



ASX Code: IKW

31 October 2016

Company Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 30 SEPTEMBER 2016

Ikwezi Mining Limited (ASX: IKW, Ikwezi Mining or Company).

Thermal coal markets

Thermal coal prices improved during the quarter ended 30 September 2016 as a result of the supply side rationalisation aided by increased demand from certain countries.

The API 4 index (basis FOB Richards Bay for 6000 NAR material) further increased during the quarter and is trading at approximately USD 87 at the date of this report. The forward price curve however reflects a price decline which exacerbates concerns over the stability of current price points in the medium term.

The South African Rand continued to trade in a narrow range versus the US Dollar during the quarter. The increase in coal prices in US dollar terms improves the prospects of coal exports from South Africa.

Finance update

The Company had cash and cash equivalents of A\$1.463 million at 30 September 2016 (A\$2.091 million at 30 June 2016).

The Company settled all liabilities (retentions) with the supplier of its wash plant which constituted the majority of the expenditure incurred during the quarter.

Update on status of project implementation

The Company continued its focus of bringing the “Central opencast” mini pit of the Ntendeka colliery into production, selling run of mine (“ROM”) coal.

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The Company intends to finalise its preferred mining contractor for the proposed operations in the last quarter of 2016. The process to relocate houses from the central opencast area is underway together with other activities to enable the commencement of mining.

Mining operations are targeted for commencement towards the end of first quarter of calendar year 2017. In parallel, the Company is at an advanced stage of concluding off takers for the product.

The Company continues to minimise its overheads and cost structure. No further geological or mine planning work was undertaken during the quarter ended 30 September 2016 on the remainder of the resource.

Summary

The API index range is above the \$70 to \$75 range prevailing when Ikwezi undertook the rights issue in early 2015, with the intention of commencing the mining and sale of ROM coal. Management efforts are entailed in the direction to commence mining operations profitably in the current market conditions. Accordingly, the mining operations are targeted for commencement towards the end of the first quarter of calendar year 2017, and the Company is implementing steps to minimise risks that could potentially affect the start of production.

ABOUT IKWEZI

Ikwezi Mining Ltd is focused on the exploration and development of coal projects in South Africa. Ikwezi has a 70% stake in the Ntendeka Colliery and a 60% interest in the Assegai projects. The Ntendeka Colliery is located in the KwaZulu-Natal coal fields and is in close proximity to rail and port infrastructure.

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Disclaimer regarding future matters and forward-looking statements

This announcement contains reference to certain intentions, expectations, estimates, future plans, strategy and prospects of the Company. Those intentions, expectations, estimates, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of the Company may be influenced by a number of factors, many of which are outside the control of the Company. No representation or warranty, express or implied, is made by the Company or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved and each of those persons expressly disclaims all liability with respect to such forward-looking information. Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects.

Appendix – Tenement information

In accordance with Listing Rule 5.3.3, details of the Company's and its controlled entities interests in tenements as at 30 September 2016 are outlined below:

Project name	Type	Reference	Number of hectares and location	Ownership	Licensee
Ntendeka Colliery (formerly Newcastle Project Phase 1)	Mining right	KZN 30/5/1/2/297 MR MPTRO: 77/2012 MR	12,182ha, Northern KwaZulu Natal, South Africa	70%	Ikwezi Mining (Pty) Ltd
Assegai Project	Prospecting right	MP305/1/1/2/4397 PR MPTRO: 12/293 PR	3,998ha, Mpumulanga Province, South Africa	60%	Bokamaso Resources (Pty) Ltd

Mining tenements acquired during the quarter:

Nil

Mining tenements disposed of during the quarter:

Nil

Notes:

1. Ikwezi Mining Limited holds a 70% interest through its 70% holding in Ikwezi Mining (Pty) Ltd.
2. Ikwezi Mining Limited holds a 60% interest through its 60% holding in Bokamaso Resources (Pty) Ltd

Other beneficial interests

Ikwezi Mining Limited held no other beneficial interests in farm-in or farm-out arrangements during the quarter ended 30 September 2016.