



ASX Code: IKW

31 July 2018

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 30 JUNE 2018

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

Thermal coal markets

Thermal coal prices remained firm during the June 2018 quarter. The spot API 4 index (basis FOB Richards Bay for 6000 NAR material) has improved ending higher in the USD100 range.

The API4 index is currently trading in the range of United States Dollars USD 104 declining to approx. USD 92 over the next 12 months at the date of this report. The realisable ZAR value of coal exports are currently bolstered by the weakening of the ZAR-USD during the June 2018 quarter. Both these developments support the decision of the Company to commence mining.

Finance and operational update

The cash and cash equivalents of the Company at 30 June 2018 aggregated A\$ 0.131 million (31 March 2018: A\$ 0.191 million).

The Newcastle Project (previously the Ntendeka Colliery) mining right, covers 12,182 ha.

It consists of a number of opencast and underground areas each with different access, different land ownership and different community groupings.

Over the life of the mine, each of the opencast and underground areas will be mined separately although they will all share a common infrastructure and central processing facility.

The Kliprand Colliery is the initial opencast area within the Newcastle Project area where mining operations are expected to commence. It is located on the farm Kliprand which is owned by the Company.

During the quarter ended 30 June 2018, the Company continued with work to bring the Kliprand colliery into a position that it was able to commence mining. This included continuing activities on site including the mobilisation

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of the mining contractor on site, the fencing of the opencast mining area and initial clearing of it, the purchase of certain mining equipment together with the normal security and other overhead costs.

As previously announced, it estimated that under its current operational mining plan, Ikwezi will require approximately A\$ 6.5 million to commence mining.

Ikwezi has received *in-principle* support from one of its shareholders to raise the funds required to bring the mine into production. An underwriting agreement is in the process of being finalised with this shareholder under which a renounceable entitlement issue of approximately A\$6 million will be fully underwritten.

On 30 April 2018, Ikwezi obtained a short-term unsecured loan facility of ZAR 9.5 million (approx. AU\$ 1 million) from Osho SA Coal (Pty) Ltd, a related party. The loan facility attracts an interest rate of 10 percent per annum, with full repayment to be made on or before 31 August 2019.

Subsequent to the end of the quarter, a second unsecured loan of ten million South African rand has been secured on similar terms from Osho SA Coal (Pty) Ltd, as a bridge facility with full repayment to be made on or before 30 September 2019. It is the intention of the Company to repay both of these loans on the successful completion of the renounceable entitlement issue.

Geological work

No further geological work was undertaken during the quarter.

Summary

The API index remains comfortably above the range which supports the decision to mine and sell coal. Management efforts are focussed on commencing mining operations profitably in the current market conditions and all necessary steps have been taken.

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 31 March 2018 are outlined below:

Project name	Type	Reference	Number of hectares and location	Ownership ¹	Licensee
Newcastle Project (Previously Ntendeka Colliery) The Newcastle Project consists of a number of opencast and underground areas. The Kliprand Colliery is the initial opencast area where mining operations are expected to commence and forms part of the larger Newcastle Project.	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

Mining tenements acquired during the quarter:

None.

Mining tenements disposed of during the quarter:

None.

Notes:

¹ Ikwezi Mining Limited holds a 70% interest through its 70% holding in Ikwezi Mining (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 June 2018.