



ASX Code: IKW

31 January 2017

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 DECEMBER 2016

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

Thermal coal markets

Thermal coal prices witnessed volatility during the quarter ended 31 December 2016. The spot API 4 index (basis FOB Richards Bay for 6000 NAR material) remained in a narrow range during the quarter. The API4 index is trading at approximately USD 80 for the first half of Calendar 2017 at the date of this report. The forward price curve continues to reflect a price decline in the medium-to-long term.

Finance update

The Company had cash and cash equivalents of A\$ 2.114 million at 31 December 2016 (30 September 2016: A\$ 1.463 million).

The Company negotiated to lower the level of cash collateral required for the rehabilitation guarantee. The excess collateral was released to the Company during the quarter, which has resulted in an increase in the cash and cash equivalents at the quarter end.

Update on status of project implementation

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

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Summary of key events for the quarter:

1. The process to relocate houses from the central opencast area is underway together with other activities to enable the commencement of mining. However the relocation process is taking longer than expected and mining is expected to commence during the second quarter of calendar 2017 subject to completion of the relocations.
2. The Company is pursuing the finalisation of its preferred mining contractor for the proposed operations.
3. The Company remains at an advanced stage of concluding off-takers for the product, which will be aligned with the timing of availability of coal for export from South Africa.
4. The overheads and costs of the Company continued to be optimised during the quarter.
5. No further geological or mine planning work was undertaken during the quarter ended 31 December 2016 on the remainder of the resource.

Summary

The API index remains in a range which supports the intention of commencing the mining and sale of ROM coal. Management efforts are focussed on commencing mining operations profitably in the current market conditions. Accordingly, the Company is implementing steps to minimise risks that could potentially affect the start of production in the second quarter of calendar year 2017 subject to the completion of relocations.

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 project. 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 31 December 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, Mpumalanga Province, South Africa	60%	Bokamoso 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 Bokamoso 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 31 December 2016.