



ASX Code: IKW

31 January 2020
Company Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 DECEMBER 2019

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), improved over the quarter increasing from approximately USD61 per ton to close the quarter at approximately USD76 per ton. Prices have strengthened further to approximately USD86 per ton in January 2020. The API4 forward curve is currently trading at approximately USD84 per ton for February 2020 but declines thereafter back down to approximately USD72 from May 2020 continuing in the USD69 – USD73 range through to December 2021.

Operational update

With the appointment of the new mining contractor, Stefanutti Stocks Mining Services (SSMS), production for the quarter has continued to improve. A total of 116,207 tons of ROM coal were produced during the quarter, an improvement of 35% on the previous quarter. Although this is an improvement, the mining contractor has not delivered as per the planned LOM mining schedule. The reasons for this are currently being addressed and Ikwezi is confident that the mining contractor will be delivering as per the planned coal delivery targets shortly. A total of 159,367 tons of coal has been sold during the quarter.

Further progress was made during the quarter on the construction of the pad and the related construction required for the installation of the crusher and screening plant at the Kliprand open cast. (ROM coal is currently being crushed using rented mobile crushers). The static crushing and screening plant is currently in the commissioning phase and is expected to be ready for full production during the second month of the next quarter.

The majority of the other main capital items, including the workshops, have now been completed. A few smaller capital items remain which will be completed during the next quarter.

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

For personal use only

A number of different options are currently being investigated 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 soon 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.

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 additional graves during the quarter. A total of 46 of the 66 graves contained within the overall pit design have been relocated to date.

Finance update

Cash and cash equivalents of the Company at 31 December 2019 totalled AUD 0.64 million (30 September 2019: AUD 0.63 million).

Coal sales receipts for the quarter totalled AUD 4.36 million (Quarter ended 30 September 2019: AUD 2.85million).

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.

The Company continues to focus on identifying and evaluating opportunities in minerals and commodities outside of the coal industry with a view to diversifying both its business, its operations and its geographic base.

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 and the startup of the coal wash plant.

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.

For personal use only

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 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 31 December 2019.

For personal use only