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Resources Rising Stars

1-3 May 2017

The Riversdale team, a \$9m market cap and a premium metallurgical coal deposit

RRS May 2017 Investor Series – Hugh Callaghan, Managing Director



Acacia Coal

ASX: AJC

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Competent Person Statements

The information in this presentation that relates to Exploration Results for Riversdale Anthracite Colliery Project is based on and fairly represents information and supporting documentation prepared by Mr Peet Meyer who is a Fellow of South African Council for Natural Scientific Professions, a 'Recognised Professional Organisation' (RPO) included in a list promulgated by ASX from time to time. Mr Peet Meyer is a consultant to Acacia. Mr Peet Meyer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Peet Meyer consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Note on Production Targets and Forecast Financial Information

The information contained in this presentation relating to a production target and forecast financial information derived from a production target was previously announced to ASX by the Company on 1st May 2017 in an announcement titled "Riversdale Anthracite Project Pre-Feasibility Study" (Previous Announcement). The Company confirms the material assumptions underpinning the production target, or the forecast financial information derived from the production target in the Previous Announcement continue to apply and have not materially changed.

Corporate Overview

Acacia Coal: restructured, recapitalised and ready for growth



Capital Structure (as at 24 April 2017)

ASX Code	AJC
Shares on Issue	1,599.0M
Options on Issue	40.0M (exercisable at 6c on or before 5 Dec 2021)
Share Price	\$0.006
Market Cap	\$9.3M
Average daily volume	4.0M shares
Cash on hand	\$1.5M (as at 31 March 2017)

Board & Management

Adam Santa Maria – Executive Chairman

Lawyer and corporate finance executive with expertise in corporate and commercial law, capital markets and M&A

Hugh Callaghan – Managing Director

Founding Director of Riversdale Mining, significant global resources experience with Rio Tinto and Xstrata

Logan Robertson – Non-Executive Director

Finance and investment professional with expertise investing in, financing and overseeing growth businesses

Brett Lawrence – Non-Executive Director

Diverse resource industry experience, including seeking new venture opportunities with ASX listed companies

Rob Scott – Finance Director

Chartered Accountant with substantial expertise in corporate affairs and management

Peet Snyders – Head of Technical and Projects

Mining engineer with 35 years' experience; part of the team that founded Riversdale Mining

Filippo Faralla – General Manager Strategy & Marketing

Coal expert with +20 years' experience in the mining industry; part of the team that founded Riversdale Mining

The management team that founded highly-successful coal developer Riversdale Mining has reunited to pursue the development of the premium-quality Riversdale Metallurgical Coal Project in South Africa.

The Riversdale team is back...

Right Management, Right Asset, Right Market

- Recently acquired a 74% interest in **Riversdale Metallurgical Coal Project** from Rio Tinto – located in KwaZulu Natal, South Africa
- Advanced, premium-quality, strategic coal asset** – moving rapidly towards production
- Strategy driven by key members of the **management team that founded coal developer Riversdale Mining** (acquired by Rio Tinto for \$3.9 billion)
- Strong project economics** with outstanding results from recently completed Pre-Feasibility Study (PFS)
- Premium quality anthracite product** in short supply – extremely well placed to supply the domestic ferro-chrome and manganese industries, RAC is the last known long-life, high quality anthracite project in South Africa
- Blue-chip domestic customer base** – non-binding letter of intent in place with major customer and trading house
- Aggressive development timetable with **Feasibility Study due by Q1 2018**



A Premium Metallurgical Coal Project

The Riversdale Anthracite Colliery Project in South Africa



Acquired from global miner Rio Tinto

Mining Right in place

Total Resources of 9.52Mt in the Gus Seam (see slide 19)

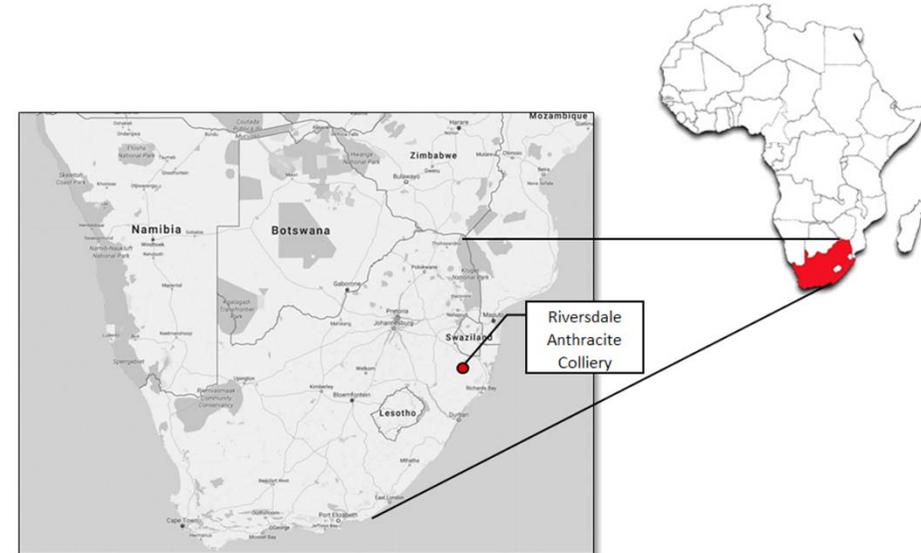
Alfred Seam identified as a target for further work and potential mine life extension

Well positioned for inland markets and export infrastructure

Low CAPEX – enabled by adit mining on the outcropping seams, good infrastructure and outsourcing of plant and services

Premium quality product – **extremely low phosphorus and sulphur content in short supply**

Strong relationships with blue-chip customers who lead their industry sectors – **minimal marketing risk**

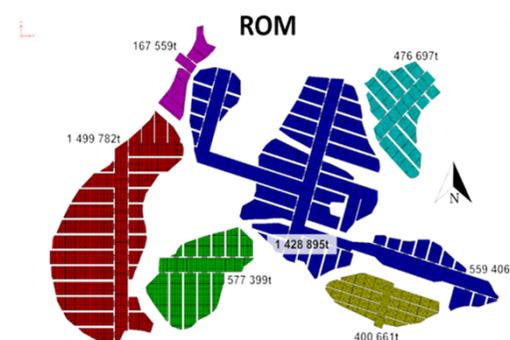


A premium metallurgical coal deposit located in a stable jurisdiction with access to rail, road, Power and water within a <7km radius

Outstanding Project Economics (AJC:74%)

Operational model ensures low CAPEX and high margins

- **Robust technical and financial outcomes** from April 2017 PFS
- **NPV₁₀ of A\$73M** and **IRR of 53%** (ungeared, post-tax and royalties)
- Capital payback period of **2.7 years**
- Forecast initial **CAPEX of just A\$24M** due to use of outsourced operating model
- **Free operating cash-flow averaging A\$14.5M** (post-tax) over initial 8-year mine life
- Average annual sales of **438,000t of low impurity anthracite**, and **peak annualised sales of 540,000t**
- **Post-tax and royalty margins of \$34.40/t** based on an average selling price of A\$125.1/t and a nett 6% royalty rate
- Metallurgical testwork confirms RAC coal ideal for **use in SA's ferrochrome industry**
- Non-binding Letter of Intent already received from **major ferrochrome trader and consumer** – detailed discussions underway on binding off-take, project finance
- **Detailed project design work** and negotiations to purchase key equipment underway

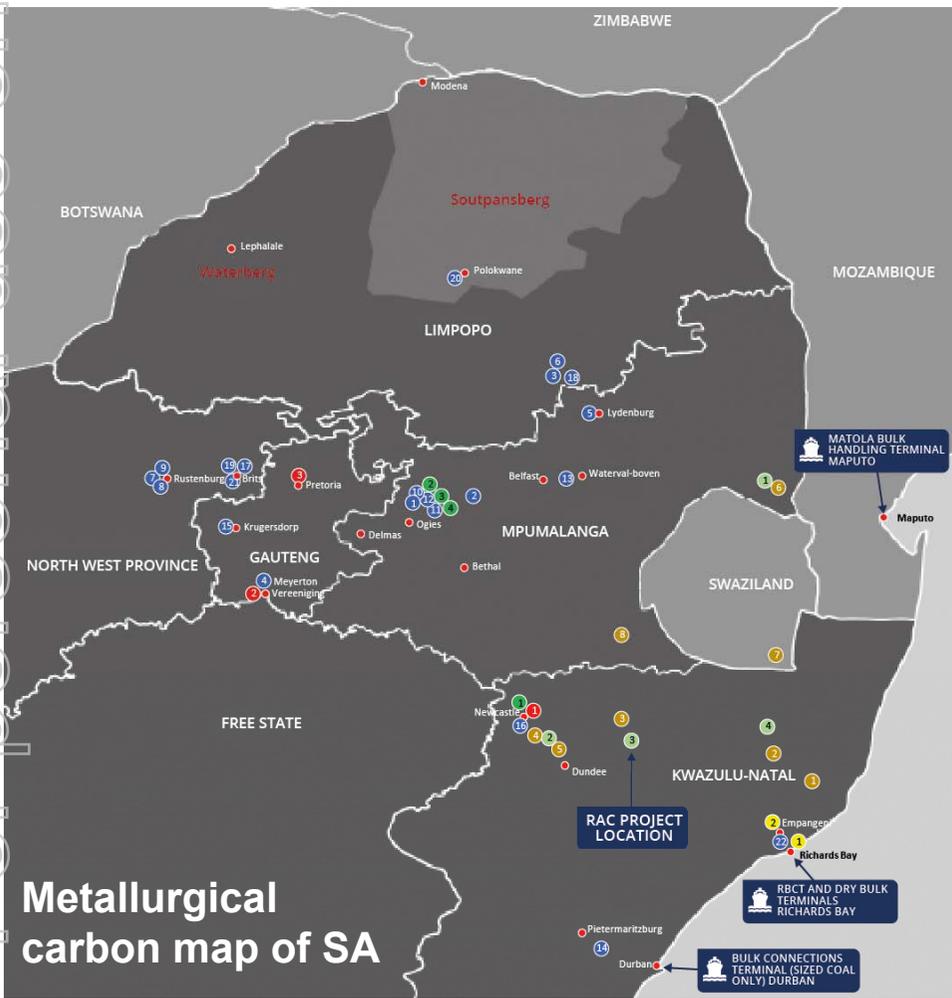


On the Doorstep of our Customers

Well-positioned for inland markets and export infrastructure



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Strong demand for RAC product due to declining regional supply, significant barriers to imports and exceptional RAC product quality



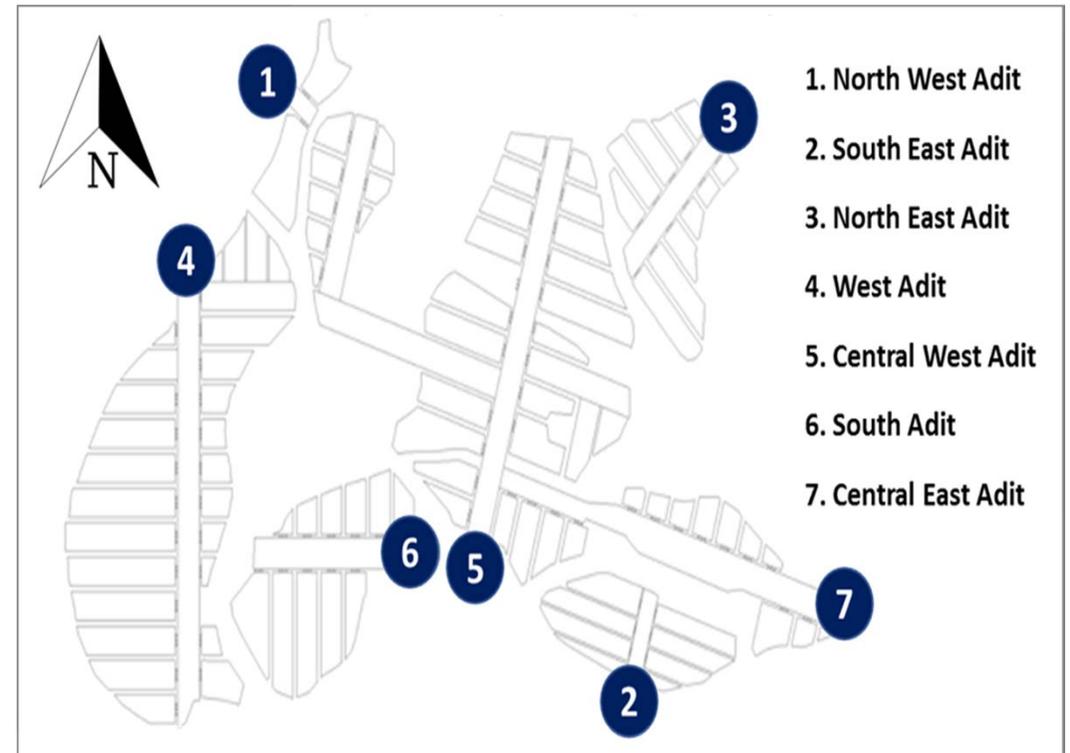
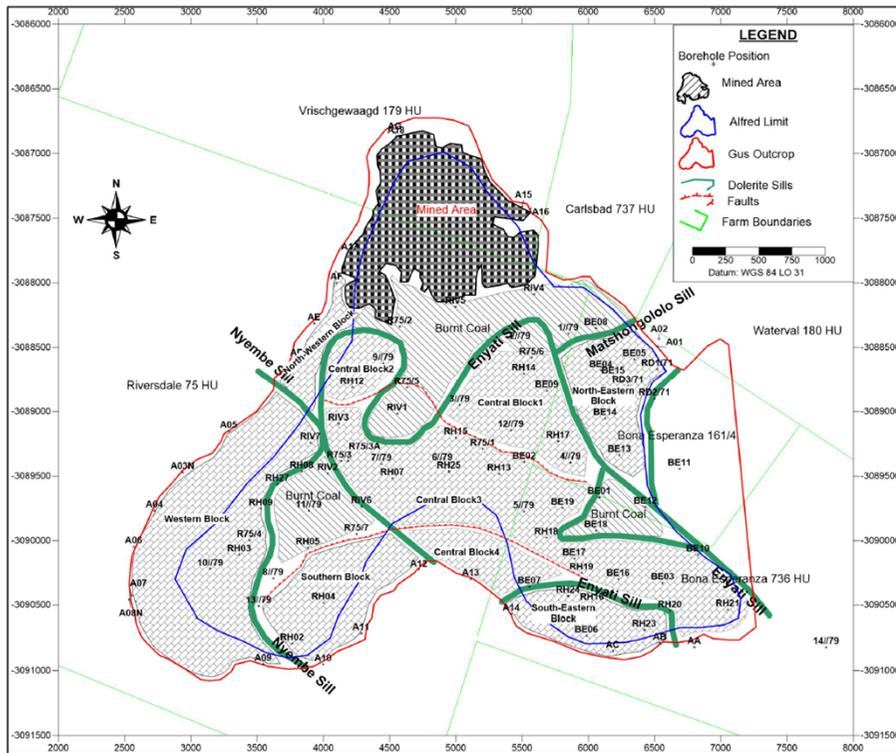
Unused rail siding on main RBCT coal line >7km away on sealed roads

Metallurgical carbon map of SA

Straightforward Development Plan

Easily accessible, well-defined deposit to be mined using well-established methods

The Gus Seam outcrops around the mountain. Three adits will be developed on the outcrop at any time to access the deposit, allowing flexibility, continuity of production, product blending and stable volumes.



RAC Mine – Adit Access

Outcropping coal = cost-effective adit access and in-seam development

- ▶ Three adits will be developed and six sections established in a phased ramp-up
- ▶ Mains development will utilise Continuous Miners, while production will use conventional (drill and blast) mining in a bord-and-pillar configuration:
 - Less capital required
 - Reduces fines generation and enhances fragmentation to take advantage of premium pricing for sized products in metallurgical markets
- ▶ Coal will be transported by road haulage to a wash plant located on site

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AN OUTCROP ON THE NORTH-EAST SIDE OF THE RESOURCE



VIEW OF THE PROJECT SITE FROM THE R34 HIGHWAY – A MOUNTAIN TOP RESOURCE

RAC – Unusually Low Phosphorus & Sulphur

Strategically significant to leading global ferrochrome producers

► Premium-quality, low phosphorous, low sulphur anthracite

► Low-impurity anthracite is a strategically vital carbon reductant for the smelting of ferrochrome

► South Africa is the world's largest producer of ferrochrome – dominated by Glencore and Samancor, with several other mid-tier ferrochrome companies; Largest and lowest-cost producers worldwide

► South Africa's production of anthracite is declining as reserves are depleted – two mines closed in 2016 due to reserve exhaustion

► Low-impurity anthracite is in particularly short supply with dwindling supplies of anthracite that is both:

- Low in phosphorus with typical levels of 0.007%. (preferred industry tolerance is < 0.015%)
- Low in sulphur with levels of 0.64 (preferred industry tolerance is <1%)

► The RAC mine can supply an anthracite product from the Gus Seam with phosphorous of <0.009% and sulphur of 0.62% and can command premium pricing



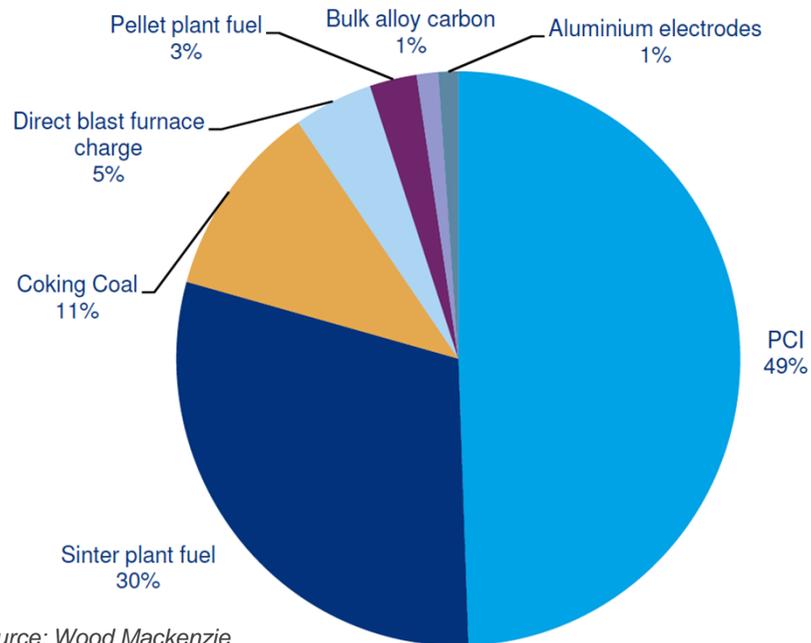
Demand For Anthracite

South Africa exhibits a unique demand profile



GLOBAL ANTHRACITE DEMAND BY USE/APPLICATION

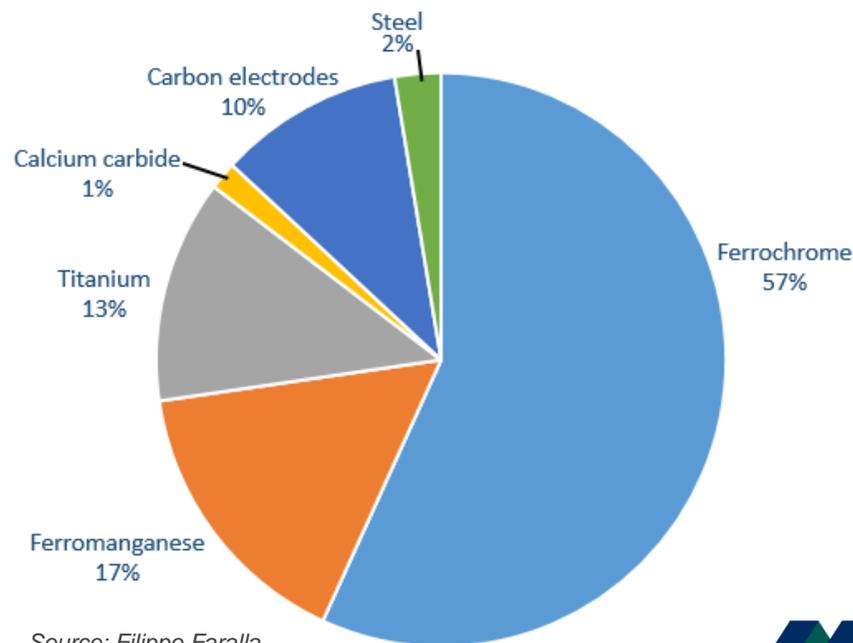
Global annual demand in 2016 for metallurgical anthracite is estimated to be **115Mt**, with the ferrous sector accounting for over 80%.



Source: Wood Mackenzie

SOUTH AFRICAN ANTHRACITE DEMAND BY INDUSTRY

By comparison South Africa's anthracite demand in 2016 was **2.1Mt** of which 98% was consumed by the non-ferrous sectors.



Source: Filippo Faralla

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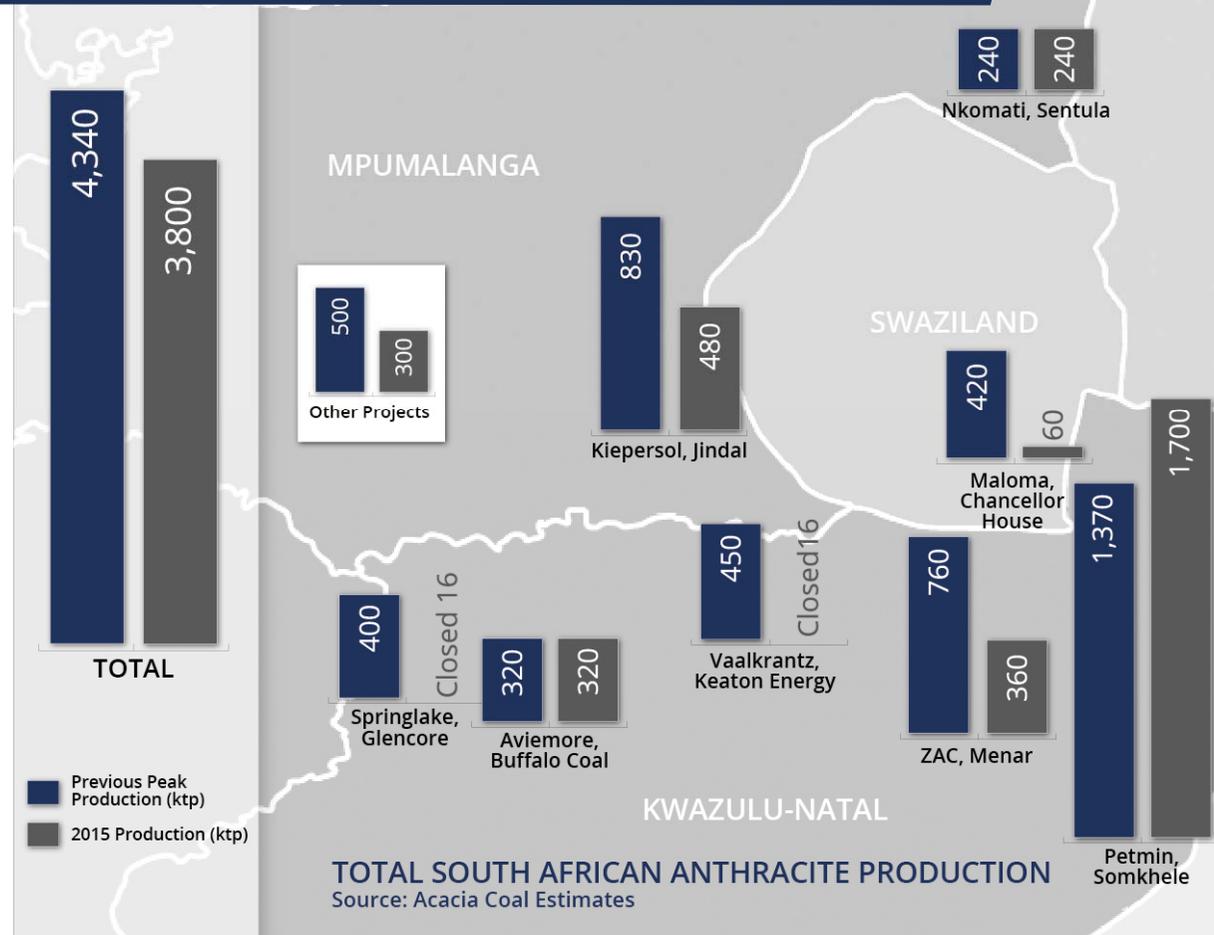
South African Anthracite Production

Mine closures, declining production, deteriorating quality and rising costs



Industry decline occurring in an environment of increasing demand from a globally competitive ferroalloy industry driven by a lack of viable anthracite projects – RAC is the last known long-life, high quality anthracite project in South Africa.

- ▶ The declining production profile is attributable to the depletion of viable resources, growing geological complexity of established mines and challenging quality
- ▶ Ferrochrome, electrode paste, ilmenite and calcium carbide markets are particularly sensitive to impurities and require Sulphur < 1%, and phosphorous < 0.015%. At least one major competitor can no longer consistently provide this specification
- ▶ The local ferrochrome market has been accepting up to 18-19% ash in order to keep low impurity mines viable
- ▶ High sulphur/phosphorous mines are dependent upon the ferromanganese and export markets
- ▶ All producers are benefitting from the growing market for exports of up to 35% ash anthracitic coal
- ▶ No significant new projects or expansions are scheduled in South Africa
- ▶ Acute shortage of low impurity anthracite



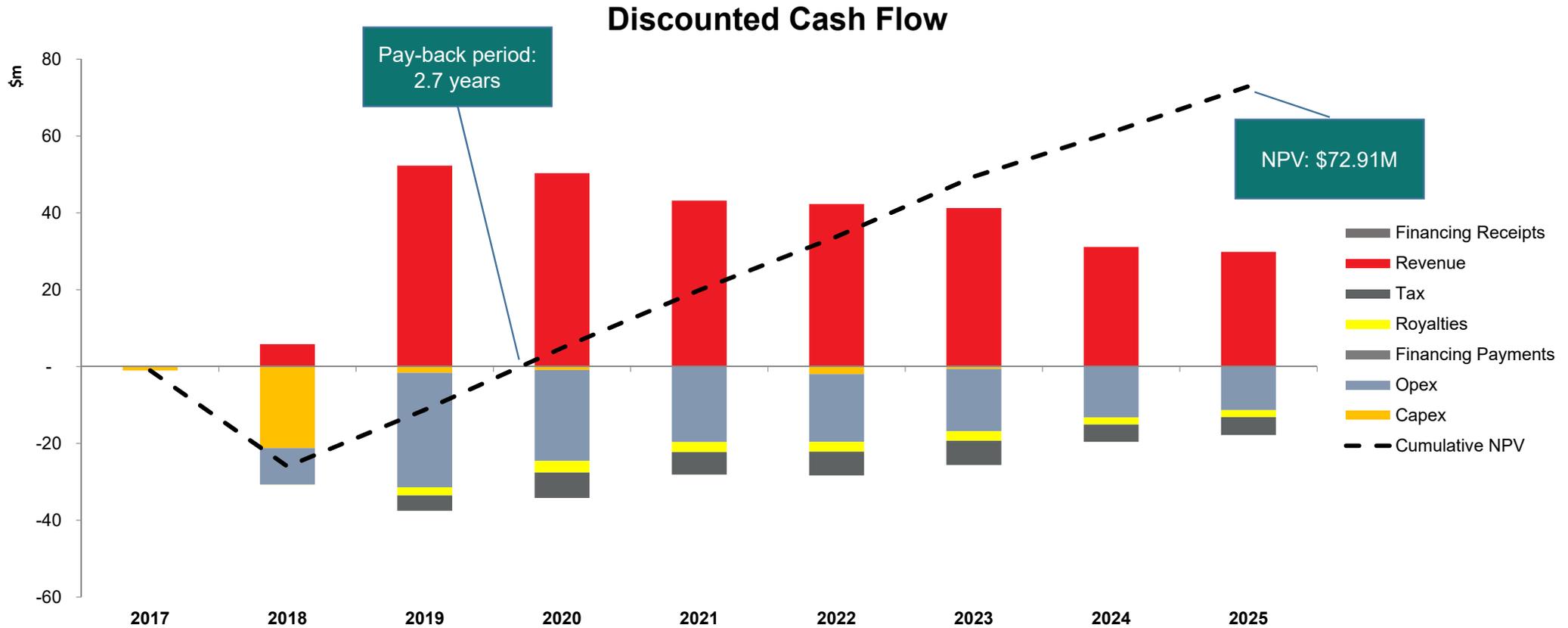
/// THE WORLD'S LARGEST PRODUCER AND TRADER OF FERROCHROME HAS ISSUED A NON-BINDING LETTER OF INTENT TO ACACIA TO BUY ALL OF THE PROJECT'S OUTPUT AND IN 2017, DISCUSSIONS WILL PROGRESS ON BINDING OFFTAKE AGREEMENTS AND FUNDING OPTIONS.

Strong Cash Generation, Rapid Payback

BFS outlines robust financial and economic returns from forecast initial CAPEX of A\$24M



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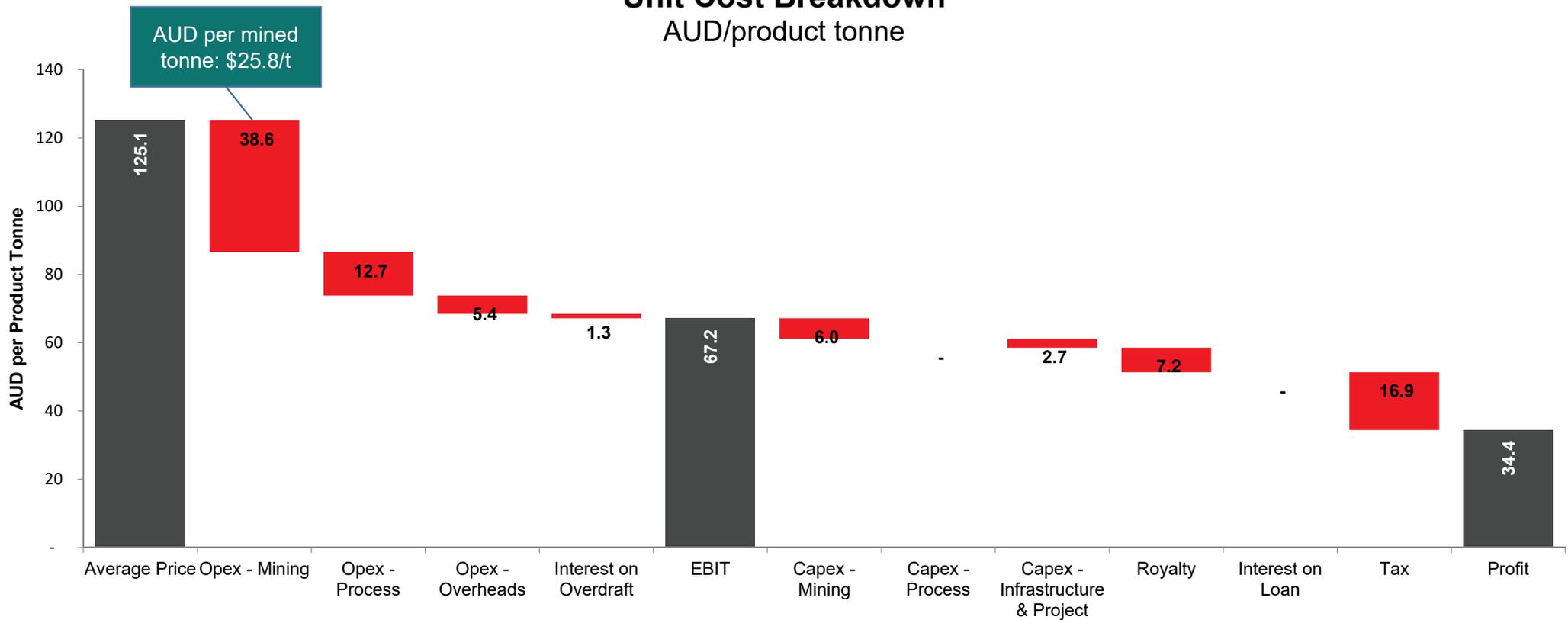


Robust Operating Margins

BFS outlines robust financial and economic returns from forecast initial CAPEX of A\$24M



Unit Cost Breakdown
AUD/product tonne



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Key Investment Takeaways

A ground-floor investment opportunity in a new international coal producer

- ▶ **Highly experienced, well-connected** South African-based company and team
- ▶ Ability to identify and secure **niche, premium-quality coal projects**
- ▶ **Premier cornerstone asset** acquired from global miner Rio Tinto
- ▶ **Strong project economics** with outstanding financial and economic returns from recently completed Pre-Feasibility Study (PFS)
 - ▶ **NPV₁₀ of A\$73M** and **IRR of 53%** (ungeared, post-tax and royalties)
 - ▶ Forecast initial **CAPEX of just A\$24M**
 - ▶ **Free operating cash-flow averaging A\$14.5M** (post-tax) over 8-year mine life
- ▶ **Premium quality anthracite product** in short supply – extremely well placed to supply the domestic ferro-chrome and manganese industries
- ▶ **Blue-chip domestic customer base** – non-binding letter of intent in place with major customer and trading house

Moving rapidly towards development, production and cash-flow

www.acaciacoal.com.au



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APPENDIX

ASX : AJC

RAC Project History

Advanced project with potential for production within 2-3 years

- The Riversdale Anthracite Colliery (RAC) Project is being purchased from Rio Tinto for ZAR37.8m (A\$3.78m). It is a legacy of their 2011 acquisition of ASX listed Riversdale Mining Ltd. (ASX:RIV)
- The incoming Acacia Coal management team were the founding management of Riversdale Mining Ltd who purchased the project from Richards Bay Minerals (Rio Tinto) in 2004 with an exploration database.
- RBM owned the project as a risk mitigant against their reliance on extremely low Phosphorous and low Sulphur Anthracite – RAC is the only known domestic project that could replace their existing supplier with sufficiently low impurity product.
- A Bankable Feasibility Study was done in 2006 by Acacia's incoming management team and refreshed in 2010, using 2006 prices.
- The BFS was positive but the project awaited a Mining Right which has now been Granted – the Water Use License is being applied for and is expected to take 12 months to obtain.
- In the period since 2006, the Anthracite market has changed significantly in RAC's favour and the ferroalloy reductant market is compelled to accept significantly higher ash coal (16-19% ash vs. 13% ash) in return for low impurities.
- Prices in 2017 for a low impurity 16% ash ferroalloy reductant are more than triple (in ZAR terms) the 2006 price for a 13% ash coal, despite containing lower fixed carbon and 25% more ash.
- This will allow Acacia, subject to current drilling campaign results, to bring the Alfred seam into the Resources and Mine Planning which could add to the inventory of coal and allow a longer Life-of-Mine operation.
- RAC is the only coal project we could identify globally, sufficiently advanced and beyond substantial exploration risk, that has the potential to provide excellent return on equity through the mining cycle with minimal risks to cyclical downturn.

RAC TOTAL RESOURCES OF 9.5MT

Reported in accordance with the JORC 2012 Code on 19th April 2017

Gus Seam Resources

Seam	Block	Classification	Area	Thick	RD	GTIS	TTIS	RCV	RA	RIM	RV	RFC	RS
Gus Seam	North Block	Indicated	479,800	0.84	1.51	608,500	517,200	25.74	19.23	3.06	6.94	70.77	0.63
	North-West	Inferred	142,060	1.16	1.52	250,400	187,800	26.51	20.05	2.34	9.14	68.47	0.61
	North-East 1	Indicated	206,330	0.74	1.48	225,900	192,000	27.88	14.53	2.76	6.20	76.51	0.66
	North-East 2	Indicated	304,840	1.00	1.53	466,400	396,400	26.76	17.56	2.55	6.19	73.70	0.60
	Central 1	Measured	1,005,120	0.96	1.48	1,428,000	1,285,200	28.83	15.46	1.94	8.25	74.35	0.81
	Central 2	Indicated	1,718,180	0.80	1.54	2,116,700	1,799,200	26.23	20.70	2.21	8.25	68.84	0.62
	West	Indicated	1,510,590	1.05	1.58	2,506,000	2,130,100	23.42	25.47	2.57	8.35	63.61	0.59
	Southern	Inferred	721,280	0.91	1.61	1,056,700	792,500	23.77	26.51	2.38	7.64	63.47	0.64
	South-East	Measured	552,800	0.97	1.61	863,300	777,000	23.25	28.13	2.08	7.16	62.63	0.63
Total			6,641,000	0.94	1.55	9,521,900	8,077,400	25.38	22.08	2.36	7.90	67.66	0.64

Summary per Classification

Seam	Classification	Area	Thick	RD	GTIS	TTIS	RCV	RA	RIM	RV	RFC	RS
Gus Seam	Measured	1,557,920	0.96	1.53	2,291,300	2,062,200	26.73	20.23	1.99	7.84	69.93	0.74
	Indicated	4,219,740	0.92	1.55	5,923,500	5,034,900	25.10	22.08	2.50	7.92	67.50	0.61
	Inferred	863,340	0.96	1.59	1,307,100	980,300	24.29	25.27	2.37	7.93	64.43	0.63
Total		6,641,000	0.94	1.55	9,521,900	8,077,400	25.38	22.08	2.36	7.90	67.66	0.64

Gus Seam: 16% Ash Product

Seam	Block	Classification	Area	Thick	RD	GTIS	TTIS	PY	PCV	PA	PIM	PV	PFC	PS
Gus Seam	North Block	Indicated	479,800	0.84	1.51	608,500	517,200	95.54	28.74	16.00	2.32	7.10	74.58	0.68
	North-West	Inferred	142,060	1.16	1.52	250,400	212,800	95.55	29.07	16.00	1.68	10.70	71.62	0.51
	North-East 1	Indicated	206,330	0.74	1.48	225,900	169,400	99.71	29.12	16.00	2.23	6.33	75.44	0.73
	North-East 2	Indicated	304,840	1.00	1.53	466,400	396,400	90.47	27.73	16.00	2.67	5.86	75.47	0.55
	Central 1	Measured	1,005,120	0.96	1.48	1,428,000	1,071,000	98.89	29.93	16.00	1.77	8.38	73.85	0.78
	Central 2	Indicated	1,718,180	0.80	1.54	2,116,700	1,799,200	89.34	28.77	16.00	2.03	8.75	73.22	0.62
	West	Indicated	1,510,590	1.05	1.58	2,506,000	1,879,500	78.18	28.80	16.00	2.00	9.23	72.77	0.60
	Southern	Inferred	721,280	0.91	1.61	1,056,700	898,200	70.58	27.93	16.00	2.12	8.63	73.25	0.63
	South-East	Measured	552,800	0.97	1.61	863,300	733,800	73.49	29.09	16.00	1.91	7.47	74.62	0.71
Total			6,641,000	0.93	1.55	9,521,900	7,677,500	85.18	28.85	16.00	2.03	8.44	73.53	0.65

ABBREVIATIONS

GTIS:	Gross tonnes in situ	PY:	Product Yield %
TTIS:	Total tonnes in situ	RCV:	Product Calorific Value (MJ/kg)
RD:	Relative Density g/cm ³	PA:	Product Ash Content (%)
RCV:	Raw Calorific Value (MJ/kg)	PIM:	Product Inherent Moisture (%)
RA:	Raw Ash Content (%)	PV:	Product Volatile Matter Content (%)
RIM:	Raw Inherent Moisture (%)	PFC:	Product Fix Carbon Content (%)
RV:	Raw Volatile Matter Content (%)	PS:	Product Sulphur Content (%)
RFC:	Raw Fix Carbon Content (%)		
RS:	Raw Sulphur Content (%)		

See ASX release dated 19 April 2017, "Updated RAC JORC 2012 Resource".

ACACIA COAL – OUR PHILOSOPHY

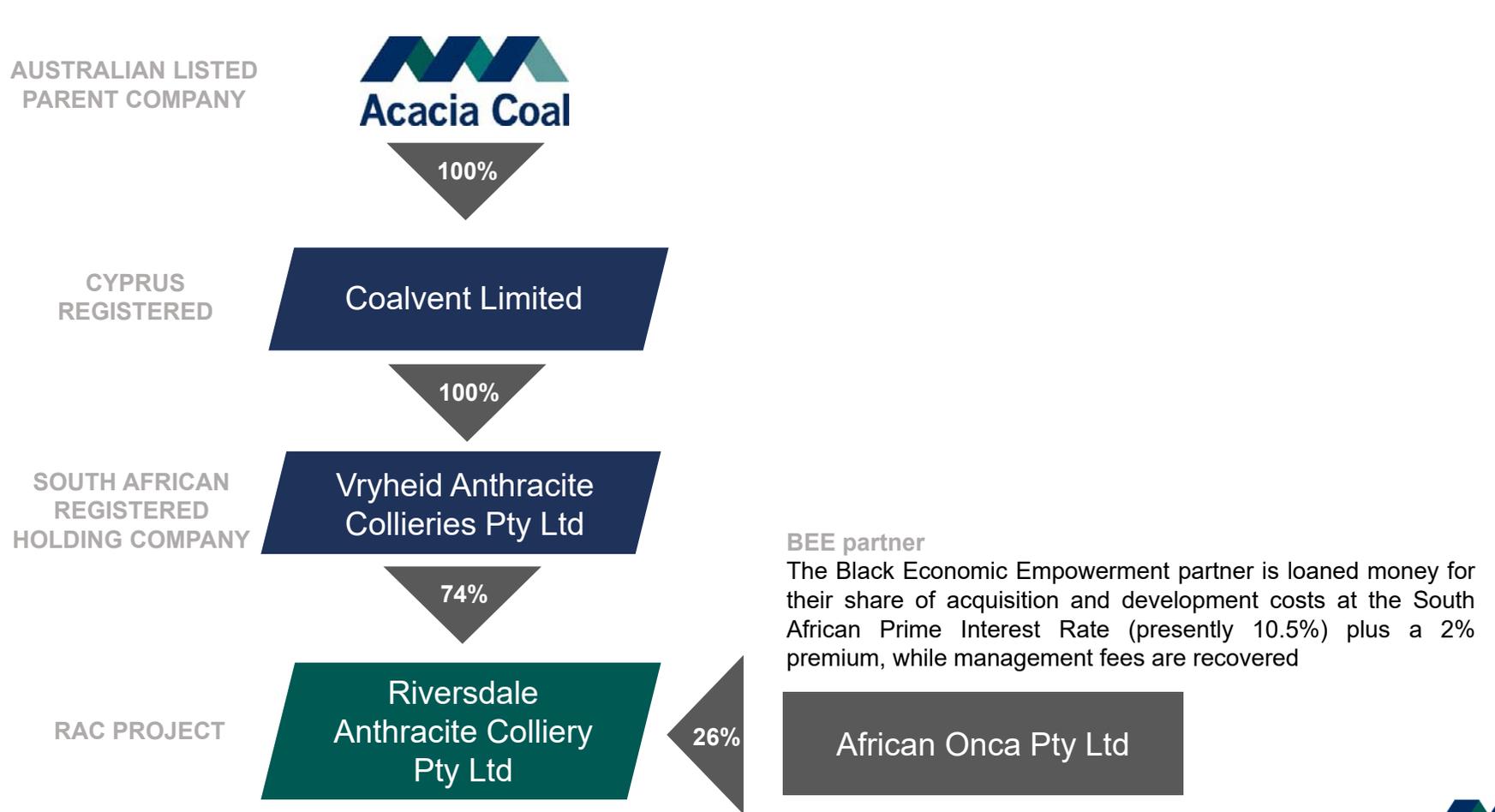
A capital allocator to niche coal projects

Acacia is positioning itself as a developer of niche coal projects offering high returns on capital

- ✓ Acacia plans to **allocate capital to niche coal projects.**
- ✓ We are driven by the **quality of the opportunity and the potential to generate a significant IRR** using mid cycle pricing.
- ✓ We are not interested in remote and low quality coal projects. We are not an infrastructure company.
- ✓ Size of project is irrelevant to Returns on Capital.
- ✓ **We look for projects with:**
 - ✓ Low capital intensity.
 - ✓ High quality coal that can serve niche markets that are sustainable through cyclical downturns.
 - ✓ Strong competitive pricing and competitive costs offer high and sustainable margins

CORPORATE STRUCTURE

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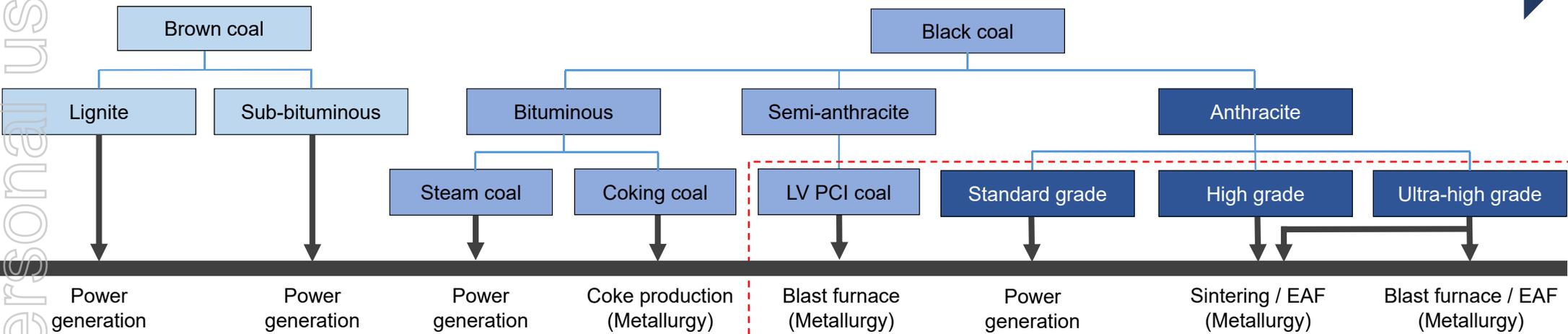
WHAT IS ANTHRACITE?

UNIQUE QUALITY OF COAL

RAC can produce the full range of anthracite products:

- Offers market diversification
- High value niche producer
- Maximise recovery by selling its discard

INCREASING ENERGY & CARBON CONTENT / DECREASING VOLATILE CONTENT



Anthracite Grade Quality	LV PCI	Standard grade	High grade	U-High grade	RAC (PCI)	RAC (HG)	RAC (UHG)	RAC (High Ash)
Fixed Carbon (min)	78%	60%	74%	80%	79%	74%	84%	62%
Sulphur (max)	0.7%	1.0%	1.0%	0.7%	0.7%	0.7%	0.7%	0.7%
Phosphorus (max)	0.04%	n/a	0.02%	0.01%	0.007%	0.007%	0.007%	n/a
Volatiles (max)	14%	12%	10%	6%	11%	9%	6%	8%
Ash (max)	10%	30%	18%	12%	9.5%	17%	9.5%	30%

RAC quality range



SOUTH AFRICAN ANTHRACITE QUALITY

RAC'S QUALITY IS REMARKABLE IN THE CONTEXT OF THE SOUTH AFRICAN MARKET



The low Sulphur and Phosphorous content of the RAC resource quality positions the project as a key supplier to SA's world leading ferrochrome industry which is dependent upon low impurity anthracite.

PRODUCER	PRODUCER QUALITY SEGMENT	INDUSTRY SECTORS SUPPLIED	SHARE OF PRODUCER SEGMENT	ASH	VM	FC	SULPHUR	PHOS.
ZAC	Low impurity (ash < 10%, S < 1.0% Phos < 0.02%) low volatile (<6%)	Titanium (Ilmenite) Carbon electrodes Calcium carbide	80%	9.5%	5%	86%	1.0%	0.02%
SOMKHELE			63%	15 – 18%	8%	74 – 78%	0.7%	0.02%
KIEPERSOL	Low Phosphorus (< 0.02%) low Sulphur (< 1.0%)	Ferrochrome Export (sinter)	12%	15 – 17%	9%	74 – 76%	1.0%	0.02%
NKOMATI			16%	18%	8%	75 – 76%	0.4%	0.02%
AVIEMORE	High Sulphur (> 1.0%)	Ferromanganese	>80%	13- 14%	7%	80 - 81%	1.8%	0.03%
RAC PROJECT	Low impurity, low volatile	-	-	9.5 – 17%	6 - 11%	74 - 84%	0.7%	0.007%

Across key quality parameters, the RAC project quality is either equivalent or superior to existing producers.

SOUTH AFRICAN ANTHRACITE - RAISON D'ETRE

SOUTH AFRICAN ANTHRACITE PRODUCERS ARE THE SMALLEST AND TRADITIONALLY LEAST PRODUCTIVE GLOBALLY



South African anthracite exists because of demand from a globally competitive ferroalloy industry located in a carbon scarce region with large barriers to imports.

The evolution of South African anthracite:

- ▶ *Historically domestic ferroalloy producers relied on imports of coking coal and coke as their source of carbon.*
- ▶ *Rising prices of coking coal, price variability and concentration of supply motivated substitution of coke with domestic anthracite.*
- ▶ *Ferroalloy producers adjusted their technology and designed their operations to substitute coke with up to 70% anthracite.*
- ▶ *Significant barriers to imports of anthracite shield the industry from global competition, effectively creating a cost-plus pricing model.*
- ▶ *Customers willingly accept this model in return for stable prices.*
- ▶ *In recent years customers have been forced to accept deteriorating quality from aging mines and lack of new production. Significantly higher ash of 16-19% (air dried) is accepted providing Sulphur is <1% and Phosphorous is <0.015%.*

Constraints on imports:

- ▶ *South African bulk handling logistics (rail & port) designed, operated and prioritised to facilitate exports of the country's mineral resources.*
- ▶ *Limited stockpile space for bulk imports.*
- ▶ *High freight costs from producing countries due to distance.*
- ▶ *Small volumes per product quality – higher stock-holding and freight costs.*
- ▶ *Strict size specifications requires re-screening after discharge in South Africa – no local market for the undersize (fines).*