reclassified to profit or loss:		
Changes in fair value of cash flow hedges	**(459)**	(922)
Total comprehensive (loss)/income for the year	**(197,607)**	89,013
Attributed to:		
– Owners of the parent	**(197,607)**	89,480
– Non-controlling interests	**–**	(467)

The notes on pages 104 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(in thousands of United States dollars)	Notes	As at 31 December 2015	As at 31 December 2014
Assets			
Non-current assets			
Goodwill and intangible assets	21	**211,190**	211,190
Property, plant and equipment	20	**1,390,713**	1,425,315
Deferred tax assets	22	**11,628**	50,852
Non-current portion of inventory	17	**72,616**	90,006
Derivative financial instruments	31	**849**	1,806
Other assets	23	**114,964**	133,020
		1,801,960	1,912,189
Current assets			
Inventories	17	**202,321**	265,526
Trade and other receivables	18	**14,363**	34,989
Derivative financial instruments	31	**–**	1,040
Other current assets	18	**78,563**	75,822
Cash and cash equivalents	19	**233,268**	293,850
		528,515	671,227
Total assets		**2,330,475**	2,583,416
Equity and liabilities			
Share capital and share premium	24	**929,199**	929,199
Other reserves		**858,300**	1,068,168
Total owners' equity		**1,787,499**	1,997,367
Non-controlling interests		**–**	4,781
Total equity		**1,787,499**	2,002,148
Non-current liabilities			
Borrowings	27	**99,400**	127,800
Deferred tax liabilities	22	**95,668**	61,904
Derivative financial instruments	31	**1,560**	4,079
Provisions	28	**127,354**	155,601
Other non-current liabilities	29	**4,122**	17,365
		328,104	366,749
Current liabilities			
Trade and other payables	26	**159,866**	174,254
Borrowings	27	**28,400**	14,200
Derivative financial instruments	31	**10,920**	13,729
Provisions	28	**1,577**	4,617
Other current liabilities	29	**14,109**	7,719
		214,872	214,519
Total liabilities		**542,976**	581,268
Total equity and liabilities		**2,330,475**	2,583,416

The notes on pages 104 to 143 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 99 to 143 were authorised for issue by the Board of Directors on 8 March 2016 and were signed on its behalf:

Brad Gordon
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of United States dollars)	Notes	Share capital	Share premium	Other distributable reserves	Cash flow hedging reserve	Share option reserve	(Accumulated losses)/ retained earnings	Total owners' equity	Total non-controlling interests	Total equity
Balance at 1 January 2014		**62,097**	**867,102**	**1,368,713**	**1,933**	**3,978**	**(381,709)**	**1,922,114**	**5,248**	**1,927,362**
Total comprehensive (loss)/income for the year		–	–	–	(922)	–	90,402	89,480	(467)	89,013
Share option forfeitures		–	–	–	–	(284)	–	(284)	–	(284)
Dividends to equity holders of the Company		–	–	–	–	–	(13,943)	(13,943)	–	(13,943)
Balance at 31 December 2014		**62,097**	**867,102**	**1,368,713**	**1,011**	**3,694**	**(305,250)**	**1,997,367**	**4,781**	**2,002,148**
Total comprehensive loss for the year		–	–	–	(459)	–	(197,148)	(197,607)	–	(197,607)
Share option grants		–	–	–	–	182	–	182	–	182
Transactions with non-controlling interest holders		–	–	–	–	–	4,781	4,781	(4,781)	–
Dividends to equity holders of the Company	15	–	–	–	–	–	(17,224)	(17,224)	–	(17,224)
Balance at 31 December 2015		**62,097**	**867,102**	**1,368,713**	**552**	**3,876**	**(514,841)**	**1,787,499**	**–**	**1,787,499**

The notes on pages 104 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of United States dollars)	Notes	For the year ended 31 December 2015	For the year ended 31 December 2014
Cash flows from operating activities			
Net (loss)/profit for the year		**(197,148)**	89,935
Adjustments for:			
Taxation expense		**72,988**	25,977
Depreciation and amortisation	20	**133,365**	124,113
Finance items		**11,233**	8,680
Impairment charges		**146,201**	–
Profit on disposal of property, plant and equipment		**(1,315)**	(4,332)
Working capital adjustments	16	**(4,774)**	20,150
Other non-cash items	16	**3,497**	28,988
Cash generated from operations before interest and tax		**164,047**	293,511
Finance income		**1,384**	1,401
Finance expense		**(8,966)**	(5,384)
Income tax paid		**–**	–
Net cash generated by operating activities		**156,465**	289,528
Cash flows from investing activities			
Purchase of property, plant and equipment		**(193,022)**	(246,682)
Movement in other assets		**8,330**	1,388
Cash flow related to the sale of Tulawaka		**–**	(11,633)
Other investing activities	16	**3,256**	(65)
Net cash used in investing activities		**(181,436)**	(256,992)
Cash flows from financing activities			
Loans paid		**(14,200)**	–
Dividends paid		**(17,224)**	(13,943)
Finance lease instalments		**(846)**	(5,073)
Net cash used in financing activities		**(32,270)**	(19,016)
Net (decrease)/increase in cash and cash equivalents		**(57,241)**	13,520
Net foreign exchange difference		**(3,341)**	(2,079)
Cash and cash equivalents at 1 January		**293,850**	282,409
Cash and cash equivalents at 31 December		**233,268**	293,850

The notes on pages 104 to 143 are an integral part of these consolidated financial statements.

1. General information

Acacia Mining plc, formerly African Barrick Gold plc (the 'Company', 'Acacia' or collectively with its subsidiaries the 'Group') was incorporated on 12 January 2010 and re-registered as a public limited company on 12 March 2010 under the Companies Act 2006. It is registered in England and Wales with registered number 7123187. On 24 March 2010 the Company's shares were admitted to the Official List of the United Kingdom Listing Authority ('UKLA') and to trading on the Main Market of the London Stock Exchange, hereafter referred to as the Initial Public Offering ('IPO'). The address of its registered office is 5th Floor, 1 Cavendish Place, London, W1G 0QF, United Kingdom.

Barrick Gold Corporation ('BGC') currently owns approximately 63.9% of the shares of the Company and is the ultimate parent and controlling party of the Group. The financial statements of BGC can be obtained from www.barrick.com. BGC is incorporated in Canada.

The consolidated financial statements for the year ended 31 December 2015 were approved for issue by the Board of Directors of the Company on 8 March 2016.

The Group's primary business is the mining, processing and sale of gold. The Group has three operating mines located in Tanzania. The Group also has a portfolio of exploration projects located across Africa. The principal activities of the subsidiaries and joint ventures included in the consolidated financial statements are as follows:

Company	Principal activity	Country of incorporation	Relationship	Equity interest at 31 December 2015	Equity interest at 31 December 2014
Acacia Mining plc	Holding Company	UK	–	100%	100%
BUK HoldCo Limited [1]	Holding Company	UK	Subsidiary	100%	100%
BUK East Africa Limited [1]	Holding Company	UK	Subsidiary	100%	100%
1816962 Ontario Inc	Holding Company	Canada	Subsidiary	100%	100%
Acacia Mining (Barbados) Corp Ltd	Group Finance Company	Barbados	Subsidiary	100%	100%
BAPL Holding Ltd	Holding Company	Mauritius	Subsidiary	100%	100%
Acacia Exploration Kenya Ltd	Exploration	Kenya	Subsidiary	100%	100%
CayCo Tz Ltd	Holding Company	Cayman Islands	Subsidiary	100%	100%
ABG Exploration Limited	Exploration	Tanzania	Subsidiary	100%	100%
Matinje Exploration Ltd	Exploration	Tanzania	Subsidiary	75%	75%
Itobo Exploration Ltd	Exploration	Tanzania	Subsidiary	75%	75%
Nyanzaga Exploration Company Ltd	Exploration	Tanzania	Subsidiary	100%	100%
Barrick Tanzanian Holdings Ltd	Exploration	Cayman Islands	Subsidiary	100%	100%
Barisun Exploration Ltd	Exploration	Tanzania	Subsidiary	75%	75%
Prime Gold Exploration Ltd	Exploration	Tanzania	Subsidiary	75%	75%
Kasubuya Exploration Company Ltd	Exploration	Tanzania	Subsidiary	60%	60%
KMCL Holdings Ltd	Exploration	Cayman Islands	Subsidiary	100%	100%
Bulyanhulu Gold Mine Ltd	Operating Gold Mine	Tanzania	Subsidiary	100%	100%
North Mara Gold Mine Ltd	Operating Gold Mine	Tanzania	Subsidiary	100%	100%
Pangea Goldfields Inc	Holding Company	Canada	Subsidiary	100%	100%
Pangea Minerals Ltd	Operating Gold Mine	Tanzania	Subsidiary	100%	100%
1051694 Ontario Inc	Holding Company	Canada	Subsidiary	100%	100%
Acacia Mining SA (Pty) Ltd	Shared Services	South Africa	Subsidiary	100%	100%
East Africa Gold Mines Ltd	Holding Company	Australia	Subsidiary	100%	100%
Tusker Gold Limited	Holding Company	Australia	Subsidiary	100%	100%
Indago Autan (Proprietary) Ltd [2]	Holding Company	Australia	Subsidiary	100%	100%
IDG Aurum Tanzania Ltd [2]	Holding Company	Tanzania	Subsidiary	100%	100%
IDG Aurum Holdings Ltd [2]	Holding Company	Tanzania	Subsidiary	100%	100%
IDG Kitongo Tanzania Ltd [2]	Dormant Company	Tanzania	Subsidiary	100%	100%
Vulcan Resources Tanzania Ltd [2]	Dormant Company	Tanzania	Subsidiary	100%	100%
Aptian Resources Tanzania Ltd [2]	Dormant Company	Tanzania	Subsidiary	100%	100%
Sub-Sahara Resources Tanzania Ltd [2]	Exploration	Tanzania	Subsidiary	100%	100%
BUK West Africa Ltd	Holding Company	United Kingdom	Subsidiary	100%	100%
ABG Exploration Mali SARL	Exploration	Mali	Subsidiary	100%	100%
African Barrick Gold Ltd	Holding Company	United Kingdom	Subsidiary	100%	100%
Bulyanhulu Holdings (Pty) Ltd	Holding Company	Tanzania	Subsidiary	100%	–
BUK Burkina Faso Ltd	Holding Company	United Kingdom	Subsidiary	100%	–
Acacia Burkina Faso Exploration SARL	Exploration	Burkina Faso	Subsidiary	100%	–
Nyakafuru Project Joint Venture	Exploration	Tanzania	Joint Venture	51%	51%

1 Exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of S448A of Companies Act 2006.
2 June year end.

There are no restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances. The joint ventures included in the table above are currently immaterial to the Group.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), IFRS Interpretations Committee ('IFRS IC') interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are prepared on a going concern basis.

The consolidated financial statements have been prepared under the historical cost convention basis, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The consolidated financial statements are presented in United States dollars ('US$') and all values are rounded to the nearest thousand US dollars except when otherwise indicated.

Where a change in the presentational format between the prior year and current year financial statements has been made during the period, comparative figures have been restated accordingly. No presentational changes were made in the current year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2d.

b) New and amended standards adopted by the Group

The following new standards and amendments to standards are applicable and were adopted by the Group for the first time for the financial year beginning 1 January 2015.

- Amendment to IFRS 2, 'Share-based payment'. The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. The amendment did not have a significant effect on the Group financial statements.
- Amendment to IFRS 3, 'Business combinations'. The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. The amendment did not have a significant effect on the Group financial statements.
- Amendment to IFRS 8, 'Operating segments'. The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. The amendment did not have a significant effect on the Group financial statements.
- Amendment to IFRS 13, 'Fair value measurement'. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. The amendment did not have a significant effect on the Group financial statements.
- IAS 16, 'Property, plant and equipment', and 'IAS 38', 'Intangible assets'. Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The amendment did not have a significant effect on the Group financial statements.
- IAS 24, 'Related party disclosures'. The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The amendment did not have a significant effect on the Group financial statements.
- IFRS 13, 'Fair value measurement'. The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. The amendment did not have a significant effect on the Group financial statements.
- IFRS 3, 'Business combinations'. The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment did not have a significant effect on the Group financial statements.

c) New and amended standards and interpretations not yet adopted

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2016:

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets. The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. The amendment is not expected to have a significant impact on the Group.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption. The amendments clarify the application of the consolidation exemption for investment entities and their subsidiaries. The amendment is not expected to have a significant impact on the Group.
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The standard is not expected to have a significant impact on the Group.
- Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative. In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment is not expected to have a significant impact on the Group.
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendment is not expected to have a significant impact on the Group.
- Amendments to IAS 27, 'Separate financial statements' on equity accounting. In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendment is not expected to have a significant impact on the Group.

2. Significant accounting policies continued

- IFRS 15 – 'Revenue from contracts with customers'. This standard is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. The standard is not expected to have a significant impact on the Group.
- IFRS 9 – 'Financial Instruments' (2009 & 2010). The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and de-recognition of financial instruments. The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. The standard is not expected to have a significant impact on the Group.
- Amendment to IFRS 9 – 'Financial instruments', on general hedge accounting. The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9. The amendment is not expected to have a significant impact on the Group.
- IFRS 16 – 'Leases'. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard is not expected to have a significant impact on the Group.
- IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment is not expected to have a significant impact on the Group.
- IFRS 7 – 'Financial Instruments: Disclosures'. Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase, and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report. The amendment is not expected to have a significant impact on the Group.
- IFRS 7 – 'Financial Instruments: Disclosures'. Servicing contracts – The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The amendment is not expected to have a significant impact on the Group.
- IAS 19 – 'Employee Benefits'. Discount rate: regional market issue – The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment is not expected to have a significant impact on the Group.

d) Significant judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the consolidated financial statements require management to make judgements and/or estimates. These judgements and estimates are continuously evaluated and are based on management's experience and best knowledge of the relevant facts and circumstances, but actual results may differ from the amounts included in the consolidated financial statements. The life of mine plans are central to a number of key estimates. Information about such judgements and estimations is included in the accounting policies and/or notes to the consolidated financial statements, and the key areas are summarised below. Areas of judgement and key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the consolidated financial statements include:

- Estimates of the quantities of proven and probable gold and copper reserves – Note 2h)
- Estimates included within the life-of-mine planning such as the timing and viability of processing of long term stockpiles – Note 2n)
- The capitalisation of production stripping costs – Note 2i)
- The capitalisation of exploration and evaluation expenditures – Notes 2l) and 9
- Review of goodwill, tangible and intangible assets' carrying value, the determination of whether a trigger for an impairment review exists, whether these assets are impaired and the measurement of impairment charges or reversals – Notes 2o), 2p), 2q), 2r), 20 and 21
- The estimated fair values of cash generating units for impairment tests, including estimates of future costs to produce proven and probable reserves, future commodity prices, foreign exchange rates and discount rates – Notes 2r) and 7
- The estimated useful lives of tangible and long-lived assets and the measurement of depreciation expense – Notes 2o) and 20
- Property, plant and equipment held under finance leases – Notes 2o) and 20
- Recognition of a provision for environmental rehabilitation and the estimation of the rehabilitation costs and timing of expenditure – Notes 2u) and 28
- Whether to recognise a liability for loss contingencies and the amount of any such provision – Notes 2u), 28 and 34
- Whether to recognise a provision for accounts receivable, and in particular the indirect tax receivables from the Tanzanian Government, a provision for obsolescence on consumables inventory and the impact of discounting the non-current element of the indirect tax receivable – Notes 2n), 2y), 2w), 17, 18 and 23
- Recognition of deferred income tax assets, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes – Notes 2y), 13 and 22
- Determination of the cost incurred in the productive process of ore stockpiles, gold in process, gold doré/bullion and concentrate, as well as the associated net realisable value and the split between the long-term and short-term portions – Notes 2n) and 17
- Determination of fair value of derivative instruments – Notes 2w) and 31
- Determination of fair value of share options and cash-settled share-based payments – Notes 2v) and 25

e) Basis of consolidation

The consolidated financial statements set out the Group's financial position as at 31 December 2015 and 31 December 2014, and operating results and cash flows for the years then ended. The consolidated financial statements of the Group incorporate the financial statements of the Company and companies controlled by the Company (its subsidiaries). Subsidiaries are entities to which the Company is exposed or has the rights to variable returns from its involvement and has the ability to affect those returns through its power. Control exists when the Company has existing rights that give the ability to direct relevant activities, exposure or rights to variable returns from its involvement and the ability to use its power to affect the amount of returns. The consolidated financial statements include all of the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany transactions as noted above.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are included in the consolidated financial statements from the date on which control passed to the Group, and have been excluded from the date on which control transferred out of the Group. For partly-owned subsidiaries, the net assets and net earnings attributable to non-controlling interests are presented as "Equity attributable to non-controlling interests" in the consolidated balance sheet and "Net profit attributable to non-controlling interests" in the consolidated income statement, respectively.

f) Business combinations

On acquiring a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable net assets on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalised within 12 months of the acquisition date. Acquisition costs are expensed.

When purchase consideration is contingent on future events, the initial cost of the acquisition recorded includes an estimate of the fair value of the contingent amounts expected to be payable in the future. The cost of the acquisition is adjusted when revised estimates are made, with corresponding adjustments made to the income statement.

When the cost of acquisition exceeds the fair values of the identifiable net assets, the difference is treated as purchased goodwill, which is reviewed for impairment annually or when there is an indication of impairment. If the fair value attributable to the Group's share of the identifiable net assets exceeds the cost of acquisition, the difference is recognised in the income statement.

g) Foreign currency translation

The Group's transactions are denominated in a number of different currencies (primarily US dollars, Tanzanian shillings ('shillings'), South African rands ('rands'), UK pounds sterling ('pounds') and Australian dollars. The Group has liabilities that are primarily denominated in US dollars. The US dollar is the Company's (and its main subsidiaries') functional currency, as well as the Group's presentation currency.

Transactions in currencies other than the US dollar are translated at the exchange rates as at the date of transaction. Monetary assets and liabilities denominated in currencies other than the US dollar are translated to US dollars at year-end exchange rates. All differences that arise are recorded in the income statement. Non-monetary assets measured at historical cost in a currency other than US dollars are translated using the exchange rates at the date of the initial transactions.

Where non-monetary assets are measured at fair value in a currency other than US dollars they are translated into US dollars using the exchange rates on the date when the fair value was determined.

The following exchange rates to the US dollar have been applied:

	As at 31 December 2015	**Average Year ended 31 December 2015**
South African rand (US$:ZAR)	**15.47**	**12.72**
Tanzanian shilling (US$:TZS)	**2,149**	**1,993**
Australian dollar (US$:AUD)	**1.37**	**1.33**
UK pound (US$:GBP)	**0.68**	**0.65**

	As at 31 December 2014	Average Year ended 31 December 2014
South African rand (US$:ZAR)	11.54	10.85
Tanzanian shilling (US$:TZS)	1,726	1,653
Australian dollar (US$:AUD)	1.22	1.11
UK pound (US$:GBP)	0.64	0.61

h) Determination of ore reserves

The Group estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with the Canadian Securities Administrators' National Instrument 43-101 "Standards of Disclosure for Mineral Projects" requirements. Reports to support these estimates are prepared each year. Proven and probable ('2P') reserves, and for certain mines other mineral resources, determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of life of mine stripping ratios and for forecasting the timing of the payments related to the environmental rehabilitation provision.

In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being revised.

i) Stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalised as mine development costs.

Stripping costs incurred during the production stage of a pit are accounted for as the costs of the inventory produced during the period that the stripping costs were incurred, unless these costs provide a future economic benefit to an identifiable component of the ore body. Production phase stripping costs generate a future economic benefit when the related stripping activity: (i) improves access to a component of the ore body to be mined in the future, (ii) increases the fair value of the mine (or pit) as access to future mineral reserves becomes less costly; (iii) increases the productive capacity or extends the productive life of the mine (or pit). For production phase stripping costs that generate a future economic benefit, the current period stripping costs are capitalised as open pit mine development costs.

2. Significant accounting policies continued

Capitalised open pit mine development costs are depreciated on a units of production basis whereby the denominator is the estimated ounces of recoverable gold in proven and probable reserves and the portion of resources considered probable of economic extraction based on the current life of mine plan in the components of the ore body that have been made more accessible through the stripping activity. Capitalised open pit mine development costs are depreciated once the open pit has entered production and the future economic benefit is being derived.

j) Revenue recognition

Revenue is recognised when persuasive evidence exists that all of the following criteria are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Gold doré sales

Gold doré is unrefined gold bullion bars usually consisting of 90% gold that is refined to pure gold bullion prior to sale to our customers. Revenue from gold doré sales is recognised at the time of sale to a third party. The sales price is based on the gold spot price at the time of sale.

Concentrate sales

Concentrate is a processing product containing the valuable ore mineral gold, copper and silver from which most of the waste mineral has been eliminated, that undergoes a smelting process to convert it into gold bullion, copper and silver concentrate. Under the terms of concentrate sales contracts with independent smelting companies, gold, copper and silver in concentrate is sold at trailing monthly average spot prices based on contract quotational periods.

Revenue is recorded at the shipped on board date, which is also when risks and rewards pass to the smelting companies, using market prices on the expected date that final sales prices will be fixed. Variations between the price recorded at the shipment date and the actual final price set under the smelting contracts are caused by changes in market prices, and result in an embedded derivative in accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included as a component of revenue.

Co-products

Revenue from the sale of co-products, such as copper and silver, contained in doré or concentrates are recognised in revenue.

k) Cost of sales

Cost of sales consists of direct mining costs (which include personnel costs, general and administrative costs, energy costs (principally diesel fuel and electricity), maintenance and repair costs, operating supplies, external services, third-party smelting, refining and transport fees), and depreciation related to sales as well as production taxes and royalty expenses for the period. Cost of sales is based on average costing for contained or recoverable ounces sold as well as production taxes and royalty expense for the period. All costs are net of any impairment to reduce inventory to its net realisable value.

l) Exploration and evaluation

Exploration expenditures

Exploration expenditures relate to the initial search for mineral deposits with economic potential as well as expenditures incurred for the purposes of obtaining more information about existing mineral deposits. Exploration expenditures typically comprise costs that are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies;
- exploratory drilling and sampling for the purposes of obtaining core samples and the related metallurgical assay of these cores; and
- drilling to determine the volume and grade of deposits in an area known to contain mineral resources or for the purposes of converting mineral resources into proven and probable reserves.

Exploration expenditures incurred at greenfield sites (sites where the Group does not have any mineral deposits that are already being mined or developed) are typically expensed as incurred, unless it can be demonstrated that the related evaluation expenditures will generate a future economic benefit. Exploration expenditures incurred at brownfield sites (sites that are adjacent to a mineral deposit that is classified within proven and probable reserves and are already being mined or developed) are capitalised if the following criteria are met:

- the drilling is being done in an inferred or measured and indicated resource; and
- there is an existing proven and probable reserve that is contiguous or adjacent to where the drilling is being done; and
- it is probable that the resource will be converted to a proven and probable reserve.

The assessment of probability is based on the following factors: results from previous drill programmes; results from a geological study; results from a mine scoping study confirming economic viability of the resource; and preliminary estimates of the volume and grade of the deposit, and the net cash flows expected to be generated from its development. Costs incurred at brownfield sites that meet the above criteria are capitalised as a component of property, plant and equipment ('mine development costs') pursuant to IAS 16, 'Property, Plant and Equipment'. All other drilling and related exploration costs incurred at these sites are expensed as mine site exploration. Exploration expenditures incurred for the purposes of determining additional information on a mineral deposit that is classified within proven and probable reserves or for the purposes of extending an existing mineral deposit that is classified within proven and probable reserves and is already being mined or developed are also capitalised as mine development costs.

Evaluation expenditures

Evaluation expenditures arise from a detailed assessment of deposits or other projects that have been identified as having economic potential in order to determine their technical feasibility and commercial viability. They typically include costs directly attributable to:

- detailed engineering studies;
- examination and testing of extraction methods and metallurgical/treatment processes;
- surveying transportation and infrastructure requirements;
- permitting activities; and
- detailed economic evaluations to determine whether development of the reserves is commercially justified, including the preparation of scoping, pre-feasibility and final feasibility studies.

Evaluation expenditures incurred at greenfield and brownfield sites are expensed as incurred, unless it can be demonstrated that the related evaluation expenditures will generate a future economic benefit.

Evaluation expenditures incurred at operating mines/development projects are capitalised as a component of property, plant and equipment, “Mining properties and development costs”, respectively.

Acquired exploration and evaluation properties

Exploration and evaluation stage properties acquired either as an acquisition of individual assets or as part of a business combination are capitalised as an intangible asset, “Acquired exploration and evaluation properties”. Exploration and evaluation stage properties represent interests in properties that do not have mineralised material classified within proven and probable reserves. The value of such properties is primarily driven by the nature and amount of mineralised material contained in such properties, including value attributable to the rights to explore or develop: i) a property containing mineralised material classified as a measured, indicated or inferred resource; or ii) a prospective greenfield property with significant exploration potential. Exploration and evaluation expenditures incurred on such properties subsequent to their acquisition are expensed as incurred until the technical and commercial viability of developing the property has been demonstrated under the same criteria described above for exploration and evaluation expenditures.

m) Earnings per share

Basic earnings per share is computed by dividing net profit for the period attributable to the owners of the Company by the weighted average number of Ordinary Shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if additional Ordinary Shares are assumed to be issued under securities that entitle their holders to obtain Ordinary Shares in the future. For share options, the number of additional shares for inclusion in diluted earnings per share calculations is determined using the treasury share method. Under this method, share options, whose exercise price is less than the average market price of our Ordinary Shares, are assumed to be exercised and the proceeds are used to repurchase Ordinary Shares at the average market price for the period. The incremental number of Ordinary Shares issued under share options and repurchased from proceeds is included in the calculation of diluted earnings per share.

n) Inventories

Material extracted from the Group’s mines is classified as either ore or waste. Ore represents material that, at the time of extraction, is expected to be processed into a saleable form and sold at a profit. Waste represents material that is required to be removed to access ore bodies. Ore stockpiles are classified within inventory as material is extracted from the open pit or underground mine. Ore is accumulated in stockpiles that are subsequently processed into gold in a saleable form under a mine plan that takes into consideration optimal scheduling of production of our reserves, present plant capacity, and the market price of gold and copper. Work in process inventory represents gold, copper and silver in the processing circuit that has not completed the production process, and is not yet in a saleable form. Finished goods inventory represents gold in saleable form that has not yet been shipped. Mine operating supplies represent commodities and other raw materials consumed in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items. Inventories are valued at the lower of cost and net realisable value, with cost being determined on a weighted average cost basis. Average costs are calculated by reference to the cost of inventory at the beginning of the period together with the cost of inventory produced in a period.

Gold, copper and silver ore contained in stockpiles is measured by estimating the number of tonnes added and removed from the stockpile, and the associated estimate of gold contained therein (based on assay data) and applying estimated metallurgical recovery rates (based on the expected processing method). Stockpile ore tonnages are verified by periodic surveys. Costs are allocated to ore stockpiles based on quantities of material stockpiled using current mining costs incurred up to the point of stockpiling the ore and include: direct labour costs; materials and contractor expenses which are directly attributable to the extraction of ore, including an allocation of stripping costs attributable to current period production; an allocation of mine site overhead costs; and depreciation of mining properties and property, plant and equipment used in the extraction of ore, reduced by an allocation of capitalised stripping costs. As ore is processed, costs are removed based on recoverable quantities of gold and the stockpile’s average cost per unit. Ore that is not expected to be processed in the 12 months following the balance sheet date is classified as non-current.

Costs capitalised in process and finished goods inventory include: the cost of stockpiles processed; the cost of commodities and raw materials consumed in the production process; direct labour; repair and maintenance costs; energy costs; depreciation of property, plant and equipment used in the production process; and an allocation of mine site overhead costs. Costs are removed from finished goods inventory and recorded in cost of sales based on the average cost per ounce of gold, copper and silver sold in the period.

Cost of mine operating supplies is the purchase cost, including allocated freight costs where applicable.

Provisions are recorded to reduce ore stockpiles, work in process and finished goods inventory to net realisable value where the net realisable value of the inventory is lower than its cost at each balance sheet date. Net realisable value is determined with reference to relevant market prices less applicable variable selling expenses. Provisions recorded also reflect an estimate of the remaining costs of completion to bring the inventory into its saleable form. Provisions are recorded to reduce mine operating supplies to net realisable value, which is generally calculated by reference to its salvage or scrap value, when it is determined that the supplies are slow moving and/or obsolete. Provisions are reversed to reflect subsequent recoveries in net realisable value where the inventory is still on hand at the balance sheet date.

o) Property, plant and equipment

Mineral properties and mine development costs

Mineral properties and mine development costs are stated at cost, less accumulated depreciation and applicable accumulated impairment losses. The acquisition cost of a mineral property is the estimated fair value of proven and probable reserves and measured, indicated and inferred resources acquired as a result of a business combination or asset acquisition. Where the asset is acquired separately, the cost is given the fair value of the consideration given. Capitalised mine development costs include: pre-production stripping costs; production stripping costs that result in a future economic benefit (refer to Note 2i) for capitalisation criteria for stripping costs); costs incurred to access reserves at underground mining operations; and exploration and evaluation expenditures that result in a probable future economic benefit (refer to Note 2l) for capitalisation criteria for exploration and evaluation expenditures).

Development costs incurred at underground mines to build new shafts, drifts and ramps that provide physical access to the underground ore are capitalised as incurred. These costs can be incurred throughout the life of the underground mine.

2. Significant accounting policies continued

Plant and equipment

Plant and equipment is recorded at cost, less accumulated depreciation and applicable impairment losses. Cost includes all expenditures incurred to prepare an asset for its intended use including: the purchase price; brokers' commissions; and installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties and borrowing cost.

Costs that extend the productive capacity or useful economic life of an asset are capitalised. Costs incurred that do not extend the productive capacity or useful economic life of an asset are considered repairs and maintenance and expensed as incurred.

The Group enters into leasing arrangements and arrangements that are in substance leasing arrangements. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, including whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. A reassessment after inception is only made in specific circumstances. Leasing arrangements that transfer substantially all the risks and rewards of ownership of the asset to the Group are classified as finance leases.

Finance leases are recorded as an asset with a corresponding liability at an amount equal to the lower of the fair value of the leased property and the present value at the beginning of the lease term of the minimum lease payments over the term of the lease. Each lease payment is allocated between the liability and finance costs using the effective interest method, whereby a constant rate of interest expense is recognised on the balance of the liability outstanding. The interest element of the lease is charged to the income statement as a finance expense. The property, plant and equipment assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. All other leases are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Assets under construction

Assets in the course of construction at both our development projects and operating mines are capitalised in the "assets under construction" account. The cost of assets under construction comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use, at which point it is transferred to property, plant and equipment and depreciation commences. Development projects are recorded at cost, less applicable accumulated impairment losses. Development projects represent interests in properties that contain proven and probable reserves and where development activities are ongoing. The cost of development projects is composed of: the estimated fair value of development stage assets acquired as a result of a business combination or an asset acquisition; and costs associated with the construction of tangible assets, such as processing plants, permanent housing facilities and other tangible infrastructure associated with the project. Assets under construction also contain deposits on long lead items. The capitalised cost of closure and rehabilitation activities is initially included in assets under construction and subsequently transferred to Mineral Properties. Assets under construction are not depreciated.

Depreciation

Property, plant and equipment is depreciated, net of residual value, over its useful life, or over the remaining life of the mine if shorter on a straight-line basis. For mineral properties and mine development costs, the economic benefits of the assets are consumed in a pattern which is linked to the production level. Such assets are depreciated on a unit of production basis. Depreciation commences when assets are available for their intended use. In applying the units of production method, depreciation is normally calculated using the quantity of gold, copper and silver extracted from the mine (or pit) in the period as a percentage of the total quantity of material expected to be extracted in current and future periods based on estimates of recoverable proven and probable reserves and, for some mines, mineral resources. Such non-reserve material may be included in the depreciation calculations where there is a high degree of confidence in its economic extraction and the production of the non-reserve material is reflected in the life of mine plan.

Development costs that relate to a discrete section of an ore body and which only provide benefit over the life of those reserves are depreciated over the recoverable proven and probable reserves of that discrete section. Discrete sections include capitalised underground development costs or production stripping costs incurred for the purposes of providing access to specific ore blocks or areas of the mine and which only provide an economic benefit over the period of mining that ore block or area. Development costs incurred which benefit the entire ore body are depreciated over the recoverable proven and probable reserves of the entire ore body.

The expected depreciation rates of the major categories of assets are as follows:

Mineral properties and development costs	UOP[1]
Plant and equipment	4% – 25%
Underground mobile equipment	14.3% – 20%
Light vehicles and other mobile equipment	33.3% – 50%
Furniture, computer and office equipment	33.3% – 50%

1 UOP indicates assets which are depreciated on the basis of units of production ('UOP'), in this case ounces of gold, copper and silver produced in a period divided by the total recoverable reserves and resources of gold, copper and silver expected to be mined based on the current life of mine plans.

Each asset's estimated residual value and useful life is reviewed, and adjusted if appropriate, on an annual basis. The estimate of residual value and useful life is based on the physical condition and life limitations of buildings, plant and equipment and the present assessment of economically recoverable reserves of the mine for the mining property and development cost asset. Changes to the estimated residual values or useful lives are accounted for prospectively.

p) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill is initially determined based on provisional fair values. Fair values are finalised within 12 months of the acquisition date. For non-wholly-owned subsidiaries, non-controlling interests are initially recorded based on the minorities' proportion of the fair values for the assets and liabilities recognised at acquisition.

Goodwill that is acquired through business combinations is allocated to cash generating units ('CGUs'), or groups of CGUs, that are expected to benefit from the synergies of the business combination. Each of the Group's CGUs that has an allocation of goodwill is also an operating segment as defined by IFRS 8. Consequently, goodwill is tested for impairment at the individual CGU level.

Goodwill is not amortised; rather it is tested annually for impairment in accordance with accounting policy (Note 2r). Goodwill impairments are not reversible.

q) Intangible assets

Intangible assets acquired by way of an asset acquisition or business combination are recognised if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. On acquisition of a mineral property in the exploration stage, we prepare an estimate of the fair value attributable to the exploration potential, including mineral resources, if any, of that property. The fair value of the exploration potential is recorded as an intangible asset (acquired exploration potential) as at the date of acquisition. When an exploration stage property moves into development, any acquired exploration intangible asset balance attributable to that property is transferred to non-depreciable mining interests within property, plant and equipment.

Impairment testing and the reversal of impairments are conducted in accordance with accounting policy (Note 2r).

r) Impairment of non-current assets

Goodwill is reviewed for impairment annually or at any time during the year if an indicator of impairment is considered to exist. We review and test the carrying amounts of intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

An impairment loss shall be recognised for a CGU if, and only if, the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss shall first be allocated to goodwill and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognised in prior years for non-financial assets other than goodwill shall be reversed if, and only if, there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. This reversal is recognised in the consolidated statement of income and is limited to the carrying amount that would have been determined, net of any depreciation, had no impairment been recognised in prior years. After such a reversal, any depreciation charge is adjusted prospectively.

The recoverable amount of an asset is assessed by reference to the higher of value in use ('VIU') being the net present value ('NPV') of future cash flows expected to be generated by the asset, and fair value less costs to dispose ('FVLCD'). Impairment assessments are conducted at the level of CGUs, which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. Each operating mine and development project represents a CGU for impairment testing purposes. An impairment loss is recognised for any excess of carrying amount of a CGU over its recoverable amount.

The FVLCD of a CGU is based on an estimate of the amount that the Group may obtain in a sale transaction on an arm's length basis. There is no active market for the Group's CGUs. Consequently, FVLCD is derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions. Cost to sell is based on management's best estimates of future selling costs at the time of calculating FVLCD. Costs attributable to the sale of a CGU are not considered significant.

The expected future cash flows utilised in the NPV model are derived from estimates of projected future revenues, future cash costs of production and capital expenditures contained in the life of mine ('LOM') plan for each CGU, which are updated on an annual basis. The Group's LOM plans reflect proven and probable reserves and convertible resources and are based on detailed research, analysis and modelling to optimise the internal rate of return for each CGU. As such, these plans consider the optimal level of investment, overall production levels and sequence of extraction taking into account all relevant characteristics of the ore body, including waste-to-ore tonnes ratios, ore grades, haul distances, chemical and metallurgical properties impacting process recoveries and capacities of available extraction, haulage and processing equipment. Projected future revenues reflect the forecasted future production levels at each CGU as detailed in the LOM plans. Included in these forecasts is the production of some mineral resources that do not currently qualify for inclusion in proven and probable ore reserves where there is a high degree of confidence in their economic extraction. This is consistent with the approach that a market participant would utilise in preparing a forecast of expected production levels. Projected future revenues also reflect the Group's estimate of long-term gold prices, which is determined based on current prices, an analysis of the expected total production costs of producers and forward pricing curves and forecasts of expected long-term prices prepared by research analysts. These estimates often differ from current price levels, but this methodology is consistent with how a market participant would assess long-term gold prices.

The estimates of future cash costs of production and capital expenditures are derived from the LOM plans for each CGU. Costs incurred in currencies other than the US dollar are translated to US dollars using expected long-term exchange rates based on the relevant forward pricing curve for that currency. Oil prices are a significant component, both directly and indirectly, of the expected cash costs of production. Estimates for long-term oil prices used in the LOM plans are based on the spot price at the time, the forward pricing curve and long-term oil price forecasts prepared by analysts.

The discount rate applied to present value is based upon the real weighted average cost of capital applicable to the CGU. The discount rate reflects equity risk premiums over the risk-free rate, the impact of the remaining economic life of the CGU and the risks associated with the relevant cash flows based on the country in which the CGU is located. These risk adjustments are based on observed equity risk premiums, historical country risk premiums and average credit default swap spreads for the period.

In determining FVLCD, a market multiple is applied to the NPV of each CGU. Gold companies typically trade at a market capitalisation that is based on a multiple of their underlying NPV. Consequently, a market participant would generally apply an NPV multiple when estimating the fair value of a gold property. The NPV multiple utilised in the determination of the FVLCD of a CGU considers the NPV multiples observed on comparable companies. These observed multiples are primarily derived from research analyst reports and take into consideration the following: i) estimate of underlying NPV prepared by the analyst; ii) estimate of target market capitalisation prepared by the analyst; iii) market capitalisation on the date of the analyst report; and iv) market capitalisation on the date of the impairment test. The NPV multiple applied also takes into consideration the remaining economic life of the CGU. For CGUs with a remaining economic life of five years or less, an NPV multiple on the lower end of the observed multiple range is utilised. For other CGUs, the median observed NPV multiple is utilised.

The VIU of a CGU is generally lower than its FVLCD, due primarily to the inclusion of future, as yet unapproved, capital expenditure when determining its FVLCD. Consequently, the recoverable amount of a CGU for impairment testing purposes is determined based on its FVLCD.

s) Other reserves

The Company did not exist until 12 January 2010, and did not become the parent company for the Group until 22 February 2010 when the transfer of the members of the Group pursuant to the Pre-IPO Reorganisation was completed. As part of the IPO re-organisation in 2010 a distributable reserve was created following a capital reduction.

t) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2. Significant accounting policies continued

u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation costs

The mining, extraction and processing activities of the Group normally give rise to obligations for environmental rehabilitation. Rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials and site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and the Group's environmental policies.

Provisions for the cost of each rehabilitation programme are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. The major parts of the carrying amount of provisions relate to tailings pond closure/rehabilitation; demolition of buildings/mine facilities; ongoing water treatment; and ongoing care and maintenance of closed mines. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Estimated costs included in the determination of the provision reflect the risks and probabilities of alternative estimates of cash flows required to settle the obligation at each particular operation. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event occurs that gives rise to an obligation and reliable estimates of the required rehabilitation costs can be made.

The timing of the actual rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Expenditure may occur before and after closure and can continue for an extended period of time depending on rehabilitation requirements. The majority of the expenditure is expected to be paid over periods of up to 30 years with some payments into perpetuity. Rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value using a current, market-based estimate of the real risk-free pre-tax discount rates. The unwinding of the discount is included in finance expense and results in an increase in the amount of the provision. Provisions are updated each reporting period for the effect of a change in the discount rate and the change in estimate is added or deducted from the related asset and depreciated prospectively over the asset's useful life.

Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, Group environmental policies which give rise to a constructive obligation.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in property, plant and equipment and depreciated accordingly.

It is possible that management's estimates of provisions could change as a result of changes in regulations, the extent of rehabilitation required, and the means of reclamation or cost estimates. Rehabilitation provisions are adjusted as a result of changes in estimates. Those adjustments are accounted for as a change in the corresponding value of the related asset, except where a reduction in the provision is greater than the remaining net book value of the related assets, in which case the value is reduced to nil and the remaining adjustment is recognised in the income statement. In the case of closed sites, changes to estimated costs are recognised immediately in the income statement. Changes to the capitalised cost result in an adjustment to future depreciation and finance expense. On an annual basis, the Group reviews for changes in cost estimates, discount rates or life of operations.

v) Employee benefits

The Group operates an equity-settled, share-based compensation plan (the 'Share Option Plan'), a long-term incentive plan (the 'LTIP'), a legacy restricted share unit plan (the 'Legacy RSU Plan') and a deferred share unit plan (the 'DSU' Plan).

Share-based payments

Share options

Share options can be granted under either the Company LTIP or the Share Option Plan. The Company receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company may issue new shares or procure the transfer of existing shares to satisfy the exercise. Where shares are issued, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Long-term incentive plans

The Company has a cash-settled, Restricted Share Unit ('RSU') plan for select employees. Under the terms of the RSU plan, selected employees are granted RSUs where each RSU has a value equal to one Ordinary Share of the Company. RSUs granted to Executive Directors and the other members of the Executive Leadership Team vest based on the Company's Total Shareholder Return ('TSR') performance against the market cap-weighted TSR of a comparator group of companies over the vesting period (referred to as Performance RSUs). RSUs vest over a two-and-a-half or three-year period and are settled in cash. Additional RSUs are credited to reflect dividends paid on Ordinary Shares of the Company during the vesting period with a corresponding charge to the compensation expense. A liability for RSUs is measured at fair value on the grant date and is recognised on a straight-line basis over the vesting period, with a corresponding charge to the compensation expense. At the grant date the fair value of the awards is determined from the market value of the shares at the date of award and adjusted for any market based vesting conditions attached to the award e.g. relative TSR performance. Changes in the fair value of the RSU liability, due to changes in the price of Ordinary Shares of the Company, are recorded each period, with a corresponding charge to the compensation expense.

Compensation expenses recognised for RSUs incorporate an estimate for expected forfeiture rates. The expected forfeiture is estimated based on historical forfeiture rates of the Group and expectations of future forfeiture rates. Adjustments to compensation expense are recognised in periods where the actual forfeiture rate differs from the expected rate.

Legacy RSU plan

Historically, the Barrick Group has maintained a Restricted Share Unit ('RSU') plan for selected employees who now work for the Group. This plan operates in an incidental manner to the Company RSU plan. These existing legacy restricted share units will continue to be administered and accounted for based on the movement of the fair value of the Barrick Ordinary Share for recording of liabilities and compensation expense.

LTIP deferred share units

Under the Deferred Share Unit ('DSU') plan, the Non-Executive Directors can elect to receive all or part of their annual director fees in DSUs. Each DSU has the same value as one Acacia Ordinary Share. DSUs must be retained until the Director leaves the Board, at which time the cash value of the DSU is paid out. Additional DSUs are credited to reflect dividends paid on Acacia Ordinary Shares. A liability for DSUs is measured at fair value on the grant date and is recognised on a straight-line basis over the vesting period, with a corresponding charge to the Directors' compensation expense. At the grant date the fair value of the awards is determined from the market value of the shares at the date of award. Changes in the fair value of the DSU liability, due to changes in the price of Ordinary Shares of the Company, are recorded each period, with a corresponding charge to the Directors' compensation expense.

Defined contribution plan

The Group's Tanzanian employees are members of either the National Social Security Fund ('NSSF') or the Parastatal Pension Fund ('PPF'), which are defined contribution plans. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods. The Group and employees both contribute 10% of the employees' gross salaries to the schemes. The contributions are charged to the income statement when they are due.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Bonus plans

The Group recognises a liability and an expense for bonuses where it is contractually obliged or where there is a past practice that has created a constructive obligation.

Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

w) Financial instruments

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. For the purposes of the balance sheet, cash and cash equivalents include cash, and money market funds. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. These are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets, where the receivables are discounted and held at their net present value.

Loans and receivables comprise trade and other receivables, other assets and cash and cash equivalents at the balance sheet date.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the provision is recognised in the income statement.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

b) hedges of the income/cost of a highly probable forecast transaction or commitment (cash flow hedge); or

c) hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 31. Movements in the hedging reserve are shown in other comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2. Significant accounting policies continued

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion is recognised in the income statement within "finance costs". The gain or loss relating to the ineffective portion is recognised in the income statement within other charges. Changes in the fair value of the hedge attributable to interest rate risk are recognised in the income statement within "finance costs".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "other charges".

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion is recognised in the income statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within "other charges".

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

Embedded derivatives

Contracts are assessed for the existence of embedded derivatives at the date that the Group first becomes party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. Embedded derivatives which are not clearly and closely related to the underlying asset, liability or transaction are separated and accounted for as stand-alone derivatives.

Financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost using the effective interest rate method.

x) Finance income and finance expense

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Interest is recognised as a borrowing cost on a time proportion basis using the effective interest method. Borrowing costs that relate directly to the construction of property, plant and equipment during the time that it is required to complete and prepare the asset for its intended use are capitalised as part of the cost of the asset.

y) Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit/loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Uncertainties regarding availability of tax losses, in respect of enquiries raised and additional tax assessments issued, have been measured using the single best estimate of likely outcome approach.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Indirect tax

Indirect tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in indirect tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions or receivables where appropriate on the basis of amounts expected to be paid to or received from the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. If the receivable is expected to be received in more than 12 months from year end, the receivable is discounted and held at its present value. Amounts expected to be payable or receivable in more than 12 months are classified as non-current assets or liabilities in the balance sheet, as appropriate.

z) Royalties

Royalty arrangements based on mineral production are in place at each operating mine. The primary type of royalty is a net smelter return ('NSR') royalty. Under this type of royalty the Group pays the holder an amount calculated as the royalty percentage multiplied by the value of gold production at market gold prices less third-party smelting, refining and transportation costs.

The North Mara mine is also subject to a land royalty (land tenements ('LT')) based on the net revenue derived from the open pit mines.

Royalty expense is recorded when revenue from the sale of gold, copper and silver production is recognised.

The following percentages apply:

Bulyanhulu	4% NSR[1]
North Mara – Nyabirama and Nyabigena pits	4% NSR[1], 1% LT
North Mara – Gokona pit and underground	4% NSR[1], 1.1% LT
Buzwagi	4% NSR[1], 30% NPI[2]

1 The Group agreed to a voluntary 1% increase in the NSR royalty rate in 2012.
2 The NPI is calculated as a percentage of profits realised from the Buzwagi mine after all capital, exploration and development costs and interest incurred in relation to the Buzwagi mine have been recouped and all operating costs relating to the Buzwagi mine have been paid. No amount is currently payable.

aa) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each finance lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

bb) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Discontinued operations and disposal Group assets and liabilities held for sale

On 15 November 2013, Acacia announced that an agreement was reached with STAMICO, the Tanzanian State Mining Corporation, whereby STAMICO would acquire the Tulawaka Gold Mine ('Tulawaka') and certain exploration licences surrounding Tulawaka for consideration of US$4.5 million and the grant of a 2% net smelter royalty on future production in excess of 500,000 ounces, capped at US$500,000.

On 4 February 2014, Acacia announced the completion of the sale. STAMICO has taken ownership and management of the rehabilitation fund established as part of the closure plan for the mine, in return for the assumption of all remaining past and future closure and rehabilitation liabilities for Tulawaka, and has indemnified the other parties to the agreement in relation to these liabilities. The transfer was completed with a net cash payment of US$11.6 million by Acacia to STAMICO for the balance of the rehabilitation fund, less the transaction consideration. This resulted in a gain of US$4.1 million. After non operational costs incurred in the year to 31 December 2014 and other closing adjustments, it resulted in a total cash outflow of US$5.3 million for 2014.

2014 results relating to Tulawaka have been aggregated in one line called "Net profit from discontinued operations" following the sale of Tulawaka in February 2014.

Below is a summary of the results of Tulawaka for the year ended 31 December:

(in thousands of United States dollars)	2015	2014
Results of discontinued operations:		
Revenue	–	–
Cost of sales	–	–
Gross loss	–	–
Corporate administration	–	–
Corporate social responsibility expenses[1]	–	(118)
Impairment charges	–	–
Other charges[2]	–	805
Profit before net finance expense and taxation	–	687
Finance income	–	77
Finance expense	–	(38)
Profit before taxation	–	726
Tax credit	–	–
Net profit for the year	–	726

Below is a summary of cash flows from discontinued operations for the year ended 31 December:

(in thousands of United States dollars)	2015	2014
Operating cash flows	–	6,300
Investing cash flows	–	(11,612)
Financing cash flows	–	–
Total cash flows	–	(5,312)

1 Corporate social responsibility expenses relate to projects supported from the Acacia Maendeleo Fund.
2 Included in other charges are non-operational costs incurred since the cessation of operations of US$1.9 million, foreign exchange losses of US$1.3 million, offset by the profit on disposal of property, plant and equipment to STAMICO of US$4.1 million.

4. Segment reporting

The Group has only one primary product produced in a single geographic location, being gold produced in Tanzania. In addition the Group produces copper and silver as a co-product. Reportable operating segments are based on the internal reports provided to the Chief Operating Decision Maker ('CODM') to evaluate segment performance, decide how to allocate resources and make other operating decisions. After applying the aggregation criteria and quantitative thresholds contained in IFRS 8, the Group's reportable operating segments were determined to be: North Mara gold mine; Bulyanhulu gold mine; Buzwagi gold mine; and a separate Corporate and Exploration segment, which primarily consists of costs related to other charges and corporate social responsibility expenses as well as discontinued operations (Tulawaka gold mine). Segment results and carrying values include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Segment carrying values are disclosed and calculated as shareholders' equity after adding back debt and inter-company liabilities, and subtracting cash and inter-company assets. Segment liabilities are not reported since they are not considered by the CODM as material to segment performance. Capital expenditures comprise additions to property, plant and equipment. The Group has also included segment cash costs per ounce sold and all-in sustaining cost per ounce sold (non-IFRS financial performance measures). Segment information for the reportable operating segments of the Group for the years ended 31 December 2015 and 31 December 2014 is set out below.

	For the year ended 31 December 2015				
(in thousands of United States dollars, except per ounce amounts)	North Mara	Bulyanhulu	Buzwagi	Other	Total
Gold revenue	335,144	304,559	192,759	–	832,462
Co-product revenue	563	14,556	20,550	–	35,669
Total segment revenue	**335,707**	**319,115**	**213,309**	–	**868,131**
Segment cash operating cost[1]	(171,133)	(226,129)	(195,208)	–	(592,470)
Corporate administration and exploration	(14,317)	(16,058)	(8,434)	(20,920)	(59,729)
Other charges and corporate social responsibility expenses	(15,629)	(17,796)	(8,193)	657	(40,961)
EBITDA[2]	**134,628**	**59,132**	**1,474**	**(20,263)**	**174,971**
Impairment charges	–	–	(146,201)	–	(146,201)
Depreciation and amortisation[5]	(67,459)	(52,589)	(19,246)	(2,403)	(141,697)
EBIT[2]	**67,169**	**6,543**	**(163,973)**	**(22,666)**	**(112,927)**
Finance income					1,384
Finance expense					(12,617)
Loss before taxation					**(124,160)**
Tax expense					(72,988)
Net loss for the year					**(197,148)**
Capital expenditure:					
Sustaining	13,229	42,419	10,855	974	67,477
Expansionary	962	(957)	–	–	5
Capitalised development	48,376	59,830	1,480	–	109,686
	62,567	**101,292**	**12,335**	**974**	**177,168**
Non-cash capital expenditure adjustments					
Reclamation asset adjustment	(18,909)	(5,664)	(7,363)	–	(31,936)
Total capital expenditure	**43,658**	**95,628**	**4,972**	**974**	**145,232**
Segmental cash operating cost	171,133	226,129	195,208		592,470
Deduct: co-product revenue	(563)	(14,556)	(20,550)		(35,669)
Total cash costs	170,570	211,573	174,658		556,801
Sold ounces	288,905	265,341	166,957		721,203
Cash cost per ounce sold[2]	**590**	**797**	**1,046**		**772**
Corporate administration charges	48	52	50		48
Share-based payments	–	2	–		8
Rehabilitation – accretion and depreciation	22	6	6		12
Corporate social responsibility expenses	19	11	11		18
Capitalised stripping/UG development	167	225	9		152
Sustaining capital expenditure	69	160	65		102
All-in sustaining cost per ounce sold[2]	**915**	**1,253**	**1,187**		**1,112**
Segment carrying value[3]	**284,876**	**1,257,299**	**80,654**	**72,851**	**1,695,680**

4. Segment reporting continued

(in thousands of United States dollars, except per ounce amounts)	North Mara	Bulyanhulu	Buzwagi	Other	Continuing operations	Discontinued operations[4]	Total
	For the year ended 31 December 2014						
Gold revenue	346,790	269,390	268,815	–	884,995	–	884,995
Co-product revenue	546	17,287	27,420	–	45,253	–	45,253
Total segment revenue	**347,336**	**286,677**	**296,235**	**–**	**930,248**	**–**	**930,248**
Segment cash operating cost[1]	(171,535)	(192,363)	(196,256)	–	(560,154)	–	(560,154)
Corporate administration and exploration	(10,967)	(11,570)	(8,533)	(28,287)	(59,357)	–	(59,357)
Other charges and corporate social responsibility expenses	(8,519)	(13,811)	(11,188)	(25,190)	(58,708)	687	(58,021)
EBITDA[2]	**156,315**	**68,933**	**80,258**	**(53,477)**	**252,029**	**687**	**252,716**
Depreciation and amortisation[5]	(74,893)	(38,444)	(11,763)	(3,024)	(128,124)	–	(128,124)
EBIT[2]	**81,422**	**30,489**	**68,495**	**(56,501)**	**123,905**	**687**	**124,592**
Finance income					1,324	77	1,401
Finance expense					(10,043)	(38)	(10,081)
Profit before taxation					**115,186**	**726**	**115,912**
Tax expense					(25,977)	–	(25,977)
Net profit for the year					**89,209**	**726**	**89,935**
Capital expenditure:							
Sustaining	18,049	23,388	12,817	6,004	60,258	–	60,258
Expansionary	13,126	48,010	–	–	61,136	–	61,136
Capitalised development	40,900	60,151	31,357	–	132,408	–	132,408
	72,075	**131,549**	**44,174**	**6,004**	**253,802**	**–**	**253,802**
Non-cash capital expenditure adjustments							
Reclamation asset adjustment	16,003	6,141	(1,131)	–	21,013	–	21,013
Total capital expenditure	**88,078**	**137,690**	**43,043**	**6,004**	**274,815**	**–**	**274,815**
Segmental cash operating cost	171,535	192,363	196,256	–	560,154	–	560,154
Deduct: co-product revenue	(546)	(17,287)	(27,420)	–	(45,253)	–	(45,253)
Total cash costs	170,989	175,076	168,836	–	514,901	–	514,901
Sold ounces	274,540	215,740	213,399	–	703,680	–	703,680
Cash cost per ounce sold[2]	**623**	**812**	**791**	**–**	**732**	**–**	**732**
Corporate administration charges	37	49	38	–	46	–	46
Share-based payments	1	3	1	–	12	–	12
Rehabilitation – accretion and depreciation	18	7	5	–	11	–	11
Mine site exploration costs	2	2	1	–	1	–	1
Corporate social responsibility expenses	18	7	12	–	15	–	15
Capitalised stripping/UG development	149	279	147	–	188	–	188
Sustaining capital expenditure	99	107	60	–	100	–	100
All-in sustaining cost per ounce sold[2]	**947**	**1,266**	**1,055**	**–**	**1,105**	**–**	**1,105**
Segment carrying value[3]	**326,760**	**1,212,004**	**261,993**	**70,547**	**1,871,304**	**–**	**1,871,304**

1 The CODM reviews cash operating costs for the three operating mine sites separately from corporate administration costs and exploration costs. Consequently, the Group has reported these costs in this manner.
2 These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non IFRS measures" on page 164 for definitions.
3 Segment carrying values are calculated as shareholders' equity after adding back debt and inter-company liabilities, and subtracting cash and inter-company assets and include outside shareholder's interest.
4 Represents Tulawaka which has been discontinued.
5 Depreciation and amortisation includes the depreciation component of the cost of inventory sold.

5. Revenue

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Gold doré sales	567,478	602,173
Gold concentrate sales[1]	264,984	282,822
Copper concentrate sales[1]	31,028	40,507
Silver sales	4,641	4,746
Total	868,131	930,248

1 Concentrate sales includes negative provisional price adjustments to the accounts receivable balance due to changes in market gold, silver and copper prices prior to final settlement as follows: US$4.0 million for the year ended 31 December 2015 (US$5.4 million for the year ended 31 December 2014).

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Revenue by location of customer[2]		
Europe		
Switzerland	30,676	–
Germany	78,553	104,981
Belgium	486	–
Asia		
India	538,543	603,807
China	136,439	134,844
Japan	83,434	86,616
Total revenue	868,131	930,248

2 Revenue by location of customer is determined based on the country to which the gold is delivered.

Included in revenues for the year ended 31 December 2015 are sales to seven major customers. Revenues of approximately US$604 million (2014: US$625 million) arose from sales to four of the Group's largest customers.

6. Cost of sales

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Direct mining costs	520,943	493,933
Third-party smelting costs	21,110	24,937
Depreciation[1]	141,697	128,124
Realised losses on economic hedges	12,358	–
Royalty expense	38,059	41,284
Total[2]	734,167	688,278

1 Depreciation includes the depreciation component relating to the cost of inventory sold.
2 Cost of sales less depreciation equals cash operating costs.

7. Impairment charges

In accordance with IAS 36 "Impairment of assets" and IAS 38 "Intangible Assets" a review for impairment of goodwill is undertaken annually, or at any time an indicator of impairment is considered to exist, and in accordance with IAS 16 "Property, plant and equipment" a review for impairment of long-lived assets is undertaken at any time an indicator of impairment is considered to exist. During 2015, we have seen continued pressure on the price of gold driven by a number of market factors. Volatility of the gold price continued to be prevalent, and gold traded in a range from US$1,182 per ounce on 31 December 2014 to US$1,061 per ounce on 31 December 2015.

The shift in the gold price has required us to reassess our price assumptions for life of mine planning to realign to the current market conditions. For life of mine planning purposes, the gold price assumption for 2016 was lowered to US$1,100 per ounce, US$1,150 for 2017, and a longer-term view from 2017 onwards of US$1,200 per ounce for Bulyanhulu and North Mara. For Buzwagi, in light of its short life of mine, the current spot price has a heavier weighting on a likely achieved price, and for this reason we have used a flat spot price of US$1,100 per ounce for the remaining life of mine. This reduction in the gold price assumption, in combination with the resultant impact on reserve and resource estimations, represents an impairment trigger in our view, and as a result, we have performed impairment testing on all three operating sites in order to ensure that the recoverable value calculated exceeds the carrying values as presented.

The review compared the recoverable amount of assets for the cash generating units ('CGU') to the carrying value of the CGUs including goodwill. The recoverable amount of an asset is assessed by reference to the higher of value in use ('VIU'), being the net present value ('NPV') of future cash flows expected to be generated by the asset, and fair value less costs to dispose ('FVLCD'). The FVLCD of a CGU is based on an estimate of the amount that the Group may obtain in a sale transaction on an arm's length basis. There is no active market for the Group's CGUs. Consequently, FVLCD is derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions. Cost to dispose is based on management's best estimates of future selling costs at the time of calculating FVLCD. Costs attributable to the disposal of a CGU are not considered significant. The expected future cash flows utilised in the NPV model are derived from estimates of projected future revenues, future cash costs of production and capital expenditures contained in the life of mine ('LOM') plan for each CGU. The Group's LOM plans reflect proven and probable reserves, assume limited resource conversion, and are based on detailed research, analysis and modelling to optimise the internal rate of return for each CGU.

The discount rate applied to calculate the present value is based upon the real weighted average cost of capital applicable to the CGU. The discount rate reflects equity risk premiums over the risk-free rate, the impact of the remaining economic life of the CGU and the risks associated with the relevant cash flows based on the country in which the CGU is located. These risk adjustments are based on observed equity risk premiums, historical country risk premiums and average credit default swap spreads for the period.

The key economic assumptions used in the reviews during 2015 and 2014 were:

	For the year ended 31 December 2015	For the year ended 31 December 2014
Gold price per ounce (2016)	**US$1,100**	US$1,200
Gold price per ounce (2017)	**US$1,150**	US$1,300
Gold price per ounce (Long-term)	**US$1,200**	US$1,300
Gold price per ounce (Buzwagi)	**US$1,100**	US$1,300
South African rand (US$:ZAR)	**12.50**	11.00
Tanzanian shilling (US$:TZS)	**2,100**	1,700
Long-term oil price per barrel (2016)	**US$50**	US$100
Long-term oil price per barrel (2017)	**US$65**	US$100
Long-term oil price per barrel (Long-term)	**US$75**	US$100
Discount rate	**5%**	5%
NPV multiples	**1.00**	1.00

At Bulyanhulu and North Mara, the impairment review did not indicate a need for impairment because the recoverable amount was calculated as higher than the carrying values.

At Buzwagi, the recoverable amount calculated was US$188.7 million lower than the carrying value. In conjunction with the recoverable value review, we have also reviewed anticipated future use of supplies in light of the short life of mine and a review of classification of critical spares, resulting in a portion of the impairment allocated to supplies. As there is no goodwill relating to Buzwagi, the impairment loss was allocated as below:

(in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Gross impairment charge		
Comprising:		
Impairment of non-current inventory	**69,042**	–
Impairment of property, plant and equipment	**37,500**	–
Impairment of supplies inventory	**39,659**	–
Gross impairment charge, before tax	**146,201**	–
Deferred tax assets	**42,478**	–
Total impairment charge	**188,679**	–

For purposes of testing for impairment of long-lived assets, we have assessed whether a reasonably possible change in any of the key assumptions used to estimate the recoverable value for CGUs would result in an additional impairment charge.

Management's view is that the recoverable values are most sensitive to changes in the assumptions around gold prices and discount rates, and also sensitive to changes in the copper price. As a result, sensitivity calculations were performed for these for each of the CGUs. The sensitivity analysis is based on a decrease in the long-term gold price of US$100 per ounce, i.e. US$1,100 per ounce for North Mara and Bulyanhulu, and US$1,000 per ounce for Buzwagi, an increase in the discount rate of 1%, in isolation, and a decrease in copper prices to US$2.00 per pound, in isolation.

Buzwagi

Any decrease in gold price will result in additional impairment at Buzwagi. A decrease in the Buzwagi gold price of US$100 would result in an additional impairment expense of US$46 million. An increase of 1% in the discount rate in isolation will have an immaterial impact on the recoverable value due to the short remaining life of the operation.

A decrease in long-term copper price to US$2.00 per pound in isolation will not have a material impact on the recoverable amount.

North Mara and Bulyanhulu

In isolation, none of the reasonably possible changes set out above would result in an impairment.

8. Employee benefits

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Wages and salaries	84,809	100,181
Pension and social security costs	8,946	10,285
Other employee benefits[1]	58,429	68,868
Share-based compensation charge[2]	6,389	8,613
Total	158,573	187,947

1 Other employee benefits include bonuses, leave pay, pensions, medical expenses, severance costs (US$9.8 million) and other benefits.
2 Share-based compensation charges include costs incorporated in corporate administration, cost of sales and other charges as applicable to the relevant employees. Further details of the Group's share options and other share-based compensation plans are provided in Note 25.

Average number of employees per month	For the year ended 31 December 2015	For the year ended 31 December 2014
Operations	3,810	4,262
Exploration	70	76
Administration	198	215
Total average headcount	4,078	4,553

9. Exploration and evaluation costs

The following represents a summary of exploration and evaluation expenditures incurred at each mine site and significant exploration targets (if applicable).

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Expensed during the year:		
North Mara	389	478
Buzwagi	64	148
Bulyanhulu	4,354	7,595
Kenya	8,248	5,554
Other[1]	6,682	4,509
Total expensed	19,737	18,284
Capitalised during the year:		
North Mara	965	1,957
Bulyanhulu	–	204
Total capitalised	965	2,161
Total	20,702	20,445

1 Included in "other" are the exploration activities conducted through ABG Exploration Limited and in West Africa for the South Houndé Project. All primary greenfield exploration and evaluation activities are conducted in these companies.

10. Other charges

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Other expenses		
Operational Review costs (including restructuring cost)	9,864	13,689
Unrealised non-hedge derivative losses	–	13,621
Foreign exchange losses	23,130	13,516
Bad debt expense	–	326
Disallowed indirect taxes	1,846	710
Legal costs	2,502	6,710
One off legal settlements	7,300	–
Government levies and charges	256	1,626
Project development costs	233	1,196
Loss on disposal of property, plant and equipment	–	89
Other	3,299	86
Total	48,430	51,569
Other income		
Bad debts recovered	(465)	–
Discounting of indirect tax receivables	(5,906)	(3,648)
Profit on disposal of property, plant and equipment	(1,315)	–
Unrealised non-hedge derivative gains	(2,293)	–
De-recognition of finance lease liabilities	(3,918)	–
De-recognition of deferred consideration	(5,313)	–
Proceeds from earn-in agreement	(1,000)	–
Other	(141)	–
Total	(20,351)	(3,648)
Total other charges	28,079	47,921

11. Auditors' remuneration

During the year the Group (including its subsidiaries) obtained the following services from the Company's auditors:

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Audit fees		
Fees payable to the Company's auditors and its associates for the audit of the parent company and consolidated financial statements	**501**	562
Fees payable to the Company's auditors and its associates for other services:		
Audit of the Company's subsidiaries	**372**	426
Audit-related assurance services	**265**	269
Tax compliance services	**100**	125
Other taxation services	**128**	104
Corporate finance related services	**–**	404
Other services	**4**	8
Total	**1,370**	1,898

12. Finance income and finance expenses

a) Finance income

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Interest on time deposits	**910**	868
Other	**474**	456
Total	**1,384**	1,324

b) Finance expense

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Unwinding of discount[1]	**3,651**	4,697
Revolving credit facility charges[2]	**2,192**	2,447
Interest on CIL facility	**5,106**	3,925
Interest on finance leases	**408**	439
Bank charges	**516**	606
Other	**744**	862
	12,617	12,976
Capitalised during the year[3]	**–**	(2,933)
Total	**12,617**	10,043

1 The unwinding of discount is calculated on the environmental rehabilitation provision.
2 Included in credit facility charges are the amortisation of the fees related to the revolving credit facility as well as the monthly interest and facility fees.
3 Interest incurred on the CIL borrowings as well as hedging losses on the interest rate swaps were capitalised as an asset until the CIL plant was commissioned at the beginning of Q4 2014 and have since been expensed.

13. Tax expense

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Current tax:		
Current tax on profits for the year	–	–
Adjustments in respect of prior years	–	–
Total current tax	–	–
Deferred tax:		
Origination and reversal of temporary differences	72,988	25,977
Total deferred tax	72,988	25,977
Income tax expense	72,988	25,977

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated entities as follows:

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
(Loss)/profit before tax	(124,160)	115,186
Tax calculated at domestic tax rates applicable to profits in the respective countries	(35,932)	41,544
Tax effects of:		
Expenses not deductible for tax purposes	676	438
Utilisation of previously unrecognised tax losses	–	(21,140)
Adjustments to unrecognised tax benefits carried forward[1]	12,740	–
Tax losses for which no deferred income tax asset was recognised[2]	88,702	8,039
Prior year adjustments	6,802	(2,904)
Tax charge	72,988	25,977

1 The 2015 reconciliation includes an amount of US$12.7 million relating to an increase in the amount of unrecognised tax benefits carried forward. The adjustment reflects uncertainty regarding recoverability of certain tax losses, and gives rise to an increased deferred tax charge.
2 Included is the tax impact of US$42.5 million of deferred tax assets de-recognised at Buzwagi following the impairment review.

Tax periods remain open to review by the Tanzanian Revenue Authority ('TRA') in respect of income taxes for five years following the date of the filing of the corporate tax return, during which time the authorities have the right to raise additional tax assessments including penalties and interest. Under certain circumstances the reviews may cover longer periods. Because a number of tax periods remain open to review by tax authorities, there is a risk that transactions that have not been challenged in the past by the authorities may be challenged by them in the future, and this may result in the raising of additional tax assessments plus penalties and interest.

14. (Loss)/earnings per share

Basic earnings per share ('EPS') is calculated by dividing the net (loss)/profit for the year attributable to owners of the Company by the weighted average number of Ordinary Shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares. The Company has dilutive potential Ordinary Shares in the form of share options. The weighted average number of shares is adjusted for the number of shares granted assuming the exercise of share options.

At 31 December 2015 and 31 December 2014, earnings per share have been calculated as follows:

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
(Loss)/earnings		
Net (loss)/profit from continuing operations attributable to owners of the parent	(197,148)	89,209
Net profit from discontinued operations attributable to owners of the parent	–	1,193
Weighted average number of Ordinary Shares in issue	410,085,499	410,085,499
Adjusted for dilutive effect of share options	258,139	218,126
Weighted average number of Ordinary Shares for diluted earnings per share	410,343,638	410,303,625

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
(Loss)/earnings per share		
Basic and dilutive (loss)/earnings per share from continuing operations (cents)	(48.1)	21.8
Basic and dilutive earnings per share from discontinued operations (cents)	–	0.3
Basic and dilutive (loss)/earnings per share (cents)	(48.1)	22.1

15. Dividend

The final dividend declared in respect of the year ended 31 December 2014 of US$11.5 million (US2.8 cents per share) and the 2015 interim dividend of US$5.7 million (US1.4 cents per share) were paid during 2015 and recognised in the financial statements. Refer to Note 37 for details of the final dividend declared subsequent to year end.

16. Cash flow – other items

a) Operating cash flows – other items

Adjustments for working capital items

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Trade receivables	**20,626**	(11,405)
Inventories[1]	**(28,106)**	(29,167)
Other current assets[2]	**(16,025)**	31,656
Other liabilities[3]	**4,299**	7,593
Trade and other payables[4]	**8,448**	22,716
Other working capital items[5]	**5,984**	(1,243)
Total	**(4,774)**	20,150

1 The inventory adjustment includes the movement in current as well as the non-current portion of inventory and has been adjusted for the non-cash impairment impact.
2 During 2012 the Tanzanian Government abolished the VAT relief practice resulting in a build-up in VAT receivables from the Government in 2013. VAT refunds received in 2015 amounted to US$86 million.
3 The other liabilities adjustment includes the movement in both other current and other non-current liabilities.
4 The trade and other payables adjustment excludes statutory liabilities in the form of income tax payable.
5 Other working capital items include exchange losses associated with working capital, as well as cash movements on derivative financial instruments.

Other non-cash items

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Adjustments for non-cash income statement items:		
Foreign exchange losses	**19,789**	12,658
Discounting of indirect tax receivables	**(5,906)**	(3,648)
Provisions added	**–**	2,259
Provisions settled	**(2,445)**	(531)
Unrealised (gains)/losses on derivatives	**(2,293)**	15,284
Share option expense/(reversal)	**182**	(284)
De-recognition of deferred consideration	**(5,313)**	–
Other non-cash items	**(3,858)**	1,257
Exchange loss on revaluation of cash balances	**3,341**	1,993
Total	**3,497**	28,988

b) Investing cash flows – other items

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Proceeds on sale of property, plant and equipment	**3,662**	93
Other long-term receivables	**151**	237
Village housing receivable	**–**	4
Rehabilitation expenditure	**(557)**	(399)
Total	**3,256**	(65)

17. Inventories

(in thousands of United States dollars)	As at 31 December 2015	As at 31 December 2014
Ore in stockpiles	17,487	22,040
Mine operating supplies[1]	155,883	200,715
Gold in process	14,622	24,784
Finished products:		
Gold doré/bullion	4,567	6,940
Gold, copper and silver concentrate	9,762	11,047
Total current portion of inventory	202,321	265,526
Non-current ore in stockpiles[2]	72,616	90,006
Total	274,937	355,532

1 During the year an impairment of supplies balances was recognised at Buzwagi (US$39.7 million).
2 During 2015 US$72.6 million (2014: US$90.0 million) of ore at Buzwagi and North Mara was classified as long-term following management's assessment that these stockpiles will be processed after 2016. An impairment of non-current ore stockpiles was recognised at Buzwagi (US$69.0 million).

The cost of inventories recognised as an expense and included in the cost of sales amount to US$138.8 million (2014: US$155.1 million).

18. Trade and other receivables and other current assets

(in thousands of United States dollars)	As at 31 December 2015	As at 31 December 2014
Trade and other receivables:		
Amounts due from doré and concentrate sales[1]	5,435	26,202
Other receivables[2]	9,940	10,270
Due from related parties	116	38
Less: Provision for doubtful debt on other receivables	(1,128)	(1,521)
Total	14,363	34,989

1 An additional discounting agreement was concluded in June 2015 with a financial institution which gives the Group the option to factor certain concentrate receivables in order to further reduce the Group's exposure to price risk, credit risk and to reduce the Group's investment in trade receivables. Under this agreement, concentrate receivables are advanced by the financial institution in exchange for a discount fee of 200 basis points per annum for the discount period. The financial institution has no recourse against the Group for changes in pricing from the time it was advanced. As at 31 December 2015, receivables to the approximate value of US$37 million (2014: Nil) were advanced under this agreement.
2 Other receivables relates to employee and supplier backcharge-related receivables and refundable deposits.

Trade receivables other than concentrate receivables are non-interest bearing and are generally on 30-90-day terms. Concentrate receivables are generally on 60-120-day terms depending on the terms per contract. Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. The carrying value of trade receivables recorded in the financial statements represents the maximum exposure to credit risk. The Group does not hold any collateral as security.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provisions for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

(in thousands of United States dollars)	As at 31 December 2015	As at 31 December 2014
Other current assets:		
Current portion of indirect tax receivables[3]	57,557	45,896
Other receivables and advance payments[4]	21,006	29,926
Total	78,563	75,822

3 The total indirect tax receivable is US$110.2 million (2014: US$108.1 million) of which US$52.7 million (2014: US$62.2 million) is included in non-current assets. This receivable is due from the Tanzanian Revenue Authority and it is anticipated to be offset against future corporate tax payments. To reflect the time value of money the long-term portion of this receivable has been discounted at a rate of 5% (2014: 5%).
4 Other receivables and advance payments relate to prepayments for insurance and income taxes offset against outstanding refunds for VAT and fuel levies and current amounts receivable from the NSSF of US$5.1 million (2014: US$5.5 million).

19. Cash and cash equivalents

(in thousands of United States dollars)	As at 31 December 2015	As at 31 December 2014
Cash at bank and on hand	121,893	149,869
Money market funds	111,375	143,981
Total	233,268	293,850

20. Property, plant and equipment

For the year ended 31 December 2015 (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction[1]	Total
At 1 January 2015, net of accumulated depreciation and impairment	570,569	710,812	143,934	1,425,315
Additions	–	–	177,168	177,168
Non-cash reclamation asset adjustments	–	–	(31,936)	(31,936)
Foreign currency translation adjustments	(4,149)	–	–	(4,149)
Disposals/write-downs	(4,820)	–	–	(4,820)
Impairments[2]	(18,571)	(18,929)	–	(37,500)
Depreciation	(78,105)	(55,260)	–	(133,365)
Transfers between categories	107,953	124,969	(232,922)	–
At 31 December 2015	**572,877**	**761,592**	**56,244**	**1,390,713**
At 1 January 2015				
Cost	1,750,743	1,511,444	143,934	3,406,121
Accumulated depreciation and impairment	(1,180,174)	(800,632)	–	(1,980,806)
Net carrying amount	**570,569**	**710,812**	**143,934**	**1,425,315**
At 31 December 2015				
Cost	1,845,234	1,636,413	56,244	3,537,891
Accumulated depreciation and impairment	(1,272,357)	(874,821)	–	(2,147,178)
Net carrying amount	**572,877**	**761,592**	**56,244**	**1,390,713**

For the year ended 31 December 2014 (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction[1]	Total
At 1 January 2014, net of accumulated depreciation and impairment	392,644	651,763	236,264	1,280,671
Additions	–	–	253,802	253,802
Non-cash reclamation asset adjustments	–	–	21,013	21,013
Foreign currency translation adjustments	(5,876)	–	–	(5,876)
Disposals/write-downs	(182)	–	–	(182)
Depreciation	(55,411)	(68,702)	–	(124,113)
Transfers between categories	239,394	127,751	(367,145)	–
At 31 December 2014	**570,569**	**710,812**	**143,934**	**1,425,315**
At 1 January 2014				
Cost	1,518,500	1,383,693	236,264	3,138,457
Accumulated depreciation and impairment	(1,125,856)	(731,930)	–	(1,857,786)
Net carrying amount	**392,644**	**651,763**	**236,264**	**1,280,671**
At 31 December 2014				
Cost	1,750,743	1,511,444	143,934	3,406,121
Accumulated depreciation and impairment	(1,180,174)	(800,632)	–	(1,980,806)
Net carrying amount	**570,569**	**710,812**	**143,934**	**1,425,315**

1 Assets under construction represents (a) sustaining capital expenditures incurred constructing property, plant and equipment related to operating mines and advance deposits made towards the purchase of property, plant and equipment; and (b) expansionary expenditure allocated to a project on a business combination or asset acquisition, and the subsequent costs incurred to develop the mine. Once these assets are ready for their intended use, the balance is transferred to plant and equipment, and/or mineral properties and mine development costs.
2 The impairment in 2015 relates to property, plant and equipment at Buzwagi. Refer to Note 7 for further details.

20. Property, plant and equipment continued

Leases

Property, plant and equipment includes assets relating to the design and construction costs of power transmission lines and related infrastructure. At completion, ownership was transferred to TANESCO in exchange for amortised repayment in the form of reduced electricity supply charges. No future lease payment obligations are payable under these finance leases.

Property, plant and equipment for 2014 included emergency back-up and spinning power generators leased at Buzwagi mine under a three-year lease agreement, with an option to purchase the equipment at the end of the lease term. The leases were classified as finance leases. In 2015 the option to purchase was not exercised, but a new operating lease arrangement was entered into.

Property, plant and equipment also includes five drill rigs purchased under short-term finance leases.

The following amounts were included in property, plant and equipment where the Group is a lessee under a finance lease:

(in thousands of United States dollars)	**As at 31 December 2015**	As at 31 December 2014
Cost – capitalised finance leases	**51,617**	70,764
Accumulated depreciation and impairment	**(37,952)**	(53,246)
Net carrying amount	**13,665**	17,518

21. Goodwill and intangible assets

For the year ended 31 December 2015 (in thousands of United States dollars)	Goodwill	Acquired exploration and evaluation properties[1]	Total
At 1 January, net of accumulated impairment	127,898	83,292	211,190
At 31 December 2015	**127,898**	**83,292**	**211,190**
At 31 December 2015			
Cost	401,250	107,842	509,092
Accumulated impairment	(273,352)	(24,550)	(297,902)
Net carrying amount	**127,898**	**83,292**	**211,190**

For the year ended 31 December 2014 (in thousands of United States dollars)	Goodwill	Acquired exploration and evaluation properties[1]	Total
At 1 January, net of accumulated impairment	127,898	83,292	211,190
At 31 December 2014	**127,898**	**83,292**	**211,190**
At 31 December 2014			
Cost	401,250	107,842	509,092
Accumulated impairment	(273,352)	(24,550)	(297,902)
Net carrying amount	**127,898**	**83,292**	**211,190**

1 Exploration and evaluation assets classified as intangible assets have indefinite useful lives.

Goodwill and accumulated impairment losses by operating segments:

For the year ended 31 December 2015 (in thousands of United States dollars)	North Mara	Bulyanhulu	Other	Total
At 1 January 2015	–	121,546	6,352	127,898
At 31 December 2015	**–**	**121,546**	**6,352**	**127,898**
Cost	237,524	121,546	42,180	401,250
Accumulated impairments	(237,524)	–	(35,828)	(273,352)

For the year ended 31 December 2014 (in thousands of United States dollars)	North Mara	Bulyanhulu	Discontinued operations	Other	Total
At 1 January 2014	–	121,546	–	6,352	127,898
At 31 December 2014	**–**	**121,546**	**–**	**6,352**	**127,898**
Cost	237,524	121,546	13,805	28,375	401,250
Accumulated impairments	(237,524)	–	(13,805)	(22,023)	(273,352)

22. Deferred tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

(in thousands of United States dollars)	**As at 31 December 2015**	As at 31 December 2014
Tax losses	**520,591**	397,153
Total	**520,591**	397,153

The above tax losses which translate into deferred tax assets of approximately US$149 million (2014: US$111 million) have not been recognised in respect of these items due to uncertainties regarding availability of tax losses, or there being uncertainty regarding future taxable income against which these assets can be utilised.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Balance sheet classification	Assets		Liabilities		Net	
(in thousands of United States dollars)	**2015**	2014	**2015**	2014	**2015**	2014
Property, plant and equipment	**–**	–	**380,264**	357,071	**380,264**	357,071
Provisions	**(5,144)**	(10,663)	**–**	–	**(5,144)**	(10,663)
Interest deferrals	**(63)**	(23,129)	**522**	341	**459**	(22,788)
Tusker acquisition	**–**	–	**6,478**	6,668	**6,478**	6,668
Kenya acquisition	**–**	–	**–**	2,880	**–**	2,880
Tax loss carry-forwards	**(298,017)**	(322,116)	**–**	–	**(298,017)**	(322,116)
Net deferred tax (assets)/liabilities	**(303,224)**	(355,908)	**387,264**	366,960	**84,040**	11,052

Legal entities	Assets		Liabilities		Net	
(in thousands of United States dollars)	**2015**	2014	**2015**	2014	**2015**	2014
North Mara Gold Mine Ltd	**–**	–	**69,662**	30,897	**69,662**	30,897
Bulyanhulu Gold Mine Ltd	**–**	–	**19,528**	21,323	**19,528**	21,323
Pangea Minerals Ltd	**(11,447)**	(48,066)	**–**	–	**(11,447)**	(48,066)
Other	**(181)**	(2,786)	**6,478**	9,684	**6,297**	6,898
Net deferred tax (assets)/liabilities	**(11,628)**	(50,852)	**95,668**	61,904	**84,040**	11,052

22. Deferred tax assets and liabilities continued

Uncertainties regarding availability of tax losses, in respect of enquiries raised and additional tax assessments issued by the TRA, have been measured using the single best estimate of likely outcome approach resulting in the recognition of substantially all the related deferred tax assets and liabilities. Alternative acceptable measurement policies (e.g. on a weighted average expected outcome basis) could result in a change to deferred tax assets and liabilities being recognised, and the deferred tax charge in the income statement.

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Group's retained earnings and amounted to US$391 million (2014: US$325 million).

23. Other assets

(in thousands of United States dollars)	As at 31 December 2015	As at 31 December 2014
Amounts due from Government[1]	**12,078**	17,055
Operating lease prepayments – TANESCO powerlines	**1,261**	2,131
Prepayments – Acquisition of rights over leasehold land[2]	**48,419**	50,901
Non-current portion of indirect tax receivable[3]	**52,671**	62,247
Village housing	**253**	253
Deferred finance charges	**282**	433
Total	**114,964**	133,020

1 Included in this amount are amounts receivable from the Tanzanian Social Security Fund of US$5.3 million (2014: US$6.6 million) as well as amounts due from TANESCO of US$2.7 million (2014: US$6.3 million).
2 Prepayment made to the landowners in respect of acquisition of the rights over the use of leasehold land.
3 The non-current portion of the indirect tax receivables has been discounted to its current value using a discount rate of 5% (2014: 5%). This resulted in a discounting credit of US$5.9 million (2014: US$3.6 million) to the income statement, refer to Note 10.

24. Share capital and share premium

	Number	£'000	Share capital US$'000	Share premium US$'000
At 1 January 2014	410,085,499	41,009	62,097	867,102
At 31 December 2014	410,085,499	41,009	62,097	867,102
At 31 December 2015	**410,085,499**	**41,009**	**62,097**	**867,102**

The nominal value of each Ordinary Share is 10 pence. No share movements have taken place in the current year.

25. Share-based compensation

a) Share options

Share options are granted to Executive Directors and to selected employees. The exercise price of the granted options is determined by the Compensation Committee before the grant of an option provided that this price cannot be less than the average of the middle-market quotation of such shares (as derived from the London Stock Exchange Daily Official List) for the three dealing days immediately preceding the date of grant. All options outstanding at the end of the year expire between April 2017 and August 2020. 1,181,459 of the options granted were exercisable at 31 December 2015. The vesting period of the options is four years, with an exercise period of seven years from the date of grant.

Movements in the number of options outstanding and their related weighted average exercise prices are reflected in pence as follows:

	2015		2014	
For the year ended 31 December	Average exercise price in pence per share	Options	Average exercise price in pence per share	Options
At 1 January	**332**	**1,602,113**	373	2,027,206
Granted	**–**	**–**	–	–
Forfeited	**–**	**–**	524	(402,703)
Expired	**–**	**–**	551	(22,390)
At 31 December	**332**	**1,602,113**	332	1,602,113

No equity-settled share options were granted during the year.

b) LTIP – Restricted Share Units

Included in other non-current liabilities are RSUs with a fair value of US$2.2 million as at 31 December 2015 (2014: US$1.9 million).

(in thousands of United States dollars)	Number of RSUs	Fair value US$'000
At 1 January 2014	1,798,573	824
Settled for cash	(70,831)	(244)
Forfeited	(412,056)	(535)
Granted	69,016	14
Credits for dividends	14,032	16
Change in value	–	1,788
At 31 December 2014	**1,398,734**	**1,863**
Settled for cash	(187,282)	(629)
Forfeited	(430,938)	–
Granted	1,254,185	656
Credits for dividends	20,580	23
Change in value	–	318
At 31 December 2015	**2,055,279**	**2,231**

c) LTIP – Performance Restricted Share Units ('PRSUs')

Included in other non-current liabilities are PRSUs with a fair value of US$11.8 million as at 31 December 2015 (2014: US$7.9 million).

(in thousands of United States dollars)	Number of PRSUs	Fair value US$'000
At 1 January 2014	3,383,224	1,822
Forfeited	(134,081)	(209)
Settled for cash	(120,934)	(285)
Credits for dividends	35,391	46
Change in value	–	6,544
At 31 December 2014	**3,163,600**	**7,918**
Forfeited	(731,441)	–
Settled for cash	(304,853)	(1,530)
Granted	1,845,938	–
Credits for dividends	38,995	62
Change in value	–	5,361
At 31 December 2015	**4,012,239**	**11,811**

d) LTIP – Deferred Share Units

Included in other non-current liabilities are DSUs with a fair value of US$0.7 million as at 31 December 2015 (2014: US$0.7million).

(in thousands of United States dollars)	Number of DSUs	Fair value US$'000
At 1 January 2014	209,056	213
Granted	107,326	131
Credits for dividends	4,269	6
Settled for cash	(11,742)	(41)
Change in value	–	369
At 31 December 2014	**308,909**	**678**
Granted	34,211	50
Credits for dividends	3,239	6
Settled for cash	(20,000)	(92)
Change in value	–	75
At 31 December 2015	**326,359**	**717**

26. Trade and other payables

(in thousands of United States dollars)	As at 31 December 2015	As at 31 December 2014
Trade payables	83,236	84,023
Accrued expenses	46,731	54,444
Payroll-related payables	14,582	18,922
Contract retentions	2	2
Royalty payable	1,595	1,662
Trade payables to related parties	13,720	15,201
Total	**159,866**	174,254

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Terms and conditions of the above payables liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day of statement terms
- Accruals and other payables are non-interest bearing and have an average term of 30–60 days

27. Borrowings

During 2013, a US$142 million facility (the 'Facility') was put in place to fund the bulk of the costs of the construction of one of Acacia's key growth projects, the Bulyanhulu CIL Expansion project (the 'Project'). The Facility is collateralised by the Project, has a term of seven years with a spread over LIBOR of 250 basis points. The interest rate has been fixed at 3.6% through the use of an interest rate swap. The seven-year Facility is repayable in equal instalments over the term of the Facility, after a two-year repayment holiday period. The full facility of US$142 million was drawn at the end of 2013. The first principal payment of US$14.2 million was paid in H2, 2015 and at the end of 2015 the balance owing was US$127.8 million. Interest accrued to the value of US$0.7 million was included in accounts payable at year end. Interest incurred on the borrowings as well as hedging losses on the interest rate swap for the year ended 31 December 2015 was US$5.1 million.

28. Provisions

	Rehabilitation[1]		Other[2]		Total	
(in thousands of United States dollars)	2015	2014	2015	2014	2015	2014
At 1 January	157,012	131,701	3,206	1,564	160,218	133,265
Change in estimate[3]	(31,936)	21,013	–	(86)	(31,936)	20,927
Utilised during the year	(557)	(399)	(2,445)	(531)	(3,002)	(930)
Unwinding of discount	3,651	4,697	–	–	3,651	4,697
Additions during the year	–	–	–	2,259	–	2,259
At 31 December	**128,170**	157,012	**761**	3,206	**128,931**	160,218
Current portion	(816)	(1,411)	(761)	(3,206)	(1,577)	(4,617)
Non-current portion	**127,354**	155,601	–	–	**127,354**	155,601

1 Rehabilitation provisions relate to the decommissioning costs expected to be incurred for the operating mines. This expenditure arises at different times over the life of mine for the different mine sites and is expected to be utilised in terms of cash outflows between years 2016 and 2054 and beyond, varying from mine site to mine site.
2 Other provisions relate to provisions for legal and tax-related liabilities where the outcome is not yet certain but it is expected that it will lead to a probable outflow of economic benefits in future.
3 Towards the end of 2015 reclamation guarantees for the mine sites were discussed with the Ministry of Energy and Minerals including the required rehabilitation activity. These discussions, in conjunction with the annual review of closure estimates and closure planning, have resulted in a re-estimation of the basis and assumptions for cost estimates and periods of closure needed. The change in estimate recorded in 2015 mainly relates to a reduction in cost estimated around post-closure activities, combined with changes in the mine plans, mining approach and scheduling which had a positive impact on rehabilitation in future.

Rehabilitation obligations arise from the acquisition, development, construction and normal operation of mining property, plant and equipment, due to Government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of the obligation relate to tailings and waste rock dump closure/rehabilitation; surface contouring; demolition of buildings/mine facilities; ongoing water treatment; and ongoing care and maintenance of closed mines. The fair values of rehabilitation provisions are measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. Acacia prepares estimates of the timing and amount of expected cash flows when an obligation is incurred and updates expected cash flows to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and a corresponding change in the life of mine plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment.

Each year Acacia assesses cost estimates and other assumptions used in the valuation of the rehabilitation provision at each mineral property to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions are recorded as an adjustment to the carrying amount of the corresponding asset. Rehabilitation provisions are adjusted to reflect the passage of time (accretion) calculated by applying the discount factor implicit in the initial fair-value measurement to the beginning-of-period carrying amount of the provision. Settlement gains/losses will be recorded in other (income) expense.

Other environmental remediation costs that are not rehabilitation provisions are expensed as incurred.

29. Other liabilities

(in thousands of United States dollars)	**As at 31 December 2015**	As at 31 December 2014
Finance lease liabilities	**–**	5,841
Employee benefit share-based liabilities	**14,758**	10,459
Other	**3,473**	8,784
Total	**18,231**	25,084
Current portion	**14,109**	7,719
Non-current portion	**4,122**	17,365

Finance lease liabilities are capitalised at an effective interest rate of 5% per annum. The lease terms are three and four years, with purchase options at the end of the term. Instalments are payable weekly. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	As at 31 December 2015	As at 31 December 2014
Gross finance lease liabilities – minimum lease payments:		
– No later than 1 year	**–**	5,841
– Between 1 and 3 years	**–**	–
	–	5,841
Future finance charges on finance leases	**–**	–
Present value of finance lease liabilities	**–**	5,841

Present value of finance lease liabilities	**As at 31 December 2015**	As at 31 December 2014
– No later than 1 year	**–**	5,841
– Between 1 and 3 years	**–**	–
Present value of finance lease liabilities	**–**	5,841

30. Financial assets and liabilities

a) Financial assets

(in thousands of United States dollars)	Carrying value as at 31 December 2015	Carrying value as at 31 December 2014	Fair value as at 31 December 2015	Fair value as at 31 December 2014
Cash and cash equivalents	**233,268**	293,850	**233,268**	293,850
Trade and other receivables	**14,363**	34,989	**14,363**	34,989
Derivative financial instruments	**849**	2,846	**849**	2,846
Total other assets excluding prepayments[1]	**132,574**	143,351	**132,574**	143,351
Total financial assets	**381,054**	475,036	**381,054**	475,036
Less: Current financial assets				
Cash and cash equivalents	**(233,268)**	(293,850)	**(233,268)**	(293,850)
Trade and other receivables	**(14,363)**	(34,989)	**(14,363)**	(34,989)
Derivative financial instruments	**–**	(1,040)	**–**	(1,040)
Other current assets excluding prepayments	**(71,258)**	(69,570)	**(71,258)**	(69,570)
Total other non-current financial assets	**62,165**	75,587	**62,165**	75,587

1 Prepayments are excluded from other assets in the analysis as they are not a financial instrument.

The fair value of financial assets, excluding other assets, equals their carrying amount as the impact of discounting is not significant. Included in other assets are indirect tax receivables from the Tanzanian Revenue Authority, which have been discounted to their present value; refer to Note 23.

(in thousands of United States dollars) As at 31 December 2015	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total
Assets as per balance sheet:				
Cash and cash equivalents	233,268	–	–	233,268
Trade and other receivables	14,363	–	–	14,363
Derivative financial instruments	–	–	849	849
Other assets excluding prepayments	132,574	–	–	132,574
Total financial assets	**380,205**	**–**	**849**	**381,054**

(in thousands of United States dollars) As at 31 December 2014	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total
Assets as per balance sheet:				
Cash and cash equivalents	293,850	–	–	293,850
Trade and other receivables	34,989	–	–	34,989
Derivative financial instruments	–	1,040	1,806	2,846
Other assets excluding prepayments	143,351	–	–	143,351
Total financial assets	**472,190**	**1,040**	**1,806**	**475,036**

b) Financial liabilities

(in thousands of United States dollars)	Carrying value as at 31 December 2015	Carrying value as at 31 December 2014	Fair value as at 31 December 2015	Fair value as at 31 December 2014
Derivative financial instruments	**12,480**	17,808	**12,480**	17,808
Trade and other payables	**159,866**	174,254	**159,866**	174,254
Other liabilities	**18,231**	25,084	**18,231**	25,084
Borrowings	**127,800**	142,000	**127,800**	142,000
Total	**318,377**	359,146	**318,377**	359,146
Less: Current financial assets				
Derivative financial instruments	**(10,920)**	(13,729)	**(10,920)**	(13,729)
Trade and other payables	**(159,866)**	(174,254)	**(159,866)**	(174,254)
Other current liabilities	**(14,109)**	(7,719)	**(14,109)**	(7,719)
Borrowings	**(28,400)**	(14,200)	**(28,400)**	(14,200)
Total non-current portion of financial liabilities	**105,082**	149,244	**105,082**	149,244

Other liabilities relate to cash-settled share-based plans and their valuation is based on unadjusted quoted prices in active markets for identical financial instruments. Also included in other liabilities are the finance lease liabilities and their valuation is based on observable market data. Derivative financial instruments are valued based upon inputs that are observable for the financial instruments which includes quoted prices for similar instruments or identical instruments in markets which are not considered to be active or either directly or indirectly based on observable market data.

				As at 31 December 2015
(in thousands of United States dollars)	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet:				
Derivative financial instruments	11,990	490	–	12,480
Trade and other payables	–	–	159,866	159,866
Other liabilities	–	–	18,231	18,231
Borrowings	–	–	127,800	127,800
Total financial liabilities	**11,990**	**490**	**305,897**	**318,377**

				As at 31 December 2014
(in thousands of United States dollars)	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet:				
Derivative financial instruments	16,754	1,054	–	17,808
Trade and other payables	–	–	174,254	174,254
Other liabilities	–	–	25,084	25,084
Borrowings	–	–	142,000	142,000
Total financial liabilities	**16,754**	**1,054**	**341,338**	**359,146**

Revolving credit facility

The Group has a revolving credit facility in place for a maximum aggregate amount of US$150 million, which was negotiated on 24 November 2010 with a syndicate of commercial banks, led by Citibank. The facility has been provided to service the general corporate needs of the Group and to fund potential acquisitions. All provisions contained in the credit facility documentation have been negotiated on normal commercial and customary terms for such finance arrangements and when drawn the spread over LIBOR will be 350 basis points. During 2015, the term of the facility was successfully extended to 2018 at a maximum aggregate amount of US$150 million. At 31 December 2015, none of the funds were drawn under the facility. The shares of all significant subsidiaries have been pledged as security for the loan. Costs associated with the revolving credit facility have been included in finance expenses.

31. Derivative financial instruments

The tables below analyse financial instruments carried at fair value, by valuation method. The Group has derivative financial instruments in the form of economic and cash flow hedging contracts which are all defined as level two instruments as they are valued using inputs other than quoted prices that are observable for the assets or liabilities. The following tables present the Group's assets and liabilities that are measured at fair value at 31 December 2015 and 31 December 2014.

For the year ended 31 December 2015		Assets		Liabilities
(in thousands of United States dollars)	Current	Non-current	Current	Non-current
Interest contracts: Designated as cash flow hedges	–	849	490	–
Commodity contracts: Not designated as accounting hedges	–	–	10,430	1,560
Total	**–**	**849**	**10,920**	**1,560**

For the year ended 31 December 2014		Assets		Liabilities
(in thousands of United States dollars)	Current	Non-current	Current	Non-current
Interest contracts: Designated as cash flow hedges	–	1,806	1,054	–
Currency contracts: Not designated as accounting hedges	–	–	819	–
Commodity contracts: Not designated as accounting hedges	1,040	–	11,856	4,079
Total	**1,040**	**1,806**	**13,729**	**4,079**

32. Financial risk management

The Group has exposure to the following risks through its commercial and financial operations:

a) market risk, including commodity price, foreign currency and interest rate risks;

b) credit risk; and

c) liquidity risk.

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for assessing and managing risk. Further quantitative disclosures are included throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has responsibility for overseeing how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by internal audit which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Market risk, including commodity price, foreign currency and interest rate risks

Market risk is the risk that changes in market factors, such as commodity prices, foreign exchange rates or interest rates, will affect the Group's income or the value of its financial instruments.

Gold price

The market price of gold is one of the most significant factors in determining the profitability of the Group's operations. The price of gold is subject to volatile price movements over short periods of time, especially in the current market environment, and is affected by numerous industry and macro-economic factors that are beyond the Group's control. In 2015 the price ranged from US$1,049 to US$1,296 per ounce, with an average market price of US$1,160 per ounce (2014: US$1,266 per ounce). The Group's policy is to sell gold at prevailing market prices.

The table below summarises the impact of changes in the market price on gold. The impact is expressed in terms of the resulting change in the Group's loss after tax for the year or, where applicable, the change in equity. The sensitivities are based on the assumption that the market price changes by 10% with all other variables held constant. The impact of a similar change in copper and silver is not material to the Group's loss after tax.

	Effect on profit after tax	
Gain associated with 10% increase from year-end price (in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Gold	**55,941**	59,472

Co-product prices

In 2015, the copper price ranged from US$2.05 to US$2.92 per pound, with an average market price of US$2.49 per pound (2014: US$3.11 per pound) and closing at US$2.13 per pound.

In 2015, the silver price ranged from US$14 to US$18 per ounce, with an average market price of US$16 per ounce (2014: US$19 per ounce).

The Group had copper collar contracts for 3.6 million pounds containing purchased put and call options with an average strike price of US$3.08 per pound and US$3.35 per pound respectively maturing in 2015. These transactions are economic hedges and do not qualify for hedge accounting treatment. Changes in the fair value of these options are recorded as a component of other income/expense in the income statement.

At 31 December 2015, the Group had no silver collar contracts outstanding (2014: No silver collar contracts outstanding).

Oil price

Diesel fuel is refined from crude oil and is therefore subject to the same price volatility affecting crude oil prices. The Group enters into Brent oil option contracts to manage the impact of oil price fluctuations. In 2015, oil prices traded between US$36 and US$68 per barrel with an average market price of US$54 (2014: US$100 per barrel).

The table below summarises the impact of changes in the market prices of crude oil. The impact is expressed in terms of the resulting change in the Group's profit after tax for the year ended 31 December 2015. The sensitivities are based on the assumption that the market price changes by US$10 per barrel with all other variables held constant. The effect on profit after tax (before hedging) is calculated based on actual consumption for the year and does not address the indirect impact of a change in the oil price on other costs.

	Effect on profit after tax	
Gain/loss associated with US$10 decrease/increase from year-end price (in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Oil	**3,183**	3,476

During the year, the Group did not add any further Brent oil collar contracts for calendar year 2015. At 31 December 2015, the Group had a total 466,000 barrels of Brent crude oil net purchase options outstanding. These contracts mature in 2016 and 2017 consisting of sold put options with average strike prices of US$72 per barrel and US$50 per barrel respectively and bought call options with average strike prices of US$94 per barrel and US$81 per barrel respectively. During the year, the Group added 294,000 barrels of Brent oil collar contracts for calendar year 2016 and 2017.

These contracts are treated as accounting hedges in accordance with IAS 39. Hedged items are identified as the first stated quantity of forecasted consumption purchased in a future month. Hedge effectiveness is assessed using linear regression utilising the concept of the hypothetical derivative method. The effective portion of changes in intrinsic value of the commodity contracts is recorded in other comprehensive income until the forecasted expenditure impacts earnings. During 2015, these hedges did not qualify for hedge accounting treatment as a result of not meeting the hedge effectiveness criteria. Changes in the fair value of these options were therefore recorded as a component of other income/expense in the income statement.

Risks relating to the use of derivatives

By using derivatives, in addition to credit risk, we are affected by market risk. Market risk is the risk that the fair value of a derivative might be adversely affected by a change in commodity prices, interest rates, or currency exchange rates, and that this in turn affects our financial condition. We manage market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Foreign currency risk

The Group's transactions are denominated in a number of different currencies (primarily US dollars, Tanzanian shillings ('shillings'), South African rands ('rands'), UK pounds sterling ('pounds') and Australian dollars. The Group has liabilities that are primarily denominated in US dollars. The US dollar is the Company's (and its subsidiaries') functional currency, as well as the Group's presentation currency. Therefore, transactions in currencies other than the US dollar give rise to foreign currency translation risk. The Group's primary exposure to this risk arises from direct mine operating costs and corporate administration costs that are transacted in shillings and rands, respectively. Consequently, fluctuations in the US dollar/shilling/rand exchange rates increase the volatility of cost of sales, corporate administration costs and overall net earnings, which are reported in US dollars. The vast majority of all direct mining costs and corporate administration costs are denominated and settled in US dollars. Consequently, the effect of foreign exchange fluctuations on the Group's reported direct mining and corporate administration costs is not significant.

The exchange rates at the end of each financial year are detailed in Note 2g).

Historically, the relationship between the gold price and the value of the shilling and rand provide a natural hedge against fluctuations in the exchange rate of these currencies against the US dollar. Generally, a strengthening of the shilling/rand, which would cause an increase in reported US dollar operating costs, corresponds with an increase in the US dollar gold price, which results in an increase in reported US dollar revenues.

The Group enters into rand/US dollar collar contracts to manage the impact of currency fluctuations on rand denominated operating and capital expenditures. In 2015, the rand traded between R11.27 and R15.90 per US dollar, and averaged R12.72 per US dollar (2014: R10.85 per US dollar).

32. Financial risk management continued

In 2015 no new contracts were entered on forecasted lower rand denominated capital and operating expenditure. At 31 December 2015, the Group had no rand collar contracts outstanding (2014: US$26 million of rand collar contracts with purchased put and sold call options with average strike prices R10.43 and R12.80 respectively and R171 million of rand collar contracts with purchased put and sold call options with average strike prices of R10.50 and R12.65 respectively). The contracts that matured in 2015 were booked with rand nominal values and therefore act as a hedge against variability in the rand/US dollar exchange range over the period. These contracts are treated as accounting hedges in accordance with IAS 39. Hedged items are identified as the first stated quantity of rand spent during the month. Hedge effectiveness will be assessed using linear regression utilising the concept of the hypothetical derivative method. The effective portion of changes in intrinsic value of the currency contracts is recorded in other comprehensive income until the forecasted expenditure impact occurs. The Group does have significant financial assets denominated in a currency other than US dollars. These financial assets are as follow:

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Indirect tax receivables (denominated in Tanzanian shillings)	110,228	108,144
Total	**110,228**	108,144

The following sensitivity analyses give the estimated effect of a reasonably possible change in the full year closing US dollar exchange rate on the value of the financial assets.

	Effect on profit after tax	
Increase/(decrease) associated with 10% change of the US dollar (in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
US dollar strengthens by 10% to the Tanzanian shilling		
Increase in total indirect tax receivables	12,248	12,016
US dollar weakens by 10% to the Tanzanian shilling		
Decrease in total indirect tax receivables	(10,021)	(9,831)

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group is also exposed to interest rate risk on its cash and cash equivalents.

At present, available funds are held with financial institutions at variable rates and primarily denominated in US dollars; interest income is not materially affected by changes in short-term interest rates. During 2013, the Group entered into an Export Credit Insurance Company ('ECIC') backed seven-year term loan facility of US$142 million to fund the construction of the CIL Process plant at Bulyanhulu. As at 31 December 2015 the loan is fully drawn with the first capital instalment totalling $14.2 million having been repaid during the year. The balance owing as at 31 December 2015 was US$127.8 million. Interest is payable on the loan at LIBOR plus 250 basis points. The revolving credit facility's spread over LIBOR will be 350 basis points. Group debt levels are impacted by the amount of operating cash flow generated by its operating mines, as well as capital expenditure requirements related to existing operations and development projects.

In 2013, the Group entered into interest rate swap contracts to hedge the interest on the ECIC backed loan for the Bulyanhulu CIL Process plant. The terms of the interest rate swap contracts fix this at 3.59% versus the floating rate of LIBOR plus 2.50%. These contracts are treated as accounting hedges in accordance with IAS 39. Hedged items are identified as the first stated quantity of rand spent during the month. Hedge effectiveness is assessed using linear regression utilising the concept of the hypothetical derivative method. The effective portion of changes in intrinsic value of the currency contracts is recorded in other comprehensive income until the forecasted expenditure occurs. For 2014, these gains or losses were capitalised against the Bulyanhulu CIL Process plant asset until the plant was brought into operation. Thereafter the gains or losses have been included as part of interest expense in the income statement.

b) Credit risk

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument. For cash and cash equivalents and trade and other receivables, credit risk represents the carrying amount on the balance sheet, net of any overdraft positions.

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. The Group's financial assets are held with counterparties who the Group considers have an appropriate credit rating. Location of credit risk is determined by physical location of the bank branch, customer or counterparty. The maximum allowable term to maturity for any individual security is three months. Investment counterparties must have a credit rating of at least "Baa1" or better by Moody's Investor Services or "BBB+" by Standard and Poor's. No more than 25% of the aggregate market value of the investment portfolio is maintained in any one country, with the exception of the United States of America or the United Kingdom, or in any one industry group. Investments are primarily held in United States dollars. Cash and cash equivalents in other foreign currencies are maintained for operational requirements. As at 31 December 2015 the Group has money market and short-term investments of US$111.4 million. All of the funds have at least a "BBB+" rating from Standard and Poor's. The Group also has US$121.9 million of cash on hand with banks with credit ratings ranging from "A-1" to "A-2".

With respect to other receivables, the most significant debtor is the Tanzanian Revenue Authority ('TRA'). Following the abolishment of Government Notices regarding VAT relief and fuel duty exemption for mining companies in 2009, Acacia signed a Memorandum of Settlement during 2011 with the TRA to address the treatment of certain outstanding indirect tax refunds in respect of fuel levies and VAT that allows Acacia to offset income tax payable against outstanding VAT and fuel levy refunds as it becomes payable. Also, the Minister of Finance reinstated VAT relief and the fuel exemption followed by an agreement to allow for an escrow facility in respect of fuel and road levies. Again through the Finance Act, 2012 issued on 19 October 2012, VAT Relief was abolished. Throughout the past three years, Acacia has been actively involved in discussions with the Tanzanian Government and the TRA to resolve the issue. The amendments conflict with certain provisions contained in the Group's existing Mine Development Agreements ('MDAs') which guarantee the fiscal stability of its operations. As part of a short-term solution, the Government during the third quarter of 2013, agreed to an escrow arrangement on VAT in relation to imported goods and services, whereby funds are restricted to the repayment of VAT refunds. As at 31 December 2015, the discounted amounts due to the Group were approximately US$110.2 million (2014: US$108.1 million). We received refunds to the value of US$89.4 million (2014: US$132.8 million) during the year under review.

Group policies are aimed at minimising losses as a result of a counterparty's failure to honour its obligations. Individual exposures are monitored with trade customers subject to credit limits to ensure that the Group's exposure to bad debts is not significant. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each of the counterparties. The Group's financial assets are with counterparties who the Group considers have an appropriate credit rating. During the year, receivables to the value of approximately US$116 million (2014: US$32 million) were advanced by a financial institution under two factoring agreements for two concentrate counterparties. Three agreements reduce the risk of default of receivables.

Maximum exposure to credit risk at each reporting date is the carrying value of each class of financial assets described in Note 30. The Group does not hold collateral as security for any trade receivables. The Group does not grade the credit quality of receivables.

c) Liquidity risk

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands. The Group manages its exposure to liquidity risk by ensuring that its operating and strategic liquidity levels are well above minimum internal requirements. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. At the end of both 2015 and 2014 the Group was in a positive net cash position, as disclosed in Note 19. Details of the undrawn revolving credit facility are given in Note 30.

In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to maximise returns while ensuring that capital is safeguarded to the maximum extent possible by investing only with financial institutions with a strong credit rating. Insignificant uncommitted overdraft facilities are maintained with several banking counterparties to meet the Group's normal funding requirements. The Group's primary source of liquidity is operating cash flow, and over the past two years the Group has generated an average of about US$223 million per year. The principal risk factor affecting operating cash flow is market gold prices.

The principal uses of liquidity are sustaining capital expenditures at existing operating mines, construction activities at development projects, and interest payments. Sustaining capital expenditures, including capitalised development costs, have averaged about US$185 million per year over the past two years. The following table outlines the expected maturity of the Group's significant financial assets into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances may not agree with the amounts disclosed in the balance sheet.

32. Financial risk management continued

For the year ended 31 December 2015

(in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	233,268	–	–	–	233,268
Accounts receivable	14,363	–	–	–	14,363
Derivative financial instruments	–	849	–	–	849
Other assets excluding prepayments[1]	71,258	20,203	30,589	10,524	132,574
Total	**318,889**	**21,052**	**30,589**	**10,524**	**381,054**

For the year ended 31 December 2014

(in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	293,850	–	–	–	293,850
Accounts receivable	34,989	–	–	–	34,989
Derivative financial instruments	1,040	1,806	–	–	2,846
Other assets excluding prepayments[1]	69,570	19,787	53,994	–	143,351
Total	**399,449**	**21,593**	**53,994**	**–**	**475,036**

1 Prepayments are excluded from other assets in the analysis as they are not a financial instrument.

The following table outlines the expected maturity of the Group's significant financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances may not agree with the amounts disclosed in the balance sheet.

For the year ended 31 December 2015

(in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Derivative financial instruments	10,920	1,560	–	–	12,480
Other liabilities	14,109	650	3,472	–	18,231
Trade and other payables[1]	159,866	–	–	–	159,866
Borrowings	28,400	85,200	14,200	–	127,800
Total	**213,295**	**87,410**	**17,672**	**–**	**318,377**

For the year ended 31 December 2014

(in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Derivative financial instruments	13,729	4,079		–	17,808
Other liabilities	7,719	8,574	8,791	–	25,084
Trade and other payables[1]	174,254	–	–	–	174,254
Borrowings	14,200	56,800	56,800	14,200	142,000
Total	**209,902**	**69,453**	**65,591**	**14,200**	**359,146**

1 Trade and other payables exclude statutory liabilities in the form of income tax payable.

Management considers that the Group has adequate current assets and forecast cash flow from operations to manage liquidity risks arising from settlement of current liabilities and non-current liabilities.

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong balance sheet and low gearing ratio to support its business and provide financial flexibility in order to maximise shareholder value. In order to ensure a strong balance sheet and low gearing ratio, management thoroughly evaluates all material projects and potential acquisitions, which are approved by the Executive Leadership Team before submission to the Board for ultimate approval, where applicable.

33. Operating lease arrangements

(in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Minimum lease payments under operating leases recognised in the income statement for the year	**6,953**	2,506
Total	**6,953**	2,506

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

(in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Within one year	**6,412**	1,103
In the second to fifth years inclusive	**2,167**	1,518
After five years	**–**	132
Total	**8,579**	2,753

Operating lease payments relate mainly to rental of office space by regional business units of the Group and rental of Gensets at Buzwagi.

34. Commitments and contingencies

The Group is subject to various laws and regulations which, if not observed, could give rise to penalties. As at 31 December 2015, the Group has the following commitments and/or contingencies:

a) Legal contingencies

As at 31 December 2015, the Group was a defendant in approximately 341 lawsuits. The plaintiffs are claiming damages and interest thereon for the loss caused by the Group due to one or more of the following: unlawful eviction, termination of services, wrongful termination of contracts of service, non-payment for services, defamation, negligence by act or omission in failing to provide a safe working environment, unpaid overtime and public holiday compensation.

The total amounts claimed from lawsuits in which specific monetary damages are sought amounted to US$280.0 million. The Group's Legal Counsel is defending the Group's current position, and the outcome of the lawsuits cannot presently be determined. However, in the opinion of the Directors and Group's Legal Counsel, no material liabilities are expected to materialise from these lawsuits that have not already been provided for.

Included in the total amounts claimed is a claim for US$115 million by Bismark Hotel Limited alleging breach of contract arising from an Optional Agreement signed in 1995. The claim relates to an application for a prospecting licence with no attributable reserves, resources or value. We are waiting for the adjudicators to fix a hearing date. Management is of the opinion that the claim does not have substance and that it will be successfully defended.

NMGML and Diamond Motors Ltd ('DML') have entered into arbitration over the interpretation of drilling contracts entered into by the parties, relating to periodic rate review and other provisions of the contracts. The award was delivered on 10 August 2015, with the Tribunal determining an award of US$4 million against the final claimed amount of US$25 million. This award was consistent with NMGML's position in relation to the arbitration and the full amount has been provided for. DML on 31 December 2015 filed a Petition at the High Court to challenge the award.

A claim has been made for US$15 million by the contractor responsible for the engineering, procurement and construction of a carbon in leach circuit at Bulyanhulu Gold Mine ('BGML'). BGML has made claims in relation to delay damages and other breaches of the contract totalling US$22 million. These claims were referred to adjudication, with the initial decision finding in favour of the contractor. The claims have now been referred to arbitration and management is of the opinion that it will be successful in respect of both claims.

b) Tax-related contingencies

The TRA has issued a number of tax assessments to the Group relating to past taxation years from 2002 onwards. The Group believes that these assessments are incorrect and has filed objections to each of them. The Group is attempting to resolve these matters by means of discussions with the TRA or through the Tanzanian Appeals process. During 2013, the Board ruled in favour of BGML in relation to seven of ten issues raised by the TRA in final assessments for 2000–2006 years under review. The TRA filed a notice of intention to appeal against the ruling of the Board and Acacia filed a counter appeal in respect of BGML to the Appeals Tribunal for all three items that were lost. The Tribunal delivered its judgement in 2014 and confirmed the Board's decision on the three items that Acacia lost. Following the Tribunal's decision, two notices of intention to appeal were filed and we are still waiting for the hearing date from the Court of Appeal. The positions that were ruled against BGML were sufficiently provided for in prior year results and management is of the opinion that open issues will not result in any material liabilities to the Group.

Also included is an appeal by the TRA intended for a tax assessment of US$21.3 million in respect of the acquisition of Tusker Gold Limited. The calculated tax assessment is based on the sales price of the Nyanzaga property of US$71 million multiplied by the tax rate of 30%. Management is of the opinion that the assessment is invalid due to the fact that the acquisition was for Tusker Gold Limited, a company incorporated in Australia. The shareholding of the Tanzanian related entities did not change and the Tusker Gold Limited group structure remains the same as prior to the acquisition. The case was awarded in favour of Acacia however the TRA served a notice of appeal. The appeal was decided in favour of Acacia by the Tax Board and the Tax Tribunal, but the TRA has appealed against the Tribunal's decision in the Court of Appeal. We are waiting for the hearing date to be set.

The TRA raised claims to the value of US$41.3 million for withholding tax on historic offshore dividend payments paid by Acacia Mining plc to its shareholders. In addition to the claim, there are six other withholding tax claims which have not been quantified. The TRA have also issued corporate tax assessments to Acacia Mining plc to the value of US$500.7 million. These claims are made on the basis that Acacia is resident in Tanzania for tax purposes. The corporate tax assessments have been levied on the Group net profits before tax. Management are of the opinion that the claims do not have substance and that it will be successfully defended in court in terms of the case already on appeal with the Tax Tribunal.

34. Commitments and contingencies continued

c) Exploration and development agreements – Mining licences

Pursuant to agreements with the Government of the United Republic of Tanzania, the Group was issued special mining licences for Bulyanhulu, Buzwagi and North Mara mines and mining licences for building materials at Bulyanhulu and Buzwagi Mines. The agreement requires the Group to pay to the Government of Tanzania annual rents of US$5,000 per annum per square kilometre for as long as the Group holds the special mining licences and US$2,000 per annum per square kilometre for so long as the Group holds the mining licences for building materials. The total commitment for 2015 for the remaining special mining licences and mining licences for building materials amounts to US$0.66 million (2014: US$0.66 million).

d) Purchase commitments

At 31 December 2015, the Group had purchase obligations for supplies and consumables of approximately US$43 million (2014: US$64 million).

e) Capital commitments

In addition to entering into various operational commitments in the normal course of business, the Group entered into contracts for capital expenditure of approximately US$7 million (2014: US$20 million).

35. Related party balances and transactions

The Group had the following related party balances and transactions during the years ended 31 December 2015 and 31 December 2014. Related parties are those entities owned or controlled by BGC, which is the ultimate controlling party of the Group.

Transactions with related parties are as follows:

a) Transactions

(in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Provision of goods and services	**3,142**	2,114
Purchase of goods and services	**(2,042)**	(3,184)
Dividend payments	**(11,014)**	(8,916)
Total	**(16,198)**	(9,986)

Provision and purchase of goods and services to/from related parties are on normal commercial terms and conditions. Provision of services relates to cost incurred by the Group and recharged to related parties. Purchase of goods and services relates to cost incurred by related parties and recharged to the Group. Services purchased relate mainly to insurance and software licences. Goods purchased relate mainly to consumables and capital equipment.

b) Balances due from related parties

(in thousands of United States dollars)	**As at 31 December 2015**	As at 31 December 2014
Placer Dome Technical Services	**37**	37
Other	**79**	1
Total	**116**	38

The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from BGC.

c) Balances due to related parties

(in thousands of United States dollars)	**As at 31 December 2015**	As at 31 December 2014
Due to holding company:		
Barrick Gold Corporation	**12,190**	13,396
Due to fellow subsidiaries:		
BIBC	**97**	196
Barrick Gold Australia Ltd	**662**	750
Barrick Gold North America	**771**	771
Other	**–**	88
Total	**13,720**	15,201

The payables to Barrick arise mainly from purchase transactions noted above. The payables are unsecured and bear no interest.

d) Remuneration of key management personnel

Key management personnel include the members of the Board of Directors and the Executive Leadership Team who receive remuneration. Compensation for key management personnel (including Directors) was as follows:

(in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Short-term employee benefits	**9,709**	9,116
Post-employment benefits	**888**	849
Share-based payments	**1,201**	621
Total	**11,798**	10,586

36. Prospecting licences

The Group holds exploration mineral rights in the United Republic of Tanzania. These rights are held in the form of prospecting licences issued by the Ministry of Energy and Minerals and are held either directly by the Group or indirectly pursuant to third-party agreements. The licences held by the Group as at 31 December 2015 are summarised in the following table. The total commitment to exploration expenditure on these licences for 2016 is US$1.5 million.

Licences directly held by Acacia

	Active prospecting licences managed by Acacia		Active prospecting licences not managed by Acacia	
(in thousands of United States dollars)	Number of licences	Area in square kilometres	Number of licences	Area in square kilometres
ABG Exploration Limited	83	559	23	169
North Mara Gold Mine Limited	16	93	–	–
Nyanzaga Mining Company Limited	15	172	–	–
Pangea Mineral Limited	38	309	9	91
Prime Gold Exploration Limited	2	34	2	24
Sub-Sahara Resources (TZ) Limited	3	11	–	–
Vulcan Resources (Tanzania) Limited	3	37	7	78
Total	**160**	**1,215**	**41**	**362**

Licences indirectly held by Acacia

(in thousands of United States dollars)	Number of licences	Area in square kilometres
Managed by Acacia	1	3
Not managed by Acacia	46	504

37. Post-balance sheet events

A final dividend of US2.8 cents per share has been proposed, which will result in a total dividend of US4.2 cents per share for 2015. The final dividend is to be proposed at the Annual General Meeting on 21 April 2016 and paid on 27 May 2016 to shareholders on the register on 6 May 2016. The ex-dividend date is 5 May 2016. These financial statements do not reflect this dividend payable.

On 23 February 2016 the Group announced that it had entered into zero cost collars in relation to the majority of its gold production from Buzwagi. The agreements cover 136,000 ounces of production in 2016 and management has been given authority by the Board to put in place similar arrangements for around 120,000 of Buzwagi production in 2017.

REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

Our opinion

In our opinion, Acacia Mining plc's parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the parent company's affairs as at 31 December 2015 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and accounts (the "Annual Report"), comprise:

- the parent company balance sheet as at 31 December 2015;
- the parent company income statement and statement of comprehensive income for the year then ended;
- the parent company statement of changes in equity for the year then ended;
- the parent company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

OTHER REQUIRED REPORTING

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 89, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OTHER MATTER

We have reported separately on the Group financial statements of Acacia Mining plc for the year ended 31 December 2015.

Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 March 2016

PARENT COMPANY INCOME STATEMENT

(in thousands of United States dollars)	Notes	For the year ended 31 December 2015	For the year ended 31 December 2014
Corporate administration	3	**(7,755)**	(17,990)
Exploration and evaluation costs		**(3,220)**	–
Other charges		**(2,067)**	(6,854)
Finance income	4	**–**	–
Finance expense	4	**(11)**	(8)
Loss before taxation		**(13,053)**	(24,852)
Income tax	5	**–**	–
Net loss for the year		**(13,053)**	(24,852)

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Net loss for the year	**(13,053)**	(24,852)
Other comprehensive income for the year	**–**	–
Total comprehensive loss for the year	**(13,053)**	(24,852)

The notes on pages 150 to 160 are an integral part of these financial statements.

PARENT COMPANY BALANCE SHEET

(in thousands of United States dollars)	Notes	As at 31 December 2015	As at 31 December 2014
Assets			
Non-current assets			
Property, plant and equipment	7	**87**	186
Investment in subsidiaries	8	**1,324,568**	1,324,568
Non-current receivables	18	**795,201**	795,193
		2,119,856	2,119,947
Current assets			
Other receivables	9	**52,943**	21,032
Cash and cash equivalents	10	**1,885**	1,403
		54,828	22,435
Total assets		**2,174,684**	2,142,382
Equity and liabilities			
Share capital and share premium	11	**929,199**	929,199
Other reserves		**1,082,581**	1,112,675
Total equity		**2,011,780**	2,041,874
Non-current liabilities			
Other non-current liabilities		**11,033**	6,832
		11,033	6,832
Current liabilities			
Other current liabilities	14	**151,871**	91,417
Provisions		**–**	2,259
		151,871	93,676
Total liabilities		**162,904**	100,508
Total equity and liabilities		**2,174,684**	2,142,382

The notes on pages 150 to 160 are an integral part of these financial statements.

The financial statements on pages 146 to 160 were authorised for issue by the Board of Directors on 8 March 2016 and were signed on its behalf:

Brad Gordon
Chief Executive Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(in thousands of United States dollars)	Notes	Share capital	Share premium	Other distributable reserves	Share option reserve	Accumulated losses	Total equity
Balance at 1 January 2014		**62,097**	**867,102**	**1,368,774**	**3,977**	**(220,997)**	**2,080,953**
Net loss for the year		–	–	–	–	(24,852)	(24,852)
Dividends to shareholders		–	–	–	–	(13,943)	(13,943)
Share options		–	–	–	(284)	–	(284)
Balance at 31 December 2014		**62,097**	**867,102**	**1,368,774**	**3,693**	**(259,792)**	**2,041,874**
Net loss for the year		–	–	–	–	(13,053)	(13,053)
Dividends to shareholders	13	–	–	–	–	(17,224)	(17,224)
Share options		–	–	–	183	–	183
Balance at 31 December 2015		**62,097**	**867,102**	**1,368,774**	**3,876**	**(290,069)**	**2,011,780**

The notes on pages 150 to 160 are an integral part of these financial statements.

PARENT COMPANY CASH FLOW STATEMENT

(in thousands of United States dollars)	Notes	For the year ended 31 December 2015	For the year ended 31 December 2014
Cash flows from operating activities			
Net loss for the year		**(13,053)**	(24,852)
Adjustments for:			
Depreciation and amortisation	7	**99**	117
Finance items	4	**11**	8
Working capital adjustments	6	**32,850**	36,545
Other	6	**(2,048)**	1,759
Cash generated by operations before interest and tax		**17,859**	13,577
Finance income	4	**–**	–
Finance expense	4	**(11)**	(8)
Net cash generated by operating activities		**17,848**	13,569
Cash flows from investing activities			
Purchase of property, plant and equipment	7	**–**	(46)
Net cash used in investing activities		**–**	(46)
Cash flows from financing activities			
Dividends paid	13	**(17,224)**	(13,943)
Net cash used in financing activities		**(17,224)**	(13,943)
Net increase/(decrease) in cash and equivalents		**624**	(420)
Net foreign exchange difference		**(142)**	52
Cash and cash equivalents at 1 January		**1,403**	1,771
Cash and cash equivalents at 31 December		**1,885**	1,403

The notes on pages 150 to 160 are an integral part of these financial statements.

1. Corporate information

Acacia Mining plc, formerly African Barrick Gold plc, (the 'Company') was incorporated on 12 January 2010 and re-registered as a public limited company on 12 March 2010 under the Companies Act 2006. It is registered in England and Wales with registered number 7123187.

On 24 March 2010 the Company's shares were admitted to the Official List of the United Kingdom Listing Authority ('UKLA') and to trading on the main market of the London Stock Exchange, hereafter referred to as the Initial Public Offering ('IPO'). The address of its registered office is 5th Floor, 1 Cavendish Place, London, W1G 0QF, United Kingdom.

Barrick Gold Corporation ('BGC') currently owns approximately 63.9% of the shares of the Company and is the ultimate controlling party of the Group. The financial statements of BGC can be obtained from www.barrick.com

The financial statements for the year ended 31 December 2015 were approved for issue by the Board of Directors of the Company on 8 March 2016. The primary activity of the Company is as holding company for the Acacia Mining Group of companies.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements of the Company have been prepared on a historical cost basis.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current financing.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore adopts the going concern basis in preparing its financial statements.

The financial statements are presented in US dollars (US$) and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated. Where a change in the presentational format between the prior year and current year financial statements has been made during the period, comparative figures are restated accordingly. No changes were made to presentational format in the current year.

The basis of preparation and accounting policies used in preparing the financial statements are set out below.

b) New and amended standards adopted by the Company

The following new standards and amendments to standards are applicable and were adopted by the Company for the first time for the financial year beginning 1 January 2015.

- Amendment to IFRS 2, 'Share-based payment'. The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. The amendment did not have a significant effect on the Company financial statements.
- Amendment to IFRS 3, 'Business combinations'. The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. The amendment did not have a significant effect on the Company financial statements.
- Amendment to IFRS 8, 'Operating segments'. The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. The amendment did not have a significant effect on the Company financial statements.
- Amendment to IFRS 13, 'Fair value measurement'. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. The amendment did not have a significant effect on the Company financial statements.
- IAS 16, 'Property, plant and equipment', and 'IAS 38', 'Intangible assets'. Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The amendment did not have a significant effect on the Company financial statements.
- IAS 24, 'Related party disclosures'. The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The amendment did not have a significant effect on the Company financial statements.
- IFRS 13, 'Fair value measurement'. The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. The amendment did not have a significant effect on the Company financial statements.
- IFRS 3, 'Business combinations'. The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment did not have a significant effect on the Company financial statements.

c) New and amended standards, and interpretations not yet adopted

The following standards and amendments to existing standards have been published and are effective for the Company's accounting periods beginning after 1 January 2016:

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures' on sale or contribution of assets. The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. Effective 1 January 2016. The amendment is not expected to have a significant impact on the Company.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures' on applying the consolidation exemption. The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. Effective 1 January 2016. The amendment is not expected to have a significant impact on the Company.
- Amendment to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. Effective 1 January 2016. The standard is not expected to have a significant impact on the Company.
- Amendments to IAS 1 'Presentation of financial statements' disclosure initiative. In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Effective 1 January 2016. The amendment is not expected to have a significant impact on the Company.

- Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets', on depreciation and amortisation. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Effective 1 January 2016. The amendment is not expected to have a significant impact on the Company.
- Amendments to IAS 27, 'Separate financial statements' on equity accounting. In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Effective 1 January 2016. The amendment is not expected to have a significant impact on the Company.
- IFRS 15 – 'Revenue from contracts with customers'. The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. Effective 1 January 2018. The standard is not expected to have a significant impact on the Company.
- IFRS 9 – 'Financial Instruments' (2009 & 2010). The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and de-recognition of financial instruments. The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. Effective 1 January 2018. The standard is not expected to have a significant impact on the Company.
- Amendment to IFRS 9 – 'Financial instruments', on general hedge accounting. The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9. Effective 1 January 2018. The amendment is not expected to have a significant impact on the Company.
- IFRS 16 – 'Leases'. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. Effective 1 January 2019. The standard is not expected to have a significant impact on the Company.
- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. Effective 1 January 2016. The amendment is not expected to have a significant impact on the Company.
- IFRS 7 – 'Financial Instruments: Disclosures'. Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase, and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report. Effective 1 January 2016. The amendment is not expected to have a significant impact on the Company.
- IFRS 7 – 'Financial Instruments: Disclosures'. Servicing contracts – The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. Effective 1 January 2016. The amendment is not expected to have a significant impact on the Company.
- IAS 19 – 'Employee Benefits'. Discount rate: regional market issue – The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. Effective 1 January 2016. The amendment is not expected to have a significant impact on the Company.

d) Significant judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the parent company financial statements require management to make judgements and/or estimates. These judgements and estimates are continuously evaluated and are based on management's experience and best knowledge of the relevant facts and circumstances, but actual results may differ from the amounts included in the parent company financial statements. Information about such judgements and estimation is included in the accounting policies and/or notes to the financial statements, and the key areas are summarised below.

Areas of judgement and key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the parent company financial statements include:

- Whether to recognise a provision for accounts receivable – Notes 2h) and 9;
- Recognition of deferred income tax assets, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes – Notes 2j) and 5; and
- Review of property, plant and equipment and investments in subsidiaries, the determination of whether these assets are impaired and the measurement of impairment charges or reversals – Notes 2f), 7 and 8.

2. Significant accounting policies continued

e) Foreign currency translation

The Company's transactions are denominated in a number of different currencies (primarily US dollars and UK pounds sterling). The Company has liabilities that are primarily denominated in US dollars. The US dollar is the Company's functional currency, as well as the Company's presentation currency. Transactions in currencies other than the US dollar are translated at the exchange rates as at the date of transaction. Monetary assets and liabilities denominated in currencies other than the US dollar are translated to US dollars at year-end exchange rates. All differences that arise are recorded in the income statement. Non-monetary assets measured at historical cost in a currency other than US dollars are translated using the exchange rates at the date of the initial transactions. Where non-monetary assets are measured at fair value in a currency other than US dollars they are translated into US dollars using the exchange rates on the date when the fair value was determined.

The following exchange rates to the US dollar have been applied:

	As at 31 December 2015	Average Year ended 31 December 2015	As at 31 December 2014	Average Year ended 31 December 2014
UK pound (US$:GBP)	0.68	0.65	0.64	0.61

f) Investment in subsidiaries

Subsidiaries are entities to which the Company is exposed, or has the rights to variable returns from its involvement and has the ability to affect those returns through its power. Control exists when the Company has existing rights and the ability to direct relevant activities, exposure or rights to variable returns from its involvement and the ability to use its power to affect the amount of returns.

At each reporting date, an assessment is made to determine whether there are any indicators of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount of the investment in a subsidiary is made, which is considered to be the higher of the fair value less costs to dispose and the value in use. Fair value is determined as the amount that would be obtained from the sale of the investment in an arm's length transaction between knowledgeable and willing parties. If the carrying amount of an investment exceeds the recoverable amount, a provision is recorded in the income statement to reflect the investment at the recoverable amount. Where an impairment charge has previously been recognised, an assessment is made at the end of each reporting period whether there is any indication that the impairment loss may no longer exist or may have decreased. If any such indication exists, an estimate of the recoverable amount is made. An impairment loss is reversed to the income statement to the extent that the increased carrying value of the investment in subsidiary does not exceed the original carrying value.

g) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

h) Financial instruments

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. For the purposes of the balance sheet, cash and cash equivalents include cash, and money market funds. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. These are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Loans and receivables comprise other receivables and cash and cash equivalents at the balance sheet date.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The carrying amount of the asset is reduced through use of an allowance account. The amount of the provision is recognised in the income statement.

Financial liabilities

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

i) Finance income and finance expense

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

j) Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Indirect tax

Indirect tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in indirect tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions or receivables where appropriate on the basis of amounts expected to be paid to or received from the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. If the receivable is expected to be received in more than 12 months from year-end, the receivable is discounted and held at its present value. Amounts expected to be payable or receivable in more than 12 months are classified as non-current assets or liabilities in the balance sheet, as appropriate.

k) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Corporate administration

(in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Salaries	**4,222**	3,609
Other employee benefits	**2,548**	2,442
Share-based compensation	**4,267**	5,269
Directors' fees	**1,327**	1,310
Professional and consultancy fees	**2,751**	3,398
Foreign exchange loss/(gain)	**28**	(216)
Travel and administration	**1,377**	1,566
Net management fees	**(11,391)**	(2,101)
Depreciation and amortisation	**99**	117
Audit fees	**501**	562
Other	**2,026**	2,034
	7,755	17,990

Details of Directors' remuneration can be found in the Remuneration Report on pages 63 to 79. Details of the auditors' remuneration can be found in Note 11 of the Consolidated financial statements.

Average number of employees

	For the year ended 31 December 2015	For the year ended 31 December 2014
Administration	**12**	10
Total average headcount	**12**	10

4. Finance income and finance expense

a) Finance income

(in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Interest on time deposits	**–**	–
Total	**–**	–

b) Finance expense

(in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Bank charges	**11**	8
Total	**11**	8

5. Income tax

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Corporation taxes	–	–
Total	–	–

The statutory income tax rate in the United Kingdom is 20% for 2015. The tax on the Company's loss before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Loss before tax	13,053	24,852
Tax calculated at statutory tax rates	2,611	4,970
Tax effects of:		
Tax losses for which no deferred income tax asset was recognised	(2,611)	(4,970)
Tax charge	–	–

Deferred tax assets have not been recognised in respect of the tax losses amounting to US$73.7 million as at 31 December 2015 (2014: US$81.5 million), as there is not sufficient certainty over future profits.

6. Cash flow – other items

a) Operating cash flows – other items

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Adjustments for non-cash income statement items:		
Foreign exchange gains	(114)	(164)
Exchange loss/(gain) on revaluation of cash balances	142	(52)
Provisions movement	(2,259)	2,259
Other expenses	183	(284)
Total	(2,048)	1,759

Adjustments for working capital items:

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Other receivables	(31,919)	(11,098)
Other current liabilities	60,568	42,352
Other non-current liabilities	4,201	5,291
Total	32,850	36,545

7. Property, plant and equipment

For the year ended 31 December 2015 (in thousands of United States dollars)	**Furniture and equipment**	**Total**
At 1 January 2015, net of accumulated depreciation	186	186
Additions	–	–
Depreciation	(99)	(99)
At 31 December 2015	**87**	**87**
At 1 January 2015		
Cost	767	767
Accumulated depreciation	(581)	(581)
Net carrying amount	**186**	**186**
At 31 December 2015, net of accumulated depreciation		
Cost	767	767
Accumulated depreciation	(680)	(680)
Net carrying amount	**87**	**87**

For the year ended 31 December 2014 (in thousands of United States dollars)	Furniture and equipment	Total
At 1 January 2014, net of accumulated depreciation	257	257
Additions	46	46
Depreciation	(117)	(117)
At 31 December 2014	**186**	**186**
At 1 January 2014		
Cost	721	721
Accumulated depreciation	(464)	(464)
Net carrying amount	**257**	**257**
At 31 December 2014, net of accumulated depreciation		
Cost	767	767
Accumulated depreciation	(581)	(581)
Net carrying amount	**186**	**186**

8. Investment in subsidiaries

(in thousands of United States dollars)	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Opening balance	**1,324,568**	1,324,568
Closing balance	**1,324,568**	1,324,568

The subsidiaries in which investments are held as at 31 December 2015 are as follows:

Company	Principal activity	Country of incorporation	**Equity interest 2015**	Equity interest 2014
BUK Holdco Ltd[1]	Holding Company	UK	**100%**	100%
1816962 Ontario Inc	Holding Company	Canada	**100%**	100%
Acacia Mining Exploration Kenya Ltd	Exploration	Kenya	**1%**	1%

1 BUK Holdco Ltd is exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of s448A of Companies Act 2006.

9. Other receivables

(in thousands of United States dollars)	**As at 31 December 2015**	As at 31 December 2014
Indirect tax receivables	**154**	458
Advance payments	**264**	305
Other receivables	**109**	160
Due from related parties (Note 18)	**52,416**	20,109
Total	**52,943**	21,032

At 31 December 2015, no other receivables were either past due or impaired. In determining the recoverability of a receivable, the Company performs a risk analysis.

10. Cash and cash equivalents

(in thousands of United States dollars)	**As at 31 December 2015**	As at 31 December 2014
Cash at bank and on hand	**1,885**	1,403
Money market funds	**–**	–
Total	**1,885**	1,403

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

11. Share capital and share premium

(in thousands of United States dollars)	Number	Share capital £'000	Share capital US$'000	Share premium US$'000
At 1 January 2014	410,085,499	41,009	62,097	867,102
At 31 December 2014	410,085,499	41,009	62,097	867,102
At 31 December 2015	**410,085,499**	**41,009**	**62,097**	**867,102**

12. Share-based compensation

Share options are granted to Executive Directors and to selected employees. The exercise price of the granted options is determined by the Remuneration Committee before the grant of an option provided that this price cannot be less than the average of the middle-market quotation of such shares (as derived from the London Stock Exchange Daily Official List) for the three dealing days immediately preceding the date of grant. All options outstanding at the end of the year expire between 2017 and 2020. 760,164 of the options granted were exercisable at 31 December 2015. The vesting period of the options is four years, with an exercise period of three years.

Movements in the number of options outstanding and their related weighted average exercise prices in pence are as follows:

For the year ended 31 December	**Average exercise price in pence per share 2015**	**Options 2015**	Average exercise price in pence per share 2014	Options 2014
At 1 January	**261**	**1,180,818**	328	1,583,521
Granted	**–**	**–**	–	–
Forfeited	**–**	**–**	524	(402,703)
At 31 December	**261**	**1,180,818**	261	1,180,818

There were no options granted during the current year (2014: Nil).

13. Dividends paid

The final dividend declared in respect of the year ended 31 December 2014 of US$11.5 million (US2.8 cents per share) and the 2015 interim dividend of US$5.7 million (US1.4 cents per share) were paid during 2015 and recognised in the financial statements. Refer to Note 19 for details of the final dividend declared subsequent to year-end.

14. Other current liabilities

(in thousands of United States dollars)	**As at 31 December 2015**	As at 31 December 2014
Trade and other payables	**494**	1,588
Accrued expenses and taxes	**3,026**	2,206
Payables to related parties (Note 18)	**148,351**	87,623
Total	**151,871**	91,417

15. Financial assets and liabilities

a) Financial assets

(in thousands of United States dollars)	**Carrying value As at 31 December 2015**	**Fair value As at 31 December 2015**	Carrying value As at 31 December 2014	Fair value As at 31 December 2014
Cash and cash equivalents	**1,885**	**1,885**	1,403	1,403
Other receivables	**52,943**	**52,943**	21,032	21,032
Non-current receivables[1]	**795,201**	**795,201**	795,193	795,193
Total financial assets	**850,029**	**850,029**	817,628	817,628
Less: Current financial assets				
Cash and cash equivalents	**(1,885)**	**(1,885)**	(1,403)	(1,403)
Other receivables	**(52,943)**	**(52,943)**	(21,032)	(21,032)
Total non-current portion of receivables	**795,201**	**795,201**	795,193	795,193

1 Related party loans are interest-free and have no fixed repayment terms.

The fair value of financial assets equals their carrying amount as they were repayable on demand.

b) Financial liabilities

Revolving credit facility

The Group has a revolving credit facility in place for a maximum aggregate amount of US$150 million, which was negotiated on 24 November 2010 with a syndicate of commercial banks, led by Citibank. The facility has been provided to service the general corporate needs of the Group and to fund potential acquisitions. All provisions contained in the credit facility documentation have been negotiated on normal commercial and customary terms for such finance arrangements and when drawn the spread over LIBOR will be 350 basis points. During 2015, the term of the facility was successfully extended to 2018 at a maximum aggregate amount of US$150 million whereby existing lenders opted to take up US$25 million from lenders who opted not to extend. At 31 December 2015, none of the funds were drawn under the facility. The shares of all significant subsidiaries have been pledged as security for the loan.

16. Financial risk management

The Company has exposure to the following risks through its commercial and financial operations:

a) credit risk; and

b) liquidity risk.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for assessing and managing risk. Further quantitative disclosures are included throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

a) Credit risk

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument. For cash and cash equivalents and other receivables, credit risk represents the carrying amount on the balance sheet.

16. Financial risk management continued

Credit risk arises from loans to two subsidiaries, receivables, cash and cash equivalents, and deposits with banks. The Company's financial assets are with counterparties whom the Company considers to have an appropriate credit rating. Location of credit risk is determined by physical location of the bank branch, customer or counterparty. The maximum allowable term of maturity for any individual security is 12 months. Investment counterparties must have a credit rating of at least Baa2 or better by Moody's Investor Services or BBB by Standard and Poor's. No more than 25% of the aggregate market value of the investment portfolio is maintained in any one country, with the exception of the United States of America, United Kingdom and Barbados, or in any one industry group. Investments are held mainly in United States dollars and cash and cash equivalents in other foreign currencies are maintained for operational requirements.

Company policies are aimed at minimising losses as a result of a counterparty's failure to honour its obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Company's financial assets are with counterparties whom the Company considers to have an appropriate credit rating. Maximum exposure to credit risk at each reporting date is the carrying value of each class of financial assets in Note 15. The Company does not hold collateral as security for any receivables. The Company does not grade the credit quality of receivables.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its risk of a shortage of funds using projected cash flows and by monitoring the maturity of both its financial assets and liabilities.

The following table outlines the expected maturity of the Company's significant financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances may not agree with the amounts disclosed in the balance sheet.

For the year ended 31 December 2015 (in thousands of United States dollars)	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
Other non-current liabilities	**–**	**11,033**	**–**	**–**	**11,033**
Other current liabilities	**151,871**	**–**	**–**	**–**	**151,871**
Total	**151,871**	**11,033**	**–**	**–**	**162,904**

For the year ended 31 December 2014 (in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Other non-current liabilities	–	6,832	–	–	6,832
Other current liabilities	91,417	–	–	–	91,417
Total	91,417	6,832	–	–	98,249

Management considers that the Company has adequate current assets and forecast cash flow from operations to manage liquidity risks arising from settlement of current liabilities and non-current liabilities.

Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains a strong balance sheet and low gearing ratio to support its business and provide financial flexibility in order to maximise shareholder value. In order to ensure a strong balance sheet and low gearing ratio, management thoroughly evaluates all material projects and potential acquisitions and approves them at its Executive committee before submission to the Board for ultimate approval, where applicable.

17. Operating lease arrangements

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Minimum lease payments under operating leases recognised in income for the period	**353**	362
Total	**353**	362

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

(in thousands of United States dollars)	As at 31 December 2015	As at 31 December 2014
Within one year	**260**	265
In the second to fifth years inclusive	**909**	1,059
After five years	**–**	132
Total	**1,169**	1,456

18. Related party balances and transactions

The Company had the following related party balances and transactions during the year ended 31 December 2015. Related parties are those entities owned or controlled by Barrick, which is the ultimate controlling party of the Company.

Transactions with related parties are as follows:

a) Transactions

(in thousands of United States dollars)	For the year ended 31 December 2015	For the year ended 31 December 2014
Management fees	**11,391**	2,101
Provision of goods and services	**12,103**	3,327
Purchase of goods and services	**(2,167)**	(2,424)
Dividends paid	**(11,014)**	(8,916)
Total	**10,313**	(5,912)

Management fees relate to an allocation of cost incurred based on time spent by management for the benefit of the related party, a 5% mark-up is applied to these costs. Provision and purchase of goods and services to/from related parties are on normal commercial terms and conditions. Provision of services relates to costs incurred by the Company and recharged to related parties with no mark-up. Purchase of goods and services relates to costs incurred by related parties and recharged to the Company with no mark-up. Services purchased relate mainly to insurance, software licences and professional services.

b) Balances due from related parties

(in thousands of United States dollars)	As at 31 December 2015	As at 31 December 2014
Due from holding company:		
Barrick Gold Corporation	**463**	–
Due from subsidiaries:		
Bulyanhulu Gold Mine Ltd	**5,217**	745
Pangea Minerals Ltd	**1,642**	1,143
North Mara Gold Mine Ltd	**5,019**	1,297
Acacia Mining SA (Pty) Ltd	**16,145**	4,804
ABG Exploration Limited	**3,901**	1,333
Acacia Mining Exploration Kenya Ltd	**19,071**	10,772
Other	**958**	15
Total	**52,416**	20,109

The receivables from related parties arise mainly from the provision of goods and services. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

18. Related party balances and transactions continued

c) Balances due to related parties

(in thousands of United States dollars)	As at 31 December 2015	As at 31 December 2014
Due to holding company:		
Barrick Gold Corporation	–	1,214
Due to fellow subsidiaries:		
Acacia Mining (Barbados) Corp Ltd	148,351	86,409
Total	148,351	87,623

The payables to Barrick arise mainly from purchase transactions, noted above. The payables are unsecured and bear no interest. Payables to Acacia Mining (Barbados) Corp Ltd are interest free and have no fixed repayment terms.

d) Balances due from related parties (funding in nature)

(in thousands of United States dollars)	As at 31 December 2015	As at 31 December 2014
BUK Holdco Ltd	772,705	772,700
BUK East Africa Limited	22,496	22,493
Total	795,201	795,193

Amounts due from BUK Holdco Ltd and BUK East Africa Limited are interest free and have no fixed repayment terms but are treated as long-term loans as there is no intention to recall the loan within 12 months.

19. Post balance sheet events

A final dividend of US2.8 cents per share has been proposed, which will result in a total dividend of US4.2 cents per share for 2015. The final dividend is to be proposed at the Annual General Meeting on 21 April 2016 and paid on 27 May 2016 to shareholders on the register on 6 May 2016. The ex-dividend date is 5 May 2016. These financial statements do not reflect this dividend payable.

GLOSSARY OF TERMS

The following definitions and terms are used throughout this Annual Report. In addition, specific terms and definitions relating to mineral reserves and resources can be found on page 90.

Acacia or the Company	Acacia Mining plc, a company incorporated under the Companies Act 2006 and registered in England and Wales with registered number 7123187
Acacia Group or the Group	the Company and its subsidiary undertakings
AGM	annual general meeting
AISC	has the meaning given to it under non-IFRS measures on page 164
Articles	the articles of association of the Company
Assay	a chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained
Au	gold
Average head grade	average ore grade fed into the mill, expressed in grams per metric tonne
Average realised gold price per ounce sold	has the meaning given to it under non-IFRS measures on page 164
Barrick	Barrick Gold Corporation, a company existing under the laws of the Province of Ontario, Canada
Barrick Group	Barrick and its subsidiary undertakings
Board or Board of Directors	the Board of Directors of Acacia
Cash cost per ounce sold	has the meaning given to it under non-IFRS measures on page 164
Cash cost per tonne milled	has the meaning given to it under non-IFRS measures on page 165
CIL	carbon in leach, a method of recovering gold and silver, in which a slurry of gold/silver bearing ore, carbon and cyanide are mixed together. The cyanide dissolves the gold, which is subsequently absorbed by the activated carbon whose base is usually ground coconut shells
CIM	the Canadian Institute of Mining, Metallurgy and Petroleum
Code of Conduct	Acacia's Code of Business Conduct and Ethics
Companies Act 2006	the Companies Act 2006 of England and Wales, as amended
Concentrate	a fine, powdery product of the milling process containing a high percentage of valuable metal
Contained ounces	represents total ounces in a mineral reserve before reduction to account for ounces not able to be recovered by the applicable metallurgical process
Co-product	a secondary metal or mineral product recovered in the milling process such as copper and silver
CREST	the computerised settlement system operated by Euroclear UK & Ireland Limited to facilitate the transfer of title to shares in uncertificated form
Crushing	breaking of ore from the size delivered from the mine into smaller and more uniform fragments to be then fed to grinding mills or to a leach pad
CSR	corporate social responsibility
Cu	copper
Cut-and-fill	a method of stoping in which ore is removed in slices, or lifts, and then the excavation is filled with rock or other waste material (backfill), before the subsequent slice is extracted
Development	work carried out for the purpose of opening up a mineral deposit. In an underground mine this includes shaft sinking, crosscutting, drifting and raising. In an open pit mine, development includes the removal of overburden
Directors	the Directors of Acacia for the reporting period, details of whom are set out on pages 50 to 51 of this Annual Report
Disclosure and Transparency Rules	the disclosure and transparency rules made by the FSA under Part VI of FSMA
Dollar or US$ or $	United States dollars
Doré	doré bullion is an impure alloy of gold and silver and is generally the final product of mining and processing; the doré bullion will be transported to be refined to high purity metal

Drift	a horizontal underground opening that follows along the length of a vein or rock formation as opposed to a crosscut which crosses the rock formation
Drift-and-fill	a method of underground mining used for flat-lying mineralisation or where ground conditions are less competent
Drilling: core	a drilling method that uses a rotating barrel and an annular-shaped, diamond-impregnated rock-cutting bit to produce cylindrical rock cores and lift such cores to the surface, where they may be collected, examined and assayed
Drilling: in-fill	any method of drilling intervals between existing holes, used to provide greater geological detail and to help establish reserve estimates
Drilling: reverse circulation	drilling method that uses a rotating cutting bit circulation within a double-walled drill pipe and produces rock chips rather than core. Air or water is circulated down to the bit between the inner and outer wall of the drill pipe. The chips are forced to the surface through the centre of the drill pipe and are collected, examined and assayed
EBITDA	has the meaning given to it under non-IFRS measures on page 165
ELT or Executive Leadership Team or Senior Management	the individuals listed on page 52
Executive Director(s)	the executive director of the Company, Brad Gordon
Exploration	prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore
Financial Conduct Authority or FCA	the Financial Conduct Authority of the United Kingdom
Flotation	a milling process in which valuable mineral particles are induced to become attached to bubbles and float as others sink
Free cash flow	has the meaning given to it under non-IFRS measures on page 165
FSMA	the UK Financial Services and Markets Act 2000 (as amended)
Grade	the amount of metal in each tonne of ore, expressed as troy ounces per tonne or grams per tonne for precious metals and as a percentage for most other metals
g/t	gram per metric tonne
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards as adopted for use in the European Union
IPO	Acacia's initial public offering on the Main Market of the London Stock Exchange
ISO	International Organization for Standardisation
koz	thousand ounces
KPIs	key performance indicators
Kt	thousand metric tonnes
LIBOR	The British Bankers' Association Interest Settlement Rate for the relevant currency and period displayed on the appropriate page of the Reuters' screen
Listing Rules	the rules relating to admission to the Official List made in accordance with section 73A(2) of FSMA
London Stock Exchange or LSE	London Stock Exchange plc
Long-hole stoping	a method of underground mining involving the drilling of holes up to 30 metres or longer into an ore bearing zone and then blasting a slice of rock which falls into an open space. The broken rock is extracted and the resulting open chamber may or may not be filled with supporting material
Majority Shareholder	Barrick
MDA	a mineral development agreement
Mill	a plant in which ore is treated and metals are recovered or prepared for smelting; also a revolving drum used for the grinding of ores in preparation for treatment
Moz	million ounces
Mt	million metric tonnes
NGOs	non-governmental organisations
NI 43-101	Canadian National Instrument 43-101

Non-Executive Directors	the Non-Executive Directors of the Company, being as at year end Kelvin Dushnisky, Peter Tomsett, Ambassador Juma V. Mwapachu, Andre Falzon, Michael Kenyon, Graham Clow, Steve Lucas, Rachel English and Stephen Galbraith
Official List	the Official List of the Financial Conduct Authority
Open pit	a mine where the minerals are mined entirely from the surface. Also referred to as open-cut or open-cast mine
Operating cash flow per share	has the meaning given to it under non-IFRS measures on page 165
Ordinary Shares	Ordinary Shares of 10 pence each in the capital of the Company
Ore	rock, generally containing metallic or non-metallic minerals, which can be mined and processed at a profit
Ore body	a sufficiently large amount of ore that can be mined economically
Overburden	is the material that lies above the area of economic interest, such as soil and ancillary material, that is removed during surface mining
Oxide ore	mineralised rock in which some of the original minerals have been oxidised. Oxidation tends to make the ore more amenable to cyanide solutions so that minute particles of gold will be readily dissolved
oz	troy ounce (31.1035g)
Reclamation	the process by which lands disturbed as a result of mining activity are modified to support beneficial land use. Reclamation activity may include the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings storage facilities, leach pads and other mine features, and contouring, covering and re-vegetation of waste rock and other disturbed areas
Recovery rate	a term used in process metallurgy to indicate the proportion of valuable material physically recovered in the processing of ore. It is generally stated as a percentage of the material recovered compared to the total material originally present
Refining	the final stage of metal production in which impurities are removed from the molten metal
Relationship Agreement	the relationship agreement between Barrick and Acacia
ROM	run-of-mine, a term used loosely to describe ore of average grade
Services Agreement	the services agreement between Barrick and Acacia
Shaft	a vertical or inclined excavation in rock for the purpose of providing access to an ore body. Usually equipped with a hoist at the top, which lowers and raises a conveyance for handling workers and materials
Shareholders	holders of Ordinary Shares
Spot or spot price	the purchase price of a commodity at the current price, normally at a discount to the long-term contract price
Stripping	removal of overburden or waste rock overlying an ore body in preparation for mining by open-pit methods
Tailings	the material that remains after all economically and technically recoverable precious metals have been removed from the ore during processing
Tailings storage facility	a natural or man-made confined area suitable for depositing the material that remains after the treatment of ore
TANESCO	Tanzanian Electric Supply Company Limited
TRA	Tanzanian Revenue Authority
TRIFR	total reportable injury frequency rate
TZS or TSH	Tanzanian shilling
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
UK Corporate Governance Code	the UK Corporate Governance Code issued by the UK Financial Reporting Council
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
VAT	value-added tax
VBAs	village benefit agreements
VBIAs	village benefit implementation agreements
Voluntary Principles	means the United Nations Voluntary Principles on Security and Human Rights

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. 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.

Average realised gold price per ounce sold

A non-IFRS financial measure which excludes from gold revenue:

- Unrealised gains and losses on non-hedge derivative contracts; and
- Export duties.

Cash cost per ounce sold

A non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, by-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.

The presentation of these statistics in this manner allows Acacia to monitor and manage those factors that impact production costs on a monthly basis. Acacia calculates cash costs based on its equity interest in production from its mines. Cash costs per ounce sold are calculated by dividing the aggregate of these costs by gold ounces sold. 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.

	Year ended 31 December	
(US$'000)	**2015**	2014
Total cost of sales	**734,167**	688,278
Deduct: depreciation and amortisation	**(141,697)**	(128,124)
Deduct: co-product revenue	**(35,669)**	(45,253)
Total cash cost	**556,801**	514,901
Total ounces sold	**721,203**	703,680
Cash cost per ounce (US$/oz)	**772**	732

All-in sustaining cost ('AISC')

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 the aggregate of cash costs, corporate administration costs, reclamation and remediation costs for operating mines, corporate social responsibility expenses, mine exploration and study costs, 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 is presented below:

	Year ended 31 December 2015[1]			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	Acacia Group ongoing operations
Cash cost per ounce sold	797	590	1,046	772
Corporate administration	52	48	50	48
Share-based payments	2	–	–	8
Rehabilitation	6	22	6	12
CSR expenses	11	19	11	18
Capitalised development	225	167	9	152
Sustaining capital	160	69	65	102
Total	**1,253**	**915**	**1,187**	**1,112**

1 The Group total includes US$10/oz of unallocated corporate related costs.

	Year ended 31 December 2014[1]			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	Acacia Group ongoing operations
Cash cost per ounce sold	812	623	791	732
Corporate administration	49	37	38	46
Share-based payments	3	1	1	12
Rehabilitation	7	18	5	11
Mine exploration	2	2	1	1
CSR expenses	7	18	12	15
Capitalised development	279	149	147	188
Sustaining capital	107	99	60	100
Total continuing operations	1,266	947	1,055	1,105
Discontinued operations				–
Total				**1,105**

1 The Group total includes US$27/oz of unallocated corporate related costs.

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

EBITDA

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 (loss)/profit for the year and EBITDA is presented below:

	Year ended 31 December	
(US$'000)	**2015**	2014
Net(loss)/profit for the year	**(197,148)**	89,935
Plus income tax expense	**72,988**	25,977
Plus depreciation and amortisation[1]	**141,697**	128,124
Plus impairment charges	**146,201**	–
Plus finance expense	**12,617**	10,081
Less finance income	**(1,384)**	(1,401)
EBITDA	**174,971**	252,716

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

Adjusted EBITDA

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

EBIT

A non-IFRS financial measure and it reflects EBITDA adjusted for depreciation and amortisation and goodwill impairment charges.

Adjusted net earnings

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 by excluding the following:

	Year ended 31 December	
(US$'000)	**2015**	2014
Net(loss)/profit for the year	**(197,148)**	90,402
Adjusted for:		
Impairment charges	**146,201**	–
Operational review costs (including restructuring costs)[a]	**9,864**	13,689
Tulawaka non-operational costs[b]	**–**	1,864
One-off legal settlements[c]	**7,300**	–
Discounting of long-term indirect tax receivables[d]	**(5,906)**	(3,648)
De-recognition of contingent liability[e]	**(5,313)**	–
Prior year North Mara tax positions recognised	**12,740**	–
Tax impact of the above	**39,100**	(3,572)
Adjusted net earnings	**6,838**	98,735

Adjusted net earnings per share

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

Cash cost per tonne milled

A non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, by-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 costs per tonne milled are calculated by dividing the aggregate of these costs by total tonnes milled.

Operating cash flow per share

A non-IFRS financial measure, calculated by dividing net cash generated by operating activities by the weighted average number of Ordinary Shares in issue.

Free cash flow

A non-IFRS measure that represents the change in cash and cash equivalents in a given period.

Net cash

A non-IFRS measure that is calculated by deducting total borrowings from cash and cash equivalents.

Cash from sustaining operations

The cash flow generated post the spend required to sustain the Group and its operations. It is calculated as free cash flow adjusted for expansionary capital expenditure, exploration, the cash flow associated with one-off type items and other charges, and dividends.

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 or trammed – measures in tonnes the total amount of underground ore mined and hoisted or trammed.
- Total tonnes mined includes open pit material plus underground ore tonnes hoisted or trammed.
- 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.

Basis of preparation for the reporting of tax data

This basis of preparation supports the reporting of tax data contained on page 43 of this Annual Report. Generally, the references to "Tax" in this context mean any amount of money required to be paid to, or repaid by, a Government.

In overview, the key information presented as regards Tax is as follows:

Taxes borne

These are taxes that the Acacia Group is obliged to pay to a Government on its own behalf, or taxes that it is obliged to pay to a third party and that can/cannot be recovered from a Government. The main taxes that we have included in this category are:

Government royalties

These comprise payments made to Governments in the form of royalties. Typically these tend to become payable, and are paid, in the year to which they relate. These taxes form part of our operating costs.

Corporate income tax

This comprises any tax on the business calculated on the basis of its profits, income or capital gains. Typically, these taxes would be reflected in corporate income tax returns made to Governments.

Customs duties

These comprise all customs/excise/import and export duties. Typically, these taxes tend to become payable and are paid to Governments at the point where goods are imported and exported from territories. These taxes form part of our operating and capital incurred costs.

Employer payroll taxes

These comprise payroll and employer taxes payable as a result of a company's capacity as an employer. Typically, these taxes would be reflected in payroll tax returns made to Governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year shortly after the submission of the return. These taxes form part of our operating costs.

Environmental taxes

These comprise levies or other payments to Governments relating to environmental policy. Typically, these taxes tend to be payable on an annual basis. These taxes are also included in our operating costs.

Indirect taxes

These comprise VAT and other fuel levies that arise on the purchase of goods and services and are paid to third parties, to be refunded by Governments. Typically, these taxes would form part of a sales tax return made to Governments. Refunds received are included in the taxes refunded category.

Stamp duty

This comprises taxes that arise on transfers of assets or capital. Typically, these taxes would be reflected in stamp duty returns made to Governments and tend to become payable, and are paid, to Governments shortly after capital or assets are transferred.

Taxes collected

These are taxes that a company is obliged to collect from others and pay to Government. The main taxes that we have included in this category are:

Employee payroll taxes

These comprise payroll and employee taxes withheld from employee remuneration and paid to Governments, i.e. taxes collected by Acacia and remitted to Governments on behalf of employees under arrangements such as PAYE schemes. Typically, these taxes would be reflected in payroll tax returns made to Governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after submission of the return.

Withholding taxes collected from suppliers

These comprise taxes that are required to be withheld in advance on payments made to suppliers. Typically, these taxes would be reflected in income tax returns made to Governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year shortly after the submission of the return.

Taxes refunded

These are taxes that are refunded by Governments to Acacia, and mostly comprise the following:

Indirect taxes (mainly VAT and fuel levies)

Typically, indirect taxes would tend to become repayable and are repaid by Governments regularly (often quarterly) throughout the year, shortly after the submission of relevant sales tax returns. Also included are other refunds received.

All enquiries concerning shareholdings including notification of change of address or dividend payments should be made to Acacia's registrars, Computershare Investor Services PLC, whose contact details are as follows:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
United Kingdom

Helpline number: +44 (0) 370 707 1895

Computershare online enquiry service

Computershare provides a range of services through its online portal, Investor Centre, which can be accessed free of charge at www.investorcentre.co.uk

This service enables shareholders to check details of their shareholdings or dividends, download forms to notify changes in personal details and access other relevant information.

Payment of dividends

Details of dividends proposed in relation to the year are contained in the Directors' Report on page 85. Shareholders may elect to receive payment of the 2015 final dividend and any future dividend in pounds sterling directly to a Bank or Building Society account. Payments of amounts in US dollars shall be made by cheque and sent by post to shareholders' registered addresses on or around 27 May 2016.

Any shareholders who elect to receive a dividend in pounds sterling but who do not provide a direct credit mandate will receive their dividend by cheque, which will be sent to shareholders' registered addresses on or around 27 May 2016.

If you wish to receive the 2015 final dividend and any future dividend by direct credit and have not already made a payment election, please request a dividend mandate form from the shareholder helpline and return it to Computershare at the address above by no later than 9 May 2016. Alternatively, direct credit mandate instructions can be updated online at www.investorcentre.co.uk

Currency Election forms can be returned using the pre-paid envelope provided with the materials accompanying this report. Elections made after 9 May 2016 will be applied to subsequent dividends only.

Should you have any queries relating to the payment of dividends, please call Computershare's shareholder helpline on +44 (0) 370 707 1895.

Electronic communications

Acacia has obtained shareholders' consent to send and supply documents and information to shareholders in electronic form and via Acacia's website, in accordance with provisions contained in Acacia's Articles of Association.

Increased use of electronic communications will deliver additional savings to Acacia in terms of administration, printing and postage costs, as well as speeding up the provision of information to shareholders. The reduced use of paper will also have environmental benefits.

Shareholder security

Shareholders should be cautious of any unsolicited financial advice, offers to buy shares at a discount or any other unsolicited advice regarding investment matters. More detailed information is provided at www.fca.org.uk/consumers

Financial calendar

Financial year end	31 December 2015
Preliminary results for 2015	15 February 2016
Annual General Meeting	21 April 2016
Quarterly results Q1 2016	21 April 2016
Payment date for 2015 final dividend	27 May 2016
Half year report 2016	July 2016
Quarterly results Q3 2016	October 2016
Quarterly results Q4 2016	January 2017

FORWARD-LOOKING STATEMENTS

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

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

Any forward-looking statements in this report only reflect information available at the time of preparation. 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 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.

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www.acaciamining.com