



ASX Code: IKW

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Company Announcements Office
Australian Securities Exchange
Level 4 Exchange Centre
20 Bridge Street
Sydney NSW 2000

Ikwezi Acquires Waterberg prospecting Rights

- **Ikwezi Mining Limited has executed agreements to acquire 70% of two prospecting rights in the Waterberg Coal field**
- **An Exploration Target of approximately 2 to 4 billion tonnes has been identified ***
- **The Prospecting Rights cover five farms and is expected to yield coal for both the export and local market**

Ikwezi Mining Limited (**ASX: IKW**, the **Company** or **Ikwezi**) the South Africa-focused coal exploration and development company is pleased to announce the acquisition of coal prospecting rights covering some 5 714 ha in the Waterberg Coalfield in Limpopo province, South Africa.

**This target is conceptual in nature. There has been insufficient exploration to define a mineral resource under JORC guidelines and it is uncertain whether further exploration will result in the determination of a mineral resource. This conceptual target may or may not be outlined with future work, whether in whole or in part.*

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THE WATERBERG PROJECT

Project Area

The Waterberg Project is located in the Limpopo province of South Africa.

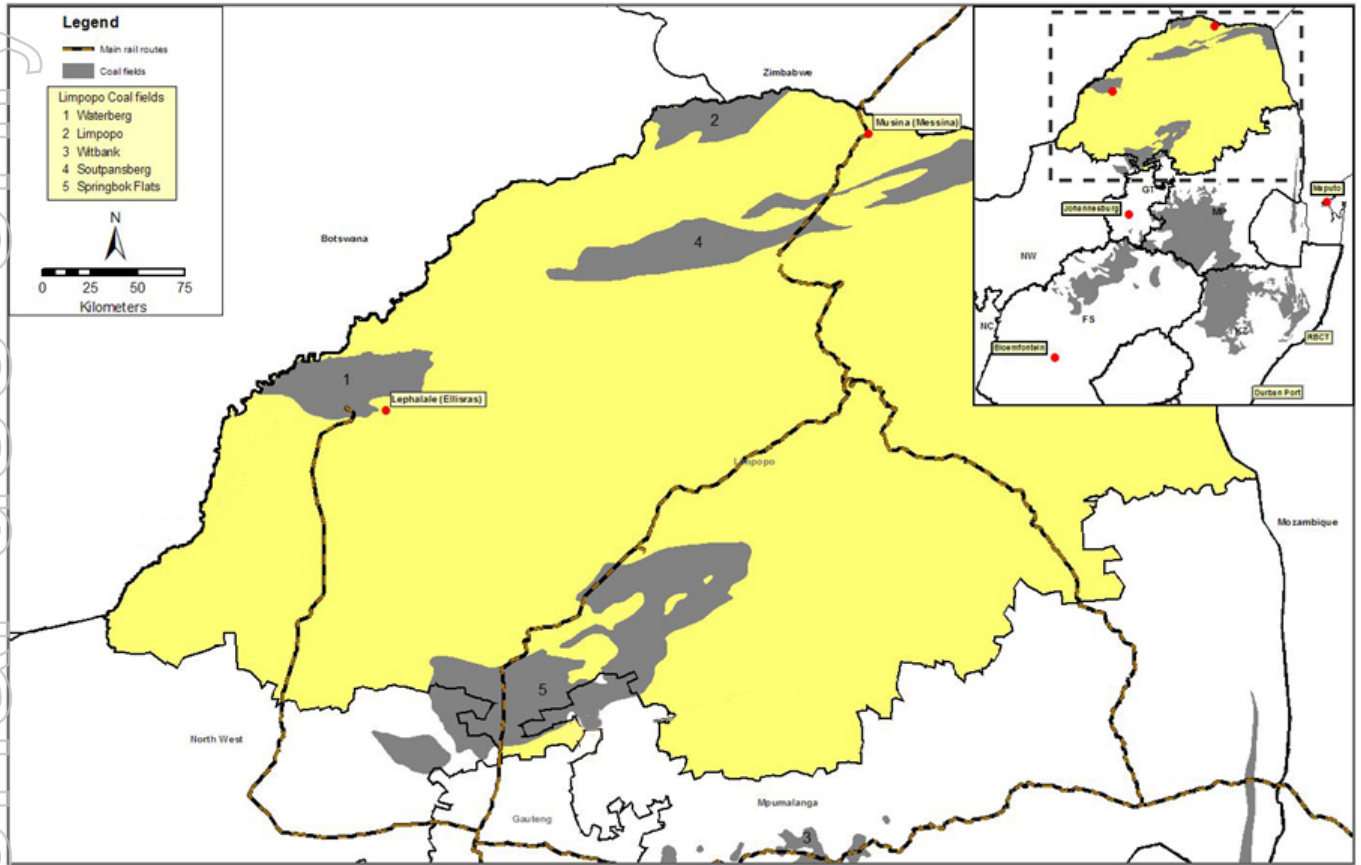
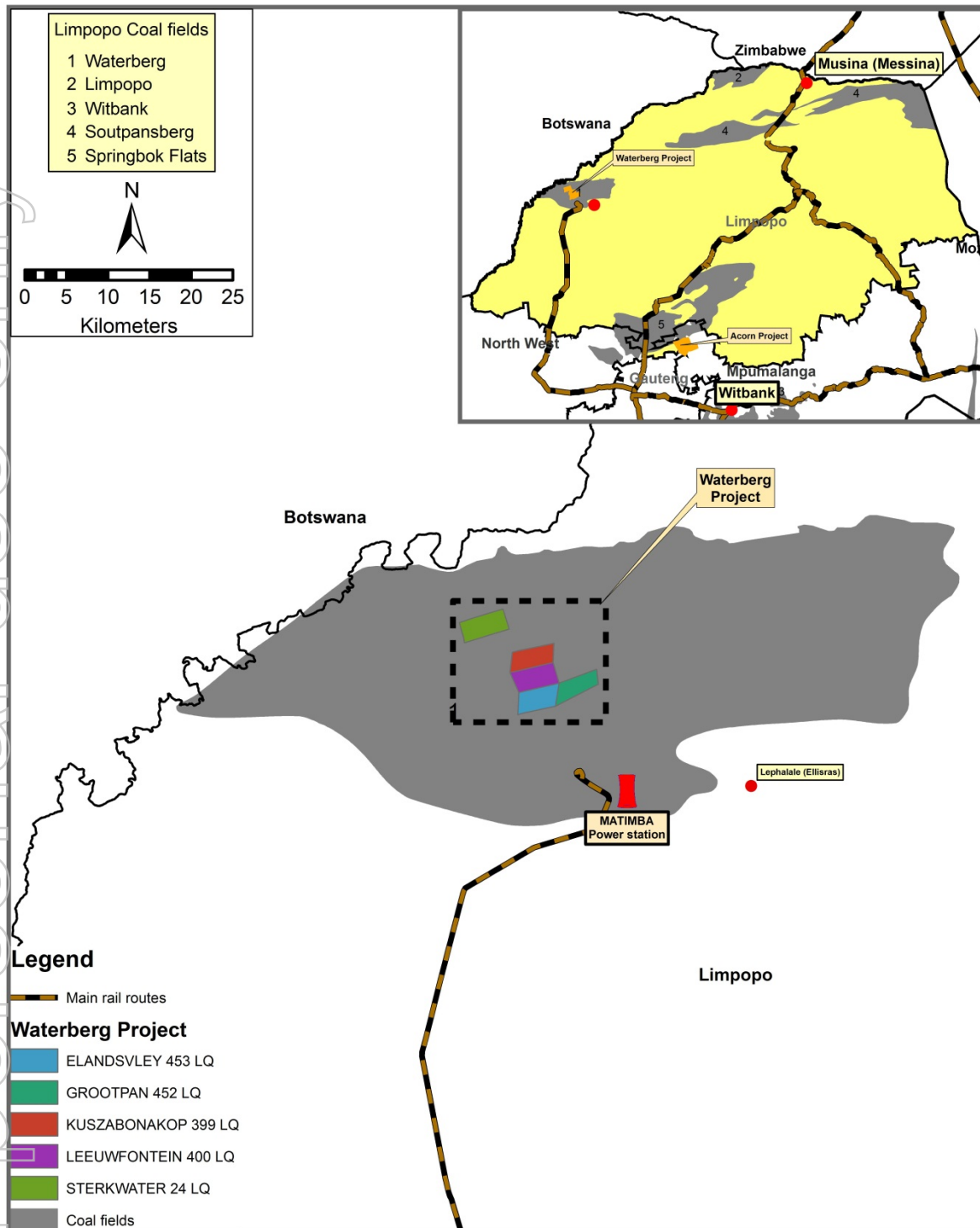


Figure 1: Location of the Waterberg Coal field in South Africa

The coal fields in the Limpopo province of South Africa are split into the Springbok Flats, Waterberg, Limpopo and Soutpansberg coal fields

The Waterberg Project is located in the Waterberg coal field and consists of two Prospecting Rights covering 1280.1561 hectares and 4434.2519 hectares respectively, as shown in Figure 2 below.



Geological Setting and Coal Seam Descriptions

The Waterberg Coal field trends east-west and extends westward into Botswana. The coal seams are developed in both the Vryheid and Grootegeluk Formations. Coal occurs in 11 zones averaging 115m in thickness. The upper seven zones consist of alternating bands of coal and mudstone of varying thicknesses averaging in total to 60m. The lower four coal zones have an average thickness of 1.5m to

5.5m. The Waterberg coal field contains predominately thermal coal although in certain areas of the field, there is also a coking coal fraction that can be derived. Mining is relatively easy in the Waterberg as the deposit lends itself to large scale opencast mining of very low strip ratios.

Exploration Target

Based on management's knowledge of the area together with historic borehole information, an exploration target of between 2 to 4 billion tonnes is anticipated. *

The Company intends to commence exploration work in the first quarter of 2012 to actively develop the project with the target of achieving a JORC Code Compliant Resource.

Commenting on the acquisition, Ikwezi Managing Director David Pile said:

"This acquisition is consistent with our objective of growth through the discovery and acquisition of additional coal Resources in South Africa. We expect the Waterberg region to be a significant coal producing region into the future and expect, in time, that drilling results will add substantially to Ikwezi's Resource position. The acquisition of these prospecting rights, in combination with the development of the Newcastle Project, points to an exciting future for the Company and its shareholders.

The main focus of the Company remains to bring its Newcastle project into production in early / mid 2012."

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ABOUT IKWEZI

Ikwezi Mining Ltd is focused on the exploration and development of coal projects in South Africa. Ikwezi has a 70% in the Newcastle Project and a 60% interest in the Newcastle Phase 2 and Acorn projects. The Newcastle project is located in the KwaZulu Natal coal fields, has an existing JORC compliant resource of approximately 209 Mt and is in close proximity to rail and port infrastructure.

Competent Persons Statement:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Petrus Cornelius Meyer, a consultant to the Company. He has more than 20 years experience in the South African coal industry and holds a B.Sc. Hons. (Geology) and M.Sc. (Earth Science Practice and Management) degrees from the University of Pretoria. He is an active member of the Geological Society of South Africa and Fossil Fuel Foundation of South Africa. The Geological Society of South Africa is a "Recognised Overseas Professional Organisation" ('ROPO') and is included in the list of ROPOs promulgated by the ASX.

PC Meyer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the JORC code. PC Meyer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX 1

Acquisition Summary

Ikwezi Mining Limited has formed a special purpose vehicle, Ikwezi Resources (Pty) Ltd, a South African registered company, to acquire the assets.

Ikwezi Resources (Pty) Ltd is owned 70% by Ikwezi Mining Limited (Bermuda) via its 100% owned Mauritian subsidiaries and 30% by Ikwezi Mining Holdings (Pty) Ltd, Ikwezi's South African BEE partner.

Key terms of the agreement:

- Total purchase consideration payable by Ikwezi Resources (Pty) Limited for 100% of the two Prospecting Rights is R3, 500, 000 (three million five hundred thousand Rand) or approximately AUD452,000 at AUD1 : ZAR 7.75.
- An initial deposit of R1, 500, 000 (one million five hundred thousand Rand) is payable within 7 days of signature of the agreement.
- Balance of R2,000,000 (two million Rand) is payable within 7 days of the fulfilment of the last of the conditions precedent which include a S11 approval by the Department of Mineral Resources for the transfer of the two Prospecting Rights into Ikwezi Resources (Pty) Ltd together with any other regulatory approvals that may be required.

For further information contact:

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