



ASX Code: IKW

31 October 2019
Company Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 30 SEPTEMBER 2019

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

Thermal coal markets

Thermal coal prices traded sideways over the quarter ended 30 September 2019. The API 4 forward index (FOB Richards Bay for 6,000 kcal, NAR product) is currently trading at approximately USD67 for November 2019 increasing gradually to approximately USD72 in December 2020.

Operational update

The transition to the new contractor, Stefanutti Stocks Mining Services (SSMS), was completed during the quarter together with their site establishment and start-up of mining operations. A total of 74,971 tons of ROM were produced during the quarter with a total of 91,412 tons sold. We expect production levels to stabilise over the next quarter coal gradually increasing in line with the current pit design.

Good progress was made during the quarter on the construction of the pad and the related construction required to complete the installation of the crusher and screening plant at the Kliprand open cast. (ROM coal is currently being crushed using rented mobile crushers). Once in operation, this will assist in reducing the operations production costs.

Significant progress has also been made with completion of the balance of other capital items that remain, including the erection of the maintenance workshops.

A number of different options have been looked at to further increase production levels over and above the current pit design through an extension to the current Kliprand Open Pit operation.

With the expected stabilisation in production levels and improved consistency of cash flow generation, the Company expects that it will be in a position to start with the completion of the construction of the outstanding infrastructure required to start up the wash plant. It is expected that all the required capital will be funded internally from operations.

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This will provide the Company with the flexibility to sell either ROM coal and / or washed products either domestically and / or onto the export market, dependent on market conditions.

On licensing, a new Social and Labour Plan has been approved by the Department of Mineral Resources for the period 1 July 2019 to 30 June 2023.

In addition, the company has successfully managed to relocate 30 of the 66 graves contained within the overall pit design during the quarter.

Finance update

Cash and cash equivalents of the Company at 30 September 2019 totalled AUD 0.63 million (31 June 2019: AUD 0.25 million).

Coal sales receipts for the quarter totalled AUD 2.85 million (Quarter ended 30 June 2019: AUD 2.46 million), with additional cash receipts from sales due in October. Additional cash receipts of AUD 0.4m was received due to the reduction of collateral required for the rehabilitation fund guarantee during the quarter. Sales planned for the next quarter will assist cash flows going forward.

Future Developments

In addition to the extension of the Kliprand open pit to allow for increased production, a number of other opencast areas have been previously identified within the Newcastle Project mining right area which covers a total of 12,182ha. These open cast areas are currently planned to be operated independently using joint infrastructure, where possible and the centralised coal wash plant. Detailed planning is well progressed on a number of these opencast areas with a view to bringing them into production to support the completion of the remaining infrastructure required and start-up of the coal wash plant.

Summary

Key management focus in the short term remains on improving the consistency of production at the Kliprand open pit and the associated cash flow generation. Achieving this, (assuming consistency in the coal price), will allow for the completion of the remaining infrastructure at the operation.

ABOUT IKWEZI

Ikwezi Mining Ltd is focused on the exploration and development of coal projects in South Africa. The Ikwezi mining right area consists of a number of opencast and underground areas. The Kliprand Colliery (previously, Ntendeka) is the initial opencast area where mining operations have commenced. Ikwezi has a 70% stake in the mining right area located in the province of KwaZulu-Natal, and are 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 2019 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 MPTRO: 77/2012 MR	12,182ha, Northern KwaZulu Natal, South Africa	70% ¹	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 2019.