



ASX ANNOUNCEMENT

31 October 2011

QUARTERLY ACTIVITIES REPORT – PERIOD ENDED 30 SEPTEMBER 2011

- IPO Successfully completed
- Additional Prospecting Rights over five farms in the Waterberg Region acquired
- Good progress made towards bring the Newcastle Project into production in 2012

Ikwezi Mining Limited (**ASX: IKW, Ikwezi Mining or Company**) is pleased to provide an update on the Company's activities for the quarter ended 30 September 2011.

Corporate

The Company's shares were admitted to trading on ASX on 19 July 2011, following the successful completion of a \$30m capital-raising. Under the Initial Public offering (**IPO**) new investors subscribed for 150 million new fully paid ordinary shares at A\$0.20 per share to raise A\$30 million before costs.

Funds raised under the IPO are being used to complete development studies and to develop our flagship Newcastle Project to initial coal production, continued assessment and exploration work on the Company's other projects, the review and assessment of new projects and for general working capital.

Consistent with the Company's strategy, on 30 September 2011 the Company announced that it had executed agreements to acquire 70% of two prospecting rights covering five farms in the Waterberg Coal field, in Limpopo province, South Africa. The rights cover some 5,714 ha and are expected to yield coal for both the export and local market. An Exploration Target of approximately 2-4 billion tonnes has been identified*.

During the quarter Ikwezi Mining announced the appointment of Roger Rees as an independent non-executive director. Mr Rees brings a wealth of financial and management experience to the board. Roger has held a number of senior management positions, including serving as the Finance Director of South African engineering and construction business Murray & Roberts Ltd for over 10 years. Roger was also a non-executive director of Clough Limited from November 2005 and Deputy Chairman from April 2010 to July 2011.

**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.*

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

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Operational

Ikwezi Mining is focused on advancing the development of our three coal projects in the KwaZulu Natal and Gauteng regions of South Africa. Activities at the Newcastle Project, which is located in the KwaZulu Natal coal fields and in which we own a 70% interest, are progressing well.

We are on schedule to commence initial mining operations during early 2012 with commercial production during Q2 of 2012. Initial deposits have been made for long lead items for the coal wash plant as reflected in the increase in fixed assets in the attached Appendix 5B. Negotiations with our preferred opencast mining contractor have progressed well with the contractor having placed orders for the required opencast mining equipment which is expected on site in early 2012. Contracts for both the construction of the wash plant and the open cast mining are expected to be finalised during Q4 2011.

From a regulatory point of view, we have complied with all requirements of our Mining Right application for the project which we expect to be issued shortly. We have submitted our environmental management programme report as well as an application for an integrated water use license.

The Newcastle Project is in close proximity to rail and port infrastructure and we continue to work towards securing access to the infrastructure required to commence mining operations. Our management team is in advanced discussions with state-owned transport and logistics group, Transnet and the relevant port authorities in this regard. A rail account was opened with Transnet during October with negotiations continuing well with regard to the finalization of a long term rail contract following on from their Letter of Intent to provide the Company with an initial 1.5 mtpa rail capacity.

Finance

As of 30 September 2011 the Company's consolidated cash balance was A\$24.5m. An ASX Appendix 5B for the September quarter is attached.

Outlook

The global outlook for coal remains positive in the medium to long term, underpinned by a recovery of commodity prices and with demand driven by India and China.

Our strategy remains focused on exploring and developing coal assets in South Africa. As the first pillar of this strategy, we aim to generate income and capital growth for our shareholders by bringing the Newcastle Project into production during 2012.

Competent Persons report:

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.

About Ikwezi

Ikwezi Mining Ltd is focused on the exploration and development of coal projects in South Africa. Ikwezi has a 70% interest in the Newcastle Project and Waterberg 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Ikwezi Mining Limited

ABN

ARBN 151 258 221

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(689)	(689)
(b) development	-	-
(c) production	-	-
(d) administration	(645)	(645)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	246	246
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - VAT refundable on fixed asset purchases	(424)	(424)
Net Operating Cash Flows	(1,512)	(1,512)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(194)	(194)
(b) equity investments	-	-
(c) other fixed assets	(3,257)	(3,257)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other - rehabilitation guarantee	(360)	(360)
Net investing cash flows	(3,811)	(3,811)
1.13 Total operating and investing cash flows (carried forward)	(5,323)	(5,323)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(5,323)	(5,323)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	30,000	30,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other		
	Issue Costs	(1,737)	(1,737)
	Net financing cash flows	28,263	28,263
	Net increase (decrease) in cash held	22,940	22,940
1.20	Cash at beginning of quarter/year to date	1,418	1,418
1.21	Exchange rate adjustments to item 1.20	152	152
1.22	Cash at end of quarter	24,510	24,510

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	196
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Employee benefits and office rental / associated costs on a cost reimbursive basis.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

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	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	405
4.2 Development	9,160
4.3 Production	-
4.4 Administration	895
Total	10,460

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	24,510	1,418
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	24,510	1,418

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Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	n/a	n/a	n/a
6.2	Interests in mining tenements acquired or increased	Contractual interest to acquire 70%	-	70% (contractual interest)

WATERBERG PROJECT
Elandsvley 453 LQ
Grootpan 452 LQ
Kuszabonakop 399 LQ
Leeuwfontein 400 LQ
Sterkwater 24 LQ

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	338,750,000	168,800,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	150,000,000 -	150,000,000 -	20	20
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>ESOP Options</i>	4,000,000	-	<i>Exercise price</i> \$0.30	<i>Expiry date</i> 31/12/12
<i>Advisor Options</i>	1,000,000	-	\$0.30	31/12/12
7.8 Issued during quarter	4,000,000 1,000,000	- -	\$0.30 \$0.30	31/12/12 31/12/12
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 Debentures <i>(totals only)</i>	-	-		

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Appendix 5B
Mining exploration entity quarterly report

7.12	Unsecured notes (totals only)	-	-
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: 
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(Director/Company secretary)

Date: 31 October 2011

Print name: Alex Neuling

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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