



ASX Code: IKW

31 October 2018

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 30 SEPTEMBER 2018

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

Thermal coal markets

Thermal coal prices remained stable during the September 2018 quarter although we saw a small decline in the API4 Index FOB Richards Bay from the USD103 - USD106 range to approximately USD102 at the end of the quarter. The forward curve for the API4 FOB Richards Bay coal is stable through to December 2019 in the USD97 to USD98 range.

Initial coal sold by the Company will be Run of Mine (ROM) coal that has been crushed and screened and will be sold on a Free on Truck basis. At the current API4 prices and current market discounts for the quality of coal the operation will be producing, the Company is of the view that the operations will be commercially viable.

Finance update

The cash and cash equivalents of the Company at 30 September 2018 aggregated AUD 0.196 million (30 June 2018: AUD 0.131 million). During the quarter ended 30 September, the Company obtained additional short-term borrowings totalling AUD 1.919 million. Funds utilised during the quarter were primarily spent on further development of the development of the box cut at the Kliprand colliery and related infrastructure, purchase of a crushing and screening plant and payment of administration overheads, mainly payroll and security.

The Company entered into two short term loan facility agreements totalling ZAR 20.5 million (approximately AUD 2 million) with Osho SA Coal (Pty) Ltd ("Osho"), a related party, during the quarter ended 30 September 2018.

Subsequent to the quarter end, the Company obtained a further short-term loan facility from Osho of ZAR 10.5 million (approximately AUD 1 million). As at the end of October 2018 Company has entered into a total of four short-term unsecured short term loan facilities aggregating ZAR 40.5 million (approximately AUD 4 million). These ZAR denominated facilities attract an annual interest rate of 10.0 percent on the amounts drawn down.

Ikwezi Mining Limited (incorporated in Bermuda with registered company number 45349)

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The Company is at an advanced stage of proceeding with a planned renounceable entitlement issue of approximately AUD 6 million. It has received an in-principle support from one of its shareholders to fully underwrite the planned entitlement issue. A portion of the proceeds raised under the renounceable entitlement issue will be used to repay the amounts drawn down under the four short-term loan facilities from Osho along with the related interest, as well as any other borrowing arrangements that the Company may enter into in the interim.

Update on site activities

The Newcastle Project consists of a number of opencast and underground areas. The Kliprand Colliery is the initial opencast area where mining operations have commenced and forms part of the larger Newcastle Project. During the quarter, the Company has completed the initial box cut at its Kliprand Colliery and recently mined its first coal.

The initial focus of the operations will be on the sale of run of mine (ROM) coal, which has been crushed and screened. Sales will commence on a Free-on-Truck ("FOT") basis, to minimise the Company's risk and working capital requirements. Once production has stabilised, the bringing of the wash plant into operation will be evaluated, along with the obtaining of the rail and port linkages. This will provide options for the sale of ROM coal / washed product either locally or onto the export market, dependent on the market conditions.

Geological work

No further geological work was undertaken during the quarter.

Summary

The completion of the box cut and the mining of first coal represents an important milestone for the Company. It places the Company in a position to start with the generation of cash flow from operations. This, together with the planned renounceable entitlement issue, shall bolster the financial position of the Company going forward.

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 Newcastle Project (previously the Ntendeka colliery). The Newcastle Project is located in the KwaZulu-Natal coal fields and are in close proximity to rail and port infrastructure. The Kliprand Colliery, which forms part of the Newcastle Project, is the initial opencast area where mining operations are expected to commence.

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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 2018 are outlined below:

Project name	Type	Reference	Number of hectares and location	Ownership	Licensee
Newcastle Project (previously, Ntendeka Colliery)	Mining right	KZN 30/5/1/2/297 MR MPTR0: 77/2012 MR	12,182ha, Northern KwaZulu Natal, South Africa	70%	Ikwezi Mining (Pty) Ltd

Note:

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

Mining tenements acquired during the quarter:

None.

Mining tenements disposed of during the quarter:

None.

Other beneficial interests

Ikwezi Mining Limited held no other beneficial interests in farm-in or farm-out arrangements during the quarter ended 30 September 2018.