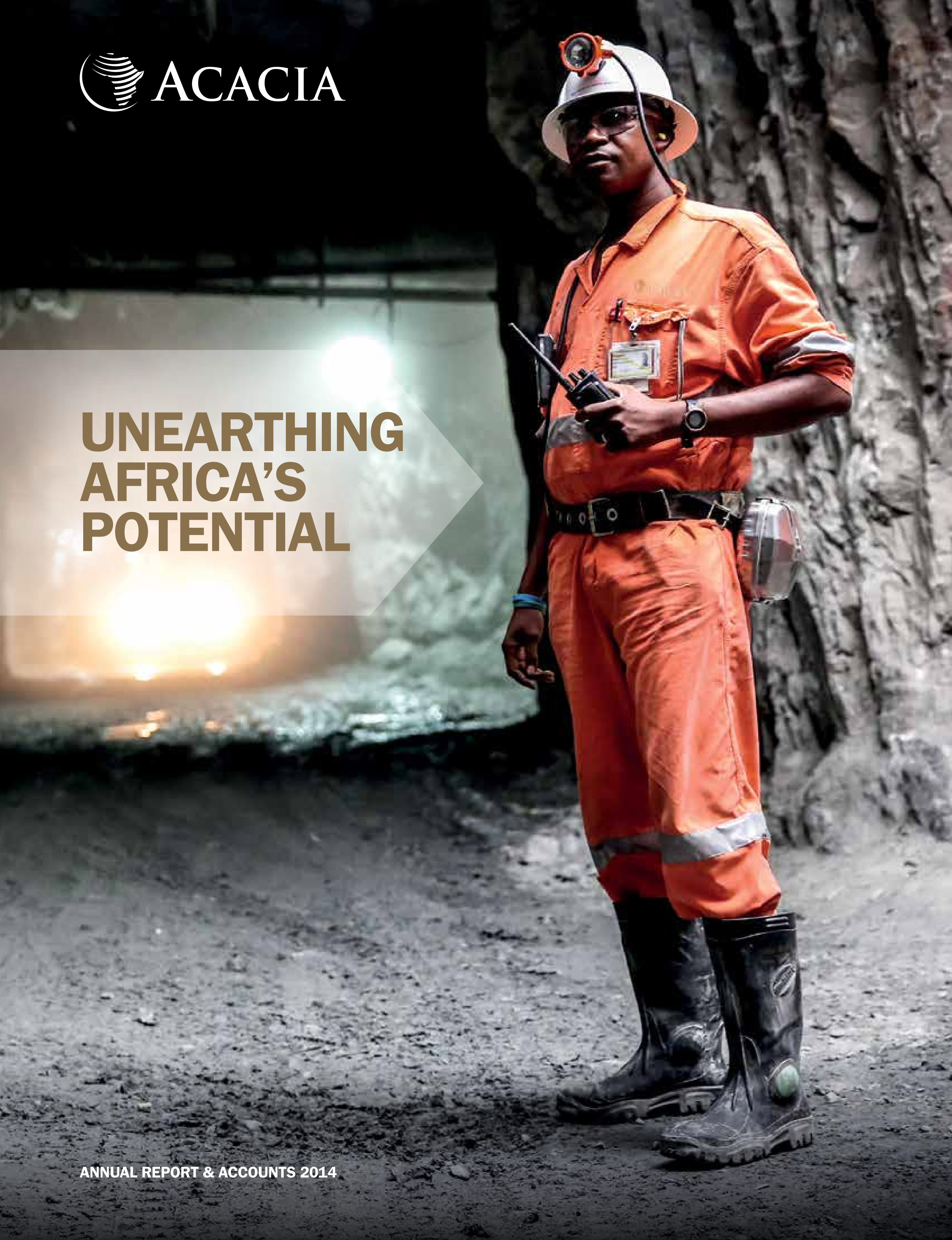
ACACIA



UNEARTHING AFRICA'S POTENTIAL

ANNUAL REPORT & ACCOUNTS 2014

CREATING A STRONG BASE TO LEVERAGE FUTURE OPERATIONAL TRANSFORMATION

Brad Gordon
Chief Executive Officer

Through 2014, we successfully laid the foundations to help our business become a leading company in Africa and deliver returns to both our shareholders and stakeholder communities. We are changing the way in which we operate our assets, driving cultural change and building lasting relationships which will lead to increased performance across the business.

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

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

OUR BUSINESS

Re-engineering our mines

Page 14

We have a leading portfolio of assets and are focused on making our mines perform to their geological potential.

OUR PEOPLE

Driving accountability and performance

Page 16

Driving cultural change across the workforce through a dedicated programme and the redesign of structures and roles.

OUR RELATIONSHIPS

Proactive stakeholder engagement

Page 18

Becoming the partner of choice for communities and Governments across Africa.

CONTENTS

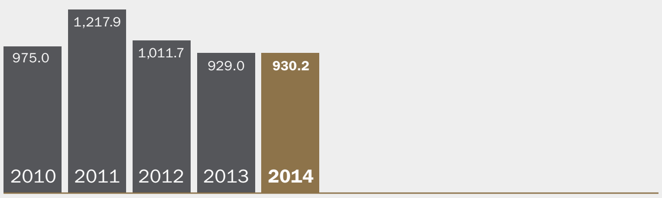
HIGHLIGHTS

Financial

Revenue (US$million)

US$930.2m

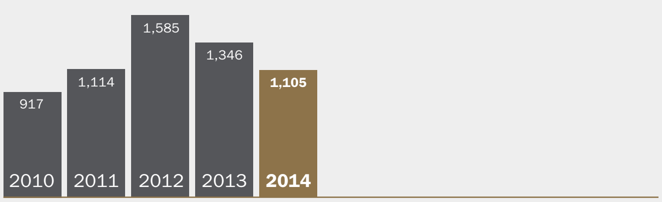
2013: US$929.0m



All-in sustaining cost[1,2] (US$/oz)

US$1,105/oz

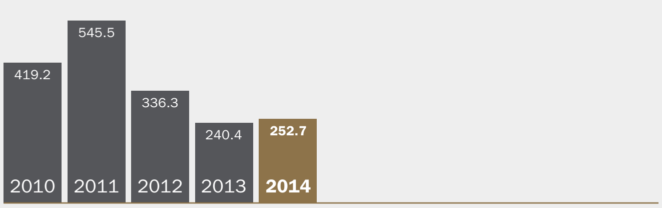
2013: US$1,346/oz



EBITDA[1,3] (US$million)

US$252.7m

2013: US$240.4m



1 These are non-IFRS measures. Refer to page 166 for definitions.
2 2013 comparative amounts have been restated to exclude Tulawaka.
3 EBITDA includes continuing and discontinued operations.

Operational

Bulyanhulu, Tanzania

234,786

Ounces of gold produced

A high-grade underground mine with a mine life in excess of 30 years

We have moved to a mechanised mining method, with long hole stoping becoming the primary mining method. This will assist in the ramp up of the mine and is both safer and more cost effective than previous hand-held methods.

Buzwagi, Tanzania

210,063

Ounces of gold produced

A single open pit bulk tonnage operation with a mine life of five years

We have shortened the life of the mine so that we are mining only profitable ounces. Our five year plan now produces positive cash flow over each year of its remaining life.

North Mara, Tanzania

273,803

Ounces of gold produced

A high-grade open pit operation, transitioning to a dual open pit and underground operation with a mine life of nine years

We are moving forward with the creation of an underground operation at the Gokona pit. We believe that this will be more profitable than mining this deposit via an open pit and has a much lower impact on the community.

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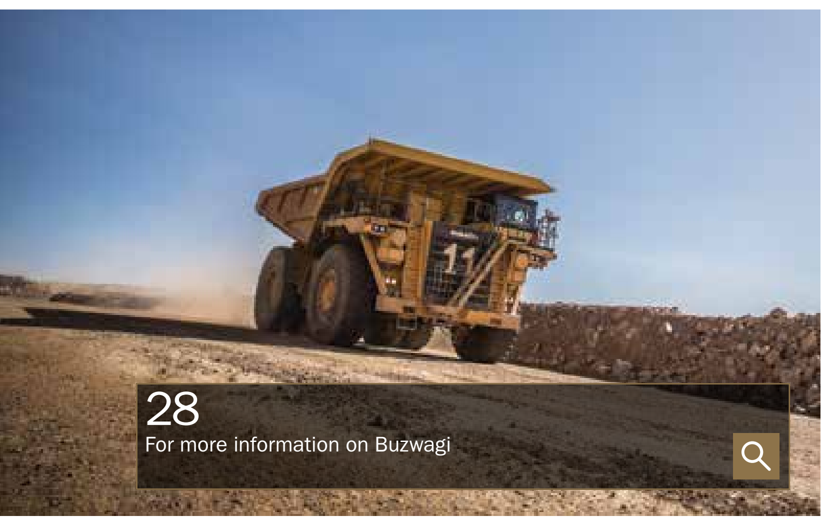
For more information on Bulyanhulu



28
For more information on Buzwagi

30
For more information on North Mara

Sustainability

42
For more information on sustainability

Education

US$2.5m

Amount invested in 2014

Health

US$0.8m

Amount invested in 2014

Water and sanitation

US$1.3m

Amount invested in 2014

Infrastructure

US$2.6m

Amount invested in 2014

BUSINESS AT A GLANCE

We are a leading gold producer in Tanzania having produced nearly eight million ounces of gold in over a decade of operations. Our business model is designed to create a leading company in Africa.

What we stand for

- A leading asset portfolio in Africa
- Focused on free cash flow
- Disciplined capital allocation
- Becoming the partner of choice
- Growing our footprint

Producing mines

Bulyanhulu

17.3

Total Reserves and Resources (Moz)

Buzwagi

3.1

Total Reserves and Resources (Moz)

North Mara

4.8

Total Reserves and Resources (Moz)

26 to 31
For more information on our producing mines

Exploration

Near-mine/Brownfield

- Bulyanhulu Resource Expansion
- Bulyanhulu Regional

Greenfield

- West Kenya Joint Ventures
- South Houndé Joint Venture

During the year, US$18.3 million of exploration activities were expensed, with a further US$2.2 million relating to exploration and evaluation activities being capitalised.

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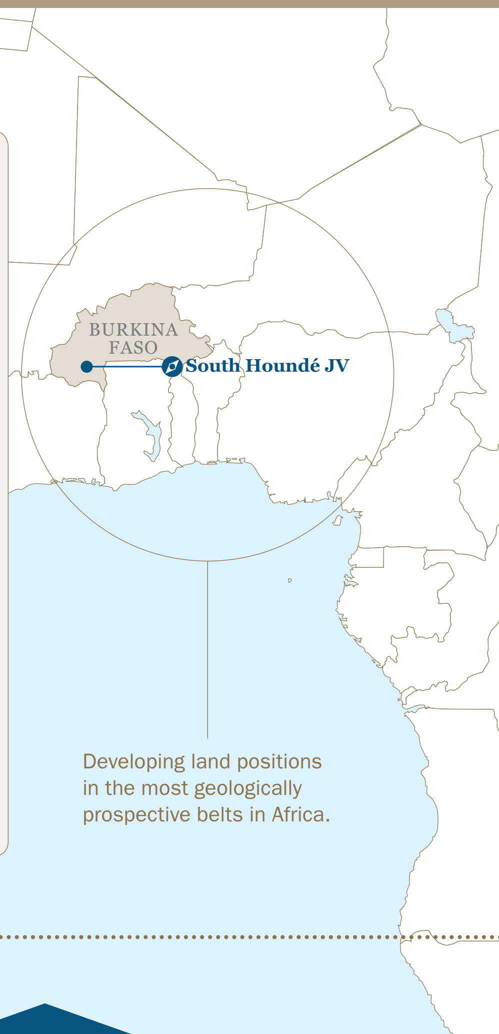
For more information on our exploration projects



Developing land positions in the most geologically prospective belts in Africa.

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

- Developing 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

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

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

Generating free cash flow

Sustainable stakeholder returns

Increasing shareholder value

Benefitting host countries

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

CHAIRMAN'S STATEMENT

The changes we made to the business a year ago underpinned the improvement we saw in 2014, as the business delivered strong operational and financial performance and returned to positive free cash flow for the first time in three years.

Kelvin Dushnisky
Chairman of the Board

What makes us different?

- **Leading asset portfolio**
- **Proven management team**
- **Operational delivery**
- **Financial flexibility**
- **Cost discipline**

Dear Shareholders,

2014 was an important and pleasing year for the Company as we reaped the benefits of strengthening the Board and Management team in 2013. Whilst the gold price ended the year at US$1,206 per ounce, only 1.6% down on the previous year, there was significant volatility throughout 2014, with a low of US$1,142 per ounce putting further pressure on the sector. In spite of continued challenges in the gold and wider mining market, Acacia achieved significant share price outperformance against both the UK market and the wider gold mining sector, ending the year up 37.5%. This reflected our continued operational delivery, with a second successive year of production increases and significant further reductions in the cost base that led to a return to free cash generation.

Change of name to Acacia Mining

An important development in 2014 was the change of the Company's name to Acacia Mining (LSE:ACA), which our shareholders voted in favour of in November. The decision to change the name was made in order to reflect the new culture and strategic direction of the business. The Acacia tree is hardy and resilient, and thrives in challenging environments. We believe that these characteristics reflect our enhanced operational capabilities and goals, and the adoption of the new name is already driving a change of perceptions of the business with our stakeholders both in Tanzania and beyond.

Board composition

During the year, we saw two changes to the Board of Directors, with Rick McCreary stepping down as a Non-Executive Director in August and David Hodgson not standing for re-election at the Annual General Meeting. We would like to thank both Rick and David for their contributions to the Company and wish them well for the future. Following the changes, the Board has ten members, including seven independent Non-Executive Directors, two Non-Executive Directors and one Executive Director.

Final dividend for 2014

To ensure that our dividend policy is more closely aligned with the cash generation of the business, we have amended our existing dividend policy such that it is now based on operational cash flow after sustaining capital and capitalised development but before expansion capital and dividends, rather than on net earnings.

The Board believes this metric more appropriately reflects Acacia's and the wider market's focus on cash flow generation as well as our commitment to ongoing capital returns to shareholders. The dividend payout ratio of 15 to 30% and the timing of the payment, being one third of the dividend as an interim dividend and the balance as a final dividend, remain unchanged.

In line with the above change, the Board of Directors is pleased to recommend the payment of a final dividend for 2014 of US2.8 cents per share, representing two thirds of the total dividend payable in respect of 2014 of US4.2 cents per share, an increase of 40% when compared to 2013.

Outlook

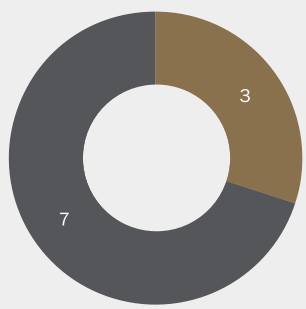
The team continued to make significant changes to both the operations and the way they are run over 2014 to great effect and we are now closer to getting each of the assets working to its full potential. This step change has meant that the business is now set up to be able to thrive, even in a lower gold price environment.

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.

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.

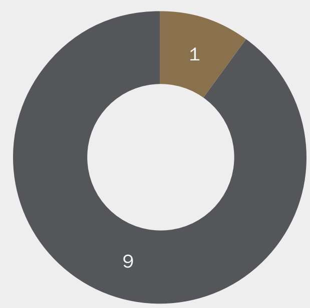
- Geology
- Engineering
- Financial
- African and regional affairs

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



- Non-independent
- Independent

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.



- Female
- Male

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For more information on Governance

Looking forward to 2015, we expect to see further improvements in our business as we continue to implement our strategy and optimise our high-quality asset base. With the team now in place continuing to drive operational performance I believe we are well positioned to become a leader in the African mining industry in the coming years.

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

CHIEF EXECUTIVE'S REVIEW

2014 was a momentous year for Acacia as we started our journey to become a leading company in Africa.

Brad Gordon
Chief Executive Officer

A track record of delivery

- Increasing production
- Reducing cost base
- Mines set up to perform
- Financial discipline

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For more information on our key performance indicators

Introduction

I am delighted with the progress we have made across the business over the last 12 months. We continued to deliver operationally, with each quarter showing lower all-in sustaining costs ("AISC"). This discipline enabled us to return to free cash generation, for the first time since 2011, which was one of our key objectives for the year. Our continued operational improvement was driven by a fresh strategic approach to running the Company focused on three key pillars: our business, our people and our relationships; whilst continuing to invest in our future. In order to further embed and reflect this approach, our shareholders voted to change the Company's name to Acacia Mining from African Barrick Gold on 26 November 2014. Our ambition is that, through the adoption of this new name, all of our people and external stakeholders become aligned with our new approach and goal of becoming a leading African mining company. We have already seen evidence that this is happening as the new approach is put into action.

During 2014, we continued to enhance our mines and approved the development of an underground operation at North Mara which will significantly improve both the economics of the mine and the social situation in the area. We are continuing to turn Bulyanhulu into a world-class mine and during the year engaged contractors to accelerate underground development to provide future flexibility as well as pouring the first gold from the CIL Plant expansion at the mine. With a contrarian approach we are taking advantage of the dislocation in the market to expand our exploration footprint, and in November 2014 expanded into West Africa through an exciting and highly prospective exploration project in Burkina Faso.

Year in review

2014 was a successful year for Acacia, with production increasing again to 718,651 ounces, 13% higher than 2013 and 4% above the upper end of our initial guidance range for the year. Production increased at all three mines with Bulyanhulu up 18% on 2013, Buzwagi up 15% on 2013 and delivering its highest ever year of gold production and North Mara remaining the standout performer, producing 273,803 ounces as the grade from the Gokona pit continued to be strong.

On the cost side, we demonstrated consistent cost control and have now taken US$600 per ounce out of our quarterly AISC since Q3 2012. This translated into full year AISC of US$1,105 per ounce sold, down 18% on 2013 and at the bottom of our guidance range. We delivered on our targeted cost savings of US$185 million set out in the Operational Review in 2013 and our continued focus is on removing further costs from the mining cycle. As a result of the cost savings, cash costs per ounce continued to come down and for 2014 we delivered cash cost per ounce sold of US$732, below our guidance range and 10% lower than 2013.

WHERE WE STAND TODAY...

During 2014, we produced 718,651 ounces of gold, a second consecutive year of increased production and an improvement of 13% on 2013.

Our AISC of US$1,105 per ounce sold was a reduction of 18% on the previous year and is now US$480 per ounce lower than 2012.

719koz
Production

Operational stability throughout the Group
All three mines delivered increased production

US$1,105/oz
AISC

Cost discipline embedded across the business
Three successive years of reductions in AISC

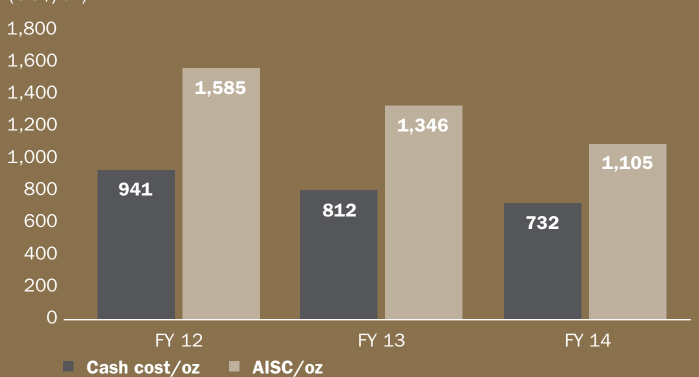
US$290m
Operating Cash Flow

Operating and capital controls enforced
Cash flow driven by North Mara and Buzwagi

US$294m
Cash balance

Adding cash to the balance sheet
Prioritising allocating capital to shareholders

AISC and cash cost evolution
(US$/oz)



CHIEF EXECUTIVE'S REVIEW CONTINUED

We returned to cash generation for the first time in three years during 2014, adding US$11 million to the balance sheet. Whilst this is positive, it does not reflect the scale of change that took place during the year, with positive cash flows of more than US$100 million before growth capital, dividends and Tulawaka sale costs. It should be noted that the average realised gold price of US$1,258 per ounce was over US$100 per ounce lower than 2013 and over US$400 per ounce lower than 2012, years in which we did not generate positive free cash flow.

Total revenue for the year amounted to US$930.2 million, which was in line with 2013 despite the lower average realised gold price as sale ounces for 2014 exceeded prior year sales by 9%. EBITDA increased by 5% to US$252.7 million in 2014 mainly due to a US$26.1 million reduction in gross direct mining costs, reflected in the 10% reduction of cash costs to US$732 per ounce sold. Earnings for the year were US$90 million, or US 22.1 cents per share. These were negatively impacted by significant revaluations of our indirect tax balance held in Tanzanian shillings and out of the money oil hedges, partially offset by deferred taxation changes at Buzwagi.

Our strategic approach

Our new approach to operating our assets has focused on three key pillars: our business, our people and our relationships; whilst continuing to invest in our future.

Our business

We have made significant technical changes to our business, to ensure that each of our mines is correctly engineered and set up to deliver free cash flow. At Bulyanhulu we have changed to a mechanised mining method and are working to ensure that the mine delivers in line with its geological endowment. At North Mara we are moving forward with the development of an underground operation at one of the mine's open pits which provides strong economic and social returns. At Buzwagi we have shortened the life of the mine so that we are mining only profitable ounces.

Our people

Our second pillar is our people, who are our core asset. We have significantly reduced the levels of management, restructured our corporate offices, commenced a new cultural transformation programme (Tufanikiwe Pamoja/Together we succeed) and introduced a behavioural safety programme (Tunajali/WeCare). We are focused on creating a high-performance culture where our people are held accountable, but are given the tools to succeed. As part of this process we have already uncovered real talent within the workforce as well as seeing talented people returning to Acacia.

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

The fourth element of our strategy is to invest in 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.

Expanding our footprint

During 2014, we made our first entry into West Africa by entering into an earn-in agreement over the South Houndé Project in Burkina Faso. The earn-in allows us to earn an interest of up to 75% over a four year period in the highly prospective project which already includes a 1.5Moz Au Inferred resource.

We also had a successful year within our existing exploration portfolio as the drilling programmes at Bulyanhulu led to the addition of 2.3Moz of gold into resources at existing reserve grades at very competitive costs. This is approximately half of our three year target to add 5Moz of gold resources at the mine as we look to ensure that production matches the geological endowment at Bulyanhulu. We also made good progress in Kenya with an extensive and successful aircore drilling programme across the land package which is now being followed up with deeper drilling.

OUR STRATEGY...

Strategic pillar	Progress in 2014	Priorities for 2015	KPIs
1 Our business – Focused on free cash flow.	• Converted to mechanised mining at Bulyanhulu • Approved underground operation at Gokona, North Mara • Increased recoveries at Buzwagi by 5%	• Achieve reserve grade at Bulyanhulu and drive production growth • Bring the underground operation at Gokona into commercial production • Achieve name plate mill capacity at Buzwagi	**Gold production** (koz) 719 **AISC** (US$/oz) 1,105
2 Our people – Creating a high-performance culture.	• Roll-out of designed cultural change programme (Tufanikwe Pamoja) • 28% reduction in international workforce • WeCare behavioural safety programme rolled out	• Embed new culture and desired behaviours within workforce • Continue to drive reduction in international workforce • Improve safety performance to world-class levels	**Safety – TRIFR** (Frequency Rate) 0.86 **Localisation** (% of workforce Tanzanian) 94.5%
3 Our relationships – Becoming the partner of choice.	• Increased dialogue with Government • Group-wide community investment of approximately US$11 million • Economic contribution of US$920 million	• To limit the impact of the 2015 General Elections in Tanzania on our operations • To enhance community investment programmes to maximise benefits for communities	**Community spend** (US$m) US$10.8m
4 Our future – Discovering our next mine.	• Drilling led to inclusion of 2.3Moz of high grade resources at Bulyanhulu • Successful early drilling in the West Kenya JV • Entry into South Houndé JV in Burkina Faso	• Progress West Kenya JV towards resource declaration • Continue to delineate further resources at Bulyanhulu • Continue to expand land package across Africa	**Reserves and Resources** (Moz) 30.1

Key risk summary

Strategic risks
Our principal strategic risks relate to the fact that all of Acacia's revenue is derived from production at our three operations in Tanzania and thus our business could be materially affected by significant in-country developments. This is why we assess opportunities to diversify geographically through exploration and acquisition targets.

Financial risks
Our financial condition and performance may be materially affected by significant changes in commodity pricing, given the level of business dependency 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.

External risks
Like many businesses, Acacia's operations and financial conditions are exposed to a number of external risks, such as political, regulatory and legal developments within our operating environment and regions, and wider factors such as occupational health and life-threatening diseases in regions in which we have, or may in the future have, a presence.

Operational risks
By its nature, mining is subject to a number of hazards and risks. From Acacia's perspective, we pay a particular attention to risks relating to security, trespass and vandalism, safety risks relating to mining operations, risks relevant to the continued enhancement of operational systems and equipment effectiveness, and environmental hazards and rehabilitation.

Further detail on all of the above is provided on page 22 and as part of our principal risks and uncertainties on page 82.

CHIEF EXECUTIVE'S REVIEW CONTINUED

OUR AMBITION...

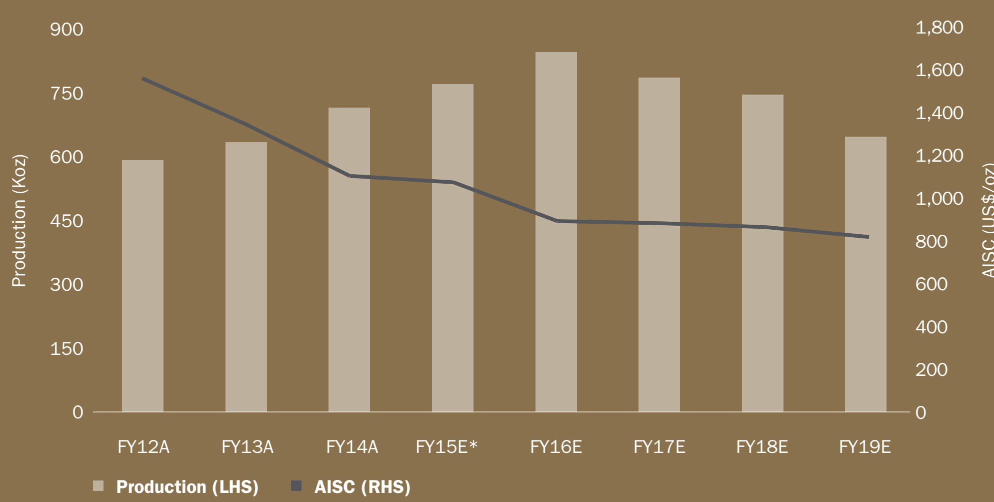
To attract and retain the best people

To operate the best assets

To generate returns for all of our stakeholders

To be a partner of choice for the communities and Governments across the continent

Five year production and AISC profile set out in November 2014



* 2015 estimates based on the mid point of production and AISC guidance ranges

To help us achieve our plan, we are focused on maintaining and strengthening our position as a high-quality African gold producer in order to develop our business for the long term.

Safety

It is with sadness that I report that we experienced a fatality during the year, with Emmanuel Mrutu, an underground miner at Bulyanhulu, passing away after having been injured in a fall of ground incident at the mine in March. We fully investigated the incident and have implemented a number of recommendations to prevent re-occurrence. Safety is something I am passionate about and having been involved in underground mining for over 20 years, I am well aware of the risks. One of the key projects we started during the year was "Tunajali" or "WeCare", a behavioural safety programme designed to embed the culture of safety, rather than just relying on checks and processes. This programme has now been rolled out across all of our operations and we expect this to have a positive impact on health and safety practices going forward. We continue to target zero injuries and have every person going home safely every day.

Indirect taxes

Further progress has been made with respect to the build-up of VAT, and the Company received total net refunds for 2014 of approximately US$49 million. Total gross refunds received in 2014 amounted to US$132.8 million. We have also continued discussions with the Tanzanian Government on the establishment of an appropriate mechanism to safeguard the recoverability of VAT payments over the long term. These are centred around the establishment of an escrow account for VAT paid on domestic goods, similar to that currently used to provide for the refunding of VAT paid on imports, and our discussions are ongoing. As at 31 December 2014, the outstanding amount relating to the total indirect tax receivable, not covered by the 2011 Memorandum of Settlement, stood at US$46 million, roughly US$49 million lower than 31 December 2013.

Barrick Gold shareholding

In March 2014, our majority shareholder Barrick Gold sold 10% of Acacia's outstanding share capital to institutional shareholders. The placing was priced at 275 pence and reduced Barrick's shareholding to 63.9%. This was a positive step by Barrick and increased our free float by around 40% which led to a subsequent increase in trading liquidity.

Outlook

The focus for 2015 is to continue to deliver free cash flow from our high-quality portfolio of mines as we work to enable them to deliver to their full geological potential. We have implemented changes across our business in order to continue to drive cost reductions and production growth. We are focused on continued delivery operationally in order to drive free cash flow, of which 15-30% is expected to be returned to shareholders via dividends, with the remainder appropriately allocated across further capital returns, organic growth or acquisition opportunities.

We successfully overcame challenges to the business in 2014 and expect that 2015 will present similar challenges as we seek to successfully deliver on the turnaround at Bulyanhulu, move into commercial ore production from the Gokona Underground project at North Mara and ensure that we maintain our strengthened relationships with all stakeholders and the Government.

For 2015, we expect to see increased production of between 750,000-800,000 ounces of gold. Production at each of the mines is expected to remain in line with Q4 2014 during the first quarter, with the bulk of the increase in production expected to be realised in the second half of the year.

At the mine level, we expect a significant ramp up at Bulyanhulu as we move through the year, driven by an improvement in head grade, incremental production from the Upper East Zone and an increased contribution from the tailings re-treatment. At Buzwagi, production is expected to be broadly in line with 2014 as we continue to operate around the reserve grade of the asset. At North Mara, head grade is expected to decline marginally as the Gokona pit transitions from an open pit to underground operation, leading to an increased proportion of ore being sourced from the lower-grade Nyabirama pit during the year. This will be partially offset by the higher-grade ore from underground. As a result we expect to see a corresponding reduction in production at the mine.

We are targeting further reductions to our unit costs in 2015, predominantly driven by the incremental production at Bulyanhulu, and estimate the cash cost per ounce for the year, including royalties, will be between US$695-725 per ounce sold, a reduction of up to 5% on 2014.

For 2015, we expect overall capital expenditure of between U$220 million – US$240 million, a further reduction on 2014 as we enforce stringent capital controls and move closer to industry average per ounce spend. We expect sustaining capital of US$90 million – US$100 million, inclusive of land purchases, as we scale up operations at Bulyanhulu and set up the long-term future at North Mara, with capitalised development, inclusive of deferred stripping, of US$125 million – US$135 million. This is driven by increased development activity at Bulyanhulu which commenced in 2014 and is focused on opening additional mining areas, and at North Mara as work accelerates on the Gokona Underground project. The increase in spend is partially offset by a reduction in capital requirements at Buzwagi as it moves towards the end of mining activity. Expansionary capital of US$5 million relates to additional underground drilling at Bulyanhulu aimed at increasing the scale of the ore body as well as expansionary drilling at North Mara, predominantly under the Nyabirama pit.

As a result of the above, coupled with flat corporate administration costs, we estimate all-in sustaining cost per ounce sold for the year will be between US$1,050 – US$1,100, a reduction of up to 5% on 2014. The evolution of these costs during the year will be driven by our production profile and as a result we expect to see lower costs in the second half than the first.

Finally, I would like to thank all of my colleagues for their commitment, enthusiasm and hard work throughout what has been a transformative year for Acacia. I am delighted by our progress to date, and am driven by the opportunity to make 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 very much looking forward to 2015 and beyond.

Brad Gordon
Chief Executive Officer

RE-ENGINEERING OUR MINES

OUR BUSINESS

We have a leading portfolio of assets and are focused on making our mines perform to their geological potential.

Michelle Ash
Executive General Manager,
Planning and Business Improvement

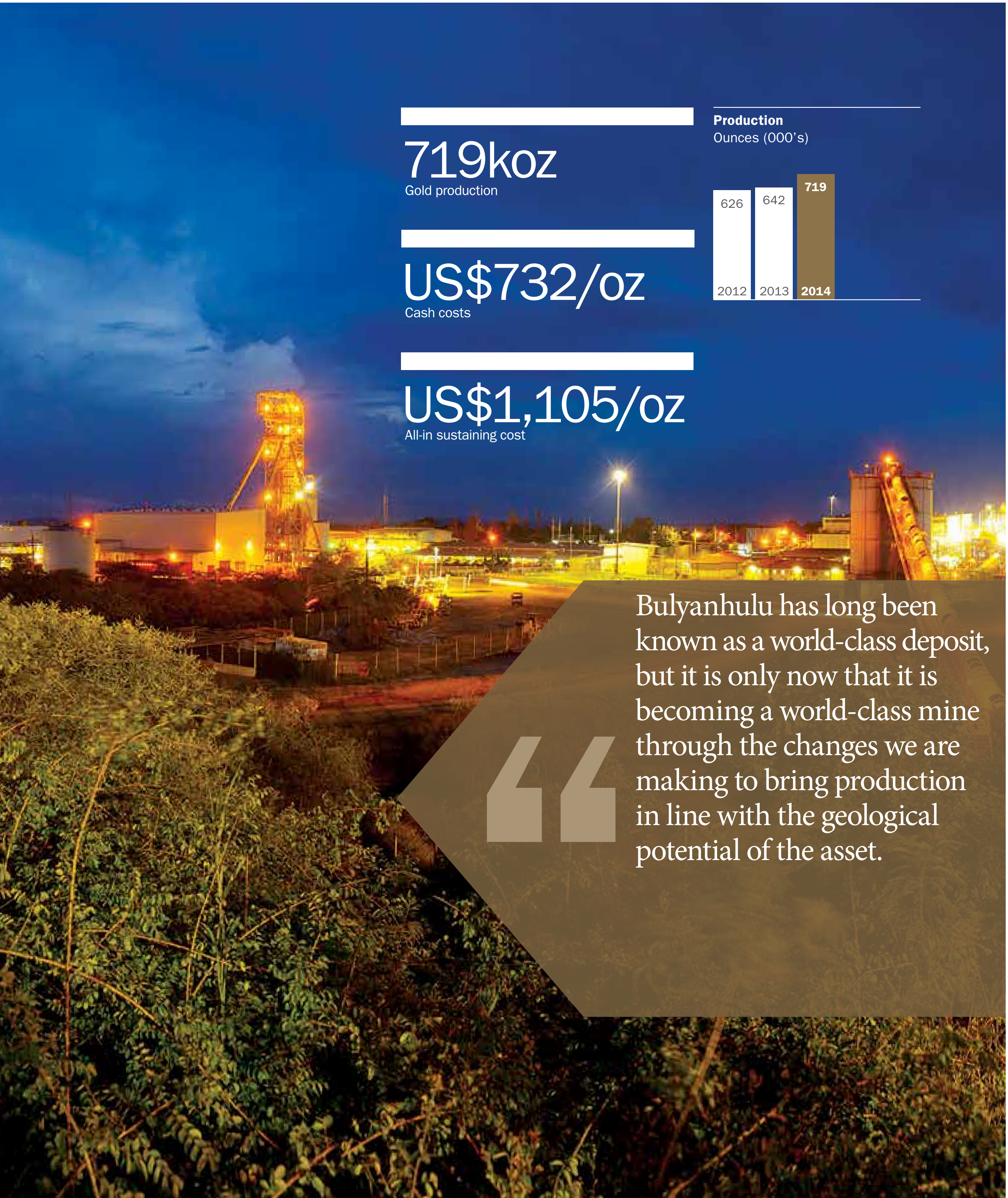
Making Bulyanhulu a world-class mine

Bulyanhulu has long been known as a world-class deposit, but it is only now that it is becoming a world-class mine through the changes we are making to bring production in line with the geological potential of the asset. We are moving to a mechanised mining method and investing in underground development to ensure that the mine is able to achieve annual production rates of in excess of 350,000 ounces of gold from 2016 onwards.

Enhancing economic and social returns at North Mara

North Mara has always been a high-grade open pit operation, with large communities in close proximity to the mine. In November 2014 the decision was made to convert one of the pits, Gokona, to an underground operation which allows for gold to be selectively mined at higher grades over the next five years, with potential for this to extend further as the underground goes deeper. This will both improve the economic returns and reduce the footprint of the mine which will benefit all of our stakeholders.

26 to 31
For more information about our portfolio of mines



719koz
Gold production

US$732/oz
Cash costs

US$1,105/oz
All-in sustaining cost

Production
Ounces (000's)

2012	2013	2014
626	642	719

> Bulyanhulu has long been known as a world-class deposit, but it is only now that it is becoming a world-class mine through the changes we are making to bring production in line with the geological potential of the asset.

DRIVING ACCOUNTABILITY AND PERFORMANCE

OUR PEOPLE

Driving cultural change across the workforce through a dedicated programme and the redesign of structures and roles.

Peter Geleta
Executive General Manager,
Organisational Effectiveness

Accountability

We have a very strong focus on our people, who are our core asset. We are focused on creating a high-performance culture where our people are held accountable, but are given the tools to succeed. As part of this process we have already uncovered real talent emerging from within the workforce as well as seeing talented people returning to Acacia.

WeCare

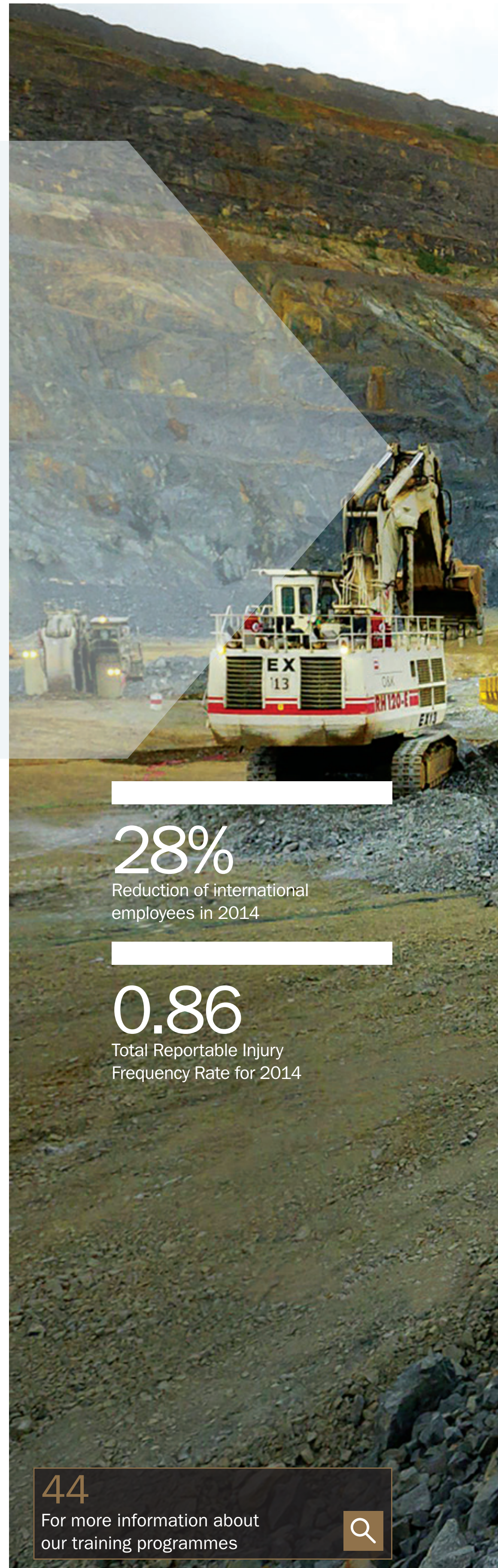
The safety of our workforce is paramount and during the second half of the year we launched “Tunajali” or “WeCare”, a behavioural safety programme designed to embed the culture of safety, with positive rewards for safe behaviours rather than just relying on checks and processes. The programme has now been rolled out across all of our operations.

Tufanikiwe Pamoja

We are undertaking a unique world-class cultural transformation programme, called Tufanikiwe Pamoja (Together we succeed). The programme embeds the Company’s expectations and the accountabilities of every leader and team member with respect to their behaviour and approach to work.

As part of this programme we have articulated six desired behaviours which all team members are expected to practise in order to drive a high-performance culture and create the best company in Africa:

- We plan the work and work to plan
- We hold people accountable and recognise performance
- We work as a team (collaborate) and communicate openly
- We do what we say we will do
- We act with a sense of urgency
- We develop our people to be their best



28%
Reduction of international employees in 2014

0.86
Total Reportable Injury Frequency Rate for 2014

44
For more information about our training programmes

"We are in the process of creating a high-performance culture through our Tufanikiwe Pamoja programme which embeds the Company's expectations and the accountabilities of every leader and team member.

PROACTIVE STAKEHOLDER ENGAGEMENT

OUR RELATIONSHIPS

Becoming the partner of choice for communities and Governments across Africa.

Deodatus Mwanyika
Vice President, Corporate Affairs

Benefits for host communities

This year we have focused on improving our relationships with both the communities around our mines and with the Government. As part of this, we have engaged more actively with the community, the media and with our broader stakeholders with the aim of becoming a partner of choice and to ensure that our communities benefit from our operations. We invest in communities through both the Acacia Maendeleo Fund, which supports our broader company initiatives across Tanzania and Kenya, and our Village Benefit Implementation Agreements, which provide for specific investments at North Mara to fulfil legacy commitments.

Relationships with Government

A key area of focus and progress during the year has been on strengthening relationships with the Government. We now believe the relationship is significantly stronger than in the past and this is demonstrated by the improvement in the three key business critical areas in which we have engaged the Government; these being law and order at North Mara, where the Government has stepped up its involvement; grid power reliability, where additional generating capacity has been brought on stream near the mines; and the outstanding VAT receivables, which have reduced by approximately US$50 million during the year.

US$10.8m
Group-wide community investments

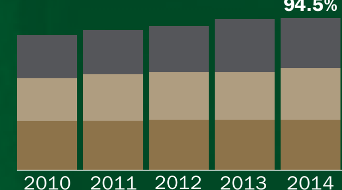
US$920m
Direct economic contribution

42
For more information about our commitment to broader stakeholders

94.5 %

Over 94% of Acacia employees in Tanzania are Tanzanians

Localisation of workforce
(percentage of national workforce)



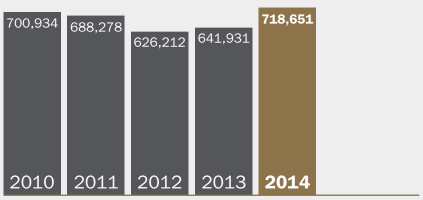
Bulyanhulu	94.3%
Buzwagi	98.0%
North Mara	93.5%

KEY PERFORMANCE INDICATORS

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

Operational measures

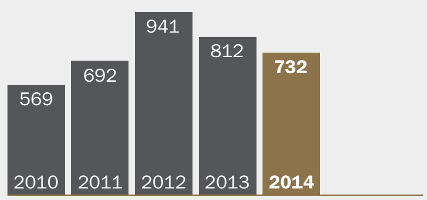
Gold production
(oz) 1



Performance
Gold production was 718,651 ounces, 13% higher than 2013, 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.

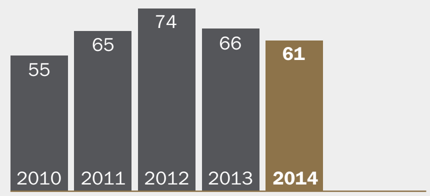
Cash cost per ounce sold
(US$/oz) 1



Performance
Cash cost per ounce sold for the year was US$732 per ounce, a 10% reduction on 2013, as a result of increased production and lower operating costs.

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.

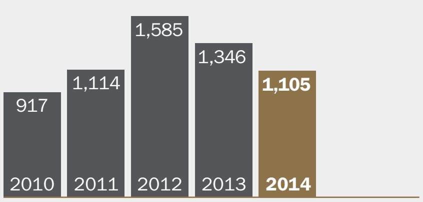
Cash cost per tonne milled
(US$/tonne) 1



Performance
Cash cost per tonne milled for the year was US$61 per tonne, an 8% reduction on 2013, as a result of achieving improved process throughput and cost savings in our operating environment.

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.

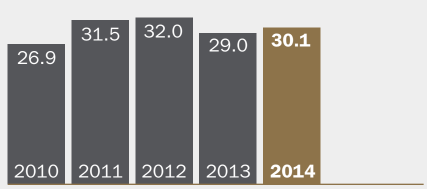
All-in sustaining costs
(US$/oz) 1



Performance
AISC for the year was US$1,105 per ounce sold, a decrease of 18% on 2013, as a result of achieving increased production, lower operating costs and lower capital expenditures.

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.

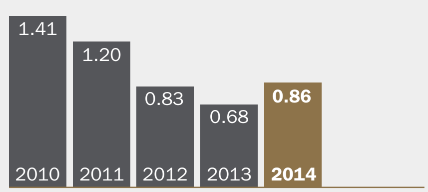
Total reserves and resources
(Moz) 4



Performance
Total reserves and resources for the year amounted to 30.1 million ounces of gold, an increase on 2013 (29.0 million ounces) as a result of successful exploration programmes at Bulyanhulu.

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

Total reportable injury frequency rate
(frequency rate) 1 2



Performance
Total reportable injury frequency rate ("TRIFR") was 0.86 for the year, compared to 0.68 in 2013. An enhanced safety programme has been rolled out (WeCare) to improve safety performance in 2015.

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.

Delivering in line with our strategy in 2014

1 Our business
3 Our relationships
2 Our people
4 Our future

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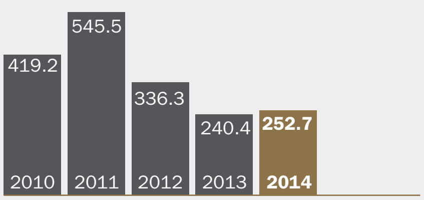
For more information on our strategy

Financial measures

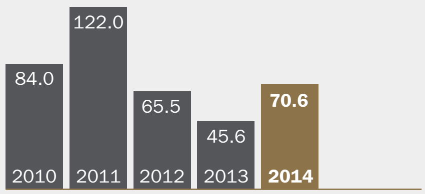
EBITDA 1
(US$million)



Performance
EBITDA for the year was US$252.7 million, a 5% increase on 2013, mainly as a result lower direct mining costs.

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.

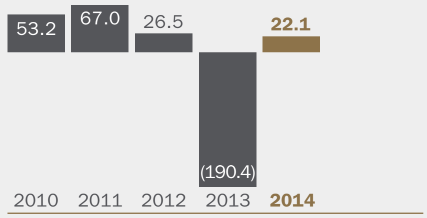
Operating cash flow per share 1
(US¢/share)



Performance
Operating cash flow per share was US70.6 cents per share, 55% up from 2013, largely due improved operating performance.

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.

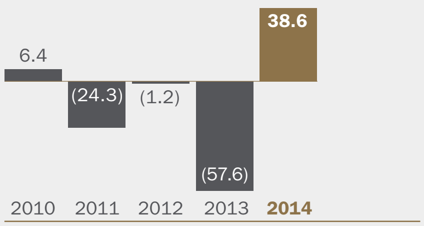
Net earnings per share 1
(US¢/share)



Performance
Net earnings per share was US22.1 cents, an increase from a loss of US190.4 cents in 2013, largely due to improved operating performance and no writedowns.

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.

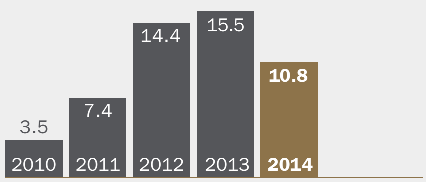
Total shareholder return 1 3
(%)



Performance
Total shareholder return ("TSR") in 2014 was 38.6%, an increase from negative 57.6% in 2013 due to the appreciation of the share price during the year following operational improvements.

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.

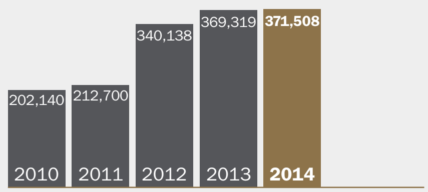
Total community investment 3 4
(US$million)



Performance
Total community investment was US$10.8 million for the year, a reduction on 2013 (US$15.5 million), as a result of a reduction of required VBIA spend at North Mara.

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 1 2 3 4
(total tonnes CO_2)



Performance
Total CO_2 emissions for 2014 amounted to 371,508 tonnes, in line with 2013 (369,319 tonnes of CO_2). Further information as regards our GHG emissions reporting is provided on page 86.

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.

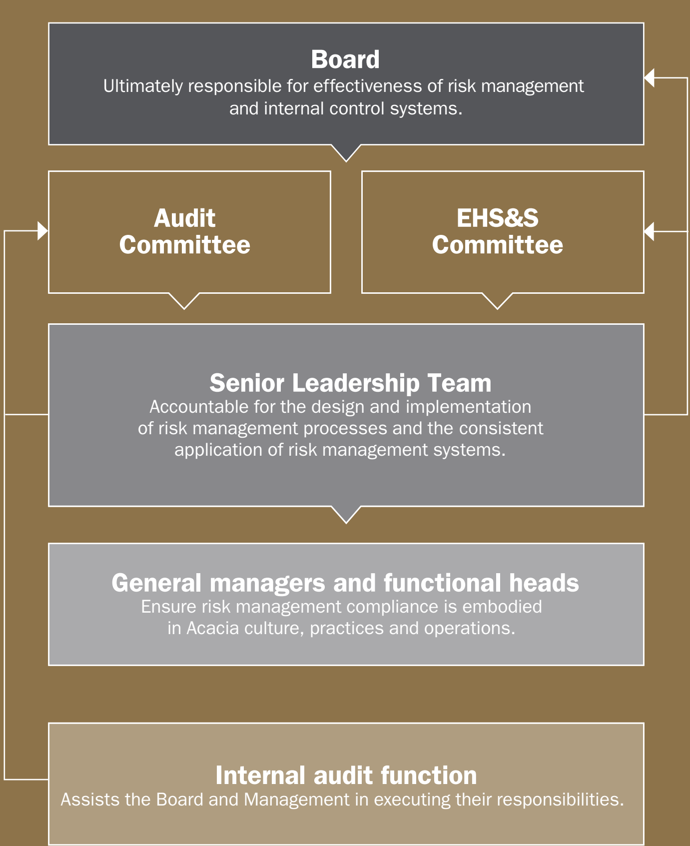
RISK MANAGEMENT

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. For this reason, we conduct risk assessments throughout the year as part of business performance and operational reviews, including:

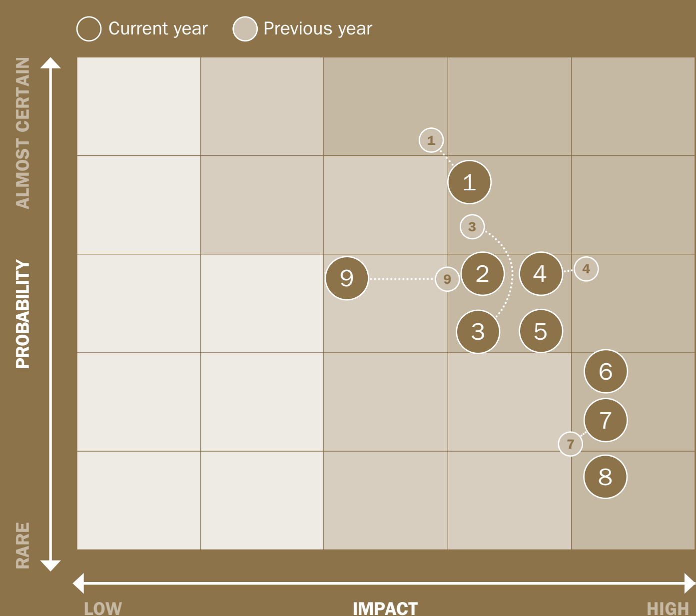
- **Group-level risk workshops to consider overall strategic risks to the business**
- **Operational risk workshops focused on specific operational risks in the context of each of our operations**
- **Functional risk workshops to assess key matters which could affect underlying support functions, such as treasury, tax, technical services and business improvement, required for our long-term business plans**
- **Monthly operational and financial performance reporting**

Our annual business plan and budgeting process incorporates risks identified through the above reviews. Residual risks are then identified based on the effectiveness of existing controls and mitigating action plans prepared for all high-impact areas. When compiled, all risk assessments are assessed by the Senior Leadership Team in the first instance, the Audit and EHS&S Committees, where relevant and appropriate, and ultimately form the basis of a detailed Board review. Further detail as regards the outcome of the Board's internal control and risk management review for the year is provided opposite.

Risk management framework



Principal risk rating matrix



Top Principal Risks

1. Security, trespass and vandalism
2. Implementation of enhanced operational systems
3. Political, legal and regulatory developments
4. Significant changes to commodity prices
5. Equipment effectiveness
6. Safety risks relating to mining operations
7. Single country risk
8. Occupational health and life-threatening diseases
9. Environmental hazards and rehabilitation

82
For our full principal risks and uncertainties

2014 Risk Review

During the year we have made significant changes to the way that we run our business, which has resulted in a number of changes to our principal risks profile. Whilst our principal risks continue to fall within four broad categories: strategic risks, financial risks, external risks and operational risks, as a result of a range of cost control and revised operating and planning initiatives implemented during the year, the following risks are no longer viewed as principal risks to the management and operation of our business: (i) costs and capital expenditure; (ii) utilities supply; (iii) land acquisitions; (iv) organisational restructuring; and (v) loss of critical processes. In addition to this and again due to enhancements made to business practices throughout the year, we have allocated a medium risk rating to the following risks, previously viewed as high-level risks in 2013:

Community relations	We have continued to enhance community relations practices this year, having seen noticeable benefits through the investments made by the Acacia Maendeleo Fund and other community relations initiatives, in addition to the continued successful implementation of our stakeholder engagement model and social management plans. In addition, we continue to work on enhancements to our corporate social responsibility strategy, particularly with a view to enhancing economic empowerment initiatives, and other measures that enhance relationships with our local stakeholders, such that we believe we have adequate initiatives in place to manage and mitigate material risks to such relationships.
Employee, contractor and industrial relations	We have continued to strengthen employee relations and practices during the year, noticeably through the implementation of our new accountable management system and enhanced practices for industrial relations management. We also successfully implemented core elements of organisational restructuring at Bulyanhulu throughout the year and continue to advance our targets for workforce localisation across the Group, such that risks relating to employees and contractors are now viewed as having a medium impact to our business.
Reserves and resources estimates	Whilst it will never be possible to give assurances or certainty as regards reserves and resources estimates due to the varying nature and various factors which can impact such estimates, as a result of the improvements we have introduced, and will continue to implement as regards mine planning and cost controls this year, we believe that we have reduced certain exposures in this context, such that risks in this regard are now viewed as having a medium impact to our business.
Taxation reviews	As noted in the financial review of the year, we have made significant progress in the management and recoverability of Acacia's indirect tax receivables, particularly in the context of VAT, such that whilst any significant change to the taxation regime in Tanzania could have a material adverse effect on our financial position, our 2014 risk rating reflects the positive progress made to achieve resolutions to existing disputes.

In conjunction with the re-assessment of certain risks, we have also looked at the impact of emerging risks to our business, and believe it is appropriate to add the following as new principal risks this year, given their importance to ongoing operations:

Safety risks relating to mining operations	Despite the significant health, safety and risk management systems that Acacia has in place for its underground and surface 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, such that safety incidents in the workplace may unfortunately occur and did occur in 2014.
Implementation of enhanced operational systems	Throughout 2014 we have made a number of enhancements to mine planning and financial modelling practices as part of continuing reviews of existing operational systems and models, required to support increased productivity and ongoing reductions in operating cost profiles. Given the ongoing nature of systems reviews and the importance of this to the achievement of future business objectives, we believe it appropriate to monitor the implementation of enhanced operational systems as a principal risk going forward.
Equipment effectiveness	Previously we have reviewed risks relating to equipment effectiveness in the context of availability of critical processes. However, as part of ongoing reviews we have decided to separate this into a standalone risk in order to chart equipment availability, utilisation and productivity as required to meet increasing output levels.
Occupational health and life-threatening diseases	In prior years we have viewed occupational health and disease risks as medium, given the range of health and safety controls across our business. However, given the impact of certain epidemics this year across the African region, notably the impact of Ebola in West Africa, we have heightened monitoring of risks relating to occupational heath and life-threatening diseases this year.

The principal risk rating matrix opposite shows how we have allocated residual risk ratings across our principal risks following the 2014 Risk Review. In addition, the table entitled principal risks and uncertainties on page 82 sets out a description of each of our principal risks, along with commentary as regards management responsibility, mitigating action and key progress made in 2014 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 gold mining industry more generally, that could turn out to be material to the Group. Additional discussions of certain trends and uncertainties that may affect our operations are provided as part of our Strategic report.

The information relating to Acacia's performance included on pages 24 to 45 (inclusive) of this Annual Report and the information relating to its principal risks and uncertainties on pages 82 to 85 (inclusive) of this Annual Report, is incorporated by reference into this Strategic report and is deemed to form part of this Strategic report.

PERFORMANCE REVIEW

2014 was a watershed year for Acacia as we returned to free cash generation for the first time since 2011, exceeding our initial production guidance and reducing all-in sustaining costs year-on-year by 18%.

In this section:

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.

2014 performance

234,786
Contribution to Group ounces (oz)

33%
Percentage contribution to total Group ounces (oz)

1.29
TRIFR

17.3
Total reserves and resources (Moz)

The statistical information presented includes non-IFRS measures. An explanation of non-IFRS measures is included as part of the glossary.

Key mine statistics

Year ended 31 December

	2014	2013	Variance %
Key operational information:			
Ounces produced (oz)	234,786	198,286	18%
Ounces sold (oz)	215,740	195,304	10%
Cash cost per ounce sold (US$/oz)	812	890	-9%
AISC per ounce sold (US$/oz)	1,266	1,344	-6%
Copper production (Klbs)	5,289	4,855	9%
Copper sold (Klbs)	4,925	4,508	9%
Underground ore tonnes hoisted (Kt)	909	872	4%
Run of mine processing:			
Ore milled (Kt)	906	871	4%
Head grade (g/t)	8.7	7.8	12%
Mill recovery (%)	88.0%	90.9%	-3%
Ounces produced (oz)	222,381	198,286	12%
Cash cost per tonne milled (US$/t)	193	200	-3%
Reprocessed tailings:			
Ore milled (Kt)	617	–	nm
Head grade (g/t)	1.1	–	nm
Mill recovery (%)	56.9%	–	nm
Ounces produced (oz)	12,405	–	nm
Capital expenditure:			
– Sustaining capital (US$'000)	23,388	25,193	-7%
– Capitalised development (US$'000)	60,151	45,428	32%
– Expansionary capital (US$'000)	48,010	114,912	-58%
	131,549	185,533	-29%
– Non-cash reclamation asset adjustments (US$'000)	6,141	(10,044)	nm
Total capital expenditure (US$'000)	137,690	175,489	-22%

Progress in 2014

- Commencement of the conversion of the mine to a mechanised mining method in order to improve efficiencies and safety
- Completion of the commissioning of the CIL Plant expansion to re-treat historic tailings
- Delivery of a 12% increase in head grade from the underground as the mine moves towards reserve grade

Priorities for 2015

- Complete conversion of the mine to an efficient, modern mechanised mine using only long hole stoping
- Deliver a further increase in head grade from the underground mine
- Accelerate underground development in order to create mining flexibility across the ore body

3 Our relationships

Supporting local enterprise

AKO, a wholly owned Tanzanian catering company, commenced business in 2009 at Bulyanhulu. At the time this was a deliberate effort to support local companies in the service industry and AKO was well placed to provide catering services to the mine.

This contract has provided the platform for AKO to grow and it now services two Acacia mines, our Dar es Salaam office and has a number of other major contracts in the country. Over the past five years the company's turnover has grown by a multiple of ten and at December 2014 it stood at TZS45.4 Billion (US$23.6 million).

True local business development not only creates financial opportunities for local suppliers but also has extensive multiplier effects. Starting off with only 300 employees in 2008, AKO had 1,600 employees by the end of 2014, with over 25% of these linked to Acacia contracts, supporting over 1,650 dependants.

For more information, visit:
www.acaciamining.com

Operating performance

Full year gold production of 234,786 ounces was 18% higher than the prior year due to improved run of mine grade. This was driven by increased access to higher-grade stopes coupled with higher throughput as a result of the reprocessing of tailings. This was partially offset by lower recoveries as a result of underperformance of the elution circuit which led to increased tailings losses. Gold ounces sold of 215,740 ounces were 10% higher than 2013 primarily due to the higher production base, but were lower than production for the year due to strong production late in Q4 impacting on the timing of sales and a build-up in gold in circuit as the new CIL circuit was commissioned.

Copper production of 5.3 million pounds for the year was 9% higher than in 2013 due to higher copper grades combined with higher run of mine throughput.

Cash costs for the year of US$812 per ounce sold were 9% lower than the prior year of US$890, driven by the higher production base, combined with savings in labour costs mainly due to a reduction in the international workforce, lower general administration costs primarily resulting from lower management fees and increased capitalised development costs driven by development acceleration projects. This was partially offset by higher contractor costs incurred for ore development and higher energy costs mainly as a result of the increased processing activity with the new CIL circuit now fully commissioned.

AISC per ounce sold for the year of US$1,266 was 6% lower than in 2013 (US$1,344), as lower cash costs and sustaining capital expenditure were partially offset by the investment in capitalised development.

The new CIL plant was commissioned during the second half of 2014 with the first gold pour taking place in August 2014. Production for the year from reprocessed tailings amounted to 12,405 ounces, lower than planned as a result of delays in construction completion, issues experienced in the elution circuit performance and the detoxification of the tailings. The project to accelerate the retreatment of the historic higher-grade tailings in preference to the rougher tailings was completed and commissioning trials have commenced.

In 2014 a key focus was on the accelerated development of the Upper East and Lower West zones to provide increased mining flexibility and to ensure the mine is able to deliver to its geological potential. In order to achieve this, a specialist development contractor was engaged in April. During the year total development costs incurred for the two initiatives (expensed and capitalised) were US$21.2 million, and this is included in the Bulyanhulu and Group AISC figures. During the fourth quarter initial development ore from both zones was delivered to the mill.

Capital expenditure for the year before reclamation adjustments amounted to US$131.5 million, 29% lower than 2013 expenditure of US$185.5 million, mainly driven by lower expansionary capital spend as the new CIL circuit was completed in 2014. Capital expenditure for 2014 consisted mainly of capitalised underground development costs (US$60.2 million including US$21.2 million related to development costs for the Bulyanhulu Upper East Lower West projects) and expansionary capital investment relating to the new CIL circuit (US$44.5 million).

OPERATING REVIEW
CONTINUED

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.

2014 performance

210,063
Contribution to Group ounces (oz)

29%
Percentage contribution to total Group ounces (oz)

0.64
TRIFR

3.1
Total reserves and resources (Moz)

Key mine statistics

Year ended 31 December	2014	2013	Variance %
Key operational information:			
Ounces produced (oz)	210,063	181,984	15%
Ounces sold (oz)	213,399	187,348	14%
Cash cost per ounce sold (US$/oz)	791	945	-16%
AISC per ounce sold (US$/oz)	1,055	1,506	-30%
Copper production (Klbs)	8,780	7,115	23%
Copper sold (Klbs)	8,523	7,062	21%
Mining information:			
Tonnes mined (Kt)	24,510	32,177	-24%
Ore tonnes mined (Kt)	4,692	3,753	25%
Processing information:			
Ore milled (Kt)	4,086	4,400	-7%
Head grade (g/t)	1.7	1.5	13%
Mill recovery (%)	92.4%	88.2%	5%
Cash cost per tonne milled (US$/t)	41	40	3%
Capital expenditure:			
– Sustaining capital (US$'000)	12,817	31,589	-59%
– Capitalised development (US$'000)	31,357	60,136	-48%
	44,174	91,725	-52%
– Non-cash reclamation asset adjustments (US$'000)	(1,131)	(9,230)	-88%
Total capital expenditure (US$'000)	43,043	82,495	-48%

The statistical information presented includes non-IFRS measures.
An explanation of non-IFRS measures is included as part of the glossary.

Progress in 2014

- Highest ever year of annual production of 210koz
- Delivery of a 5% increase in mill recovery through business improvement initiatives
- AISC reduction of over US$450 per ounce due to the revised mine plan

Priorities for 2015

- Achieve name plate throughout of 4.4 million tonnes per annum in the process plant
- Continue to reduce inventory stock levels at the mine
- Continue to drive improvements in availabilities of the mining fleet

Operating performance

Gold production for the year of 210,063 ounces was 15% higher than 2013, driven by improved head grade as a result of mining in the main ore zone and increased recoveries due to business improvement projects. This was partially offset by a 7% decrease in throughput due to plant downtime for both planned and unplanned maintenance. Gold sold for the year amounted to 213,399 ounces, 14% above that of 2013 due to the higher production and 2% above production due to the sale of ounces on hand at the start of the year.

Recoveries increased by 5% over 2013 as a result of business improvement initiatives in the second half of the year providing improved blending and management of the CIL plant's performance, coupled with the increased head grade.

Total tonnes mined during the year amounted to 24.5 million, 24% lower than in 2013 due to changes in the mine plan as already reported.

Copper production of 8.8 million pounds for the year was 23% higher than in 2013, driven by the higher concentrate production and higher copper grades.

Cash costs for the year of US$791 per ounce sold were 16% lower than in 2013 (US$945). Cash costs were positively impacted by a higher production base and savings driven by lower contracted services costs due to lower rates, lower energy costs which in turn were affected by lower self-generation as a result of improved TANESCO reliability, lower labour costs as a result of the reduction in the international workforce and lower corporate costs incurred and allocated to site. This was partially offset by lower capitalised development costs as a result of the change in the mine plans and increased maintenance costs driven by equipment breakdowns and plant maintenance.

AISC per ounce sold for the year of US$1,055 was 30% lower than in 2013 (US$1,506). This was driven by the lower cash cost base and lower capitalised development and sustaining capital expenditure.

Capital expenditure for the year of US$44.2 million before reclamation adjustments, was 52% lower than in 2013 (US$91.7 million). The significant change to the mine plan communicated in 2013 reduced required investment in waste movement and sustaining capital. Key capital expenditure for the year included capitalised stripping costs (US$31.4 million), investment in tailings and infrastructure (US$7.0 million) and component change out costs (US$5.4 million).

3 Our relationships

Enhancing social cohesion

As part of Acacia's focus on improving relationships with our communities, we undertook to screen, in conjunction with a local partner, every game of the 2014 FIFA World Cup on large scale temporary screens within the towns and villages surrounding our three mines in an initiative termed "Brazuka".

At Buzwagi, the screening took place in the Kahama Town football stadium where crowds of up to 2,000 regularly attended the screening of football matches. The matches were accompanied by live music, talent competitions and prize draws and in tandem with this we undertook seminars with the communities to review opportunities for future community economic development.

The Brazuka initiative was extremely successful, with positive national and local media coverage and a significantly enhanced profile and perception of the Company within the community.

For more information, visit:
www.acaciamining.com

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.

2014 performance

273,803
Contribution to Group ounces (oz)

38%
Percentage contribution to total Group ounces (oz)

0.50
TRIFR

4.8
Total reserves and resources (Moz)

Key mine statistics

Year ended 31 December	2014	2013	Variance %
Key operational information:			
Ounces produced (oz)	273,803	256,732	7%
Ounces sold (oz)	274,540	260,945	5%
Cash cost per ounce sold (US$/oz)	623	659	-5%
AISC per ounce sold (US$/oz)	947	1,227	-23%
Mining information:			
Tonnes mined (Kt)	16,265	21,027	-23%
Ore tonnes mined (Kt)	2,569	2,601	-1%
Processing information:			
Ore milled (Kt)	2,804	2,643	6%
Head grade (g/t)	3.5	3.5	–
Mill recovery (%)	87.2%	86.8%	1%
Cash cost per tonne milled (US$/t)	61	65	6%
Capital expenditure:			
– Sustaining capital (US$'000)	18,049	38,386	-53%
– Capitalised development (US$'000)	40,900	65,594	-38%
– Expansionary capital (US$'000)	13,126	949	nm
	72,075	104,929	-31%
– Non-cash reclamation asset adjustments (US$'000)	16,003	(11,271)	nm
Total capital expenditure (US$'000)	88,078	93,658	-6%

The statistical information presented includes non-IFRS measures.
An explanation of non-IFRS measures is included as part of the glossary.

Progress in 2014

- Board approval of the Gokona Underground project in order to enhance economic and social returns
- Increased throughput by 6% as a result of both mining and milling business improvement initiatives
- Significant improvement in community relations at the mine

Priorities for 2015

- Deliver first production and ramp up of the Gokona Underground project
- Continue to enhance the relationships with the communities around the mine through a revised community relations approach
- Enhance understanding of the future potential of both the Gokona and the Nyabirama ore bodies

Operating performance

Production for the year of 273,803 ounces was 7% higher than the prior year primarily as a result of higher throughput rates, which exceeded the prior year period by 6%. The higher milled tonnes were due to business improvement initiatives in both the mining and milling areas. Gold ounces sold for the year amounted to 274,540, in line with production, and 5% higher than the prior year due to the higher production base.

Cash costs for the year of US$623 per ounce sold were 5% lower than in 2013 (US$659). Cash costs were positively impacted by the higher production base, lower labour costs as a result of the reduction in the international workforce and lower management fees, partially offset by lower capitalised mining costs due to changes in the mine plan compared to 2013.

AISC per ounce sold for the year of US$947 was 23% lower than in 2013 (US$1,227) predominantly due to lower cash costs, capitalised development and sustaining capital expenditure in combination with the impact of increased sales volumes.

During Q4 2014, the Acacia Board approved the Gokona Underground project, which is expected to produce 450,000 ounces of gold over a five year life of mine, with an AISC of below US$750 per ounce sold. This project is now moving into the execution phase. As at 31 December 2014, the underground exploration portal to develop a better understanding of the ore body was 301 metres advanced and it is expected to encounter development ore in the first quarter of 2015. Following the Board approval, future capital expenditure will be classified as either sustaining capital or capitalised development and is expected to amount to US$30 million in 2015. The total expansionary capital spend on the project in 2014 amounted to US$13.1 million.

Capital expenditure for the year before reclamation adjustments of US$72.1 million was 31% lower than in 2013 (US$104.9 million), due to lower capitalised development and lower sustaining capital expenditure, partially offset by higher expansionary expenditure. Key capital expenditure included capitalised stripping costs (US$40.9 million), investments in component costs (US$10.2 million) and tailings and infrastructure ($7.1 million).

2 Our people

Developing our employees

North Mara has put in place internal training in order to up-skill their Heavy Mobile Equipment Maintenance workforce to reduce reliance on expensive external contractors whilst ensuring the required increase in availability of the mobile fleets.

The mine has now designed and introduced approximately 35 training packages, covering a whole range of HME equipment-related topics such as hydraulics, transmissions, steering, brakes, power-train fundamentals, auto-electrical, machine electronics, air-conditioning, fuel systems and diesel engine fundamentals, which are all run internally, saving significant costs.

Courses consist of 50% classroom theory and 50% practical training, including practical training on a refurbished Caterpillar 777D Off-Highway Truck and other heavy equipment. The training programmes are continuing to expand as the mine looks to further reduce reliance on contractor maintenance.

For more information, visit:
www.acaciamining.com

OPERATING REVIEW
CONTINUED

EXPLORATION

Overall, 2014 was a successful year for exploration. Key highlights included our entry into highly prospective acreage in Burkina Faso, successful drilling at our greenfield joint venture projects in Kenya, and further successful drilling results from our brownfield exploration projects at Bulyanhulu from both surface and underground drilling.

Peter Spora
Vice President, Exploration

Progress in 2014

- Drilling programmes led to an addition of 2.3Moz of resources at Bulyanhulu
- Significantly advanced our West Kenya joint venture properties with a large number of targets identified and significant reconnaissance drill results
- Aircore drilling on the Liranda Corridor in West Kenya identified high-grade gold zones
- Entry into highly prospective land package in Burkina Faso through a joint venture with Sarama Resources

Priorities for 2015

- Test high priority targets within the West Kenya Joint Ventures with diamond core drilling
- Identify additional brownfield targets around Bulyanhulu
- Identify additional oxide resources and higher-grade resource extensions and satellite ore bodies around the Tankoro Resource on the South Houndé project
- Further enhance and diversify our exploration portfolio through low cost joint ventures or option agreements

Brownfield exploration

In 2014, near-mine brownfield exploration successfully identified extensions to known resources. The brownfield exploration programme was entirely focused on the Bulyanhulu ore body where surface and underground diamond core drilling returned excellent results from step-out resource drilling on both Reef 1 and Reef 2 mineralised systems. This work has led to the inclusion of a total of 2.3Moz to Indicated and Inferred resources and has extended the resource envelope by 1.5 kilometres to the west.

Bulyanhulu

During 2014, Bulyanhulu undertook two diamond core exploration programmes, one from surface targeting western extensions of both the Reef 1 and Reef 2 veins series, and the second from underground, targeting depth extensions of Reef 2 in the east of the mine.

Lower West Programme – Surface

The programme was designed to test the extensions of the Reef 1 structure from 400 metres to 1,200 metres west of the current Bulyanhulu resource where historic drilling had shown indications of further gold mineralisation. Additionally, holes were also drilled to intersect the Reef 2 vein series, and provide support that the Reef 2 system is mineralised up to 1.5 kilometres west of the currently delineated underground resources.

A total of 9,721 metres of diamond core was drilled from surface holes during 2014, bringing the total for the programme to 14,373 metres in a total of 16 holes. Results from the drilling successfully showed the continuation of high-grade gold mineralisation in the narrow reef-style structures in the western areas of both the Reef 1 and Reef 2 series.

The results from 2013/2014 surface drilling programme have been very positive and demonstrated that gold mineralisation, particularly on the Reef 2 vein system, continues west of the mine, which opens the potential for a significant resource expansion on the Reef 2 series at relatively shallow levels (<1,000-1,600m) compared to the Reef 1 system.

East Deeps underground drilling

The programme targeted extensions of the East Zone high-grade ore shoot on the Bulyanhulu Reef 2 system outside the current resource model. The programme was drilled from several underground drill platforms with a total of 3,058 metres of diamond core completed from three holes during 2014, bringing the total for the programme to five holes for 5,598 metres.

These Reef 2 drill intersections prove the continuity, at depth, of the high-grade East Zone mineralisation, and show that the high-grade shoot remains open at depth.

3 Our relationships

Supporting reforestation in Western Kenya

Kenya has lost over 98% of its forest cover over the last century, and this problem is particularly acute in Vihiga County, which falls within the West Kenya JV licence areas, which has lost virtually all of its natural tree cover due to population density.

The Kenyan Government has initiated a tree planting programme, to be carried out in primary schools in all 47 counties of the country, with the aim of conserving the environment, and to instill in youth the culture of tree growing and environmental conservation.

Acacia has supported the tree planting initiative in collaboration with Vihiga's County Ministry of Environment and Natural Resources, by purchasing 100,000 indigenous tree seedlings towards the effort. The seedlings were supplied by local women's groups, and planted by the school children in the recipient schools.

For more information, visit:
www.acaciamining.com

Forward programme

Results from both of the drilling programmes were included in the year end resource and reserve calculations and increased Indicated Resources by 760koz and Inferred Resources by 1.6Moz for a total addition of 2.3Moz. Furthermore, the surface programme extended the extent of mineralisation by 1.5km to the west of the previous resource shell.

Future drilling programmes to both infill the area between the western extension areas and the current Reef 1 and Reef 2 resource areas and to infill East Deeps area will be completed from underground, by the Bulyanhulu Mine Geology Group, over the next three to five years, targeting a further addition of 3Moz of resources.

OPERATING REVIEW
CONTINUED

Greenfield exploration

Throughout 2014, we have continued our focus on identifying new greenfield exploration opportunities to complement our existing exploration portfolio.

Kenya

West Kenya Joint Venture Projects

An extensive exploration programme was completed in 2014 across the entire area of Acacia's West Kenya projects, including aircore drilling of 1,171 holes for 42,232 metres, 10,759 soil samples, 1,060km^2 of mapping and 190 line kilometres of IP surveys, significantly advancing our understanding of the Busia-Kakamega greenstone belt and developing in excess of 40 new targets for follow-up work.

Kakamega Dome Camp

Aircore drilling tested several gold-in-soil anomalies along the "Liranda Corridor" on the south side of the Kakamega Dome. The aircore programme was completed in H1 2014 and was very successful, with 247 holes of the 992 holes completed since the programme commenced in 2013 returning anomalous results (>0.1g/t Au), of which 87 holes intersected zones of >0.50g/t Au.

The gold mineralisation has been intersected in a variety of rock types along the Liranda Corridor, which indicates opportunities to test for different types and styles of gold deposits in this area. The majority of gold mineralisation intersected to date has been within weathered (oxidised) bedrock, often associated with quartz veining.

The aircore results are very encouraging given the current line spacing of the aircore traverses varies between 200 metres and 400 metres and the average depth of drilling to date is relatively shallow at approximately 50 metres. In late 2014 we commenced a diamond core drill programme to investigate the orientation and continuity of gold mineralisation intersected in the aircore drilling to date. By year end a total of 20 holes had been completed for 3,709 metres of diamond core. Delays in the transport and processing of drill core samples over the end-of-year period resulted in a limited number of results being received and processed through QA/QC procedures.

Initial interpretation of diamond core drill results and structural data indicates that in a number of areas drilling has not intersected the mineralised interval and subsequently follow-up drill holes have been re-oriented to assess the geology and mineralised structures at the appropriate drill angle. A number of scissor holes have now been drilled to complete this task.

Lake Zone Camp

In tandem with the aircore drilling, we are undertaking gradient and pole-dipole IP and Resistivity across selected gold-in-soil anomalies throughout the Lake Zone Camp in the central and western areas of the project.

A total of 190 line kilometres of surveys were completed in 2014. Ten targets showing distinct resistivity and/or chargeability zones coincident with the gold-in-soil anomalies have been delineated and should be considered as priority targets for future drilling programmes. The Abimbo target in the far west of the West Kenya project area is expected to be the first target tested in 2015; this target is a Gold-Copper-Molybdenum-Arsenic soil geochemical anomaly that extends over 6km^2 and is co-incident with a large IP anomaly.

Burkina Faso

South Houndé Joint Venture

In November, 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 staged payments, 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.

The Project comprises seven contiguous exploration licences covering a total area of 814km^2 in south-east Burkina Faso approximately 300km south-west of Ouagadougou and 90km south-east of Bobo-Dioulasso, the second largest city in Burkina Faso. Access to the area is via a major sealed bitumen road from Ouagadougou to Bobo-Dioulasso and then via a network of secondary and tertiary roads. The Project area is sparsely populated.

Sarama has identified a number of high-quality exploration targets including the 1.5Moz Au Tankoro Resource. The Tankoro Resource extends over 5.5km strike within a 25km long mineralised corridor, one of three such mineralised corridors on the property. Previous exploration, including surface geochemistry, geophysics (IP), aircore and reverse circulation drilling, has defined a number of high-quality exploration targets along strike from the Tankoro Resource and on multiple sub-parallel north-northeast trending corridors within the South Houndé Project.

Going forward, exploration programmes will target high grade extensions to the existing Tankoro resource base, both along strike and at depth. Regional programmes will target new high-value discoveries across the Project through the use of geophysics (IP and aeromagnetic surveys) and extensive drilling programmes.

The South Houndé JV agreement was signed in November 2014 with an initial three-month work programme commencing shortly thereafter. By the end of 2014, soil sampling had commenced on the Tyikoro licence and an induced polarisation (IP) survey extending the Tankoro IP grid had been completed. Additionally, a total of 59 aircore holes (3,377 metres), seven reverse circulation holes (944 metres) and two diamond core holes (624 metres) had been completed across several targets; we expect to release initial results during Q1 2015.

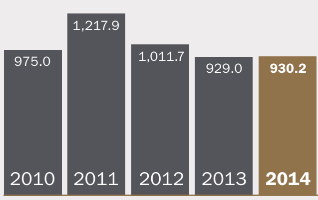
It is anticipated that two diamond rigs and one reverse circulation rig will be in operation for most of Q1 2015 following up positive aircore results and IP targets, as well as testing for high-grade plunge extensions to the MC and MM zones.

FINANCIAL REVIEW

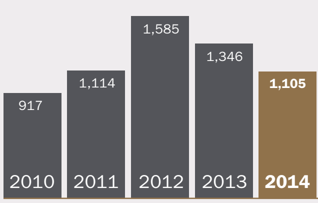
We delivered strong financial results in 2014 and returned to free cash generation during the year in spite of a lower gold price.

Andrew Wray
Chief Financial Officer

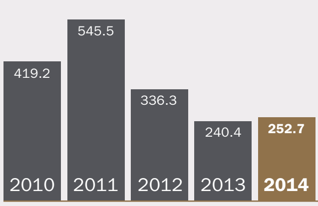
Revenue (US$million)
US$930.2m



All-in sustaining cost[1,2] (US$/oz)
US$1,105/oz



EBITDA[1,3] (US$million)
US$252.7m



1 These are non-IFRS measures. Refer to page 166 for definitions.
2 2013 comparative amounts have been restated to exclude Tulawaka.
3 EBITDA includes continuing and discontinued operations.

Introduction

The continued strong operational performance during the year was partially offset by the continuing weak gold price environment in 2014, with the average realised gold price US$121 per ounce lower than the prior year. This is reflected in the Acacia Group's financial results for the year ended 31 December 2014.

Key highlights

- Revenue of US$930.2 million was US$1.2 million higher than 2013, driven by an increase in sales volumes of 60,083 ounces (9%), which offset the 9% decrease in the average realised gold price.
- Cash costs decreased to US$732 per ounce sold from US$812 in 2013, driven by the higher production base, lower labour costs, lower warehouse costs and lower corporate costs incurred and allocated to site.
- All-in sustaining costs ("AISC") decreased to US$1,105 per ounce sold from US$1,346 in 2013 due to lower cash costs, lower sustaining capital expenditures and capitalised development costs combined with the impact of increased sales volumes on per unit costs.
- EBITDA increased by 5% to US$252.7 million, mainly driven by lower direct mining costs.
- Operational cash flow of US$289.5 million was 55% higher than 2013, primarily as a result of reduced operating costs and decreased working capital investment due to a decrease in other current assets, mainly driven by VAT refunds received from the Tanzanian Government, an increase in trade payables due to the timing of payments, partially offset by an investment in gold inventory and an increase in doré and concentrate receivables.

The following review provides a detailed analysis of our consolidated results for the year ended 31 December 2014 and the main factors affecting financial performance. It should be read in conjunction with the audited consolidated financial statements and accompanying notes on pages 101 to 145, which have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union ("IFRS").

Discontinued operation – Tulawaka

Following the acquisition of Tulawaka by STAMICO in February 2014, the financial results of Tulawaka have been presented as discontinued operations in the consolidated financial statements. The comparative results in the consolidated income statement have been presented as if Tulawaka had been discontinued from the start of the comparative period, effectively excluding the net result relating to Tulawaka from individual income statement lines and aggregating it in one line called "Net profit/(loss) from discontinued operations".

Market overview

Our financial results are impacted by external drivers in the form of commodity prices, exchange rates and the cost of energy. Their impact in 2014 and our positioning going into 2015 are set out below.

The market price of gold has a significant impact on Acacia's operating earnings and its ability to generate cash flows. Gold price volatility continued to be elevated during 2014 with the gold price ranging from a high of US$1,385 per ounce to a low of US$1,142 per ounce and closing the year at US$1,206 per ounce. Market gold prices averaged US$1,266 per ounce in 2014, a 10% decline from the prior year average of US$1,411.

The price of gold has been influenced by US Dollar strength, low interest rates worldwide, investment demand and the monetary policies implemented by major world central banks. Exchange traded fund ("ETF") outflows were in part met by strong physical demand in Asia with jewellery demand in China accounting for one third of the world market. Gold is still viewed as a portfolio diversifier by central banks, which now hold a significant portion of global bullion reserves and continue to increase holdings.

As the US economy improved during 2014, the US Federal Reserve started to taper its bond purchase programme which culminated in September 2014. Equities performed well and the Dollar appreciated which, together with divergence in major central bank policies, caused gold prices to be extremely volatile during 2014.

We continued our policy of no gold hedging during 2014.

Copper

Acacia also produces copper as a co-product which is recognised as a part of revenue. Copper traded between US$2.86 and US$3.37 per pound in 2014. The average market copper price for 2014 was US$3.11 compared with US$3.32 per pound in 2013. Key external drivers of the copper prices include Chinese demand, the world's largest consumer, the US growth outlook, existing stock levels and supply growth.

During 2014 we utilised an option collar strategy whereby 75% of our estimated copper production was hedged at an average floor price of US$3.12 per pound and an average ceiling price of US$3.41 per pound, resulting in a realised gain of US$408 thousand for the year. In 2015, we have continued this strategy and put in place floor protection on 24% of our expected copper production at an average floor price of US$3.08 per pound and an average ceiling price of US$3.35 per pound.

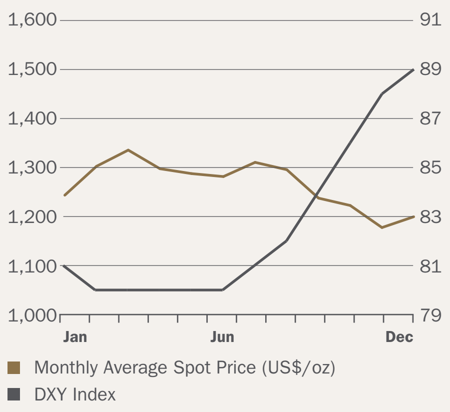
Fuel

Brent Crude oil traded between US$57 and US$115 per barrel and averaged US$100 per barrel (2013: US$109 per barrel) while trading at around US$58 per barrel at the end of the year. We consumed approximately 496,000 barrels of diesel in 2014 (2013: 610,000). Diesel fuel 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. Crude oil has been impacted by the strength of the US Dollar and increased supplies from North America that resulted in an oversupply. Our overall oil exposure is heavily impacted by grid power reliability across all three operations and mining activity at our open pit mines. During 2014, we utilised an option collar strategy to hedge 75% of our estimated diesel consumption at an average floor price of US$88 per barrel and average capped price of US$105 per barrel. In 2015, we have continued this strategy and put in place protection on approximately 75% and 64% of our expected 2015 and 2016 consumption respectively with average floors of US$97 and US$75 and a capped price of US$110 and US$90 per barrel respectively.

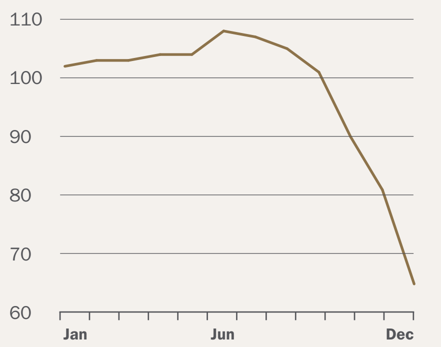
Currency exchange rates

A portion of Acacia's expenditure is incurred in currencies other than US Dollars. The exposure relating to other currencies represented approximately 26% of the Company's total expenditure in 2014, of which the main contributing currencies are the Tanzanian shilling and the South African rand. In 2014, the rand declined significantly against the US dollar as the US dollar strengthened, domestic factors persisted and investors shunned riskier rand-denominated assets. The Tanzanian shilling remained relatively stable as the Bank of Tanzania imposed exchange controls throughout the year. We have put in place floor protection on approximately 75% of our expected rand operating expenditures for 2015 with average floors of ZAR10.43. In light of potential rand weakness we have average ceilings of ZAR12.80 for 2015.

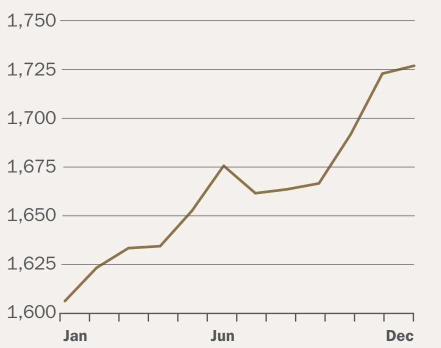
Spot gold prices vs. DXY Index



Brent Crude
(US$/barrel)



Tanzanian shilling
(Shillings per US$)



Source: Bloomberg (monthly averages)

FINANCIAL REVIEW
CONTINUED

The financial performance below is stated for continuing operations

Revenue

Revenue for 2014 of US$930.2 million was in line with 2013. The 9% increase in sales volumes (60,083 ounces) was more than offset by a 9% decrease in the realised gold prices from US$1,379 per ounce sold in 2013 to US$1,258 in 2014 as a result of lower market prices. The increase in sales ounces was due to the higher production base.

Included in total revenue is co-product revenue of US$45.3 million for 2014, which increased by 5% from the prior year period (US$43.0 million) due to higher copper sales volumes, partly offset by a lower realised copper price. The 2014 average realised copper price of US$3.01 per pound compared unfavourably to that of 2013 (US$3.24 per pound), and was driven by global market factors regarding supply and demand.

Cost of sales

Cost of sales was US$688.3 million for 2014, representing a decrease of 4% on the prior year (US$713.8 million). The key aspects impacting the cost of sales for the year were:

- Lower depreciation and amortisation charges driven by the lower capital base employed for the year slightly offset by the higher production base; and

- Cost savings across labour, energy and fuel and general administration costs, combined with an increased investment in gold inventory relating to ore stockpiles at Buzwagi and gold in circuit.

This was partially offset by:

- A lower proportion of mining costs being capitalised at Buzwagi and North Mara due to the change in mine plans;
- Higher maintenance costs at Buzwagi and Bulyanhulu due to increased maintenance activity as a result of a focus on implementing improved maintenance practices and the impact of maintenance cycles; and
- Higher refining charges due to increased sales ounces.

	Year ended 31 December	
	2014	**2013**
Gold production (ounces)	718,651	637,002
Gold sold (ounces)	703,680	643,597
Cash cost (US$/ounce)[1]	732	812
AISC (US$/ounce)[1]	1,105	1,346
Average realised gold price (US$/ounce)[1]	1,258	1,379
Revenue (US$'000)	930,248	929,004
EBITDA (US$'000)[1,3]	252,716	240,407
Net earnings/(loss) (US$'000)[3]	90,402	(781,101)
Basic earnings/(loss) per share (EPS) (US cents)[3]	22.1	(190.4)
Cash generated from operating activities (US$'000)[3]	289,528	187,115
Capital expenditure (US$'000)[3,4]	253,802	385,068

1 These are non-IFRS measures. Refer to page 166 for definitions.
2 2013 comparative amounts have been restated to exclude Tulawaka.
3 EBITDA, net earnings, earnings per share, cash generated from operating activities and capital expenditure include continuing and discontinued operations.
4 Excludes non-cash capital adjustments (reclamation asset adjustments) and includes finance lease purchases.

The table below provides a breakdown of cost of sales:

(US$'000)	Year ended 31 December	
	2014	**2013**
Cost of sales		
Direct mining costs	493,933	508,166
Third party smelting and refining fees	24,937	16,790
Royalty expense	41,284	40,871
Depreciation and amortisation	128,124	147,979
Total	**688,278**	**713,806**

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

(US$'000)	Year ended 31 December	
	2014	**2013**
Direct mining costs		
Labour	132,656	152,870
Energy and fuel	130,486	133,797
Consumables	103,770	104,188
Maintenance	104,452	90,926
Contracted services	96,785	96,957
General administration costs	77,360	92,902
Gross direct mining costs	**645,509**	**671,640**
Capitalised mining costs	(151,576)	(163,474)
Total direct mining costs	**493,933**	**508,166**

Central costs
Corporate administration expenses totalled US$32.7 million for 2014, a 4% decrease on 2013 (US$34.0 million) driven by further savings in labour costs as a result of the continued restructuring of the corporate function and savings in travel costs, partially offset by increased legal fees. Stock-based payments of US$8.3 million, a change from negative US$1.8 million in 2013, increased as a result of the stronger share price performance, specifically when compared to our peers, impacting on the valuation.

Exploration and evaluation costs
Exploration and evaluation costs of US$18.3 million were incurred in 2014, 8% higher than the US$16.9 million spent in 2013. The key focus areas for 2014 were extension drilling on both Reef 1 and 2 at Bulyanhulu (US$7.2 million), and exploration programmes at the West Kenya Joint Venture project amounting to US$5.6 million. Also included in exploration costs is US$1.5 million relating to our investment and share of expenses of the South Houndé project in Burkina Faso.

Corporate social responsibility expenses
Corporate social responsibility costs incurred amounted to US$10.8 million for the year compared to the prior year of US$12.2 million. The main projects for 2014 related to Village Benefit Implementation Agreements ("VBIAs") at North Mara and larger contributions to general community projects funded from the Acacia Maendeleo Fund; of the total spend for 2014, US$8.5 million was spent on Acacia Maendeleo Fund projects and VBIAs.

Other charges
Other charges amounted to US$47.9 million, 58% higher than 2013 (US$30.4 million). The main contributors were: (i) Acacia's ongoing programme of zero cost collar contracts as part of a programme to mitigate the negative impact of copper, rand and fuel cost market volatility. The entry into these arrangements resulted in a combined mark-to-market revaluation loss of US$13.6 million, due to the fact that these arrangements do not qualify for hedge accounting, combined with a significant decline in the market price of oil, (ii) non-cash foreign exchange losses mainly related to the indirect tax receivables due to the weakening of the Tanzanian shilling (US$13.5 million), (iii) Operational Review costs, including external services and retrenchment costs of US$13.7 million and (iv) legal costs of US$6.7 million. Refer to Note 10 of the consolidated financial statements for further details.

Finance expense and income
Finance expense of US$10.0 million for 2014 was 5% higher than 2013 (US$9.6 million). The key drivers were accretion expenses relating to the discounting of the environmental reclamation liability (US$4.7 million) and US$2.4 million (US$3.1 million in 2013) relating to the servicing of the US$150 million undrawn revolving credit facility. Other costs include bank charges and interest on finance leases. Interest costs relating to the project financing on the Bulyanhulu CIL Plant Expansion project were capitalised to the cost of the asset up to 30 September 2014, due to the facility being directly attributable to the asset. For the year ended 31 December 2014, US$2.9 million of borrowing costs have been capitalised to the project. From 1 October 2014, borrowing costs relating to the Bulyanhulu CIL Expansion project were expensed as the new CIL circuit was fully commissioned. The first principal repayment for this facility will be made in July 2015.

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.

Taxation matters
The taxation charge was US$26.0 million for 2014, compared to a credit of US$188.0 million in 2013. The tax charge was made up solely of deferred tax charges and reflects the impact of the profitability on a year-to-date basis. The effective tax rate in 2014 amounted to 23% compared to 20% in 2013. This was mainly driven by the increase in taxable income and the utilisation of previously unrecognised tax losses at Buzwagi (US$21.1 million), all recorded in Q4 2014, driven by the mine's anticipated future profitability as per the revised mine plan.

Net earnings from continuing operations
As a result of the factors discussed above, net profit from continuing operations for 2014 was US$89.2 million, against the prior year loss of US$740.8 million. Lower costs of sales and no impairment charges incurred in 2014 contributed to the variance. This was partially offset by the higher tax charge and other charges.

Earnings per share
The earnings per share for 2014 amounted to US22.1 cents, an increase of US212.5 cents from the prior year loss of US190.4 cents. The increase was driven by increased net profit with no change in the underlying issued shares. Earnings per share from continuing operations amounted to US21.8 cents.

Financial position
Acacia had cash and cash equivalents on hand of US$293.9 million as at 31 December 2014 (US$282.4 million as at 31 December 2013). 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 (the "Facility") was put in place to fund the bulk of the costs of the construction of the Bulyanhulu CIL Plant Expansion project (the "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 with the first repayment due in H2 2015.

The above complements the existing undrawn revolving credit facility of US$150 million which runs until November 2017.

The net book value of property, plant and equipment increased from US$1.28 billion in December 2013 to US$1.43 billion in December 2014. The main capital expenditure drivers have been explained in the cash flow used in the investing activities section below, and have been offset by depreciation charges of US$124.1 million. Refer to Note 20 to the consolidated financial statements for further details.

Total indirect tax receivables, net of a discount provision applied to the non-current portion, decreased from US$159.8 million as at 31 December 2013 to US$108.1 million as at 31 December 2014. The decrease was mainly due to refunds of US$132.8 million received during 2014, which was partially offset by a net increase in current VAT receivables of approximately US$81 million. The net deferred tax position decreased from an asset of US$14.9 million as at 31 December 2013 to a liability of US$11.1 million as at 31 December 2014. This was mainly as a result of taxable income in 2014, the impact of timing differences and the utilisation of previously unrecognised tax losses at Buzwagi (US$21.1 million), driven by the mine's anticipated future profitability as per the revised mine plan.

Net assets attributable to owners of the parent increased from US$1.93 billion in December 2013 to US$2.0 billion in December 2014. The increase reflects the current year profit attributable to owners of the parent of US$90.4 million and the payment of the final 2013 dividend of US$8.2 million and the 2014 interim dividend of US$5.7 million.

FINANCIAL REVIEW
CONTINUED

Cash flow generation and capital management

(US$'000)	Year ended 31 December	
	2014	2013
Cash generated from operating activities	289,528	187,115
Cash used in investing activities	(256,992)	(386,850)
Cash (used in)/provided by financing activities	(19,016)	82,322
Increase/(decrease) in cash	13,520	(117,413)
Foreign exchange difference on cash	(2,079)	(1,526)
Opening cash balance	282,409	401,348
Closing cash balance	293,850	282,409

A breakdown of total capital and other investing capital activities for the year ended 31 December is provided below:

(US$'000)	Year ended 31 December	
	2014	2013
Sustaining capital	53,138	84,474
Expansionary capital	61,136	117,469
Capitalised development	132,408	171,158
Total cash capital	246,682	373,101
Non-cash rehabilitation asset adjustment	21,013	(30,740)
Non-cash sustaining capital[1]	1,244	11,967
Total capital expenditure	**268,939**	**354,328**
Other investing capital		
– Non-current asset movement[2]	(1,323)	13,749
– Cash flow related to the sale of Tulawaka	(11,633)	–

1 Total non-cash sustaining capital includes the impact of capital accruals excluded from cash sustaining capital of US$6.9 million as well as FX adjustments on revaluation of assets
2 Non-current asset movements relates to the investment in the land acquisitions reflected as prepaid operating leases and Tanzanian Government receivables

Cash flow – continuing and discontinued operations

Cash flow from operating activities was US$289.5 million for 2014, an increase of US$102.4 million, when compared to 2013 (US$187.1 million). The increase relates to the increased gold production and improved cost performance as well as an increase in inflows associated with working capital of US$61.3 million when compared to 2013. The working capital inflow relates to a decrease in other current assets of US$28.0 million, mainly driven by VAT refunds received from the Tanzanian Government and an increase in trade payables of US$22.7 million due to the timing of payments compared to the prior year. This was partially offset by an investment in gold inventory of US$29.2 million and an increase in doré and concentrate receivables of US$10.0 million.

Cash flow used in investing activities was US$257.0 million for 2014, a decrease of 34% when compared to 2013 (US$386.9 million), driven by lower sustaining capital expenditure at Buzwagi and North Mara, lower expansionary capital expenditure due to higher spending on the Bulyanhulu CIL Expansion project in 2013 and lower capitalised development expenditure at Buzwagi and North Mara.

Sustaining capital

Sustaining capital expenditure includes the investment in mine equipment of US$21.8 million, mainly relating to component change outs at North Mara and Bulyanhulu and investment in tailings and infrastructure at Bulyanhulu (US$18.3 million), North Mara (US$7.1 million) and Buzwagi (US$7.0 million).

Expansionary capital

Expansionary capital expenditure consisted mainly of the Bulyanhulu CIL Expansion project (US$44.5 million) and the Gokona Underground project at North Mara (US$13.1 million).

Capitalised development

Capitalised development capital includes capitalised stripping for North Mara (US$40.9 million) and Buzwagi (US$31.4 million) and Bulyanhulu capitalised underground development (US$60.2 million).

Non-cash capital

Non-cash capital was US$22.3 million and consisted mainly of reclamation asset adjustments (US$21.0 million) and the full year increase in capital accruals (US$6.9 million), partially offset by the revaluation of rand-based assets. The reclamation adjustments were driven by changes in estimates of future reclamation cash flows combined with lower US risk free rates driving lower discount rates.

Other investing capital

The sale of Tulawaka to STAMICO resulted in a cash payment of the balance of the rehabilitation fund, less the transaction consideration on completion, and amounted to US$11.6 million. During 2014, North Mara incurred land purchases totalling US$9.0 million. This was offset by a reduction in other non-current assets of US$7.4 million.

Cash flow used in financing activities for the year ended 31 December 2014 was an outflow of US$19.0 million, a decrease of US$101.3 million on an inflow of US$82.3 million in 2013. The outflow relates to payment of the final 2013 dividend of US$8.2 million, payment of the 2014 interim dividend of US$5.7 million and finance lease payments of US$5.1 million.

Dividend

An interim dividend of US1.4 cents per share was paid to shareholders on 22 September 2014. The Board of Directors have recommended a final dividend for 2014 of US2.8 cents per share, subject to the shareholders approving this recommendation at the AGM.

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 information included in this release. Information about such judgements and estimation 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 reserves;
- 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 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, 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 stock 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 Strategic report and Perfomance review sections of this Annual 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 2014, the Group had cash and cash equivalents of US$293.9 million with a further US$150 million available under the undrawn revolving credit facility, which remains in place until November 2017. Total borrowings at the end of the year amounted to US$142 million, of which the first repayment is only repayable in H2 2015.

Included in other current assets are amounts due to the Group relating to indirect taxes of US$45.9 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 2015. The refunds remain dependent on processing and payments of refunds by the Government of Tanzania.

We expect that the above, in combination with the expected operational cash flow generated during 2015, will be sufficient to cover the capital requirements and other commitments for the foreseeable future.

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 Acacia and Acacia Group as a whole have adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

Andrew Wray
Chief Financial Officer

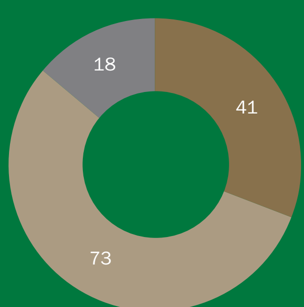
OUR RELATIONSHIPS AND COMMITMENT TO STAKEHOLDERS

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 2014 was US$920 million compared to US$959 million in 2013.

The distribution of Acacia's taxes includes royalties, indirect taxes (VAT 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$121 million in 2014, compared to US$132 million in 2013, as a result of the reduction in our workforce reducing payroll taxes.

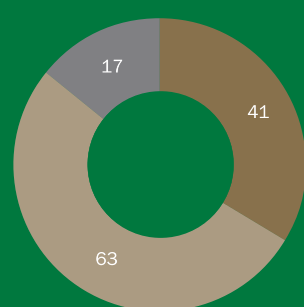
2013 Net tax contribution*
(US$m)



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

*Excludes refundable indirect taxes

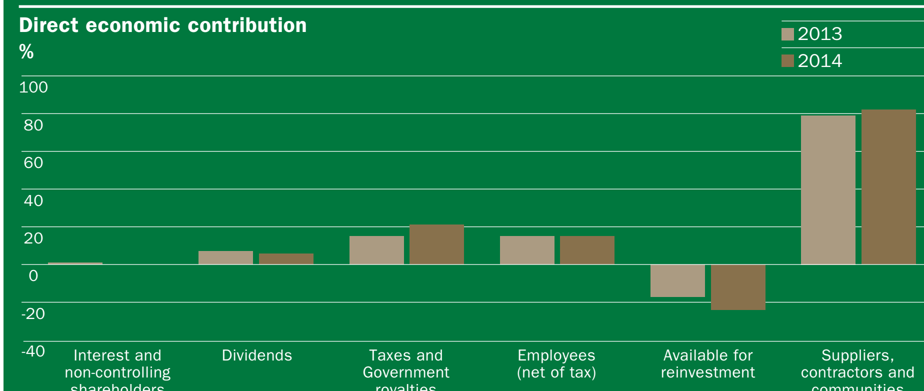
2014 Net tax contribution*
(US$m)



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

*Excludes refundable indirect taxes

Direct economic contribution
%



94.5%

of Acacia employees in Tanzania are Tanzanians

Acacia's wage employment impacts with multipliers*

* Source: ABG Total Economic Contribution and Tax Contribution Report, July 2014.

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. We use the fund to support all of our community investment programmes. Funding priority is given to investments that support community development and capacity building, access to health, education, water and environmental projects within communities surrounding our operations. Since its inception the Acacia Maendeleo Fund has invested US$27.4 million in community development initiatives and invested US$8.5 million in 2014 (US$11.5 million in 2013) across a range of areas including education, health, water, infrastructure and livelihoods.

For more information, visit:
www.acaciamining.com

Education

15
Key Projects supported in 2014

US$2.5m
Amount invested in 2014

Infrastructure

5
Key Projects supported in 2014

US$2.6m
Amount invested in 2014

Health

3
Key Projects supported in 2014

US$0.8m
Amount invested in 2014

Livelihoods

8
Key Projects supported in 2014

US$0.7m
Amount invested in 2014

Water and Sanitation

8
Key Projects supported in 2014

US$1.3m
Amount invested in 2014

Other

17
Key Projects supported in 2014

US$2.9m
Amount invested in 2014

SUSTAINABILITY REVIEW CONTINUED

Our areas of focus

Our sustainability practices are focused on those areas that are material to our business and operations, these being community relations, employees, environment, health and safety, and security and human rights. Details of activities as regards each of these areas and our performance for the year are further described below.

Community relations

We continued to make good progress across Corporate Social Responsibility ("CSR") and Community Relations initiatives during the year, having achieved a positive outcome to the majority of our targets and priorities.

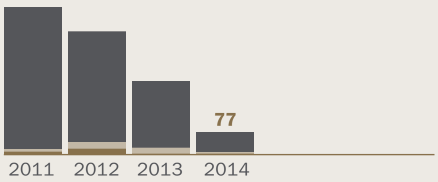
Throughout 2014 we enhanced stakeholder engagement and community cohesion activities, notably through the Brazuka initiative, this being the FIFA World Cup soccer screening initiative we introduced during the year to promote community engagement. This initiative involved the screening of World Cup football matches in the vicinity to all of our operations and the conduct of Fursa (meaning opportunity) seminars with local communities, with the objective of reviewing opportunities to progress community economic development over the longer term. Both elements of this initiative achieved positive outcomes, with the football screening events receiving extensive positive media coverage and attendance levels of approximately 2,000 or more local residents at each screening location.

During the year, we also commenced an extensive review of our CSR approach and strategy, in order to assess success levels across current CSR programmes and identify further areas for improvement and development, particularly in the context of economic empowerment initiatives. In this regard, during the year we took a number of steps to enhance local procurement initiatives, for example through increased use of local catering supplies to our operations. We will look to progress this further in 2015.

In addition to site specific programmes, during the year we continued to progress actions required 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. Key achievements included the completion of a feasibility study as regards the suitability of potential sites for operation of the project. The feasibility study is under review and we will look to assess options for the implementation of its recommendations in 2015.

A total of 77 new grievances were lodged during the year, a significant decrease on 2013 grievance levels (269 new grievances lodged). The decrease was due to a reduction in the number of cases lodged as regards historic land compensation matters at North Mara, which have had a significant impact on grievance levels in prior years.

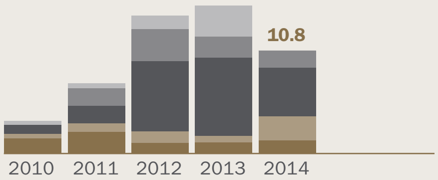
Breakdown of new grievances lodged
(total number)



Bulyanhulu	1
Buzwagi	6
North Mara	70

Tracking of grievances was introduced in 2011.

Total community investment
(US$m)



Bulyanhulu	US$1.4m
Buzwagi	US$2.5m
North Mara	US$5.1m
Corporate	US$1.8m
Discontinued operation	

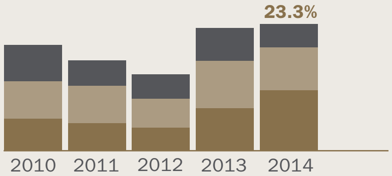
Employees

We continued to make noticeable progress across a variety of employee initiatives throughout 2014, whilst maintaining acceptable levels across core employee metrics. Annual turnover across our operations was approximately 23%, a slight increase on 2013 (20%) due to ongoing organisational restructuring at Bulyanhulu. We continued to progress our commitment to the localisation of our workforce throughout 2014, with annual national employment levels amounting to approximately 94% of our total workforce, an increase on 2013 levels (93%).

We continued to invest in training and development programmes throughout the year, notably through the introduction 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 IMDP programme, with 11 employees graduating from this programme in 2014 and 51 apprentices graduating from the Integrated Mining Technical Training ("IMTT") programme.

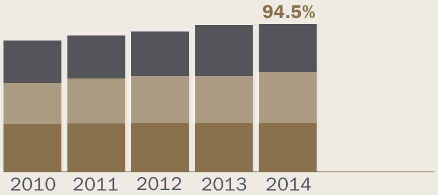
Approximately 9% of our overall workforce is comprised of women, something which is reflective of gender diversity generally within the mining industry. Of this, female representation across our management structures equalled approximately 10% at Board level and 20% at SLT level. All levels are broadly consistent with female representation levels in 2013.

Group-wide turnover
(percentage within operations)



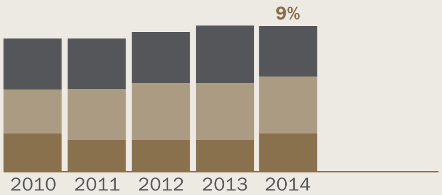
Bulyanhulu	31.6%
Buzwagi	22.4%
North Mara	12.1%

Localisation of workforce
(percentage of national workforce)



Bulyanhulu	94.3%
Buzwagi	98.0%
North Mara	93.5%

Female representation
(percentage of workforce)



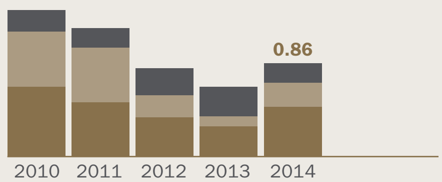
Bulyanhulu	6%
Buzwagi	9%
North Mara	8%

Health and safety

Group-wide Total Reportable Injury Frequency Rate ("TRIFR") was 0.86 for 2014 compared to 0.68 in 2013, a disappointing outcome. This was further compounded by the tragic employee fatality which occurred at Bulyanhulu during the year. Both of these events run counter to our ultimate safety objective of safeguarding and maintaining the safety of all employees in the workplace. As a result, management instigated a number of additional health and safety initiatives during the year in order to drive and highlight our expectations in respect of health and safety in the workplace. One of the key projects introduced during the year was the Tunajali or WeCare programme, which is a behavioural safety programme designed to embed a culture of safety in the workplace, in addition to customary systems of checks and processes. This programme has now been rolled out across all of our operations and we expect this to have a positive impact on health and safety practices going forward.

In addition to the introduction and implementation of the WeCare programme, we continued to progress and strengthen the implementation of our critical risk standards, which apply to specific operating practices to set out required safety standards, introducing additional enhancements to the following standards during the year: mobile equipment, ground control, working at heights, hazardous chemicals, hazardous energy isolation and aviation. 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 employee and wider community base.

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



Bulyanhulu	1.29
Buzwagi	0.64
North Mara	0.50

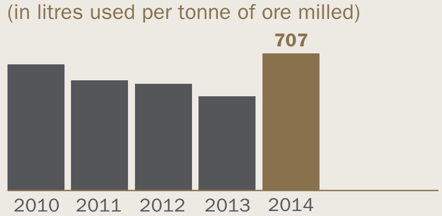
Environment

Environmental performance for 2014 was good overall, with the Group successfully completing the majority of key initiatives and priorities for the year. Key achievements include the introduction of further enhancements to Acacia's environmental strategy in order to support operational initiatives, gaining re-approval for all mine closure plans, in accordance with applicable regulatory approval and review requirements, and obtaining full certification for Buzwagi under the International Cyanide Code.

Throughout the year Acacia's GHG emissions continued to be impacted by interruptions to electricity supply in Tanzania and our continued reliance on self-generation of power. Overall, 2014 GHG emissions equalled 371,508 tonnes of CO_2, in line with 2013 levels. However, as a result of energy conservation projects during the year, our energy usage, assessed on the basis of mega joules of energy used per tonne of ore milled, decreased by 7.4%, when compared to 2013 usage levels. Further information on Group GHG emissions is provided on page 86.

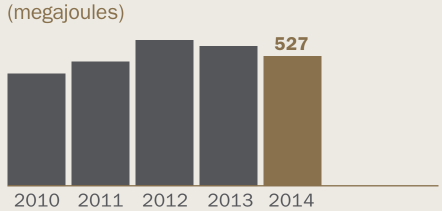
As regards water management practices, our water usage in 2014 increased by 14.8% when compared to 2013, largely as a result of the impact of the commissioning of the new CIL plant at Bulyanhulu. We will look to enhance water management practices in 2015 following completion of the CIL plant commissioning process as part of Group water management practices.

Total water used
(in litres used per tonne of ore milled)



Bulyanhulu	1,327
Buzwagi	401
North Mara	392

Average energy used per tonne of ore milled
(megajoules)



Bulyanhulu	671
Buzwagi	505
North Mara	483

Security and human rights

In 2014, the Company continued its enhancement of security and safety infrastructure, as well as completing a review of its security resourcing and operational model. As a result, the Company transitioned management of security at North Mara and some regional security support services to an external provider, with encouraging initial results. In addition to this, the increased integration of security operations with community relations activities took on a greater focus in 2014 and will continue in the year ahead. This reflects the recognition that security practices need to focus on understanding and addressing the underlying drivers of security incidents in the areas in which we operate.

Throughout the year, security policies, procedures and techniques were subject to ongoing reviews to align with evolving best practice and the operational requirements of each of our operations, something which will continue into 2015 as part of overall security governance practices. We also completed an annual external review 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 overall, showing consistent levels of improvement across all operations.

We also affirmed our commitment to the activities of Search for Common Ground, an international NGO focused on conflict reduction and building sustainable peace through dialogue, media and community engagement. Search for Common Ground conducted over 300 sessions with more than 12,000 stakeholders in the communities around Buzwagi, Bulyanhulu and North Mara on topics including conflict resolution, human rights, sexual harassment and violence against women and the dangers of illegal intrusion. This included providing training to over 1,500 members of Tanzanian Police units based in the vicinity of our operations on Voluntary Principles, Use of Force procedures and the detection and prevention of sexual harassment. We will continue to work with Search for Common Ground to progress our joint commitment to promoting human rights and appropriate conflict resolution practices as part of programmes aimed at promoting secure and safe environments in and around our operations.

GOVERNANCE

Effective governance is fundamental to Acacia's success. It is a cornerstone of the way that we operate across all areas of our business.

In this section:

GOVERNANCE OVERVIEW

Kelvin Dushnisky
Chairman of the Board

Dear Shareholders,

As noted in my Chairman's statement, we have continued to make significant progress across the business in 2014, having attained production levels that exceeded guidance expectations, whilst continuing to deliver noticeably on cost control objectives.

This operational performance was complemented by a review of the composition of the Board and its Committees and their respective responsibilities to ensure continuing alignment with the Company's evolving business model. Whilst this governance review has not resulted in any significant change to the Board's remit of responsibilities or its composition, nor that of its core Committees (Audit, Compensation, EHS&S and Nomination & Governance), following this review we took the decision to dissolve the Technical Committee and I also decided to step down from my position as a member of the Compensation Committee.

In line with previous years, all members of the Board and its Committees completed an annual performance and effectiveness evaluation for the reporting period and, again, all evaluations were concluded positively, showing efficient and effective performance levels across all core governance functions. Further details of this assessment are provided on page 58. The Company also completed and achieved a satisfactory conclusion to its annual risk management and internal controls assessment, further details of which are provided on page 55.

In 2015, the Board will continue to focus its attentions as required to drive increasing levels of operational and financial performance, whilst overseeing and supporting management in the ongoing enhancements to the Company's strategy and business model, in line with the long-term plan set out for Acacia at our Investor Day in November. As part of this, we will continue to assess our governance practices against the requirements set out in the latest edition of the UK Corporate Governance Code, which takes effect from 2015 onwards, particularly in the context of ongoing assessments applicable to internal controls and risk management systems and the introduction of enhanced reporting to support going concern and business viability statements. We will also conduct our first external performance assessment, in line with best practice requirements under the UK Corporate Governance Code, and will report against this accordingly.

Kelvin Dushnisky
Chairman of the Board

Summary of the Board's work in 2014

The Board focused on the following areas in 2014:

- Reviewing and monitoring the implementation of the Company's rebranding
- Operational and financial performance reviews
- Capital project and exploration project reviews
- Monitoring ongoing organisational structure reviews
- Mine planning reviews

As regards asset optimisation and cost control reviews, the Board continued to monitor and review management plans as regards life of mine planning for all of Acacia's operations, particularly at Bulyanhulu and North Mara, where significant steps have been taken during the year to support longer-term mining activities.

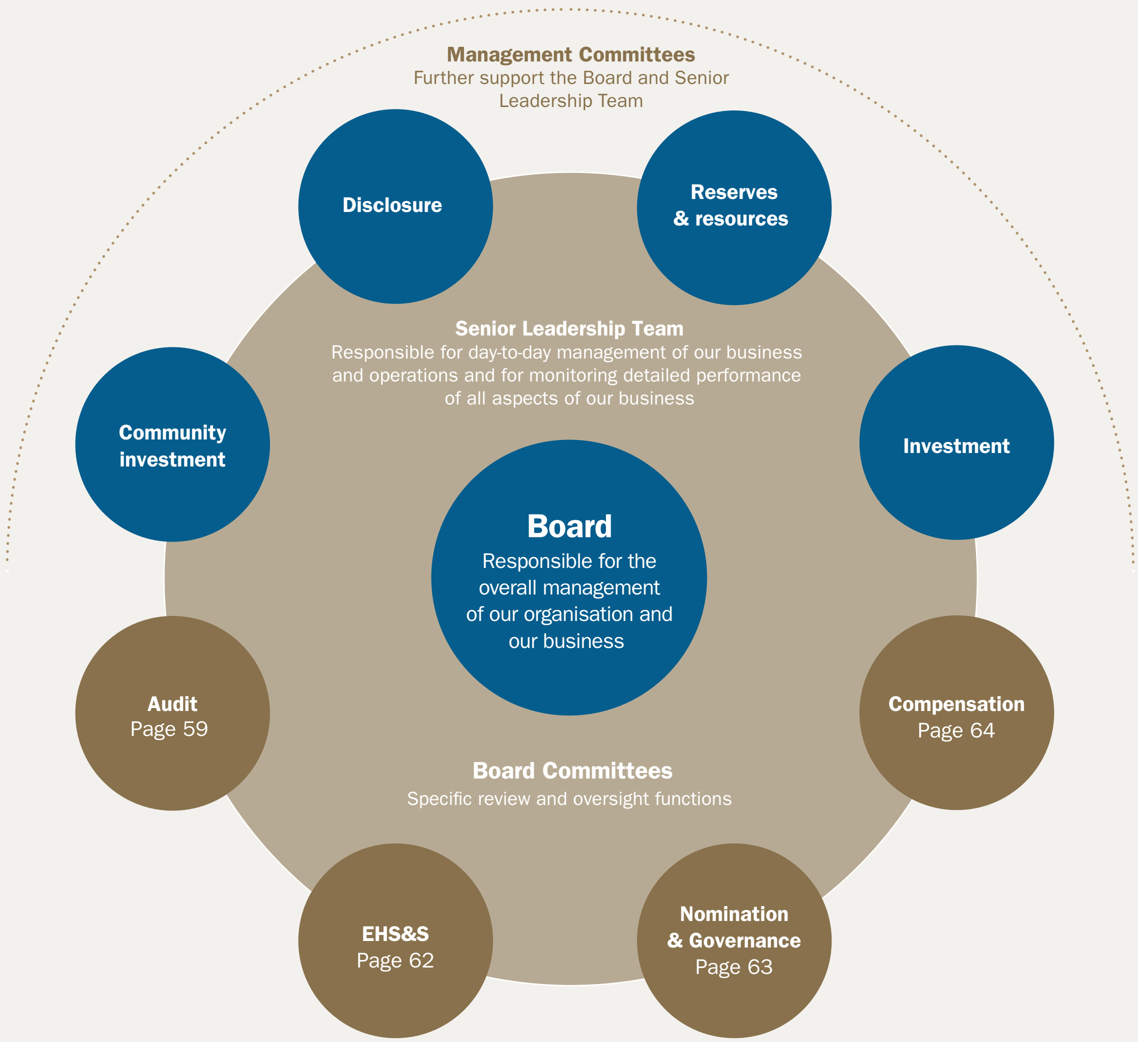
The Board's plan for 2015

Focus areas for 2015 include:

- Operational and financial performance reviews
- Risk management and internal controls reviews
- Annual mining planning review
- Capital project and exploration reviews
- Government relations reviews
- Further strategic reviews

The makeup of the Board's focus areas for 2015 will not significantly change from 2014 and still comprises key monitoring activities as regards operational performance and cost controls. Additional focus will however, be placed on risk management and internal controls reviews to assess additional requirements, if any, for alignment with risk management assessments under the 2014 edition of the UK Corporate Governance Code, Government relations, given the forthcoming elections in Tanzania, and further strategic reviews to support the execution of the long-term plan we set out in November 2014.

Responsibilities across our corporate governance framework are allocated between the Board, its Committees and the Senior Leadership Team to ensure that our business operates as it should on a day-to-day basis.



Audit Committee
- reviews and monitors financial statements
- oversees relationships with internal and external auditors
- oversees external audit process
- reviews internal audit plans

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

Compensation Committee
- reviews and recommends overall remuneration policy and strategy
- reviews and approves remuneration arrangements for Executive Directors and senior management

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

BOARD OF DIRECTORS

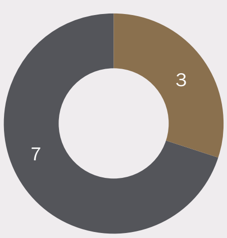
Board skills

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.

- Geology
- Engineering
- Financial
- African and regional affairs

Board independence

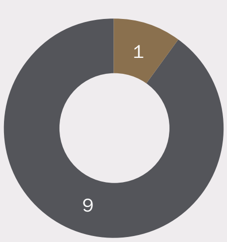
The Board believes that its current composition and its size is appropriate for the Company's ongoing requirements.



- Non-independent
- Independent

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.



- Female
- Male

Kelvin Dushnisky, age 51

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 is Co-President of Barrick and shares overall responsibility for execution of the company's strategic priorities and operating plans. He was previously Senior Executive Vice President with global responsibility for Government Relations, Permitting, Corporate Responsibility and Communications. Mr Dushnisky joined Barrick in April 2002, with extensive international experience in project approvals, development agreements and public affairs.

Mr Dushnisky holds a B.Sc. (Hon.) degree from the University of Manitoba and M.Sc. and J.D. degrees from the University of British Columbia. He is a member of the Law Society of British Columbia, the Institute of the Americas, the Canadian Council of the Americas (Vice-Chair) and the Canadian Chamber of Commerce, among others.

Board meetings attended
8/8

Committee membership
Nomination & Governance Committee

Independent
No

Brad Gordon, age 52

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
8/8

Committee membership
Not applicable

Independent
Not applicable

Peter Tomsett, age 57
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, he is currently Non-Executive Chairman of Silver Standard Resources Inc and he is also a Non-Executive Director of Talisman Energy Inc.

Board meetings attended
8/8

Committee membership
Audit Committee
Nomination & Governance Committee
Compensation Committee

Independent
Yes

Ambassador Juma V. Mwapachu, age 72
Independent Non-Executive Director

Year appointed
2011

Skills and experience
Ambassador 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, and currently holds the position of Global President of the Society for International Development.

Ambassador 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
8/8

Committee membership
Nomination & Governance Committee
EHS&S Committee

Independent
Yes

Andre Falzon, age 60
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 CA, CGA (Canada).

Board meetings attended
8/8

Committee membership
Audit Committee

Independent
Yes

Michael Kenyon, age 65
Independent Non-Executive Director

Year appointed
2010

Skills and experience
Mr Kenyon has more than 35 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.

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
8/8

Committee membership
Compensation Committee

Independent
Yes

BOARD OF DIRECTORS
CONTINUED

Graham Clow, age 64
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
8/8

Committee membership
EHS&S Committee
Compensation Committee

Independent
Yes

Steve Lucas, age 60
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
6/8

Committee membership
Compensation Committee

Independent
Yes

Rachel English, age 52
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
8/8

Committee membership
Audit Committee
EHS&S Committee

Independent
Yes

Stephen Galbraith, age 43
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
6/8

Committee membership
Not applicable

Independent
No

SENIOR LEADERSHIP TEAM

Andrew Wray, age 51
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 39
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 practice as a barrister and solicitor in Western Australia, the High Court of Australia and the Federal Court of Australia.

Michelle Ash, age 42
Executive General Manager, Planning and Business Improvement

Michelle Ash joined Acacia in December 2013 and has more than 20 years' experience in the mining and manufacturing industries in executive, managerial, advisory and consultancy roles. Prior to joining Acacia, Michelle was Head of Alliance Planning and Co-ordination for the BHP Mitsubishi Alliance. Prior to this she was General Manager Strategy for MMG where her focus was to develop business and growth strategies. She has also held General Manager Operations, Strategy Development and Projects roles in a number of global mining companies. Michelle holds a Bachelor of Civil Engineering (Hons) from Melbourne University, a Graduate Diploma of Business from Curtin University, a Bachelors of Arts in Psychology (Hons) from Deakin University and an Executive MBA from Melbourne Business School.

Deodatus Mwanyika, age 52
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 51
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 45
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.

CORPORATE GOVERNANCE REPORT

Board composition

As at 31 December 2014, the Board comprised a Non-Executive Chairman, one Executive Director and eight Non-Executive Directors, of whom seven were independent.

Board changes during 2014

As noted in the Chairman's Statement, two Non-Executive Directors left the Board this year. David Hodgson decided not to stand for re-election at the Company's 2014 AGM and Rick McCreary stepped down from the Board in August 2014. 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, all existing Directors will offer themselves for re-election at the forthcoming AGM. The Board determines all Directors to be eligible for re-election.

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 executive management 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 and updated 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, namely the Audit Committee, the EHS&S Committee, the Nomination & Governance Committee and the Compensation Committee. The membership, Chairmanship and activities of each of these Committees are set out in each Committee report on pages 59 to 63 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 eight times in 2014. Five meetings were held in person, and three meetings were held by teleconference. Details of individual attendance are provided in the table opposite. From time to time, the Board schedules meetings so as to allow for a meeting to be held in Tanzania, if appropriate, in order to provide for further access to the wider Acacia workforce. During the year one Board meeting was held in person in Tanzania as part of the Directors' annual site visit to operations.

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 a quarterly operational and financial performance review 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 Senior 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 Senior 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 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. Ordinarily, training standards and requirements form part of Board evaluation criteria. 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 significant risks that the Group faces, which have been in place throughout the year and up to the date of approval of the Annual Report. For 2014 purposes, Acacia's system of internal controls and risk management takes into account the recommendations contained in the Turnbull Guidance on Internal Systems and Controls published by the Financial Reporting Council in October 2005 (the "Turnbull Guidance"). The system is designed to manage, rather than eliminate, the risk of failure to achieve Acacia's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board principally bases its monitoring of internal controls on its review of management reports and assessments, and on the quarterly reports it receives on the status of Acacia's 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. 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 financial risk management systems.

An overview of 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 and 23 of this Annual Report.

In compliance with its obligations, the Board conducted an annual assessment of the effectiveness of the Company's risk management and internal control systems for the reporting period. The review covered all material controls, including financial, operational and compliance controls. In conjunction with Acacia's internal audit function and members of the Senior Leadership Team, the Board conducted a specific assessment of internal controls, which considered all significant aspects of internal control for the reporting period. During the course of its review of the system of internal control, 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.

The Board regularly reviews the Company's internal controls and risk management framework and systems; during 2015 the Board will assess them against the enhanced assessment requirements introduced by the 2014 edition of the UK Corporate Governance Code, taking into account 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.

	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*	8	8	–	–	5	5	2	2	–	–
Brad Gordon	8	8	–	–	–	–	–	–	–	–
Peter Tomsett	8	8	7	7	5	5	2	2	–	–
Ambassador Juma V. Mwapachu	8	8	–	–	–	–	2	2	4	4
Andre Falzon	8	8	7	7	–	–	–	–	–	–
Michael Kenyon	8	8	–	–	5	5	–	–	–	–
Graham Clow*	8	8	–	–	–	–	–	–	4	4
Steve Lucas	6	8	–	–	4	5	–	–	–	–
Rachel English	8	8	7	7	–	–	–	–	4	4
Stephen Galbraith	6	8	–	–	–	–	–	–	–	–
Former Directors**										
David Hodgson	1	2	–	–	–	–	–	–	1	2
Rick McCreary	3	3	–	–	–	–	–	–	–	–

* Kelvin Dushnisky stepped down from the Compensation Committee and was replaced by Graham Clow following year end.
** David Hodgson stepped down from the Board in April 2014 and Rick McCreary stepped down from the Board in August 2014.

CORPORATE GOVERNANCE REPORT CONTINUED

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

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. During the year we amended the Relationship Agreement 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, as a result of recent Listing Rule changes, 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.

AGM

Acacia's 2015 AGM will be held on 23 April 2015 at 10.00 am (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.

Certain other members of Acacia's senior management team hold interests under Barrick's stock option plan as a result of prior employment within the Barrick Group. These interests were acquired prior to joining Acacia and are not deemed to be material interests.

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.

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 2012 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 2014.

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).
- Board and Board Committee performance assessments for 2014 were conducted by means of self-assessment, rather than external facilitation. This is due to the fact that the Board prioritised its time this year on core matters required to be performed in order to complete the Company's re-branding initiatives and to complete the execution of operational and cost control reviews during the year, which supported the Company's achievement of 2014 operational and financial guidance objectives. The Board remains mindful of the timing requirements for the external facilitation of performance reviews and has committed to execute the 2015 performance evaluation in line with this requirement (Provision D.6.2).
- Acacia has not adopted a formal diversity policy; 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 2014, taken as a whole, to be fair, balanced and understandable and believe that it provides the information necessary for shareholders to assess Acacia's 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.

PERFORMANCE EVALUATION

The annual performance evaluation of the Board and its Committees was conducted under the guidance of the Company Secretary, by way of anonymous questionnaires. The questionnaire focused on a range of key topics, the findings of which will be used to help formulate key targets and actions for 2015.

Board evaluation focus

- ☑ Establishment and role
- ☑ Compensation, appointments, skills, experience and training
- ☑ Attendance at meetings, contribution, internal relationships
- ☑ Leadership
- ☑ Strategic aims and objectives
- ☑ Risk management
- ☑ Procedures and internal controls
- ☑ Communication with shareholders and others

Assessment for the Board

Board evaluation results were used to produce a performance report for presentation to the Board, for purposes of discussion and debate, in order to agree work plans and actions for 2015.

Key actions for 2015

- Operational and financial performance reviews
- Risk management and internal controls reviews
- Annual mining planning review
- Capital project and exploration reviews
- Government relations reviews
- Further strategic reviews

Committee evaluation focus

- ☑ Roles and responsibilities
- ☑ Composition, appointments, skills, experience and training
- ☑ Attendance at meetings, contribution, internal relationships
- ☑ Leadership
- ☑ Procedures and internal controls

Assessment for the Committees

The evaluation results were used to produce a performance report for discussion and debate, in order to agree work plans and actions for 2015.

Key actions for 2015

- Assessment of terms of reference, effectiveness of members' skills, experience and qualifications
- Work plans and actions for 2015 individually set by each Committee

AUDIT COMMITTEE

Andre Falzon
Committee Chairman

Membership

	Meetings attended	Percentage of meetings attended
Andre Falzon (Chair)	7	100%
Peter Tomsett	7	100%
Rachel English	7	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 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 52 as part of the Board of Directors' biographies. Our terms of reference require us to meet at least four times a year, and in 2014 we met seven times. The Chief Executive Officer, Chief Financial 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.

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

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 and financial reporting risk management.

Activities in 2014 and plans for 2015

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 whistleblowing arrangements to support reporting requirements under Acacia's Code of Conduct and Anti-Fraud and Anti-Corruption policies

In 2015, the Committee will continue to focus on all of the above matters, these being core to its remit of responsibilities, and any additional matters that may be allocated to it as a result of the Board's review of requirements under the 2014 edition of the UK Corporate Governance Code.

AUDIT COMMITTEE
CONTINUED

Significant issues considered by the Committee in 2014

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 as regards 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.

Deferred tax

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 as regards 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.

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 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.

As regards external audit, we have 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 auditor's 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, 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 will review the requirements of this order in 2015 in order to ensure appropriate compliance with its requirements.

As regards 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.

Generally, 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 interfere with 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, senior members of the external audit team and the lead audit partner rotate periodically and at least every five years in line with PwC's internal policies on independence.

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 this regard. In line with this, during the year the Committee adopted a written policy regarding the recruitment of former employees of the external auditor to formalise practices that have been employed since the Company's IPO.

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 activity as regards the audit immediately and tender their resignation to the audit firm.

EHS&S COMMITTEE

Ambassador Mwapachu
Committee Chairman

Membership

	Meetings attended	Percentage of meetings attended
Ambassador Mwapachu (Chair)	4	100%
Graham Clow	4	100%
Rachel English	4	100%
David Hodgson	2	50%*

Introduction

I am the Chairman of the Committee, a position that I assumed this year 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 act as the other members of the Committee. Details of members' experience and qualifications are provided on pages 50 to 52 as part of the Board of Directors' biographies. Our terms of reference require us to meet at least twice a year, and in 2014 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. In addition to scheduled meetings, during the year members of the Committee also conducted a site visit of the Company's operations in order to review certain projects and activities within our remit of responsibilities.

* David Hodgson stepped down from the Board in April 2014, and therefore could have only attended a maximum of two meetings.

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

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.

Activities in 2014 and plans for 2015

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 as regards 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

In 2015, the Committee will continue to focus on the majority of the above matters, these being core to its remit of responsibilities.

NOMINATION & GOVERNANCE COMMITTEE

Kelvin Dushnisky
Committee Chairman

Membership

	Meetings attended	Percentage of meetings attended
Kelvin Dushnisky (Chair)	2	100%
Ambassador 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 Mwapachu and Peter Tomsett act as the other members of the Committee. Details of members' experience and qualifications are provided on pages 50 to 52 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 2014. The Chief Executive Officer, members from the Company secretariat and external advisers also attend Committee meetings by invitation to discuss matters within our remit of responsibilities.

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

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 2014 and plans for 2015

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
- Monitoring and reviewing the Company's procedures for Board appointments and the reappointment of Directors in accordance with the Board assessment and skills matrix
- Reviewing the Company's core corporate governance policies in line with best practice developments and recent trend developments

The Committee also provided oversight and review of the Board and Board Committees' annual performance and effectiveness evaluations, an overview of which is provided on page 58. In 2015, the Committee will continue to focus on the majority of the above matters, these being core to its remit of responsibilities. In addition to this, the Committee will oversee the execution of the Board and Board Committees' first external performance assessment.

As regards 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.

REMUNERATION REPORT

Michael Kenyon,
Compensation Committee Chairman

Dear Shareholders,

Company performance in 2014 was strong overall and during the year we saw the achievement of a number of important Company goals. Key performance highlights included exceeding production guidance, delivering a reduction in AISC and cash costs during the year whilst progressing a number of wider business initiatives including the re-launch of our company as Acacia Mining; the approval of the Gokona Underground project; and our entry into West Africa through the execution of the exploration earn-in and joint venture arrangement for the South Houndé project in Burkina Faso.

As part of our ongoing review of compensation practices, during the year we decided to further align the interests of our executives with the longer-term interests of shareholders by adjusting the implementation of the approved policy, as follows:

Increased performance targets for short-term incentive (STI)
In order to promote the payment of bonuses for out-performance, we have toughened the performance requirements applicable to the vesting of STI awards. From 2014 onwards, performance in line with "budget" will typically deliver no more than 30% of target bonus (100% of target bonus in previous years). Further details as regards the performance assessment applicable to the 2014 STI is provided on page 75.

Enhanced assessment of LTIP award grants
In 2013, we changed the basis of assessment for the LTIP TSR performance condition to ensure that vesting of all Executive Director LTIP awards made from 2014 onwards is assessed on the basis of median TSR. In addition to this, during the year we adopted additional criteria to assess individual performance ratings at the time of grant in order to further align LTIP awards with performance expectations.

All of the above amendments fall within the existing scope of the Directors' Remuneration Policy approved by shareholders at the 2014 AGM. The policy report below is therefore as disclosed in the 2013 Directors' Remuneration Report save for a number of minor refinements in wording to clarify the operation of the policy.

As regards 2014 key corporate governance developments affecting remuneration practices, for the time being the Committee has made the following decisions:

Bonus deferrals
We note the increasing focus of institutional investors on mandatory bonus deferrals as part of FTSE 250 compensation practices. In this regard, the Committee continues to monitor this practice in order to review options as appropriate for the Company to address corporate governance trends whilst safeguarding the flexibility required to determine year-on-year requirements for executive remuneration within the scope of the Company's existing Directors' Remuneration Policy.

The use of malus and clawback provisions for LTIP and STI payments
We have noted the increased focus on malus and clawback provisions applying to awards under executive incentive schemes. In this regard, the Company's existing compensation practices already provide for the clawback of Executive Director STI and LTIP awards in the event of individual misconduct or financial misstatement/misreporting. The Committee is currently considering the practical effectiveness that the adoption of malus provisions (in addition to the existing clawback provisions) would have in order to determine whether such provisions should be introduced over the longer term, as part of future policy revisions.

Extension of performance and retention periods applicable to LTIP awards
We have noted the increasing trend of extending LTIP performance periods beyond three years and/or introducing additional holding requirements for vested LTIP awards. The Committee does not believe it is appropriate to adopt these practices at this stage, given the enhanced performance requirements placed on the vesting of STIs and the grant of LTIs and specific considerations with regards to maintaining the Company's "free-float" status, all of which must be taken into account when considering options available to us in the structuring of any retention period applicable to executive awards.

The Committee will continue to monitor these and other compensation trends throughout 2015 in order to assess ongoing requirements for the Company's compensation practices. In addition and in line with current best practice, given the level of shareholder approval received at the 2014 AGM for the Directors' Remuneration Policy (approximately 98.4% in favour of the policy), we will not be submitting the Directors' Remuneration Policy for approval at the forthcoming 2015 AGM.

CEO Salary increase for 2015
For 2015, the Committee has decided to increase the salary payable to the CEO to £475,000. This increase reflects both the CEO's strong performance since his appointment and the fact that no increases were given last year. This new salary remains below market for the industry in which Acacia operates and equates to a 5.7% per annum increase since appointment.

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 65 to 70), which are provided for continuing information purposes, and the Annual Report on Remuneration for 2014 (pages 71 to 81), which will be subject to an advisory shareholder vote at the 2015 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).
Performance measures	Not applicable.	Not applicable.	Not applicable.

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.

REMUNERATION REPORT
CONTINUED

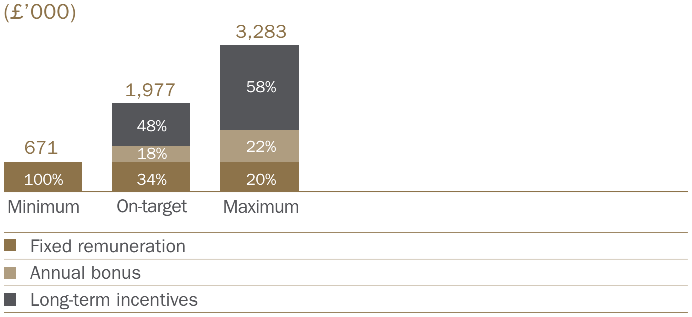
Long-Term Incentive Plan (LTIP)	
Purpose	To reinforce an enterprise culture that promotes and protects shareholders' long-term interests, so as to reward long-term decision making and performance that support the delivery of shareholder returns and drive shareholder value over the long term.
Operation	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.
Performance measures	Not applicable.

Pay-for-performance: scenario analysis

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

Brad Gordon
(£'000)



Potential reward opportunities are based on the Remuneration Policy, applied to the latest base salary. The STI and LTIP are based on the level of maximum opportunities applied in 2015. 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 base salary, pension and 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).

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 have been exercised during 2014.

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 the FTSE, and other markets outside London. In addition, our approach to recruitment will also depend on whether we use external recruitment or internal promotion routes.

REMUNERATION REPORT
CONTINUED

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*
	SOP	New appointees may be granted awards under the SOP, as described in the Summary Table for Executive Directors' Remuneration Policy.	200% of salary*

* 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

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.
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 appropriate. Any Stock Options which remain unexercised six months from the vesting date will lapse.

and change of control scenarios. 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 above 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 elect to waive 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 practices and trends of North American mining companies, which provide for similar elections to be made in order to ensure that our practices for Non-Executive Director compensation structures remain flexible and competitive against our global peers. Elections under the plan are made 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 two years from election to the Board, which may be satisfied through the purchase of Acacia Ordinary Shares or by electing to waive base fees for DSUs. Details as regards current outstanding awards under the DSU Plan and Acacia Ordinary Shares currently held by Non-Executive Directors are provided on page 80.

REMUNERATION REPORT
CONTINUED

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 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 2014 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.
Performance measures	Not applicable.
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 elect to waive 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.
Opportunity	Non-Executive Directors can waive up to 100% of their annual fee.
Performance measures	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.

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, death	On leaving office	Save in the case of certain circumstances,* 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)	On leaving office	

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

Annual Remuneration Report for 2014

Compensation Committee membership in 2014

As of 31 December 2014, the Compensation Committee comprised four Non-Executive Directors, three of whom were and remain independent:

- Michael Kenyon (Chairman)
- Kelvin Dushnisky
- Peter Tomsett
- Steve Lucas

Kelvin Dushnisky stepped down from the Committee following year end and has been replaced by Graham Clow. The following individuals also attended meetings by invitation during the year and provided advice to the Committee to enable it to make informed decisions:

- Brad Gordon, Chief Executive Officer
- Peter Geleta, Executive General Manager, Organisational Effectiveness
- Katrina White, General Counsel and Company Secretary

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 55. An overview of Committee activities during the year is provided as part of the Committee Chairman's introduction to this report.

Advisers

Kepler Associates ("Kepler") was 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 2014, Kepler provided independent advice on trends and developments, reporting regulations, the LTIP TSR performance condition, revisions to the Committee's terms of reference and benchmarking data for selected senior executives. 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 2014 were £72,199 on the basis of time and materials. The Committee also received legal advice from Travers Smith LLP as regards certain remuneration practices during the year and the legal aspects to the structure of the Remuneration Policy, the total fees for which equalled £10,682.

Details of Directors' service contracts and letters of appointment

As at 31 December 2014, Directors' current appointments were as follows:

	Date of current service contract/letter of appointment	Unexpired term as of 31 December 2014
Executive Director		
Brad Gordon	21 August 2013	N/A
Non-Executive Directors		
Kelvin Dushnisky	6 June 2012	6 months
Peter Tomsett	26 April 2013	1 year 4 months
Graham Clow	26 April 2013	1 year 4 months
Rachel English	23 October 2013	1 year 10 months
Andre Falzon	18 April 2013	1 year 4 months
Stephen Galbraith	18 April 2013	1 year 4 months
Michael Kenyon	18 April 2013	1 year 4 months
Steve Lucas	23 October 2013	1 year 10 months
Ambassador Mwapachu	13 July 2014	2 years 7 months

REMUNERATION REPORT
CONTINUED

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 2014.

	Salary/fees[b]		Taxable benefits[c]		STI[d]	
	2014 £	2013 £	**2014 £**	2013 £	**2014 £**	2013 £
Current Directors						
Executive						
Brad Gordon	**425,000**	154,744	**124,587**	189,770	**227,269**	113, 170
Non-Executive						
Kelvin Dushnisky	**–**	–	**–**	–	**–**	–
Peter Tomsett	**115,000**	115,000	**–**	–	**–**	–
Ambassador Juma V. Mwapachu	**95,000**	87,500	**–**	–	**–**	–
Andre Falzon	**95,000**	96,250	**–**	–	**–**	–
Michael Kenyon	**95,000**	109,350	**–**	–	**–**	–
Graham Clow	**85,000**	74,375	**–**	–	**–**	–
Steve Lucas	**85,000**	15,487	**–**	–	**–**	–
Rachel English	**85,000**	16,455	**–**	–	**–**	–
Stephen Galbraith	**–**	–	**–**	–	**–**	–
Former Directors						
David Hodgson[a]	**30,348**	94,500	**–**	–	**–**	–
Rick McCreary[a]	**–**	–	**–**	–	**–**	–

Notes:

(a) David Hodgson retired from his position as a Director at the Company's 2014 AGM held on 24 April 2014. Rick McCreary resigned as a Director with effect from 31 August 2014.

(b) As regards payments made to Brad Gordon in 2013, these reflect prorated amounts of total annual salary reflecting his period of appointment (21 August 2013 – 31 December 2013). 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 2014 is provided on page 74. In addition, Non-Executive Directors can elect to waive all or some of their annual fees in return for a deferred right to receive a cash payment on leaving the Company, pursuant to the terms of the Company's DSU Plan. Further details of this plan are provided on pages 69 to 70. Details as regards DSU elections made during the year are explained in note (f) below. 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.

(c) Taxable benefits include: car allowance, private medical insurance and national insurance contributions paid on behalf of Mr Gordon in line with generally accepted practices for international employees (stated as 'Other' below). A further breakdown of taxable benefits received for 2014 is provided below:

	Car allowance (£)	Medical (£)	Other (£)	Total (£)
Brad Gordon	32,289	5,876	86,422	**124,587**

(d) This represents the short-term incentive payable in cash for annual performance. Details as regards the performance assessment applicable to 2014 STI awards are provided on page 75.

LTIs[e]		Pension		Total[f]	
2014 £	2013 £	**2014 £**	2013 £	**2014 £**	2013 £
176,675	–	**63,750**	34,212	**1,017,281**	491,896
–	–	**–**	–	**–**	–
–	–	**–**	–	**115,000**	115,000
–	–	**–**	–	**95,000**	87,500
–	–	**–**	–	**95,000**	96,250
–	–	**–**	–	**95,000**	109,350
–	–	**–**	–	**85,000**	74,375
–	–	**–**	–	**85,000**	15,487
–	–	**–**	–	**85,000**	16,455
–	–	**–**	–	**–**	–
–	–	**–**	–	**30,348**	94,500
–	–	**–**	–	**–**	–

(e) This represents the first quarter of the 2013 SOP award which vested as to 100% during the year. The share price on the date of vesting was £2.44. Further details of this award are included in page 77.

(f) Certain independent Non-Executive Directors elected to convert a proportion of their annual fee for 2014 into DSUs, pursuant to the terms of the Company's DSU Plan as follows: Graham Clow elected to convert an amount of approximately £42,500 of his total fee for 2014 into DSUs; Ambassador Mwapachu elected to convert an amount of approximately £71,250 of his total fee for 2014 into DSUs; Peter Tomsett elected to convert an amount of approximately £115,000 of his total fee for 2014 into DSUs; and Steve Lucas elected to convert an amount of approximately £20,000 of his total fee for 2014 into DSUs.

REMUNERATION REPORT
CONTINUED

Executive Director salaries

The following table shows Executive Director salaries for 2013 and 2014 and those payable for 2015:

	2015 salary	2014 salary	2013 salary
Brad Gordon	£475,000	£425,000	£425,000

For 2015, the Committee has decided to increase the salary payable to the CEO to £475,000 to reflect continuing improved performance over 2014 and the fact that no salary increases were given to the CEO or other members of the SLT in 2014. This new salary remains below the market average for the market in which Acacia operates and equates to a 5.7% per annum increase since his appointment.

Non-Executive Director fees

For the year ending 31 December 2014, no fees were paid to Non-Executive Directors, including the Chairman, appointed by Barrick pursuant to its nomination rights under the Relationship Agreement. Fees paid to independent Non-Executive Directors were paid as follows:

Fee component	Amount (per annum)
Base fee	£75,000
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

Non-Executive Director fees for 2015 will be reviewed prior to the 2015 AGM and will apply as of 1 April 2015.

Executive Directors' Short-Term Incentive awards

For the year ending 31 December 2014, Executive Director STI awards were earned on the basis of Company-wide performance, this being representative of the overall leadership, management and performance of an individual holding this position. During the year, we simplified the Company-wide performance measures 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 below.

2014 STI Scorecard assessment

Strategic focus	KPI	Weighting	Performance assessment		Actual	Overall Scorecard Rating (%)
Safety	Total reportable injury frequency rate (TRIFR)[i]	10%	Base (50%):	2013 actual	0.86	0
			Target (100%):	10% improvement on 2013		
			Stretch (150%):	10% improvement on Target		
			Wall (200%):	10% improvement on Stretch		
Production	Ounces of gold produced (oz)[ii]	30%	Base (20%):	95% of budget	714,545	19.8
			Target (30%):	100% of budget		
			Stretch (150%):	5%> budget		
			Wall (200%):	10%> budget		
Profit generation	Free cash flow[iii]	20%	Base (20%):	95% of budget	86,410	40.0
			Target (30%):	100% of budget		
			Stretch (150%):	20%> budget		
			Wall (200%):	40%> budget		
Cost control	All-in sustaining cost per ounce sold (AISC)[iv]	40%	Base (20%):	4%> budget	1,078	11.5
			Target (30%):	Approved budgeted AISC		
			Stretch (150%):	4%< budget		
			Wall (200%):	8%< budget		
Overall outcome (out of a maximum of 200%)			**Sum of scorecard ratings**			71.3
Bonus outcome (as a % of salary)			**Overall outcome x target bonus (75% of salary)**			53.5

Notes to 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. For STI KPI purposes production from Bulyanhulu Upper East was discounted in order to reflect normalised adjustments made to the applicable free cash flow KPI (see (iii) below).

(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. For STI KPI purposes, free cash flow was normalised for the gold price and unbudgeted costs relating to Bulyanhulu Upper East and Lower West acceleration and the Gokona Underground project.

(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. For STI KPI purposes, AISC attributable to Bulyanhulu Upper East, Lower West and Gokona Underground was discounted in order to reflect normalised adjustments made to the applicable free cash flow KPI (see (iii) above).

As noted in the Committee Chairman's introduction to this report, throughout 2014 we saw increasing levels of Company performance and the achievement of a number of important Company goals. Key performance highlights include: annual production of 718,651 ounces, (adjusted to 714,545 ounces for STI KPI purposes), ahead of our original 2014 production guidance and a 13% improvement on 2013 production levels; AISC of US$1,105 per ounce sold (adjusted to US$1,078 per ounce sold for STI KPI purposes), 18% lower than 2013 AISC levels; and cash costs of US$732 per ounce sold, being 10% below 2013 cash cost levels. Together these cost and operational achievements allowed us to achieve positive cash flow levels, assessed as approximately US$86.4 million for STI KPI purposes. However, from a safety perspective TRIFR for 2014 was 0.86, a disappointing outcome. On this basis, the Company's performance for the year was assessed as 71.3%, which has been reflected in STI award for the year paid to Brad Gordon (see page 72).

For 2015, the CEO's STI opportunity will be 75% of base salary for target performance with a maximum opportunity of 150% for maximum performance. Broadly, performance measures for 2015 will continue to focus on production, costs, safety and profitability and will be assessed primarily on Company performance with an element of individual performance. Further details of 2015 performance measures, weightings and targets will be provided as part of the 2015 Annual Report on Remuneration.

REMUNERATION REPORT
CONTINUED

Executive Directors' interests under the LTIP (audited)

As at 31 December 2014 the following awards were outstanding under the LTIP:

Award date	Shares over which awards held as of 01-Jan-14	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-Dec-14
Brad Gordon						
21-Aug-13	795,036	–	£1.60	20-Aug-16	20-Aug-16	803,005
Greg Hawkins						
13-Feb-13	246,513	–	£3.02	12-Feb-16	12-Feb-16	252,233

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.

The August 2013 awards made to Brad Gordon represent awards made as part of Brad's recruitment package. This award is subject to the satisfaction of the TSR performance condition applicable at the time of making the award, this being the assessment of the Company's TSR on a weighted mean basis against the comparator group.

The comparator group for awards made to Brad Gordon in 2013 is as follows:

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

* Translation into English.

For purposes of assessing performance against the 2013 comparator group, TSR will be assessed over the performance period on a weighted mean basis, as follows:

Acacia's TSR % outperformance of comparator group weighted mean over three years	% of target level of award
+20%	200%
0%	100%
-12.5%	50%
Below -12.5%	0%

Where performance is between the above levels, the percentage of target level of award is determined on a proportionate basis.

The ongoing treatment of RSU awards made to Greg Hawkins following his departure as CEO in August 2013 is outlined on page 79.

Awards made in respect of 2014 performance were awarded post year end to allow for a full assessment of Company performance. On 17 February 2015 Brad Gordon received the following award: an LTIP award equal to 307,303 Acacia Ordinary Shares, representing an award with a value of 200% of base salary. The market price of Acacia Ordinary Shares at the time of the award was £2.77, the end of the applicable performance period and vesting date is 16 February 2018. The award is subject to the satisfaction of the TSR performance condition applicable at the time of making the award, this being 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 (audited)

As at 31 December 2014 the following awards were outstanding under the SOP:

Award date	Shares over which awards held as at 01-Jan-14	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-14
Brad Gordon									
21-Aug-13	841,308	–	£1.60	–	N/A	20-Aug-20	20-Aug-14	20-Aug-17	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 2014.

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.

REMUNERATION REPORT
CONTINUED

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 SLT 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 SLT as a subset for purposes of comparing CEO pay against wider employee pay 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 2014 includes the sum of payments made to Brad Gordon. SLT data is based on a consistent set of employees, i.e. the same individuals appear in the 2013 and 2014 populations.

	CEO			SLT members		
	2014 £	2013 £	% change 2014-2013	2014 £	2013 £	% change 2014-2013
Base salary	425,000	425,000*	–	263,683	259,314	2%
Taxable benefits	124,587	189,770	-34%	61,068	56,509	8%
Annual bonus	227,269	310,085*	-27%	154,094	144,717	6%
Total	**776,856**	**924,855***	**-16%**	**478,845**	**460,540**	**4%**

* Annualised bonus and salary.

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 2013 and 31 December 2014, 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 corporate responsibility review of this Annual Report.

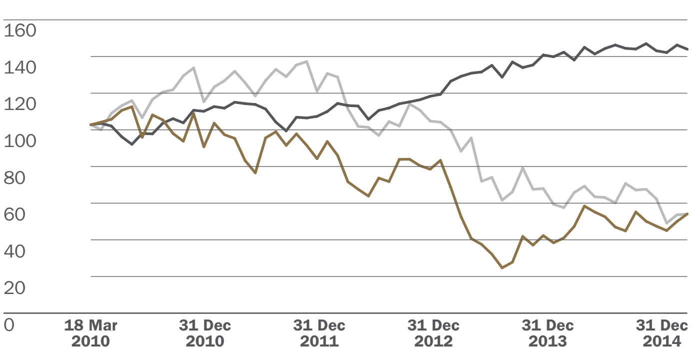
	2014 (£'000)	2013 (£'000)	**% change 2013-2014**
Shareholder distributions	8,448	36,360	**-77%**
Total employee expenditure	136,741	144,121	**-5%**

Comparison of Company performance

The following graph shows Acacia's TSR performance for the period from the IPO to 31 December 2014 (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's "single figure" remuneration over the same period.

Historical TSR perfomance

Growth in the value of a hypothetical £100 holding from IPO to 31 December 2014



- Acacia
- FTSE350
- 2014 LTIP comparator group (median)

Based on spot share prices in GBP.

CEO remuneration table

	Individual	2010	2011	2012	2013	**2014**
CEO single figure remuneration (£'000)	Greg Hawkins	£774	£936	£1,282	£1,171	**N/A**
	Brad Gordon	N/A	N/A	N/A	£317	**£1,017**
STI payout as % of maximum opportunity	Greg Hawkins	60%	50%	43%	90%	**N/A**
	Brad Gordon	N/A	N/A	N/A	90%	**36%**
RSU payout as % of maximum opportunity	Greg Hawkins	N/A	N/A	N/A	44%	**N/A**
	Brad Gordon	N/A	N/A	N/A	N/A	**N/A**
Option payout as % of maximum opportunity	Greg Hawkins	N/A	100%	100%	N/A	**N/A**
	Brad Gordon	N/A	N/A	N/A	N/A	**100%**

Note: table restated to reflect % of maximum opportunities vesting. CEO single figure remuneration reflects all amounts payable from the single figure remuneration table, which for 2014 is available on page 72.

Executive Director exit arrangements (audited)

As noted in the 2013 Annual Remuneration Report, 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 received the following payments: an amount equal to £312,218 in aggregate in terms of salary during his period of garden leave, an amount equal to £152,881 in respect of taxable benefits and an amount equal to £78,054 in respect of pension. He also received £76,250 in respect of relocation.

In addition, Mr Hawkins' outstanding LTIP awards continue 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	Polyus Gold International Limited
Centerra Gold Inc.	Randgold Resources Ltd.
Eldorado Gold Corp.	Semafo Inc.
Gold Fields Ltd.	Yamana Gold Inc.
Harmony Gold Mining Co. Ltd.	Zijin Gold Mining Group Co. Ltd.

* For the February 2013 RSU award the comparator group also includes New Gold Inc., and excludes Zijin Gold Mining Group Co. Ltd and Polyus Gold International Limited.

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

* 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 November 2011 vested in respect of 2014. Over the relevant three-year performance period, the Company's TSR was 54.6%, which was 12.8% above the weighted mean of the applicable comparator group. As a result, 164% of the original interests awarded were due to vest based on performance, further details of which are provided below:

	RSUs held as at 1 Jan 2014	Interests vesting	RSUs vesting	Date vested	Market price on vesting	Value
Greg Hawkins	97,587	164%	151,279	29 Nov 14	£2.36	£357,019

The RSUs vested take into account dividend re-investment during the year and all necessary pro-rata adjustments made to reflect Mr Hawkins' official termination date of 20 August 2014.

REMUNERATION REPORT
CONTINUED

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 two years of election to the Board, which may be satisfied via the acquisition of Acacia Ordinary Shares or by electing to waive base fees for DSUs under the Acacia DSU Plan. The table below shows the shareholding of each Director against their respective shareholding requirement as at 31 December 2014 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	–	210,327	630,981[d]	803,005	–	200%	>200%	Yes
Non-Executive Directors								
Kelvin Dushnisky	–	–	–	–	–	N/A	N/A	N/A
Peter Tomsett	–	–	–	–	125,203	100%	315%	Yes
Ambassador Juma V. Mwapachu	–	–	–	–	30,330	100%	96%	No
Andre Falzon	9,000	–	–	–	11,621	100%	103%	Yes
Michael Kenyon	–	–	–	–	36,875	100%	139%	Yes
Graham Clow	–	–	–	–	46,699	100%	117%	Yes
Steve Lucas	–	–	–		8,730	100%	27%	No
Rachel English	17,383	–	–	–	–	100%	50%	No
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 elect to waive 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) Based on Acacia's share price at the time of acquiring shares and/or electing to receive DSUs and/or receiving RSU awards.
(d) Consists of options awarded on recruitment which vest subject to a relative TSR performance condition.

David Hodgson held interests in 13,000 shares prior to his departure in April 2014 and also held interests in DSUs which vested subsequent to his departure. Rick McCreary did not have any interests in the Company's shares during his tenure as a Director.

Subsequent to year end, Brad Gordon's interests in RSUs were increased to reflect the 2014 LTIP award, taking his aggregate unvested RSUs to 1,110,308 RSUs. Details of this award are provided on page 77 of this report. There have been no other changes in Directors' shareholdings between 31 December 2014 and 9 March 2015. As regards Ambassador Mwapachu's shareholding, dividend reinvestment applicable to DSU interests during H1 2015 will operate so as to ensure the applicable shareholding guideline requirements are satisfied shortly following the publication of this report. Mr Lucas and Ms English have a further ten months to satisfy applicable shareholding guideline requirements.

Summary of shareholder voting at the 2014 AGM

The following table shows the results of the binding vote on the Directors' Remuneration Policy and the advisory vote on the 2013 Remuneration Report at the 2014 AGM:

	Total number of votes	% votes cast
Directors' Remuneration Policy		
For	351,403,920	98.37
Against	5,809,779	1.63
Votes cast (excluding withheld votes)	357,213,699	–
Votes withheld	3,500	–
Total votes cast (including withheld votes)	**357,217,199**	**–**
Directors' Remuneration Report 2013		
For	293,876,634	85.44
Against	50,062,215	14.56
Votes cast (excluding withheld votes)	343,938,849	–
Votes withheld	13,278	–
Total votes cast (including withheld votes)	**343,952,127**	**–**

In the context of shareholder voting, the key area of concern remained the grant of LTIP and SOP awards to Executive Directors subject to a TSR performance condition that provided for vesting of awards below median performance. As noted above, this practice was discontinued at the end of 2013 and all Executive Director LTIP awards are now granted subject to the TSR performance condition assessed on a median basis against the constituents of the Euromoney Global Gold Index.

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

PRINCIPAL RISKS AND UNCERTAINTIES

Risk	Key management 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.	Chief Financial Officer/ Vice President, Exploration.
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.	Chief Financial Officer.
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.	Vice President, Corporate Affairs.
Occupational health and life-threatening diseases Due to the nature of the Group's operations, a wide range of occupational health diseases, such as noise-induced hearing loss and lung diseases, pose a risk to the Group's workforce. In addition, tropical and infectious diseases, such as malaria and HIV/AIDS, pose significant health risks to the Group's employees, due to the epidemic proportions that such diseases may have in areas at which the Group's operations are located. Further, there is a risk that the Ebola epidemic may expand and impact Group operations. The potential liabilities related to such diseases and the impact that these diseases may have on the Group's workforce may have an adverse effect upon the Group's operations and financial condition.	Executive General Manager, Organisational Effectiveness.

Key

↑	Increase
↓	Decrease
–	No change
New	New for 2014

Mitigation/comment	Progress made in 2014	Potential impact	Change from 2013	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. • Entry into West Africa through Earn-In Arrangement for South Houndé Project in Burkina Faso.	High	–	Please see our Exploration review.
Acacia's strategic objective is to provide maximum exposure to the price of gold and, as such, a no-gold-hedging policy has been adopted. Acacia has entered 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.	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.
The Group has implemented a number of malaria and tuberculosis programmes and HIV/AIDS awareness and prevention programmes for its employees, their families and the local communities surrounding its operations. It also provides occupational health services to its employees at its mine clinics and it continues to improve preventative hygiene initiatives. Health and safety and risk management systems are in place onsite at all of Acacia's operations.	• Continuing implementation of preventative occupational health & safety programmes. • Preparation of an Ebola Action Plan. • Ongoing community health programmes for diseases such as malaria and HIV.	High	New	Please see our Sustainability review.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Key management 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.
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.	Executive General Manager, Planning and Business Improvement/Executive General Manager, Organisational Effectiveness.
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.	Executive General Manager, Planning and Business Improvement.
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.	Executive General Manager, Planning and Business Improvement.
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.	Chief Executive Officer/Executive General Manager, Organisational Effectiveness.

Key

↑	Increase
↓	Decrease
—	No change
New	New for 2014

Mitigation/comment	Progress made in 2014	Potential impact	Change from 2013	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.	• 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.	• Commencement of enhanced safety training initiatives, including the WeCare programme. • Enhanced safety management systems for the use of mobile equipment and ground support standards. • Continuing safety audits and inspections.	High	New	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	New	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.	• Introduced enhancements to maintenance and planning practices. • Continuing review of equipment use requirements and equipment operating procedures.	High	New	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. • Gaining re-approval of mine closure plans.	High	—	Please see our Sustainability review.

OTHER INFORMATION

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 86 to 91 (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 106.

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 2014 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 2014 are provided on pages 50 to 52. 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 2012	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 Mwapachu	13 July 2014	N/A

All Directors above will put themselves forward for re-election at the forthcoming AGM. Details of Director re-election requirements are provided on page 90. As noted as part of the Governance reports, David Hodgson (appointed 19 October 2011) stepped down at the Company's 2014 AGM held on 24 April 2014 and Rick McCreary (appointed 19 July 2012) retired from the Board on 31 August 2014.

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 2014 to 31 December 2014

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 2014, 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		Year-on-year percentage change (%)	Percentage of total emissions (%)	
	2014	2013		2014	2013
Scope 1 emissions	**228,997**	258,096	-11%	62%	70%
Scope 2 emissions	**142,511**	111,223	28%	38%	30%
Total	**371,508**	369,319	0%	100%	100%

Total CO_2 emissions for 2014 amounted to 371,508 tonnes, in line with 2013. The reduction in Scope 1 emissions was offset by an increased proportion of grid power in Tanzania being generated from fossil fuels. In addition, the Company monitors its GHG emissions ratio on the basis of CO_2 produced per tonne of ore milled. For 2014 this equated to 0.0451 per tonne of ore milled, this being a marginal decrease on 2013 (0.0462).

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 44. In addition, the total breakdown of male and female employees as at 31 December 2014 was as follows:

	Female	Male
Board of Directors	1	9
Senior Leadership Team	2	5
Other Employees	371	3,880

Dividends

An interim dividend of US1.4 cents per share was paid to shareholders on 22 September 2014. 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 2014. Subject to the shareholders approving this recommendation at the AGM, the final dividend will be paid on 29 May 2015 to shareholders on the register at 8 May 2015. The ex-dividend date is 7 May 2015. 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 11 May 2015. Currency elections must be made by return of currency election forms. The deadline for the return of currency election forms is 11 May 2015.

Share capital

As at 31 December 2014, 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 2014 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 132.

Major shareholdings

The following persons as at 31 December 2014 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
M&G Investment Management	20,874,670	5.09
Blackrock Investment Management	18,793,455	4.58
Total	**301,915,075**	**73.62**

1 Indicated members of the Barrick Group.

As regards Barrick's shareholding, on 10 March 2014, Barrick announced its divestment of approximately 41.0 million Acacia Ordinary Shares by way of a placement to institutional investors (the "Placing"). The placement was conducted by way of an accelerated bookbuild offering process launched on 10 March, which completed on 11 March 2014. The Placing was conducted at a price of 275 pence per Ordinary Share. UBS Limited, J.P. Morgan Securities plc (which conducts its UK investment banking business under the name J.P. Morgan Cazenove) and RBC Europe Limited acted as joint bookrunners and placing agents in relation to the Placing. As part of terms applicable to the Placing, Barrick undertook not to dispose of any further Acacia Ordinary Shares without the consent of the joint bookrunners for a period of 120 days, provided that such consent would not be required: (i) in the event of an offer for the entire issued share capital of Acacia made in accordance with the requirements of the City Code on Takeovers and Mergers; or (ii) with respect to a single sale of 10–20% of Barrick's remaining shareholding in Acacia to a single corporate or strategic purchaser as part of a single transaction, provided that such purchaser agrees to be bound by an equivalent restriction for the remainder of the lock-up period. This lock-up period has now expired. The table above reflects Barrick's shareholding post completion of the Placing accordingly.

As at 1 March 2015, Blackrock Investment Management had increased their holding to 20,815,784 shares representing 5.08% of the issued share capital. All other major shareholders remain unchanged from 31 December 2014. As a result, the percentage of issued share capital held by major shareholders as at 1 March 2015 equalled 74.12% in aggregate.

OTHER INFORMATION
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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 56.

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 56 and 88 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 116 and 138 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 56 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 137. 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 Senior 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 63 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 (s)he 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.

OTHER INFORMATION
CONTINUED

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 proper.

Acacia's shareholders passed the following resolutions relating to the allotment and pre-emption right disapplications at the 2014 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.

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 56. Additional information regarding director re-election requirements is provided on page 54 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 144 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 145 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 97 as part of the consolidated financial statements for the Independent Auditors' report on such statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 52 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

RESERVES AND RESOURCES

Mineral reserves and mineral resources estimates contained in this Annual Report have been calculated as at 31 December 2014 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 Persons: Nic Schoeman, General Manager Technical Services, Haydn Hadlow, Chief Mineral Resources Manager, and Samuel Eshun, Technical Service 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$1,300 per ounce, a silver price of US$20.00 per ounce and a copper price of US$3.00 per pound.

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

Mineral resources have been calculated using an assumed long-term average gold price of US$1,500 per ounce, a silver price of US$20.00 per ounce and a copper price of US$3.00 per pound and reflect contained ounces.

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

		2014			2013		
Mine		Tonnes ('000s)	Grade Au (g/t)	Ounce ('000s)	Tonnes ('000s)	Grade Au (g/t)	Ounce ('000s)
Bulyanhulu – Underground	Proven and probable	29,681	9.667	9,225	29,610	9.530	9,072
	Mineral Resource	12,399	8.491	3,385	10,225	10.653	3,502
	Inferred	13,725	9.897	4,367	6,632	12.877	2,745
Bulyanhulu – Tailings	Proven and probable	9,082	1.046	305	7,974	1.229	315
	Mineral Resource	–	–	–	–	–	–
	Inferred	–	–	–	–	–	–
Buzwagi	Proven and probable	20,762	1.345	898	24,105	1.445	1,120
	Mineral Resource	48,333	1.298	2,017	49,109	1.291	2,038
	Inferred	4,623	1.237	184	7,173	1.183	273
North Mara	Proven and probable	23,653	2.692	2,047	21,710	3.169	2,212
	Mineral Resource	17,960	2.873	1,659	25,266	3.316	2,694
	Inferred	10,073	3.236	1,048	735	2.730	65
Total	**Proven and probable**	83,178	4.665	12,475	83,399	4.743	12,719
	Mineral Resource	78,692	2.791	7,061	84,600	3.027	8,233
	Inferred	28,422	6.128	5,599	14,540	6.595	3,083

Exploration property gold reserves and resources

		2014			2013		
Mine		Tonnes ('000s)	Grade Au (g/t)	Ounce ('000s)	Tonnes ('000s)	Grade Au (g/t)	Ounce ('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**	83,178	4.665	12,475	83,399	4.743	12,719
	Mineral Resource	183,988	2.007	11,873	189,895	2.137	13,046
	Inferred	32,877	5.481	5,793	18,995	5.365	3,276

Contained copper reported within gold reserves and resources

		2014			2013		
Mine		Tonnes ('000s)	Grade Cu (%)	Pounds ('000s)	Tonnes ('000s)	Grade Cu (%)	Pounds ('000s)
Bulyanhulu – Underground	Proven and probable	29,681	0.586	383,707	29,610	0.566	369,616
	Mineral Resource	12,399	0.510	139,306	10,225	0.671	151,237
	Inferred	13,725	0.609	184,269	6,632	0.774	113,174
Bulyanhulu – Tailings	Proven and probable	–	–	–	7,974	0.036	6,329
	Mineral Resource	–	–	–	–	–	–
	Inferred	–	–	–	–	–	–
Buzwagi	Proven and probable	20,762	0.095	43,647	24,105	0.100	53,263
	Mineral Resource	48,333	0.110	116,817	49,109	0.109	118,283
	Inferred	4,623	0.109	11,066	7,173	0.084	13,323
Total	**Proven and probable**	50,443	0.384	427,354	61,689	0.316	429,207
	Mineral Resource	60,732	0.191	256,123	59,333	0.206	269,520
	Inferred	18,348	0.483	195,335	13,805	0.416	126,497

RESERVES AND RESOURCES CONTINUED

Contained silver reported within gold reserves and resources

Mine		2014 Tonnes ('000s)	2014 Grade Ag (g/t)	2014 Ounce ('000s)	2013 Tonnes ('000s)	2013 Grade Ag (g/t)	2013 Ounce ('000s)
Bulyanhulu – Underground	Proven and probable	29,681	8.321	7,941	29,610	8.066	7,679
	Mineral Resource	12,399	6.506	2,594	10,225	8.437	2,773
	Inferred	13,725	7.097	3,132	6,632	12.877	2,745
Bulyanhulu – Tailings	Proven and probable	9,082	3.275	956	7,974	3.848	987
	Mineral Resource	–	–	–	–	–	–
	Inferred	–	–	–	–	–	–
Total	**Proven and probable**	38,763	7.139	8,897	37,584	7.171	8,665
	Mineral Resource	12,399	6.506	2,594	10,225	8.437	2,773
	Inferred	13,725	7.097	3,132	6,632	12.877	2,745

Mine gold reserves

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu – Underground	Proven	1,473,149	11.737	555,916
	Probable	28,208,118	9.559	8,669,316
	Total (P+P)	**29,681,267**	**9.667**	**9,225,232**
Bulyanhulu – Tailings	Proven	–	–	–
	Probable	9,081,538	1.046	305,395
	Total (P+P)	**9,081,538**	**1.046**	**305,395**
Buzwagi	Proven	6,640,954	1.011	215,936
	Probable	14,120,973	1.501	681,643
	Total (P+P)	**20,761,927**	**1.345**	**897,579**
North Mara	Proven	3,859,459	2.117	262,671
	Probable	19,793,514	2.804	1,784,185
	Total (P+P)	**23,652,973**	**2.692**	**2,046,855**
Total mine gold reserves	Proven	11,973,563	2.687	1,034,522
	Probable	71,204,142	4.997	11,440,539
	Total (P+P)	**83,177,705**	**4.665**	**12,475,061**

Contained copper reported within gold reserves

Mine	Classification	Tonnes	Grade Cu (%)	Contained Cu (lbs)
Bulyanhulu – Underground	Proven	1,473,149	0.661	21,478,803
	Probable	28,208,118	0.582	362,227,859
	Total	**29,681,267**	**0.586**	**383,706,662**
Bulyanhulu – Tailings	Proven	–	–	–
	Probable	–	–	–
	Total	**–**	**–**	**–**
Buzwagi	Proven	6,640,954	0.067	9,862,505
	Probable	14,120,973	0.109	33,784,850
	Total	**20,761,927**	**0.095**	**43,647,355**
Total copper reported within gold reserves	Proven	8,114,103	0.175	31,341,308
	Probable	42,329,090	0.424	396,012,709
	Total	**50,443,194**	**0.384**	**427,354,018**

Contained silver reported within gold reserves

Mine	Classification	Tonnes	Grade Ag (g/t)	Contained Ag (oz)
Bulyanhulu – Underground	Proven	1,473,149	8.830	418,223
	Probable	28,208,118	8.294	7,522,301
	Total	**29,681,267**	**8.321**	**7,940,524**
Bulyanhulu – Tailings	Proven	–	–	–
	Probable	9,081,538	3.275	956,190
	Total	**9,081,538**	**3.275**	**956,190**
Total silver reported within gold reserves	Proven	1,473,149	8.830	418,223
	Probable	37,289,656	7.072	8,478,491
	Total	**38,762,805**	**7.139**	**8,896,714**

Mine gold resource (Measured and Indicated, exclusive of reserves)

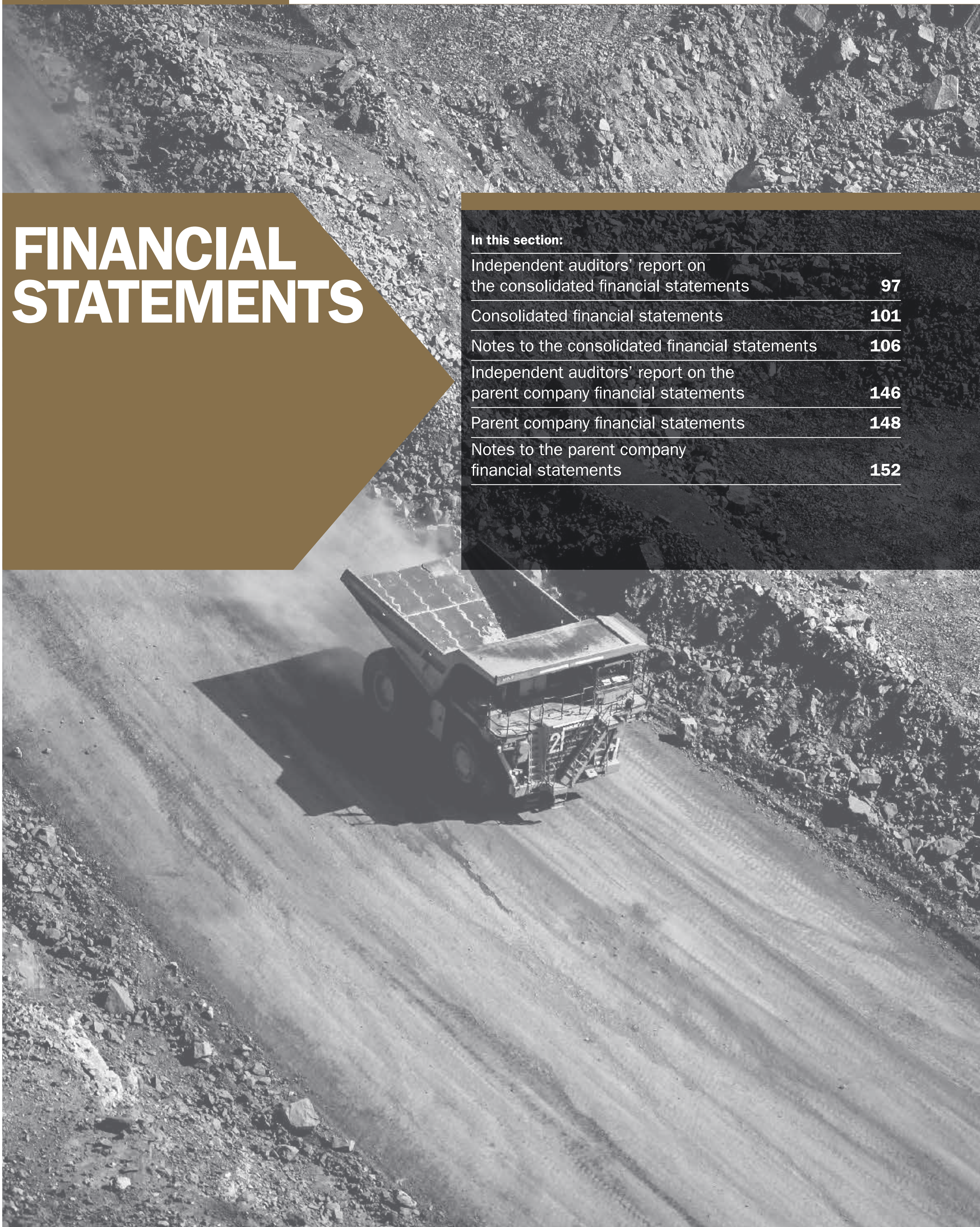
Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu – Underground	Measured	–	–	–
	Indicated	12,399,103	8.491	3,385,051
	Total (M+I)	**12,399,103**	**8.491**	**3,385,051**
Bulyanhulu – Tailings	Measured	–	–	–
	Indicated	–	–	–
	Total (M+I)	**–**	**–**	**–**
Buzwagi	Measured	209,019	1.583	10,641
	Indicated	48,123,770	1.297	2,006,270
	Total (M+I)	**48,332,789**	**1.298**	**2,016,911**
North Mara	Measured	2,849,472	2.704	247,737
	Indicated	15,110,890	2.305	1,411,197
	Total (M+I)	**17,960,361**	**2.873**	**1,658,934**
Total mine resource (M+I)	Measured	3,058,490	2.628	258,378
	Indicated	75,633,763	2.797	6,802,518
	Total (M+I)	**78,692,253**	**2.791**	**7,060,896**

Contained copper reported within gold resources

Mine	Classification	Tonnes	Grade Cu (%)	Contained Cu (lbs)
Bulyanhulu – Underground	Measured	–	–	–
	Indicated	12,399,103	0.510	139,306,110
	Total (M+I)	**12,399,103**	**0.510**	**139,306,110**
Bulyanhulu – Tailings	Measured	–	–	–
	Indicated	–	–	–
	Total (M+I)	**–**	**–**	**–**
Buzwagi	Measured	209,019	0.116	533,772
	Indicated	48,123,770	0.110	116,283,141
	Total (M+I)	**48,332,789**	**0.110**	**116,816,913**
Total copper reported within gold resources	Measured	209,019	0.116	533,772
	Indicated	60,522,873	0.192	255,589,251
	Total (M+I)	**60,731,892**	**0.191**	**256,123,023**

Contained silver reported within gold resources

Mine	Classification	Tonnes	Grade Ag (g/t)	Contained Ag (oz)
Bulyanhulu – Underground	Measured	–	–	–
	Indicated	12,399,103	6.506	2,593,528
	Total (M+I)	**12,399,103**	**6.506**	**2,593,528**
Bulyanhulu – Tailings	Measured	–	–	–
	Indicated	–	–	–
	Total (M+I)	**–**	**–**	**–**
Total silver reported within gold resources	Measured	–	–	–
	Indicated	12,399,103	6.506	2,593,528
	Total (M+I)	**12,399,103**	**6.506**	**2,593,528**



FINANCIAL STATEMENTS

In this section:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACACIA MINING PLC

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 2014 and of its profit 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

Acacia Mining plc's financial statements comprise:

- the consolidated balance sheet as at 31 December 2014;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity 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 and Accounts (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: $8.45 million which represents approximately 5% of profit before tax adjusted for items included within "Other Charges" (as presented on the face of the Consolidated Income Statement and detailed within note 10).
Scope	We identified three mine sites located in Tanzania which, in our view, required an audit of their complete financial information. In addition 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 93% of profit before tax.
Areas of focus	Impairment assessments of goodwill, intangible assets and property, plant & equipment; Taxation including provisions for uncertain deferred tax positions and the recoverability of indirect taxes; and The recoverability of the consumables balances at the Buzwagi site.

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 below. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACACIA MINING PLC CONTINUED

Area of focus	How our audit addressed the area of focus
Impairment assessments of goodwill, intangible assets and property plant and equipment Acacia Mining has goodwill of $127.9 million, indefinite-lived intangible assets of $83.3 million and property, plant & equipment of $1,425.3 million* as at 31 December 2014. Impairment charges to goodwill, indefinite-lived intangible assets and property, plant & equipment have been recognised in prior periods. For the Bulyanhulu mine, which contains goodwill ($121.5 million) and property, plant and equipment ($1,042.3 million), and Exploration assets, which contains goodwill ($6.4 million), indefinite-lived intangible asset ($83.3 million) and property, plant and equipment ($2.7 million) the determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, requires judgement on the part of management in both identifying and then valuing the relevant Cash Generating Units . Recoverable amounts are based on management's views of variables such as future commodity prices, timing and approval of future capital and operating expenditure and the most appropriate discount rate. Management must also determine the recoverable amount for other assets including property, plant & equipment when impairment indicators are identified. As at 31 December 2014, North Mara and Buzwagi have $361.2 million of property, plant & equipment. As well as considering indicators of impairment, for assets other than goodwill and indefinite-lived intangible assets management must determine whether any indicators of reversal of previous impairments are apparent. In particular, management assessed whether previously recorded impairments against property, plant & equipment should be reversed in light of changes in mine plans, and improved profitability. * includes $19.1 million of Corporate Office property, plant and equipment, not considered to be within the scope of this area of focus.	We evaluated management's future cash flow forecasts, 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 significant mine site, we used our specialist valuation knowledge to evaluate 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 reasonability of management's future capital and operating expenses in light of their historical accuracy and the current operational results. We also 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. Having ascertained the impact of the changes in assumptions, we considered the likelihood of such movement in those key assumptions arising and the overall impact on the recoverability of the assets and goodwill. Our analysis illustrated that using more conservative assumptions did not result in impairment and that the disclosures covered the significant areas of judgement. In considering potential impairment reversals we focussed on North Mara, and considered whether continued progress with the Group's planned underground development was at a sufficiently advanced stage to support a sustainable reversal of the prior year impairment, however determined that a reversal is not required.
Deferred and indirect taxes 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 to the latest Board approved budgets and the latest approved Life of Mine plans. We also determined; based on payments received to date, a reduction in the level of receivable, and the existence of a memorandum of settlement for the long term element of the receivable, that the indirect tax receivable was recoverable, and appropriately classified between current or non-current. We examined the Annual Report disclosures to ensure the risk associated with recovery was evident.
Consumables (Inventory) balances at Buzwagi site We focused on this area because of the risk of existence of the large quantity of consumables on hand at Buzwagi ($99 million), in addition to the short remaining life of mine that could have an adverse impact on the valuation of the consumables.	We attended two independent inventory sample counts performed by local management during the course of the year including one at year end. During these counts we observed the Group's process and procedures and performed independent test counts by selecting a sample of items from both the accounting records and from the inventory on hand. We tested management's assessment of inventory net realisable value through substantive testing of the provision in place for slow moving and obsolete inventory and compared this to the forecast usage over the remaining life of mine. Based on the forecast usage we found that sufficient provision exists.

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. 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 Acacia Exploration and each of the three main mine sites which includes the relevant SBC. 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/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 our Group engagement team included site visits at the three mines, conference calls with our 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.

Materiality

The scope of our audit is 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 and to evaluate 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	$8.45 million (2013: $11 million).
How we determined it	Approximately 5% of profit before tax adjusted for items included within "Other Charges" (as presented on the face of the Consolidated Income Statement and detailed within note 10).
Rationale for benchmark applied	We considered an adjusted measure to be the most relevant in assessing the underlying financial performance of the Group as this provides us with a consistent year on-year basis for determining materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1 million (2013: $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.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. 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 opinions

In our opinion:

- the information given in the Strategic Report and the Directors' Report (defined on page 86) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement as set out on pages 55 and 56 with respect to internal control and risk management systems and about share capital structures 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 arising from this responsibility.
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 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 arising from this responsibility.
the section of the Annual Report on page 60, 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 arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACACIA MINING PLC CONTINUED

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 Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the parent company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the parent company's compliance with ten 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 91, 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 MATTER

We have reported separately on the parent company financial statements of Acacia Mining plc for the year ended 31 December 2014 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
9 March 2015

CONSOLIDATED INCOME STATEMENT

(in thousands of United States dollars, except per share amounts)	Notes	For the year ended 31 December 2014	For the year ended 31 December 2013
Continuing operations			
Revenue	5	**930,248**	929,004
Cost of sales	6	**(688,278)**	(713,806)
Gross profit		**241,970**	215,198
Corporate administration		**(32,685)**	(33,970)
Share-based payments		**(8,388)**	1,813
Exploration and evaluation costs	9	**(18,284)**	(16,927)
Corporate social responsibility expenses		**(10,787)**	(12,237)
Impairment charges	7	**–**	(1,044,310)
Other charges	10	**(47,921)**	(30,424)
Profit/(loss) before net finance expense and taxation		**123,905**	(920,857)
Finance income	12	**1,324**	1,670
Finance expense	12	**(10,043)**	(9,552)
		(8,719)	(7,882)
Profit/(loss) before taxation		**115,186**	(928,739)
Tax (expense)/credit	13	**(25,977)**	187,959
Net profit/(loss) from continuing operations		**89,209**	(740,780)
Discontinued operations			
Net profit/(loss) from discontinued operations	3	**726**	(57,653)
Net profit/(loss) for the year		**89,935**	(798,433)
Net profit/(loss) attributable to:			
Owners of the parent (net earnings/(loss))			
– Continuing operations		**89,209**	(740,780)
– Discontinued operations		**1,193**	(40,321)
Non-controlling interests			
– Discontinued operations		**(467)**	(17,332)
Earnings/(loss) per share:			
– Basic and diluted earnings/(loss) per share (cents) from continuing operations	14	**21.8**	(180.6)
– Basic and diluted earnings/(loss) per share (cents) from discontinued operations	14	**0.3**	(9.8)

The notes on pages 106 to 145 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Net profit/(loss) for the year	89,935	(798,433)
Other comprehensive (expense)/income:		
Items that may be subsequently reclassified to profit or loss:		
Changes in fair value of cash flow hedges	(922)	1,570
Total comprehensive income/(loss) for the year	89,013	(796,863)
Attributed to:		
– Owners of the parent	89,480	(779,531)
– Non-controlling interests	(467)	(17,332)

The notes on pages 106 to 145 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(in thousands of United States dollars)	Notes	As at 31 December 2014	As at 31 December 2013
Assets			
Non-current assets			
Goodwill and intangible assets	21	**211,190**	211,190
Property, plant and equipment	20	**1,425,315**	1,280,671
Deferred tax assets	22	**50,852**	50,787
Non-current portion of inventory	17	**90,006**	72,689
Derivative financial instruments	31	**1,806**	3,253
Other assets	23	**133,020**	137,191
		1,912,189	1,755,781
Current assets			
Inventories	17	**265,526**	253,676
Trade and other receivables	18	**34,989**	24,210
Derivative financial instruments	31	**1,040**	1,366
Other current assets	18	**75,822**	113,945
Cash and cash equivalents	19	**293,850**	282,409
		671,227	675,606
Assets of disposal group classified as held for sale		**–**	596
Total assets		**2,583,416**	2,431,983
Equity and liabilities			
Share capital and share premium	24	**929,199**	929,199
Other reserves		**1,068,168**	992,915
Total owners' equity		**1,997,367**	1,922,114
Non-controlling interests		**4,781**	5,248
Total equity		**2,002,148**	1,927,362
Non-current liabilities			
Borrowings	27	**127,800**	142,000
Deferred tax liabilities	22	**61,904**	35,862
Derivative financial instruments	31	**4,079**	1,207
Provisions	28	**155,601**	132,237
Other non-current liabilities	29	**17,365**	10,101
		366,749	321,407
Current liabilities			
Trade and other payables	26	**174,254**	147,896
Borrowings	27	**14,200**	–
Derivative financial instruments	31	**13,729**	5,074
Provisions	28	**4,617**	1,028
Other current liabilities	29	**7,719**	12,456
		214,519	166,454
Liabilities of disposal group classified as held for sale		**–**	16,760
Total liabilities		**581,268**	504,621
Total equity and liabilities		**2,583,416**	2,431,983

The notes on pages 106 to 145 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 101 to 145 were authorised for issue by the Board of Directors on 9 March 2015 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	Contributed surplus/ Other reserve	Cash flow hedging reserve	Share option reserve	Retained earnings/ (accumulated losses)	Total owners' equity	Total non-controlling interests	Total equity
Balance at 1 January 2013		**62,097**	**867,102**	**1,368,713**	**363**	**3,502**	**453,933**	**2,755,710**	**22,580**	**2,778,290**
Total comprehensive income/(loss) for the year		–	–	–	1,570	–	(781,101)	(779,531)	(17,332)	(796,863)
Share option grants		–	–	–	–	476	–	476	–	476
Dividends to equity holders of the Company		–	–	–	–	–	(54,541)	(54,541)	–	(54,541)
Balance at 31 December 2013		**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	15	–	–	–	–	–	(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**

The notes on pages 106 to 145 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 2014	For the year ended 31 December 2013
Cash flows from operating activities			
Net profit/(loss) for the year		**89,935**	(798,433)
Adjustments for:			
Taxation expense/(credit)		**25,977**	(187,959)
Depreciation and amortisation	20	**124,113**	141,159
Finance items		**8,680**	7,968
Impairment charges		**–**	1,061,011
Profit on disposal of property, plant and equipment		**(4,332)**	(175)
Working capital adjustments	16	**20,150**	(41,165)
Other non-cash items	16	**28,988**	8,181
Cash generated from operations before interest and tax		**293,511**	190,587
Finance income		**1,401**	1,700
Finance expenses		**(5,384)**	(5,172)
Income tax paid		**–**	–
Net cash generated by operating activities		**289,528**	187,115
Cash flows from investing activities			
Purchase of property, plant and equipment		**(246,682)**	(373,101)
Movement in other assets		**1,388**	(8,289)
Cash flow related to the sale of Tulawaka		**(11,633)**	–
Acquisition of subsidiary, net of cash acquired		**–**	(588)
Other investing activities	16	**(65)**	(4,872)
Net cash used in investing activities		**(256,992)**	(386,850)
Cash flows from financing activities			
Loans received		**–**	142,000
Dividends paid		**(13,943)**	(54,541)
Finance lease instalments		**(5,073)**	(5,137)
Net cash (used in)/generated by financing activities		**(19,016)**	82,322
Net increase/(decrease) in cash and cash equivalents		**13,520**	(117,413)
Net foreign exchange difference		**(2,079)**	(1,526)
Cash and cash equivalents at 1 January		**282,409**	401,348
Cash and cash equivalents at 31 December		**293,850**	282,409

The notes on pages 106 to 145 are an integral part of these consolidated financial statements.

NOTES TO THE 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 2014 were approved for issue by the Board of Directors of the Company on 9 March 2015.

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 2014	Equity interest at 31 December 2013
Acacia Mining plc[2]	Holding Company	UK		100%	100%
BUK HoldCo Limited	Holding Company	UK	Subsidiary	100%	100%
BUK East Africa Limited	Holding Company	UK	Subsidiary	100%	100%
1816962 Ontario Inc	Holding Company	Canada	Subsidiary	100%	100%
Acacia Mining (Barbados) Corp Ltd[3]	Group Finance Company	Barbados	Subsidiary	100%	100%
BAPL Holding Ltd	Holding Company	Mauritius	Subsidiary	100%	100%
Acacia Exploration Kenya Ltd[4]	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[5]	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[1]	Holding Company	Australia	Subsidiary	100%	100%
IDG Aurum Tanzania Ltd[1]	Holding Company	Tanzania	Subsidiary	100%	100%
IDG Aurum Holdings Ltd[1]	Holding Company	Tanzania	Subsidiary	100%	100%
IDG Kitongo Tanzania Ltd[1]	Dormant Company	Tanzania	Subsidiary	100%	100%
Vulcan Resources Tanzania Ltd[1]	Dormant Company	Tanzania	Subsidiary	100%	100%
Aptian Resources Tanzania Ltd[1]	Dormant Company	Tanzania	Subsidiary	100%	100%
Sub-Sahara Resources Tanzania Ltd[1]	Exploration	Tanzania	Subsidiary	100%	100%
BUK West Africa Ltd	Holding Company	United Kingdom	Subsidiary	100%	–
ABG Exploration Mali SARL	Exploration	Mali	Subsidiary	100%	–
African Barrick Gold Ltd[2]	Holding Company	United Kingdom	Subsidiary	100%	–
Kahama Project Joint Venture	Exploration	Tanzania	Joint Venture	49%	49%
Nyakafuru Project Joint Venture	Exploration	Tanzania	Joint Venture	51%	51%

1 June year end.
2 The Company changed its name during the year from African Barrick Gold plc to Acacia Mining plc. A new entity was incorporated to protect the name, and then a name swap was done in which African Barrick Gold plc became Acacia Mining plc and Acacia Mining plc became African Barrick Gold plc.
3 The company changed its name during the year from African Barrick (Barbados) Corp Ltd to Acacia Mining (Barbados) Corp Ltd.
4 The company changed its name during the year from ABG Exploration (Kenya) Ltd to Acacia Exploration Kenya Ltd.
5 The company changed its name during the year from African Barrick Gold (SA) (Pty) Ltd to Acacia Mining SA (Pty) Ltd.

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"), International Financial Reporting Interpretations Committee ("IFRIC") 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 2014.

- Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.
- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement', on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group financial statements as a result.
- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37, 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.
- IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The amendment did not have a significant effect on the assessment of control.
- IFRS 11, 'Joint arrangements', focuses on rights and obligations of the parties to the arrangement rather than its legal form. Proportional consolidation of joint arrangements is no longer permitted. The amendment did not have a significant effect on the Group financial statements.
- IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, structured entities and other off-balance sheet vehicles. 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 2015:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Group is yet to assess IFRS 9's full impact.
- IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The standard is not expected to have a significant impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

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 reserves – Note 2h)
- The capitalisation of production stripping costs – Note 2i)
- The capitalisation of exploration and evaluation expenditures – Notes 2l) and 9
- Review of goodwill, property, plant and equipment and intangible assets' carrying value, the determination of 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 21
- The estimated useful lives of property, plant and equipment 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, 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 2014 and 31 December 2013, 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 over which the Company has the control, directly or indirectly, to govern the financial and operating policies in order to obtain benefits from their activities. Control is presumed to exist where the Company has more than one half of the voting rights unless it can be demonstrated that ownership does not constitute control. Control does not exist where other parties hold veto rights over significant operating and financial decisions. In assessing control, potential voting rights that are currently exercisable or convertible as well as other contractual arrangements that enable the Company to exercise control are taken into account. 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 goodwill.

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 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**

	As at 31 December 2013	Average Year ended 31 December 2013
South African rand (US$: ZAR)	10.50	9.63
Tanzanian shilling (US$: TZS)	1,590	1,598
Australian dollar (US$: AUD)	1.12	1.03
UK pound (US$: GBP)	0.60	0.64

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.

Capitalised open pit mine development costs are depreciated on a units of production basis whereby the denominator is the estimated ounces of 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-product revenues from the sale of other products, such as copper and silver, contained in the concentrate are recognised in revenue.

Co-products

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

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 is recorded as an asset that is 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. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

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. 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*
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%

* 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 are 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 the CGU 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 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 application of a market multiple to the underlying NPV of a CGU when determining its FVLCD. Consequently, the recoverable amount of a CGU for impairment testing purposes is determined based on its FVLCD.

s) Contributed surplus

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. Contributed surplus represents the difference between the cumulative investment in the entities and businesses which form part of the consolidated Acacia Mining plc Group and non-controlling interests.

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.

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; 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

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 (for example, the requirement for employees to save).

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 Senior 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);

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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**
North Mara – Nyabirama and Nyabigena pits	4% NSR**, 1% LT
North Mara – Gokona pit and underground	4% NSR**, 1.1% LT
Buzwagi	4% NSR**, 30% NPI*

* 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.
** The Group agreed to a voluntary 1% increase in the NSR royalty rate in 2012.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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, this resulted in a total cash outflow year to date of US$5.3 million.

The financial results of Tulawaka have been presented as discontinued operations in the consolidated financial statements. The comparative results in the consolidated income statement have been presented as if Tulawaka had been discontinued from the start of the comparative period.

Below is a summary of the results of Tulawaka for the year ended 31 December:

(in thousands of United States dollars)	2014	2013
Results of discontinued operations:		
Revenue	–	13,514
Cost of sales	–	(30,368)
Gross loss	–	(16,854)
Corporate administration	–	(1,311)
Corporate social responsibility expenses[1]	(118)	(3,259)
Impairment charges	–	(16,701)
Other charges[2]	805	(19,442)
Profit/(loss) before net finance expense and taxation	687	(57,567)
Finance income	77	30
Finance expense	(38)	(116)
Profit/(loss) before taxation	726	(57,653)
Tax credit	–	–
Net profit/(loss) for the year	726	(57,653)

Below is a summary of cash flows from discontinued operations for the year ended 31 December:

(in thousands of United States dollars)	2014	2013
Operating cash flows	6,300	(31,811)
Investing cash flows	(11,612)	(8,702)
Financing cash flows	–	–
Total cash flows	(5,312)	(40,513)

Below is a summary of Tulawaka's assets and liabilities at 31 December classified as disposal group held for sale:

(in thousands of United States dollars)	2014	2013
Property, plant and equipment	–	239
Inventories	–	357
Disposal group assets held for sale	–	596
Provisions	–	16,760
Disposal group liabilities held for sale	–	16,760
Net assets and liabilities of disposal group held for sale	–	(16,164)

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 2014 and 31 December 2013 is set out below.

	For the year ended 31 December 2014						
(in thousands of United States dollars)	North Mara	Bulyanhulu	Buzwagi	Other	Continuing operations	Discontinued operations[6]	Total
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[7]	(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
Other non-cash capital expenditure	–	–	–	(5,876)	(5,876)	–	(5,876)
Total capital expenditure[8]	**88,078**	**137,690**	**43,043**	**128**	**268,939**	**–**	**268,939**
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[3]	274,540	215,740	213,399		703,680		703,680
Cash cost per ounce sold[2]	**623**	**812**	**791**		**732**		**732**
Corporate administration charges	38	52	39		58		58
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[5]	**326,760**	**1,212,004**	**261,993**	**70,547**	**1,871,304**	**–**	**1,871,304**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. Segment reporting continued

	For the year ended 31 December 2013						
(in thousands of United States dollars)	North Mara	Bulyanhulu	Buzwagi	Other	Continuing operations	Discontinued operations[6]	Total
Gold revenue	364,574	262,539	258,879	–	885,992	13,483	899,475
Co-product revenue	819	16,882	25,311	–	43,012	31	43,043
Total segment revenue	**365,393**	**279,421**	**284,190**	**–**	**929,004**	**13,514**	**942,518**
Segment cash operating cost[1]	(172,894)	(190,647)	(202,286)	–	(565,827)	(20,527)	(586,354)
Corporate administration and exploration	(13,026)	(14,661)	(20,976)	(421)	(49,084)	(1,311)	(50,395)
Other charges and corporate social responsibility expenses	(11,961)	(5,827)	(4,730)	(20,143)	(42,661)	(22,701)	(65,362)
EBITDA[2]	**167,512**	**68,286**	**56,198**	**(20,564)**	**271,432**	**(31,025)**	**240,407**
Impairment charges	(307,259)	–	(690,478)	(46,573)	(1,044,310)	(16,701)	(1,061,011)
Depreciation and amortisation[7]	(68,565)	(35,867)	(39,906)	(3,641)	(147,979)	(9,841)	(157,820)
EBIT[2]	**(208,312)**	**32,419**	**(674,186)**	**(70,778)**	**(920,857)**	**(57,567)**	**(978,424)**
Finance income					1,670	30	1,700
Finance expense					(9,552)	(116)	(9,668)
Loss before taxation					**(928,739)**	**(57,653)**	**(986,392)**
Tax credit					187,959	–	187,959
Net loss for the year					**(740,780)**	**(57,653)**	**(798,433)**
Capital expenditure:							
Sustaining	38,386	25,193	31,589	690	95,858	583	96,441
Expansionary	949	114,912	–	1,608	117,469	–	117,469
Capitalised development	65,594	45,428	60,136		171,158	–	171,158
	104,929	**185,533**	**91,725**	**2,298**	**384,485**	**583**	**385,068**
Reclamation asset reduction	(11,271)	(10,044)	(9,230)	–	(30,545)	(195)	(30,740)
Total capital expenditure	**93,658**	**175,489**	**82,495**	**2,298**	**353,940**	**388**	**354,328**
Segmental cash operating cost	172,894	190,647	202,286		565,827	20,527	586,354
Deduct: co-product revenue	(819)	(16,882)	(25,311)		(43,012)	(31)	(43,043)
Total cash costs	172,075	173,765	176,975		522,815	20,496	543,311
Sold ounces[3]	260,945	195,304	187,348		643,597	8,778	652,375
Cash cost per ounce sold[2]	**659**	**890**	**945**		**812**	**2,335**	**833**
Attributable to outside interests[4]							(6)
Total attributable cash cost per ounce sold[2]							**827**
Cash cost per ounce sold[2]	**659**	**890**	**945**		**812**	**2,335**	**833**
Corporate administration charges	38	72	51		50	149	51
Rehabilitation – accretion and depreciation	29	7	15		18	86	19
Mine site exploration costs	12	3	2		6	6	6
Corporate social responsibility expenses	31	6	4		19	371	24
Capitalised stripping/UG development	251	233	321		266	–	262
Sustaining capital expenditure	207	133	168		175	66	173
Attributable to outside interests[4]							(6)
All-in sustaining cost per ounce sold[2]	**1,227**	**1,344**	**1,506**		**1,346**	**3,013**	**1,362**
Segment carrying value[5]	**367,326**	**1,116,142**	**253,344**	**81,005**	**1,817,817**	**10,489**	**1,828,306**

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 166 for definitions.
3 Reflects 100% of ounces sold.
4 Reflects the adjustment for non-controlling interest at Tulawaka.
5 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.
6 Represents Tulawaka which has been discontinued.
7 Depreciation and amortisation includes the depreciation component of the cost of inventory sold.
8 Capital expenditure for the segment note and all-in sustaining cost calculations excludes foreign exchange movements on property, plant and equipment balances which are included in Note 20 (Property, plant and equipment).

5. Revenue

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Gold doré sales	**602,173**	659,760
Gold concentrate sales[1]	**282,822**	226,231
Copper concentrate sales[1]	**40,507**	37,539
Silver sales	**4,746**	5,474
Total	**930,248**	929,004

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$5.4 million for the year ended 31 December 2014 (US$12.2 million for the year ended 31 December 2013).

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Revenue by location of customer[2]		
Europe		
Switzerland	**–**	257,914
Germany	**104,981**	73,126
Asia		
India	**603,807**	403,956
China	**134,844**	117,099
Japan	**86,616**	76,909
Total revenue	**930,248**	929,004

2 Revenue by location of customer is determined based on the country to which the gold is delivered.

Included in revenues above are sales to seven major customers. For the year ended 31 December 2014 revenues of approximately US$625 million (2013: US$681 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 2014	For the year ended 31 December 2013
Direct mining costs	**493,933**	508,166
Third-party smelting costs	**24,937**	16,790
Depreciation[1]	**128,124**	147,979
Royalty expense	**41,284**	40,871
Total[2]	**688,278**	713,806

1 Depreciation includes the depreciation component relating to the cost of inventory sold.
2 Cost of sales less depreciation equals cash operating costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 2013, the prevailing gold price fell significantly which forced a review of the gold price outlook used for long-term planning and reserve estimation. As reported in the consolidated financial statements for the year ended 31 December 2013, on a gross basis, and before taking into account the impact of deferred tax, the total impairment charge booked in 2013 amounted to US$690.5 million at Buzwagi, US$307.3 million at North Mara, US$46.6 million relating to Nyanzaga and US$16.7 million at Tulawaka.

At the end of 2014, the annual review for impairment of goodwill and indefinite life assets was performed. The review compared the recoverable amount of assets for the cash generating units (“CGU”) to the carrying value of the CGUs including goodwill. For the purposes of the Group’s impairment assessment, each operating mine has been determined to be a separate CGU. 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 and are based on detailed research, analysis and modelling to optimise the internal rate of return for each CGU. FVLCD measurements are defined as level three fair value measurements as they are valued using unobservable inputs.

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 VIU of a CGU is generally lower than its FVLCD, due primarily to the fact that the optimisation of the mine plans has been taken into account when determining its FVLCD. Consequently, the recoverable amount of a CGU for impairment testing purposes is determined based on its FVLCD.

The key economic assumptions used in the reviews during 2014 and 2013 were:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Gold price per ounce (short-term)	US$1,200	US$1,300
Gold price per ounce (long-term)	US$1,300	US$1,300
South African rand (US$:ZAR)	11.00	8.75
Tanzanian shilling (US$:TZS)	1,700	1,600
Long-term oil price per barrel	US$100	US$120
Discount rate	5%	5%

For purposes of testing for impairment of non-current assets, a reasonably possible change in the key assumptions used to estimate the recoverable amount for CGUs could result in an additional impairment charge. The carrying value of the net assets relating to Buzwagi are most sensitive to changes in key assumptions in respect of gold price and a US$100 per ounce decrease in isolation would lead to an impairment of approximately US$12 million.

The annual review for impairment of intangible assets related to exploration properties was performed by comparing the carrying value to the FVLCD which was derived based on analyst market prices for the exploration properties and similar assets. No impairments were triggered by this review.

8. Employee benefits

(in thousands of United States dollars)	**For the year ended 31 December 2014**	For the year ended 31 December 2013
Wages and salaries	**100,181**	126,483
Pension and social security costs	**10,285**	12,397
Other employee benefits[1]	**68,868**	78,679
Share-based compensation charge[2]	**8,613**	(1,377)
Total	**187,947**	216,182

1 Other employee benefits include bonuses, leave pay, pensions, medical expenses, severance costs 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 2014**	For the year ended 31 December 2013
Operations	**4,262**	4,898
Exploration	**76**	49
Administration	**215**	283
Total average headcount	**4,553**	5,230

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 2014**	For the year ended 31 December 2013
Expensed during the year:		
North Mara	**478**	3,099
Buzwagi	**148**	366
Bulyanhulu	**7,595**	656
Kenya	**5,554**	4,407
Other[1]	**4,509**	8,399
Total expensed	**18,284**	16,927
Capitalised during the year:		
North Mara	**1,957**	410
Bulyanhulu	**204**	1,945
Nyanzaga	**–**	1,608
Total capitalised	**2,161**	3,963
Total	**20,445**	20,890

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. Other charges

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Other expenses		
Operational Review costs (including restructuring cost)	**13,689**	13,305
Discounting of indirect tax receivables	**–**	1,375
Losses on economic hedges	**13,621**	7,203
Foreign exchange losses	**13,516**	–
Bad debt expense	**326**	1,369
Disallowed indirect taxes	**710**	1,463
Legal costs	**6,710**	3,138
CNG-related costs (residual)	**–**	3,246
Government levies and charges	**1,626**	2,387
Project development costs	**1,196**	–
Loss on disposal of property, plant and equipment	**89**	–
Other	**86**	3,617
Total	**51,569**	37,103
Other income		
Discounting of indirect tax receivables	**(3,648)**	–
Profit on disposal of property, plant and equipment	**–**	(99)
Insurance theft claim	**–**	(2,958)
Foreign exchange gains	**–**	(3,622)
Total	**(3,648)**	(6,679)
Total other charges	**47,921**	30,424

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 2014	For the year ended 31 December 2013
Audit fees		
Fees payable to the Company's auditors and its associates for the audit of the parent company and consolidated financial statements	**562**	452
Fees payable to the Company's auditors and its associates for other services:		
Audit of the Company's subsidiaries	**426**	442
Audit-related assurance services	**269**	329
Tax compliance services	**125**	125
Other taxation services	**104**	128
Corporate finance related services	**404**	–
Other services	**8**	–
Total	**1,898**	1,476

12. Finance income and finance expenses

a) Finance income

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Interest on time deposits	868	937
Other	456	733
Total	1,324	1,670

b) Finance expense

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Unwinding of discount[1]	4,697	4,468
Revolving credit facility charges[2]	2,447	3,050
Interest on CIL facility	3,925	2,413
Interest on finance leases	439	658
Bank charges	606	756
Other	862	620
	12,976	11,965
Capitalised during the year	(2,933)	(2,413)
Total	10,043	9,552

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.

13. Tax expense/(credit)

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Current tax:		
Current tax on profits for the year	–	–
Adjustments in respect of prior years	–	40
Total current tax	–	40
Deferred tax:		
Origination and reversal of temporary differences	25,977	(187,999)
Total deferred tax	25,977	(187,999)
Income tax expense/(credit)	25,977	(187,959)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. Tax expense/(credit) continued

The tax on the Group's 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 2014	For the year ended 31 December 2013
Profit/(loss) before tax	**115,186**	(928,739)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**41,544**	(291,546)
Tax effects of:		
Expenses not deductible for tax purposes	**438**	13,111
Utilisation of previously unrecognised tax losses	**(21,140)**	–
Tax losses for which no deferred income tax asset was recognised	**8,039**	84,904
Prior year adjustments	**(2,904)**	5,572
Tax charge/(credit)	**25,977**	(187,959)

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. Earnings/(loss) per share

Basic earnings per share ("EPS") is calculated by dividing the net 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 2014 and 31 December 2013, earnings per share have been calculated as follows:

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Earnings/(loss)		
Net profit/(loss) from continuing operations attributable to owners of the parent	**89,209**	(740,780)
Net profit/(loss) from discontinued operations attributable to owners of the parent	**1,193**	(40,321)
Weighted average number of Ordinary Shares in issue	**410,085,499**	410,085,499
Adjusted for dilutive effect of share options	**218,126**	–
Weighted average number of Ordinary Shares for diluted earnings per share	**410,303,625**	410,085,499

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Earnings/(loss) per share		
Basic and dilutive earnings/(loss) per share from continuing operations (cents)	**21.8**	(180.6)
Basic and dilutive earnings/(loss) per share from discontinued operations (cents)	**0.3**	(9.8)
Basic and dilutive earnings/(loss) per share (cents)	**22.1**	(190.4)

15. Dividend

The final dividend declared in respect of the year ended 31 December 2013 of US$8.2 million (US2.0 cents per share) and the 2014 interim dividend of US$5.7 million (US1.4 cents per share) were paid during 2014 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 2014	For the year ended 31 December 2013
Trade receivables	**(11,405)**	20,017
Inventories[1]	**(29,167)**	34,493
Other current assets[2]	**31,656**	(57,855)
Other liabilities[3]	**7,593**	(2,177)
Trade and other payables[4]	**22,716**	(32,057)
Other working capital items[5]	**(1,243)**	(3,586)
Total	**20,150**	(41,165)

1 The inventory adjustment includes the movement in current as well as the non-current portion of inventory.
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 2014 amounted to US$132.8 million and drove a decrease in VAT receivables in 2014.
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 2014	For the year ended 31 December 2013
Adjustments for non-cash income statement items:		
Foreign exchange losses/(gains)	**12,658**	(5,287)
Discounting of indirect tax receivables	**(3,648)**	1,375
Provisions added	**2,259**	524
Provisions settled	**(531)**	–
Unrealised losses on derivatives	**15,284**	8,773
Share option (reversal)/expense	**(284)**	476
Other non-cash items	**1,257**	794
Exchange loss on revaluation of cash balances	**1,993**	1,526
Total	**28,988**	8,181

b) Investing cash flows – other items

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Proceeds on sale of property, plant and equipment	**93**	175
Other long-term receivables	**237**	802
Village housing receivable	**4**	(6)
Rehabilitation expenditure	**(399)**	(5,843)
Total	**(65)**	(4,872)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17. Inventories

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Raw materials		
Ore in stockpiles	22,040	12,545
Mine operating supplies	200,715	208,289
Gold in process	24,784	12,773
Finished products:		
Gold doré/bullion	6,940	16,356
Gold, copper and silver concentrate	11,047	3,713
Total current portion of inventory	265,526	253,676
Non-current ore in stockpiles[1]	90,006	72,689
Total	355,532	326,365

1 During 2014 US$90.0 million (2013: US$72.7 million) of ore at Buzwagi and North Mara was classified as long-term following management's assessment that these stockpiles will be processed after 2015.

The cost of inventories recognised as an expense and included in the cost of sales amount to US$155.1 million (2013: US$282.9 million).

18. Trade and other receivables and other current assets

(in thousands of United States dollars)	As at 31 December 2014	As at 31 December 2013
Trade and other receivables:		
Amounts due from doré and concentrate sales	26,202	16,204
Other receivables[1]	10,270	10,102
Due from related parties	38	37
Less: Provision for doubtful debt on other receivables	(1,521)	(2,133)
Total	34,989	24,210

1 Other receivables relates to employee and supplier backcharge-related receivables.

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 2014	As at 31 December 2013
Other current assets:		
Current portion of indirect tax receivables[2]	45,896	95,033
Other receivables and advance payments[3]	29,926	18,912
Total	75,822	113,945

2 The total indirect tax receivable is US$108.1 million of which 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 corporation tax payments. To reflect the time value of money the long-term portion of this receivable has been discounted at a rate of 5% (2013: 5%).
3 Other receivables and advance payments relate to prepayments for insurance, income taxes and social security fund contributions.

19. Cash and cash equivalents

(in thousands of United States dollars)	As at 31 December 2014	As at 31 December 2013
Cash at bank and on hand	149,869	136,714
Money market funds	143,981	145,695
Total	293,850	282,409

20. Property, plant and equipment

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	392,644	651,763	236,264	1,280,671
Additions	–	–	268,939	268,939
Disposals/write-downs	(182)	–	–	(182)
Depreciation	(55,411)	(68,702)	–	(124,113)
Transfers between categories	233,518	127,751	(361,269)	–
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**

For the year ended 31 December 2013 (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction[1]	Total
At 1 January 2013, net of accumulated depreciation	945,118	819,063	210,859	1,975,040
Additions	–	–	354,328	354,328
Disposals/write-downs	(477)	–	–	(477)
Impairments[2,3]	(607,368)	(299,454)	–	(906,822)
Depreciation	(84,350)	(56,809)	–	(141,159)
Transfers between categories[3]	139,721	189,202	(328,923)	–
Reclassification to disposal group assets held for sale	–	(239)	–	(239)
At 31 December 2013[3]	**392,644**	**651,763**	**236,264**	**1,280,671**
At 1 January 2013				
Cost	1,475,374	1,250,088	210,859	2,936,321
Accumulated depreciation	(530,256)	(431,025)	–	(961,281)
Net carrying amount	**945,118**	**819,063**	**210,859**	**1,975,040**
At 31 December 2013				
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**

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 2013 relates to long-lived assets at Buzwagi, North Mara and Tulawaka. Refer to Note 7 for further details.
3 2013 carrying values have been restated to correct the allocation of movements between asset categories. This has not resulted in a change in the total carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 also includes 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 have been classified as finance leases.

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 2014**	As at 31 December 2013
Cost – capitalised finance leases	**70,764**	70,764
Accumulated depreciation and impairment	**(53,246)**	(50,091)
Net carrying amount	**17,518**	20,673

21. Goodwill and intangible assets

For the year ended 31 December 2014 (in thousands of United States dollars)	Goodwill	Acquired exploration and evaluation properties	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**

For the year ended 31 December 2013 (in thousands of United States dollars)	Goodwill	Acquired exploration and evaluation properties	Total
At 1 January, net of accumulated impairment	170,831	107,390	278,221
Additions[1]	136	452	588
Impairment[2]	(43,069)	(24,550)	(67,619)
At 31 December 2013	**127,898**	**83,292**	**211,190**
At 31 December 2013			
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 Additions to acquired exploration and evaluation properties and goodwill in 2013 related to additional costs related to the final valuation of the acquisition of Acacia Exploration Kenya Ltd.

2 The annual impairment review in 2013 resulted in an impairment of US$21 million to goodwill in North Mara and US$22 million and US$24.6 million to goodwill and acquired exploration and evaluation properties in Tusker/Nyanzaga respectively. Refer to Note 7 for further details.

Goodwill and accumulated impairment losses by operating segments:

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)

For the year ended 31 December 2013 (in thousands of United States dollars)	North Mara	Bulyanhulu	Discontinued operations	Other	Total
At 1 January 2013	21,046	121,546	–	28,239	170,831
Impairments	(21,046)	–	–	(22,023)	(43,069)
Additions	–	–	–	136	136
At 31 December 2013	**–**	**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 2014**	As at 31 December 2013
Tax losses	**397,153**	418,263
Total	**397,153**	418,263

The above tax losses which translate into deferred tax assets of approximately US$111 million (2013: US$126 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)	**2014**	2013	**2014**	2013	**2014**	2013
Property, plant and equipment	**–**	–	**357,071**	297,421	**357,071**	297,421
Provisions	**(10,663)**	(11,756)	**–**	–	**(10,663)**	(11,756)
Interest deferrals	**(23,129)**	(22,960)	**341**	286	**(22,788)**	(22,674)
Tusker acquisition	**–**	–	**6,668**	7,340	**6,668**	7,340
Kenya acquisition	**–**	–	**2,880**	4,565	**2,880**	4,565
Tax loss carry-forwards	**(322,116)**	(289,821)	**–**	–	**(322,116)**	(289,821)
Net deferred tax (assets)/liabilities	**(355,908)**	(324,537)	**366,960**	309,612	**11,052**	(14,925)

Legal entities	Assets		Liabilities		Net	
(in thousands of United States dollars)	**2014**	2013	**2014**	2013	**2014**	2013
North Mara Gold Mine Ltd	**–**	–	**30,897**	10,098	**30,897**	10,098
Bulyanhulu Gold Mine Ltd	**–**	–	**21,323**	13,594	**21,323**	13,594
Pangea Minerals Ltd	**(48,066)**	(48,066)	**–**	–	**(48,066)**	(48,066)
Other	**(2,786)**	(2,721)	**9,684**	12,170	**6,898**	9,449
Net deferred tax (assets)/liabilities	**(50,852)**	(50,787)	**61,904**	35,862	**11,052**	(14,925)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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$325 million (2013: US$327 million).

23. Other assets

(in thousands of United States dollars)	**As at 31 December 2014**	As at 31 December 2013
Amounts due from Government[1]	**17,055**	19,436
Operating lease prepayments – TANESCO powerlines	**2,131**	2,648
Prepayments – Acquisition of rights over leasehold land[2]	**50,901**	49,389
Non-current portion of indirect tax receivable[3]	**62,247**	64,791
Village housing	**253**	257
Deferred finance charges	**433**	670
Total	**133,020**	137,191

1 Included in this amount are amounts receivable from the Tanzanian Social Security Fund of US$6.6 million (2013: US$13.7 million) as well as amounts due from TANESCO of US$6.3 million (2013: US$9.4 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% (2013: 5%). This resulted in a discounting credit of US$3.6 million (2013: a charge of US$1.4 million) to the income statement.

24. Share capital and share premium

	Number	£'000	Share capital US$'000	Share premium US$'000
At 1 January 2013	410,085,499	41,009	62,097	867,102
At 31 December 2013	410,085,499	41,009	62,097	867,102
At 31 December 2014	**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. 913,032 of the options granted were exercisable at 31 December 2014. 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:

	2014		2013	
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	**373**	**2,027,206**	524	1,703,128
Granted	**–**	**–**	160	841,308
Forfeited	**524**	**(402,703)**	518	(275,909)
Expired	**551**	**(22,390)**	533	(241,321)
At 31 December	**332**	**1,602,113**	373	2,027,206

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$1.9 million as at 31 December 2014 (2013: US$0.8 million).

(in thousands of United States dollars)	Number of RSUs	Fair value US$'000
At 1 January 2013	601,417	2,229
Settled for cash	(126,793)	(346)
Forfeited	(194,214)	(359)
Granted	1,474,902	122
Credits for dividends	43,261	66
Change in value	–	(888)
At 31 December 2013	**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**

c) LTIP – Performance Restricted Share Units ("PRSUs")

Included in other non-current liabilities are PRSUs with a fair value of US$7.9 million as at 31 December 2014 (2013: US$1.8 million).

(in thousands of United States dollars)	Number of PRSUs	Fair value US$'000
At 1 January 2013	550,124	2,546
Forfeited	(443,758)	(621)
Granted	3,215,067	951
Credits for dividends	61,791	71
Change in value	–	(1,125)
At 31 December 2013	**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**

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 2014 (2013: US$0.2 million).

(in thousands of United States dollars)	Number of DSUs	Fair value US$'000
At 1 January 2013	48,555	261
Granted	153,508	131
Credits for dividends	6,993	8
Change in value	–	(187)
At 31 December 2013	**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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26. Trade and other payables

(in thousands of United States dollars)	As at 31 December 2014	As at 31 December 2013
Trade payables	**84,023**	60,811
Accrued expenses	**54,444**	41,066
Payroll-related payables	**18,922**	29,559
Contract retentions	**2**	390
Royalty payable	**1,662**	1,759
Trade payables to related parties	**15,201**	14,311
Total	**174,254**	147,896

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 first principal payment is due in H2 2015. The full facility of US$142 million was drawn at the end of 2013. 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 were capitalised as an asset until the CIL plant was commissioned at the beginning of Q4 2014 and have since been expensed. An amount of US$1.0 million has been expensed.

28. Provisions

	Rehabilitation[1]		Other[2]		Total	
(in thousands of United States dollars)	**2014**	2013	**2014**	2013	**2014**	2013
At 1 January	**131,701**	180,548	**1,564**	1,040	**133,265**	181,588
Change in estimate	**21,013**	(30,740)	**(86)**	524	**20,927**	(30,216)
Utilised during the year	**(399)**	(5,843)	**(531)**	–	**(930)**	(5,843)
Unwinding of discount	**4,697**	4,496	**–**	–	**4,697**	4,496
Additions during the year	**–**	–	**2,259**	–	**2,259**	–
Reclassification to disposal group liabilities held for sale	**–**	(16,760)	**–**	–	**–**	(16,760)
At 31 December	**157,012**	131,701	**3,206**	1,564	**160,218**	133,265
Current portion	**(1,411)**	–	**(3,206)**	(1,028)	**(4,617)**	(1,028)
Non-current portion	**155,601**	131,701	**–**	536	**155,601**	132,237

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 2015 and 2050 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.

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 2014	As at 31 December 2013
Finance lease liabilities	**5,841**	10,914
Employee benefit share-based liabilities	**10,459**	2,859
Other	**8,784**	8,784
Total	**25,084**	22,557
Current portion	**7,719**	12,456
Non-current portion	**17,365**	10,101

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 2014	As at 31 December 2013
Gross finance lease liabilities – minimum lease payments:		
– No later than 1 year	**5,841**	11,307
– Between 1 and 3 years	**–**	–
	5,841	11,307
Future finance charges on finance leases	**–**	(393)
Present value of finance lease liabilities	**5,841**	10,914

Present value of finance lease liabilities	As at 31 December 2014	As at 31 December 2013
– No later than 1 year	**5,841**	10,914
– Between 1 and 3 years	**–**	–
Present value of finance lease liabilities	**5,841**	10,914

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30. Financial assets and liabilities

a) Financial assets

(in thousands of United States dollars)	Carrying value as at 31 December 2014	Carrying value as at 31 December 2013	Fair value as at 31 December 2014	Fair value as at 31 December 2013
Cash and cash equivalents	**293,850**	282,409	**293,850**	282,409
Trade and other receivables	**34,989**	24,210	**34,989**	24,210
Derivative financial instruments	**2,846**	4,619	**2,846**	4,619
Total other assets excluding prepayments[1]	**143,351**	182,382	**143,351**	182,382
Total financial assets	**475,036**	493,620	**475,036**	493,620
Less: Current financial assets				
Cash and cash equivalents	**(293,850)**	(282,409)	**(293,850)**	(282,409)
Trade and other receivables	**(34,989)**	(24,210)	**(34,989)**	(24,210)
Derivative financial instruments	**(1,040)**	(1,366)	**(1,040)**	(1,366)
Other current assets excluding prepayments	**(69,570)**	(106,176)	**(69,570)**	(106,176)
Total other non-current financial assets	**75,587**	79,459	**75,587**	79,459

1 Prepayments are excluded from other assets in the analysis as it is not a financial instrument.

The fair value of financial assets, excluding other assets, equal 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 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**

(in thousands of United States dollars) As at 31 December 2013	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	282,409	–	–	282,409
Trade and other receivables	24,210	–	–	24,210
Derivative financial instruments	–	1,428	3,191	4,619
Other assets excluding prepayments	182,382	–	–	182,382
Total financial assets	**489,001**	**1,428**	**3,191**	**493,620**

b) Financial liabilities

(in thousands of United States dollars)	Carrying value as at 31 December 2014	Carrying value as at 31 December 2013	Fair value as at 31 December 2014	Fair value as at 31 December 2013
Derivative financial instruments	**17,808**	6,281	**17,808**	6,281
Trade and other payables	**174,254**	147,896	**174,254**	147,896
Other liabilities	**25,084**	22,557	**25,084**	22,557
Borrowings	**142,000**	142,000	**142,000**	142,000
Total	**359,146**	318,734	**359,146**	318,734
Less: Current financial assets				
Derivative financial instruments	**(13,729)**	(5,074)	**(13,729)**	(5,074)
Trade and other payables	**(174,254)**	(147,896)	**(174,254)**	(147,896)
Other current liabilities	**(7,719)**	(12,456)	**(7,719)**	(12,456)
Borrowings	**(14,200)**	–	**(14,200)**	–
Total non-current portion of financial liabilities	**149,244**	153,308	**149,244**	153,308

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 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**

	As at 31 December 2013			
(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	4,311	1,970	–	6,281
Trade and other payables	–	–	147,896	147,896
Other liabilities	–	–	22,557	22,557
Borrowings	–	–	142,000	142,000
Total financial liabilities	**4,311**	**1,970**	**312,453**	**318,734**

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 2014, the term of the facility was successfully extended to 2017 at a maximum aggregate amount of US$150 million. At 31 December 2014, 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 table below analyses 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 2014 and 31 December 2013.

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**

For the year ended 31 December 2013	Assets		Liabilities	
(in thousands of United States dollars)	Current	Non-current	Current	Non-current
Currency contracts: Designated as cash flow hedges	–	–	–	353
Interest contracts: Designated as cash flow hedges	–	3,191	1,168	449
Currency contracts: Not designated as accounting hedges	158	3	3,666	387
Commodity contracts: Not designated as accounting hedges	1,208	59	240	18
Total	**1,366**	**3,253**	**5,074**	**1,207**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 2014 the price ranged from US$1,142 to US$1,385 per ounce, with an average market price of US$1,266 per ounce (2013: US$1,411 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 profit 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 profit 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 2014**	For the year ended 31 December 2013
Gold	**59,472**	60,445

Co-product prices

In 2014, the copper price ranged from US$2.86 to US$3.37 per pound, with an average market price of US$3.11 per pound (2013: US$3.32 per pound) and closing at US$2.88 per pound.

In 2014, the silver price ranged from US$15 to US$22 per ounce, with an average market price of US$19 per ounce (2013: US$24 per ounce).

Our hedging strategy for 2014 was zero-cost collar contracts as a result of improved pricing to manage the impact of the copper price fluctuations. The Group does not use such derivative instruments for speculative trading purposes.

The Group had copper collar contracts for 8.4 million pounds containing purchased put and call options with an average strike price of US$3.12 per pound and US$3.41 per pound respectively maturing in 2014. 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.

We entered into new zero cost collar contracts in the second half of of 2014 which will mature 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 charges in the income statement.

At 31 December 2014, the Group had 3.6 million pounds of copper collar contracts outstanding containing purchased put and call options with an average strike price of US$3.08 per pound and US$3.35 per pound respectively (2013: average forward rate of US$3.72 per pound). These will all mature in 2015.

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 2014, oil prices traded between US$57 and US$115 per barrel with an average market price of US$100 (2013: US$109 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 2014. 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 2014**	For the year ended 31 December 2013
Oil	**3,476**	4,239

During the year, the Group added 36,000 barrels of Brent oil collar contracts for calendar year 2014 consisting of sold put options and bought call options with average strike prices of US$96.25 per barrel and US$110 per barrel respectively. The designated contracts act as a hedge against variability in market prices, in a pre-defined range, of the cost of future fuel purchases over the next year. At 31 December 2014, the Group had a total 527,000 barrels of Brent crude oil net purchase options outstanding. These contracts mature in 2015 and 2016 and consist of sold put options with average strike prices of US$97 per barrel and US$85 per barrel and bought call options with average strike prices of US$110 per barrel and US$103 per barrel respectively.

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 2014, these hedges did not qualify for hedge accounting treatment as they did not meet the hedge effectiveness criteria. Changes in the fair value of these options were therefore recorded as a component of other charges 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, and South African rands). 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 2014, the rand traded between R10.29 and R11.76 per US dollar, and averaged R10.85 per US dollar (2013: R9.63 per US dollar).

The Group added R159 million of rand collar contracts for 2014 with purchased put and sold call options with average strike prices of R8.90 and R9.80 respectively up to April 2014 to hedge forecasted rand denominated capital spend in part of 2014. In 2014 no new contracts were entered on forecasted lower rand denominated capital expenditure. The transactions were classified as economic hedges, not qualifying for hedge accounting treatment as they did not meet the hedge effectiveness requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

32. Financial risk management continued

At 31 December 2014, the Group had US$26 million of rand collar contracts outstanding containing purchased put and sold call options with average strike prices of R10.43 and R12.80 respectively (2013: US$114 million of rand collar contracts with purchased put and sold call options with average strike prices R9.57 and R11.06 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. These contracts all mature in 2015. The 2014 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 charges in the income statement. The contracts booked in the second half of 2015 were booked with rand nominal values and therefore act as a hedge against variability in the rand/US dollar exchange rate 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 2014	For the year ended 31 December 2013
Indirect tax receivables (denominated in Tanzanian shillings)	108,144	159,824
Total	**108,144**	159,824

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 2014	For the year ended 31 December 2013
US dollar strengthens by 10% to the Tanzanian shilling		
Increase in total indirect tax receivables	12,016	17,758
US dollar weakens by 10% to the Tanzanian shilling		
Decrease in total indirect tax receivables	(9,831)	(14,529)

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 2014 the loan is fully drawn. 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 Buly 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 2014 the Group has money market and short-term investments of US$144.0 million. All of the funds have at least a "BBB+" rating from Standard and Poor's. The Group also has US$149.9 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 the 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. Through the Finance Act, 2012 issued on 19 October 2012, VAT Relief was again abolished. Throughout the past two 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 2014, the discounted amounts due to the Group were approximately US$108.1 million (prior year US$159.8 million). We received refunds to the value of 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 US$32 million (2013: US$71 million) were advanced by a financial institution under a factoring agreement. This agreement reduces 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 2014 and 2013 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$238 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$230 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

32. Financial risk management continued

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	69,570	19,787	53,994	–	143,351
Total	**399,449**	**21,593**	**53,994**	**–**	**475,036**

For the year ended 31 December 2013

(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	282,409	–	–	–	282,409
Accounts receivable	24,210	–	–	–	24,210
Derivative financial instruments	1,366	416	2,428	409	4,619
Other assets excluding prepayments[1]	45,191	72,400	64,791	–	182,382
Total	**353,176**	**72,816**	**67,219**	**409**	**493,620**

1 Prepayments are excluded from other assets in the analysis as it is 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 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**

For the year ended 31 December 2013

(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	5,074	1,207	–	–	6,281
Other liabilities	12,456	1,317	8,784	–	22,557
Trade and other payables[1]	147,896	–	–	–	147,896
Borrowings	–	42,600	56,800	42,600	142,000
Total	**165,426**	**45,124**	**65,584**	**42,600**	**318,734**

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 Senior 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 2014	For the year ended 31 December 2013
Minimum lease payments under operating leases recognised in the income statement for the year	**2,506**	2,893
Total	**2,506**	2,893

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 2014	For the year ended 31 December 2013
Within one year	**1,103**	1,196
In the second to fifth years inclusive	**1,518**	2,009
After five years	**132**	423
Total	**2,753**	3,628

Operating lease payments relate mainly to rental of office space by regional business units of the Group.

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 2014, the Group has the following commitments and/or contingencies:

a) Legal contingencies

As at 31 December 2014, the Group was a defendant in approximately 289 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$184.7 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 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 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 case was awarded in favour of Acacia however the TRA has served a notice of appeal. 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.

Also included in the total amounts claimed are TRA 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. These claims are made on the basis that Acacia is resident in Tanzania for tax purposes. Management are of the opinion that the claims do not have substance and will be successfully defended.

In 2013, a number of Tanzanian claimants represented by Leigh Day initiated proceedings against African Barrick Gold plc (now Acacia Mining plc) and its subsidiary, North Mara Gold Mine Limited ("NMGML"), in the English Courts in relation to injuries and fatalities at the North Mara mine. The claims were denied by Acacia Mining and NMGML and the litigation and further claims have been settled out of court.

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 claim by DML against NMGML is quantified as US$17.2 million, together with interest and unspecified damages. NMGML has counterclaimed against this amount and raised a provision of US$4.2 million reflecting the view of NMGML as to the proper interpretation and application of the rate review clauses of the contracts.

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. Management are 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, notices of intention to appeal were filed. The

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

34. Commitments and contingencies continued

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.

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, North Mara and Tulawaka 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 amount to US$0.66 million (2014: US$0.65 million). Subsequent to year-end, the transfer of the Tulawaka Special Mining Licence to STAMICO was approved.

d) Purchase commitments

At 31 December 2014, the Group had purchase obligations for supplies and consumables of approximately US$64 million (2013: US$48 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$20 million (2013: US$6 million).

35. Related party balances and transactions

The Group had the following related party balances and transactions during the years ended 31 December 2014 and 31 December 2013. 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 2014	For the year ended 31 December 2013
Provision of goods and services	2,114	927
Purchase of goods and services	(3,184)	(7,329)
Interim dividend payments	(8,916)	(40,306)
Total	(9,986)	(46,708)

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 2014	As at 31 December 2013
Placer Dome Technical Services	37	37
Other	1	–
Total	38	37

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 2014	As at 31 December 2013
Due to holding company:		
Barrick Gold Corporation	13,396	12,606
Due to fellow subsidiaries:		
BIBC	196	83
Barrick Gold Australia Ltd	750	768
Barrick Gold North America	771	374
Other	88	480
Total	15,201	14,311

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 Senior 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 2014	For the year ended 31 December 2013
Short-term employee benefits	**9,116**	8,034
Post-employment benefits	**849**	1,155
Other long-term benefits	**–**	3,561
Share-based payments	**621**	64
Total	**10,586**	12,814

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 2014 are summarised in the following table. The total commitment to exploration expenditure on these licences for 2015 is US$2.6 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	99	655	22	159
North Mara Gold Mine Limited	19	102	–	–
Nyanzaga Mining Company Limited	14	173	–	–
Pangea Mineral Limited	65	555	6	65
Prime Gold Exploration Limited	3	43	2	24
Sub-Sahara Resources (TZ) Limited	4	19	–	–
Vulcan Resources (Tanzania) Limited	3	37	7	78
Total	**207**	**1,584**	**37**	**326**

Licences indirectly held by Acacia

(in thousands of United States dollars)	Number of licences	Area in square kilometres
Managed by Acacia	1	4
Not managed by Acacia	39	447

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 2014. The final dividend is to be proposed at the Annual General Meeting on 23 April 2015 and paid on 29 May 2015 to shareholders on the register on 8 May 2015. The ex-dividend date is 7 May 2015. These financial statements do not reflect this dividend payable.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACACIA MINING PLC

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 2014 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

Acacia Mining plc's financial statements comprise:

- the parent company balance sheet as at 31 December 2014;
- the parent company income statement and statement of comprehensive income for the year then ended;
- the parent company cash flow statement for the year then ended;
- the parent company statement of changes in equity 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 and Accounts (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 opinions

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 91, 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 2014

Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 March 2015

PARENT COMPANY INCOME STATEMENT

(in thousands of United States dollars)	Notes	For the year ended 31 December 2014	For the year ended 31 December 2013
Corporate administration	3	**(17,990)**	(9,758)
Other charges		**(6,854)**	(6,316)
Finance income	4	**–**	4
Finance expense	4	**(8)**	(6)
Loss before taxation		**(24,852)**	(16,076)
Income tax	5	**–**	–
Net loss for the year		**(24,852)**	(16,076)

PARENT COMPANY INCOME STATEMENT OF COMPREHENSIVE INCOME

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Net loss for the year	**(24,852)**	(16,076)
Other comprehensive income for the year	**–**	–
Total comprehensive loss for the year	**(24,852)**	(16,076)

The notes on pages 152 to 162 are an integral part of these financial statements.

PARENT COMPANY BALANCE SHEET

(in thousands of United States dollars)	Notes	As at 31 December 2014	As at 31 December 2013
Assets			
Non-current assets			
Property, plant and equipment	7	**186**	257
Investment in subsidiaries	8	**1,324,568**	1,324,568
Non-current receivables	18	**795,193**	795,191
		2,119,947	2,120,016
Current assets			
Other receivables	9	**21,032**	9,936
Cash and cash equivalents	10	**1,403**	1,771
		22,435	11,707
Total assets		**2,142,382**	2,131,723
Equity and liabilities			
Share capital and share premium	11	**929,199**	929,199
Other reserves		**1,112,675**	1,151,754
Total equity		**2,041,874**	2,080,953
Non-current liabilities			
Other non-current liabilities		**6,832**	1,541
		6,832	1,541
Current liabilities			
Other current liabilities	14	**91,417**	49,229
Provisions		**2,259**	–
		93,676	49,229
Total liabilities		**100,508**	50,770
Total equity and liabilities		**2,142,382**	2,131,723

The notes on pages 152 to 162 are an integral part of these financial statements.

The financial statements on pages 148 to 162 were authorised for issue by the Board of Directors on 9 March 2015 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	Contributed surplus/Other reserves	Share option reserve	Retained earnings	Total equity
Balance at 1 January 2013		**62,097**	**867,102**	**1,368,774**	**3,503**	**(150,380)**	**2,151,096**
Net loss for the year		–	–	–	–	(16,076)	(16,076)
Dividends to shareholders	13	–	–	–	–	(54,541)	(54,541)
Share options		–	–	–	474	–	474
Balance at 31 December 2013		**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	–	–	–	–	(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**

The notes on pages 152 to 162 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 2014	For the year ended 31 December 2013
Cash flows from operating activities			
Net loss for the year		**(24,852)**	(16,076)
Adjustments for:			
Depreciation and amortisation	7	**117**	144
Finance items	4	**8**	2
Working capital adjustments	6	**36,545**	35,612
Other	6	**1,759**	171
Cash generated by operations before interest and tax		**13,577**	19,853
Finance income	4	**–**	4
Finance expense	4	**(8)**	(6)
Net cash generated by operating activities		**13,569**	19,851
Cash flows from investing activities			
Purchase of property, plant and equipment	7	**(46)**	(28)
Net cash used in investing activities		**(46)**	(28)
Cash flows from financing activities			
Dividends paid	13	**(13,943)**	(54,541)
Net cash used in financing activities		**(13,943)**	(54,541)
Net decrease in cash and equivalents		**(420)**	(34,718)
Net foreign exchange difference		**52**	(36)
Cash and cash equivalents at 1 January		**1,771**	36,525
Cash and cash equivalents at 31 December		**1,403**	1,771

The notes on pages 152 to 162 are an integral part of these financial statements.

NOTES TO THE COMPANY 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 2014 were approved for issue by the Board of Directors of the Company on 9 March 2015. 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 2014.

- Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company financial statements.
- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in IAS 36 by the issue of IFRS 13.
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement', on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The amendment did not have an impact on the Company financial statements.
- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37, 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.
- IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The amendment did not have a significant effect on the assessment of control.
- IFRS 11, 'Joint arrangements', focuses on rights and obligations of the parties to the arrangement rather than its legal form. Proportional consolidation of joint arrangements is no longer permitted. The amendment did not have a significant effect on the Company financial statements.
- IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interest in other entities including joint arrangements, associates, structured entities and other off-balance sheet vehicles. 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 2014:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Company is yet to assess IFRS 9's full impact.

- IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The standard 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.

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 2014	**Average Year ended 31 December 2014**	As at 31 December 2013	Average Year ended 31 December 2013
UK pound (US$:GBP)	**0.64**	**0.61**	0.60	0.64

f) Investment in subsidiaries

Subsidiaries are entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies in order to obtain benefits from their activities. Control is presumed to exist where the Company has more than one half of the voting rights unless it can be demonstrated that ownership does not constitute control. Control does not exist where other parties hold veto rights over significant operating and financial decisions. In assessing control, potential voting rights that are currently exercisable or convertible as well as other contractual arrangements that enable the Company to exercise control are taken into account.

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

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 2014	For the year ended 31 December 2013
Salaries	**3,609**	3,023
Other employee benefits	**2,442**	2,922
Share-based compensation	**5,269**	(126)
Directors' fees	**1,310**	466
Professional and consultancy fees	**3,398**	2,612
Foreign exchange gain	**(216)**	(339)
Travel and administration	**1,566**	1,106
Net management fees	**(2,101)**	(2,229)
Depreciation and amortisation	**117**	144
Audit fees	**562**	452
Other	**2,034**	1,727
	17,990	9,758

Details of Directors' remuneration can be found in the Remuneration report on pages 64 to 81. Details of the auditors' remuneration can be found in Note 11 of the Group financial statements.

Average number of employees

	For the year ended 31 December 2014	For the year ended 31 December 2013
Administration	**10**	11
Total average headcount	**10**	11

4. Finance income and finance expense

a) Finance income

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Interest on time deposits	**–**	4
Total	**–**	4

b) Finance expense

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Bank charges	**8**	6
Total	**8**	6

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

5. Income tax

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Corporation taxes	–	–
Total	–	–

The statutory income tax rate in the United Kingdom is 20% for 2014. The tax on the Company's profit 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 2014	For the year ended 31 December 2013
Loss before tax	24,852	(16,076)
Tax calculated at statutory tax rates	4,970	3,215
Tax effects of:		
Tax losses for which no deferred income tax asset was recognised	(4,970)	(3,215)
Tax charge	–	–

Deferred tax assets have not been recognised in respect of the tax losses amounting to US$81.5 million as at 31 December 2014 (2013: US$56.8 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 2014	For the year ended 31 December 2013
Adjustments for non-cash income statement items:		
Foreign exchange gains	(164)	(339)
Exchange (gain)/loss on revaluation of cash balances	(52)	36
Provisions added	2,259	–
Other expenses	(284)	474
Total	1,759	171

Adjustments for working capital items:

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Other receivables	(11,098)	(6,949)
Other current liabilities	42,352	43,250
Other non-current liabilities	5,291	(689)
Total	36,545	35,612

7. Property, plant and equipment

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**

For the year ended 31 December 2013

(in thousands of United States dollars)	Furniture and equipment	Total
At 1 January 2013, net of accumulated depreciation	373	373
Additions	28	28
Depreciation	(144)	(144)
At 31 December 2013	**257**	**257**
At 1 January 2013		
Cost	694	694
Accumulated depreciation	(321)	(321)
Net carrying amount	**373**	**373**
At 31 December 2013, net of accumulated depreciation		
Cost	721	721
Accumulated depreciation	(464)	(464)
Net carrying amount	**257**	**257**

8. Investment in subsidiaries

(in thousands of United States dollars)	For the year ended 31 December 2014	For the year ended 31 December 2013
Opening balance	**1,324,568**	1,346,608
Transfer to non-current receivables	–	(22,040)
Closing balance	**1,324,568**	1,324,568

The subsidiaries in which investments are held as at 31 December 2014, are as follows:

Company	Principal activity	Country of incorporation	Equity interest 2014	Equity interest 2013
BUK Holdco Ltd[1]	Holding Company	UK	**100%**	100%
1816962 Ontario Inc	Holding Company	Canada	**100%**	100%
Acacia Mining Exploration Kenya Ltd[2]	Exploration	Kenya	**1%**	1%

1 BUK Holdco Ltd and BUK East Africa Ltd are exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of SI 2012/2301.
2 The company changed its name during the year from ABG Exploration (Kenya) Ltd to Acacia Mining Exploration Kenya Ltd.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

9. Other receivables

(in thousands of United States dollars)	As at 31 December 2014	As at 31 December 2013
Indirect tax receivables	458	509
Advance payments	305	343
Other receivables	160	201
Due from related parties (Note 18)	20,109	8,883
Total	**21,032**	9,936

At 31 December 2014, 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 2014	As at 31 December 2013
Cash at bank and on hand	1,403	1,771
Money market funds	–	–
Total	**1,403**	1,771

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 2013	410,085,499	41,009	62,097	867,102
At 31 December 2013	**410,085,499**	**41,009**	**62,097**	**867,102**
At 31 December 2014	**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. 522,188 of the options granted were exercisable at 31 December 2014. 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 2014	Options 2014	Average exercise price in pence per share 2013	Options 2013
At 1 January	328	1,583,521	522	943,006
Granted	–	–	160	841,308
Forfeited	524	(402,703)	535	(200,793)
At 31 December	**261**	**1,180,818**	328	1,583,521

There were no options granted during the current year.

13. Dividends paid

The final dividend declared in respect of the year ended 31 December 2013 of US$8.2 million (US2.0 cents per share) and the 2014 interim dividend of US$5.7 million (US1.4 cents per share) were paid during 2014 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 2014	As at 31 December 2013
Trade and other payables	**1,588**	1,922
Accrued expenses and taxes	**2,206**	1,888
Payables to related parties (Note 18)	**87,623**	45,419
Total	**91,417**	49,229

15. Financial assets and liabilities

a) Financial assets

(in thousands of United States dollars)	Carrying value As at 31 December 2014	Fair value As at 31 December 2014	Carrying value As at 31 December2013	Fair value As at 31 December 2013
Cash and cash equivalents	**1,403**	**1,403**	1,771	1,771
Other receivables	**21,032**	**21,032**	9,936	9,936
Non-current receivables[1]	**795,193**	**795,193**	795,191	795,191
Total financial assets	**817,628**	**817,628**	806,898	806,898
Less: Current financial assets				
Cash and cash equivalents	**(1,403)**	**(1,403)**	(1,771)	(1,771)
Other receivables	**(21,032)**	**(21,032)**	(9,936)	(9,936)
Total non-current portion of receivables	**795,193**	**795,193**	795,191	795,191

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 2014, the term of the facility was successfully extended to 2017 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 2014, 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

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 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**

For the year ended 31 December 2013 (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	–	1,541	–	–	1,541
Other current liabilities	49,229	–	–	–	49,229
Total	49,229	1,541	–	–	50,770

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 2014	For the year ended 31 December 2013
Minimum lease payments under operating leases recognised in income for the period	**362**	324
Total	**362**	324

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 2014	As at 31 December 2013
Within one year	**265**	282
In the second to fifth years inclusive	**1,059**	1,127
After five years	**132**	423
Total	**1,456**	1,832

18. Related party balances and transactions

The Company had the following related party balances and transactions during the year ended 31 December 2014. 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 2014	For the year ended 31 December 2013
Management fees	**2,101**	2,229
Provision of goods and services	**3,327**	1,857
Purchase of goods and services	**(2,424)**	(2,092)
Dividends paid	**(8,916)**	(40,306)
Total	**(5,912)**	(38,312)

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 2014	As at 31 December 2013
Due from subsidiaries:		
Bulyanhulu Gold Mine Ltd	**745**	256
Pangea Minerals Ltd	**1,143**	725
North Mara Gold Mine Ltd	**1,297**	100
Acacia Mining SA (Pty) Ltd	**4,804**	2,860
ABG Exploration Limited	**1,333**	11
Acacia Mining Exploration Kenya Ltd	**10,772**	4,922
Other	**15**	9
Total	**20,109**	8,883

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

18. Related party balances and transactions continued

c) Balances due to related parties

(in thousands of United States dollars)	As at 31 December 2014	As at 31 December 2013
Due to Holding Company:		
Barrick Gold Corporation	**1,214**	1,210
Due to fellow subsidiaries:		
Acacia Mining (Barbados) Corp Ltd	**86,409**	44,209
Total	**87,623**	45,419

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 2014	As at 31 December 2013
BUK Holdco Ltd	**772,700**	772,698
BUK East Africa Limited	**22,493**	22,493
Total	**795,193**	795,191

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 2014. The final dividend is to be proposed at the Annual General Meeting on 23 April 2015 and paid on 29 May 2015 to shareholders on the register on 8 May 2015. The ex-dividend date is 7 May 2015. 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 92.

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
Articles	the articles of association of the Company
AISC	has the meaning given to it under non-IFRS measures below
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 below
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 below
Cash cost per tonne milled	has the meaning given to it under non-IFRS measures below
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
Cut-off grade	the minimum metal grade at which material can be economically mined and processed (used in the calculation of ore reserves), expressed in grams per metric tonne
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 52 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

GLOSSARY OF TERMS
CONTINUED

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
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
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 below
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
SLT or Senior Leadership Team or Senior Management	the individuals listed on page 53
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	Tanzanian shilling
UK Corporate Governance Code	the UK Corporate Governance Code issued by the UK Financial Reporting Council
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
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
VBIAs	village benefit implementation agreements
VBAs	village benefit agreements
Voluntary Principles	means the Voluntary Principles on Security and Human Rights

GLOSSARY OF TERMS
CONTINUED

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$'000)	**2014**	2013
Total cost of sales	**688,278**	713,806
Deduct: depreciation and amortisation	**(128,124)**	(147,979)
Deduct: co-product revenue	**(45,253)**	(43,012)
Total cash cost	**514,901**	522,815
Total ounces sold	**703,680**	643,597
Cash cost per ounce (US$/oz)	**732**	812
Discontinued operations	**–**	15
Attributable cash cost per ounce (US$/oz)	**732**	827

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 2014			
(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**

	Year ended 31 December 2013			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	Acacia Group ongoing operations
Cash cost per ounce sold	890	659	945	812
Corporate administration	72	39	52	53
Share-based payments	–	(1)	(1)	(3)
Rehabilitation	7	29	15	18
Mine exploration	3	12	2	6
CSR expenses	6	31	4	19
Capitalised development	233	251	321	266
Sustaining capital	133	207	168	175
Total continuing operations	1,344	1,227	1,506	1,346
Discontinued operations				16
Total				**1,362**

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 profit for the period and EBITDA is presented below:

(US$'000)	Year ended 31 December 2014	2013
Net(loss)/profit for the period	**89,935**	(798,433)
Plus income tax (credit)/expense	**25,977**	(187,959)
Plus depreciation and amortisation[1]	**128,124**	157,820
Plus impairment charges/write-offs	**–**	1,061,011
Plus finance expense	**10,081**	9,668
Less finance income	**(1,401)**	(1,700)
EBITDA	**252,716**	240,407

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

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

The net increase/decrease in cash and cash equivalents during the year.

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 – measures in tonnes the total amount of underground ore mined and hoisted.
- Total tonnes mined includes open pit material plus underground ore tonnes hoisted.
- Strip ratio – measures the ratio 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.
- Total production costs – measures the total cost of production and is an aggregate of total cash costs as well as production specific depreciation and amortisation.

GLOSSARY OF TERMS
CONTINUED

Basis of preparation for the reporting of tax data

This basis of preparation supports the reporting of tax data contained on page 42 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.

SHAREHOLDER ENQUIRIES

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

Helpline number: +44 (0) 870 707 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 87. Shareholders may elect to receive payment of the 2014 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 29 May 2015. 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 29 May 2015.

If you wish to receive the 2014 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 11 May 2015. 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 11 May 2015 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) 870 707 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 can be provided at www.fca.org.uk/consumers

Financial calendar

Financial year end	31 December 2014
Preliminary results for 2014	16 February 2015
Annual General Meeting	23 April 2015
Quarterly results Q1 2015	23 April 2015
Payment date for 2014 final dividend	29 May 2015
Half year report 2015	July 2015
Quarterly results Q3 2015	October 2015
Quarterly results Q4 2015	January 2016

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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Additional information
Additional information regarding Acacia can be found on our website:

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