



ASX Code: IKW

19<sup>th</sup> December 2011

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

## IKWEZI ENTERS INTO TRANSPORT AGREEMENT WITH TRANSNET FREIGHT RAIL

- **Newcastle Project rail secured with Transport Agreement entered into and rail account opened with Transnet Freight Rail (TFR)**
- **Newcastle Project on track to commence production in Q2 2012**
- **Mining Right expected in early January 2012**
- **Drilling completed and mine plans finalised for initial opencast operations**
- **Water use licence application progressing, expected early 2012**

Ikwezi Mining Limited (**ASX:IKW**, the **Company** or **Ikwezi**) the South Africa-focused coal exploration and development company is pleased to announce that further to its letter of commitment from Transnet Freight Rail (**TFR**) to provide 1.5 mtpa rail capacity to either Durban or Richards bay from its' Newcastle Project, it has entered into a Transport Agreement with TFR. The contract is renewable on an annual basis. As announced previously, a rail account has also been opened with TFR and an initial rail deposit paid. This represents an important milestone for the Company in achieving its objective of bringing the Newcastle project into production in the second quarter of 2012.

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## **Mining Right**

Ikwezi's Mining Right is well progressed and expected to be issued in January 2012.

As part of the mining right application process, an extensive consultation process has been undertaken. This included a number of public participation meetings together with over 2,500 individual consultations. The delay in the issue of the mining right has been caused by a number of additional studies being requested by various parties arising from this process. These have all been completed with one remaining issue requiring final determination by the DMR. This relates to the inclusion in the mine plan of approximately 8 hectares of land in the Shepstone Lake opencast which is classified as a wetland and forms a small portion of the mining right area applied for, which covers approximately 12,000 ha.

From a time frame perspective, the slight delay in the issue of the mining right has not impacted on the planned start-up of the Newcastle operation which is still projected to commence in the 2<sup>nd</sup> quarter of 2012. All other activities remain on schedule to meet this timeline.

### **Water use license / NEMA approvals**

Applications for an integrated water use license (IWUL) together with the required NEMA applications have been lodged with the various Departments and are in process. The Company expects these approvals to be received in early 2012.

### **Wash plant**

Construction of a wash plant capable of processing 170,000 tons ROM per month for the operation is well advanced (40% complete) with expected commissioning on site in May 2012. The total purchase consideration for the plant is ZAR69.8 million or approximately A\$8.5m subject to various escalations in terms of steel prices and exchange rate for the proprietary "buy-out" items.

The wash plant and related discard dumps have been designed to allow for the doubling of capacity of the wash plant to take the total processing capacity to 340,000 tons ROM per month in line with the planned ramp up of the operation in 2013.

### **Mining**

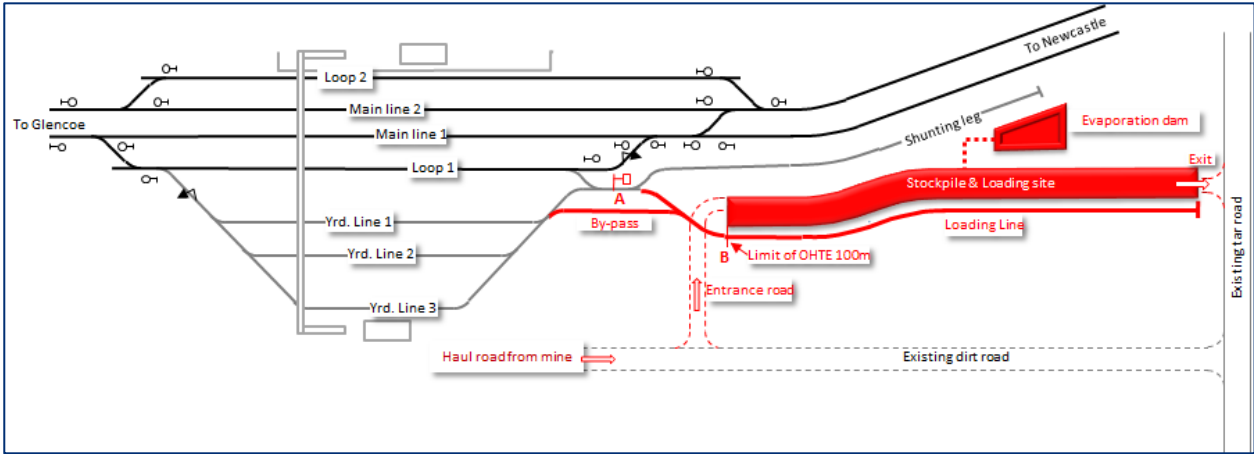
Drilling has been completed and mine plans finalised for initial opencast operations which will be undertaken by a contractor. Drilling and geotechnical analysis for initial underground adits is underway.

### **Rail Siding**

Siding designs have been completed for both Newcastle Goods Shed Siding and Ngagane Private Sidings. Recent work has resulted in the preferred option changing from the Newcastle Goods Shed siding located in Newcastle to the Ngagane Private Siding located approximately 16km from the wash plant. An option to purchase the land on which the siding is located has been entered into together with relevant geotechnical studies completed. A basic environmental assessment is

underway with expected completion in March 2011. It is expected that the siding will be fully operational in the third quarter of 2012. In the interim, alternate sidings in the area will be utilised for coal shipments.

### Ngagane siding layout



### Port allocation / Off-take agreements

Discussions continue with the various port operators and trading companies for the provision of port facilities and off take arrangements. These are well progressed and draft off take contracts have been received.

Negotiations have also commenced with TFR for rail allocation for the Companies Waterberg Project with a view to entering into an MOU with them for the provision of rail for this project

*The Company is pleased with the progress made since its listing and remains on track to ship its first coal in Q2 2012. The entering into of a Transport Agreement with TFR represents an important milestone for the Company with other activities progressing in line with management expectations to meet this timeline.*

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