



ASX Code: IKW

30 April 2020
Company Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 MARCH 2020

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

Thermal coal markets

Thermal coal prices (API4 Richards Bay - FOB Richards Bay for 6,000 kcal, NAR product), decreased significantly from approximately USD82 per ton to close the quarter at approximately USD67 per ton. During April, in line with the reduction in global energy prices, the API4 Richards Bay index has declined to approximately USD50 per ton with the forward curve trading in the USD50 to USD56 range for the next 12 months.

Operational update

Coal production during the quarter showed further improvement. A total of 133,957 tons of ROM coal were produced during the quarter, an improvement of 13% on the previous quarter.

Although this production is an improvement to the previous quarter, the mining contractor has not delivered as per the planned LOM mining schedule. The reasons for this are currently being addressed.

As previously announced, the South African Government announced a nation-wide lockdown in late March. This resulted in the operations at the Company's Ntendeka colliery being suspended for a short period. From 1 May 2020, opencast mines in South Africa are able to resume mining operations at a 100% level.

Further progress was made during the quarter on the construction of the Kliprand pad. The installation of the Static Crushing and Screening Plant at the Kliprand Open Cast has been completed. A combination of this plant and rental mobile crushing equipment will be utilised to optimise the processing of the ROM coal.

A few smaller capital items required to complete the Kliprand infrastructure must still be completed which is expected during the next quarter. Unfortunately, this work has been put on hold during the COVID-19 lockdown period.

Ikwezi Mining Limited (incorporated in Bermuda with registered company number 45349)
ARBN 151 258 221
Clarendon House
2 Church Street
Hamilton
HMCX Bermuda

Finance update

Cash and cash equivalents of the Company at 31 March 2020 totalled AUD 0.091 million (31 December 2019: AUD 0.64 million).

Coal sales receipts for the quarter totalled AUD 0.568 million (Quarter ended 31 December 2019: AUD 4.36 million).

Sales for the period were low resulting in the build-up of approximately 180,000 tons of coal at the operation putting pressure on the Companies working capital.

To overcome the situation, Zarbon Coal (Pty) Ltd or Zarbon, a related party, (previously Osho Coal SA (Pty) Ltd) provided the Company with approximately USD1.66m in funding (approximately AUD2.5m). A large proportion of the coal build up was sold during the month of April with coal stocks expected to reduce further over the next few months. This will assist in reducing the working capital requirements and improve operational liquidity.

Zarbon Coal Pty (Ltd) has provided a letter of comfort to Ikwezi to provide it with a finance facility of up to USD4.3 million. Any amounts advanced under the facility will attract interest at an annualised rate of 5% p.a. Any amounts drawn down under the facility need to be repaid, together with any interest due, on or before 31 December 2020. The USD1.66 advanced to Ikwezi up to the end of March 2020 will form part of this finance facility.

Future Developments

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 cost base at the Kliprand open pit and the associated cash flow generation.

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.

For further information contact:

David Pile

Chairman

Tel: +27 11 994 8900

Email: david@ikwezi.co.za

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 2020 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% 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 31 March 2020.