

# Ikwezi Mining Limited

## Investor Presentation



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February 2012

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This document contains statements, opinions and projections, all preliminary in nature, prepared by Ikwezi Mining Limited on the basis of information developed by itself in relation to its Newcastle, Newcastle Phase 2, Waterberg and Acorn coal projects (together the Projects). Such information can be described as at the pre-feasibility stage, due to the limited information provided to date, and may be subject to change. Certain statements, beliefs and opinions contained in this document, particularly those regarding the possible or assumed future performance of Ikwezi Mining Limited and the Projects are or may be forward looking statements. Forward looking statements can be identified by the use of forward looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. By their nature, forward looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond Ikwezi Mining Limited's ability to control or predict which may cause the actual results or performance of Ikwezi Mining Limited and the Projects to be materially different from the results or performance expressed or implied by such forward-looking statements. Forward looking statements are based on assumptions and are not guarantees or predictions of future performance. No representation is made that any of these statements or projections will come to pass or that any forecast result will be achieved, nor as to their accuracy, completeness or correctness. Similarly, no representation is given that the assumptions upon which forward looking statements may be based are reasonable. Forward looking statements speak only as at the date of this document and Ikwezi Mining Limited disclaims any obligations or undertakings to release any update of, or revisions to, any forward-looking statements in this document.

## **INFRASTRUCTURE DISCLAIMER**

This presentation makes reference to infrastructure capacity. This does not however mean that the Newcastle Project will produce coal at or up to this capacity. The level of our potential coal production, and our ability to produce coal at all, will be dependent on a number of factors, including us fulfilling the requirements for and being granted a mining right and water use licenses, obtaining access to the infrastructure required to commence mining operations and transport our coal products, mining, metallurgical, economic, marketing, legal, environmental, social and governmental. In particular, while we have JORC Code compliant resources, these are not ore reserves within the meaning of the JORC Code. Accordingly, it is uncertain whether our JORC Code compliant resources can be mined in an economically viable manner to achieve at, or up to, that capacity or at all. There remains insufficient certainty with respect to whether economically mineable mineralisation exists at the Newcastle Project to reliably estimate future production rates.

## **GEOLOGICAL ATTRIBUTION**

Technical information in this presentation that relates to the Newcastle Project and the Waterberg Project has been reviewed by P.C. Meyer Consulting. The Newcastle Project's Mineral Resources is based on a resource estimate compiled by an independent consultant, P.C. Meyer Consulting whose professional employees are geologists highly experienced in the South African Mining Industry and of sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined by the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and the Ore Reserves'. The Waterberg Project 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. P.C. Meyer consents to the inclusion of the technical information in the presentation in the form and context in which it appears.

# Corporate Overview

Emerging thermal coal producer with plans to create a substantial resources company

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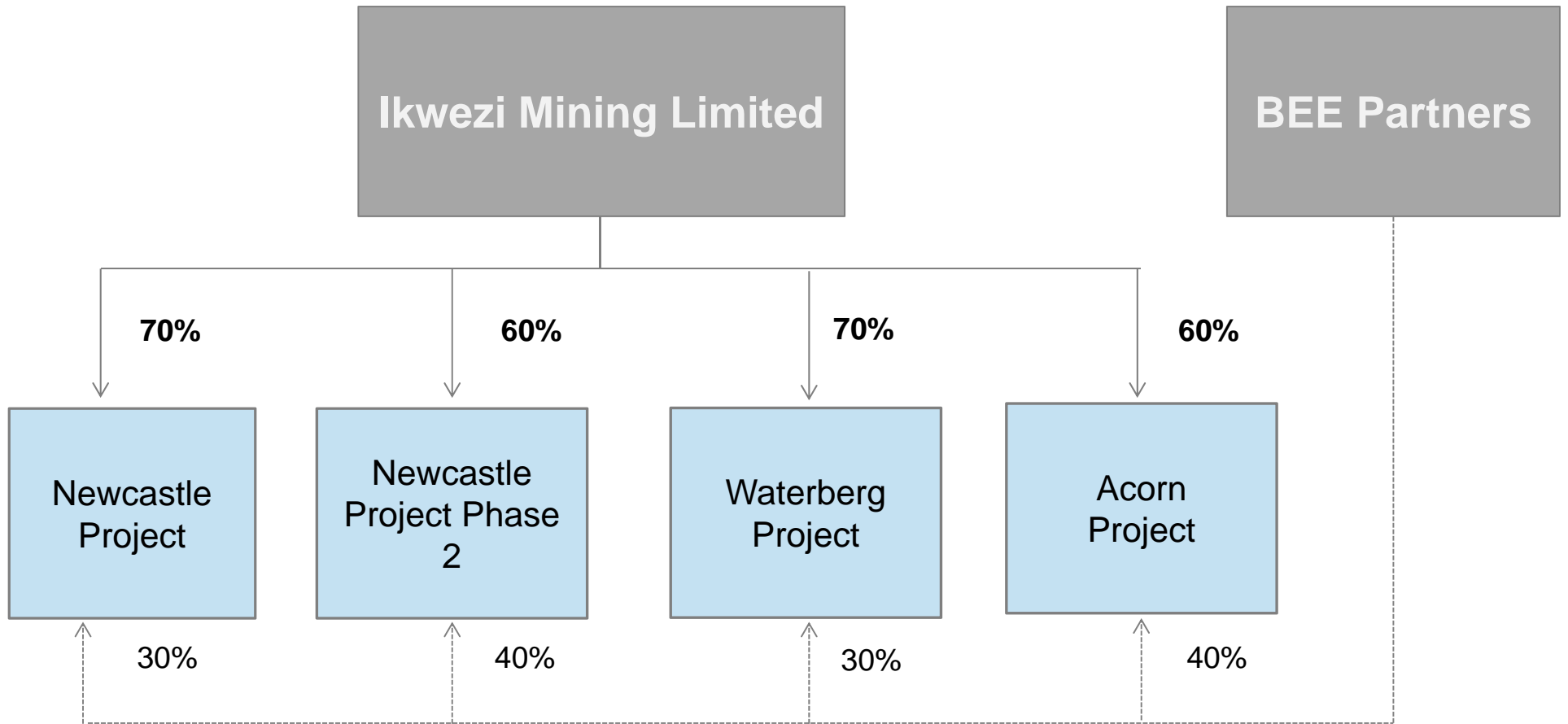
## Corporate Objectives

- Leverage our expertise (former NuCoal Mining team) in mine development, logistics and new project generation
- Bring the Newcastle Project into production by Q2 CY'12
- Utilise our strong relationships with logistics and infrastructure providers to expand production
- Maximise the value of our existing "blue sky" projects
- Build long term scale through developing existing projects and through selective acquisitions and joint ventures

## Capitalisation Summary

Shares on issue	338.8m
Market capitalisation @ \$0.20	\$67.8m
Cash (31 Dec 2012)	\$21m
Debt	-
Vendor shareholding (Escrow)	50.2%

# Corporate Overview



- Strong BEE Partners who are an important part of the management team

# Directors & Management

## Strong Board and Management led by former NuCoal Mining team

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**Simon Hewetson**

**Chairman**



Simon was co-founder and CEO of NuCoal Mining (NuCoal) where he was responsible for building the operation up to a 2.5 mtpa production level before selling the company to Coal of Africa in early 2010. Simon has extensive trading experience in a number of commodities, and the development of junior companies

**Ranaldo Anthony**

**Executive Director**



Ranaldo is a registered South African geologist and a member of the Geological Society of South Africa. Ranaldo previously worked for BHP Billiton in the mineral resource department of the Energy Coal Division, where he was responsible for the reporting of global coal reserves and resources. Most recently Ranaldo was Deputy CEO of NuCoal.

**David Pile**

**Managing Director / CFO**



David is a Chartered Accountant (registered in South Africa) with comprehensive experience across a number of industries in Sub-Saharan Africa, South East Asia and Australia. Most recently he was the CFO of Minara Resources and prior to that the Chief Financial Officer of Ingwe Collieries, BHP Billiton's South African energy coal operations, where he was also a Director of RBCT.

**Malcolm Ford**

**Chief operating Officer**



Malcolm is a registered Certificated Mining Engineer, a Fellow of the Southern African Institute of Mining and Metallurgy and the holder of a Mine Managers Certificate of Competency (Coal Mines) issued by the DMR. He has over 30 years experience in managing large opencast and underground coal mines in South Africa including NuCoal. Malcolm also has extensive experience in consulting to the major coal Companies and developing and operating mines in the Mpumulanga and Kwazulu-Natal areas.

**Roger Rees**

**Non-executive Director**



Roger 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 non-executive director of Clough Limited from November 2005 and Deputy Chairman from April 2010 to July 2011

**Godfrey Mfetoane**

**Corporate Affairs**



Godfrey has a legal back ground and has worked primarily with the DMR. Godfrey was previously the Regional Manager for the DMR for the North West Province and Northern Cape regions in South Africa before being appointed Director: Empowerment Transaction assessment for the DMR.

# Seaborne Thermal Coal Market

## South Africa ideally positioned to deliver into buoyant Asia Pacific market

- Strong demand for energy coal in Asia Pacific
- China now a large net importer of coal (net exporter as recently 2008) importing 21% of South Africa's thermal coal exports in the 11 months to Nov '11
- India expected require >100Mt of imported coal
- India imported 25% of South Africa's thermal coal exports in 11 months to Nov '11
- Seaborne thermal coal demand within Pacific will need to grow by an estimated 40Mt by 2025
- Supply growth constrained by infrastructure, escalating capital costs and diminishing coal quality
- Indonesia faces a difficult permitting environment



# Ports available for the export of South African coal

## Terminal de Carvão da Matola (TCM) (Mozambique)

Approx. 6 Mtpa capacity with plans to increase by a further 20 Mtpa

**Matola**



## Richards Bay Coal terminal (RBCT)

65.5M tons coal exported in 12 months to December 2011 (2010: 63.4M)  
Design capacity increased in May 2010 under Phase V to 91 Mtpa  
Capacity has been fully subscribed  
Historically, availability of rail has limited exports

**RBCT**



## Richards Bay Dry Bulk Terminal

Approx. 0.7M tons coal exported in 2011

**Navitrade**



## Navitrade facility at Richards Bay

Capacity – approx. 3 Mtpa coal export capacity

## Bulk Connections – Durban

Approx. 3 Mtpa coal export capacity

**Bulk Connections**



## Key Logistical constraints and opportunities – South African Coal

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- New projects in SA focussed on export market constrained through lack of rail / port capacity
- Location of project critical in this regard
- Historically rail performance below available port capacity
- Rail investment and expansion underway by Transnet to assist in addressing this
  - ❖ Link line through Swaziland will provide an add.15 Mtpa rail capacity and improved access to RBCT / Matola <sup>1</sup>
  - ❖ Upgrade of Waterberg line increasing capacity from 4 Mtpa to 23 Mtpa approved and further planned investment to increase axle load capability of line <sup>1</sup> (critical for Waterberg projects)
- Ikwezi's Newcastle projects in KwaZulu Natal are not affected by current rail line / operational constraints on the Richards Bay coal line
- Main Johannesburg Durban rail line approx. 16km from Newcastle project wash plant with Newcastle Project's siding located on this line
- Link line from Dundee on the main Johannesburg / Durban line via Vryheid to the RBCT coal line enables export of coal from Newcastle project via either Richards Bay or Durban
- Expansion by Transnet of main Waterberg rail line - business enabler for Ikwezi's Waterberg projects

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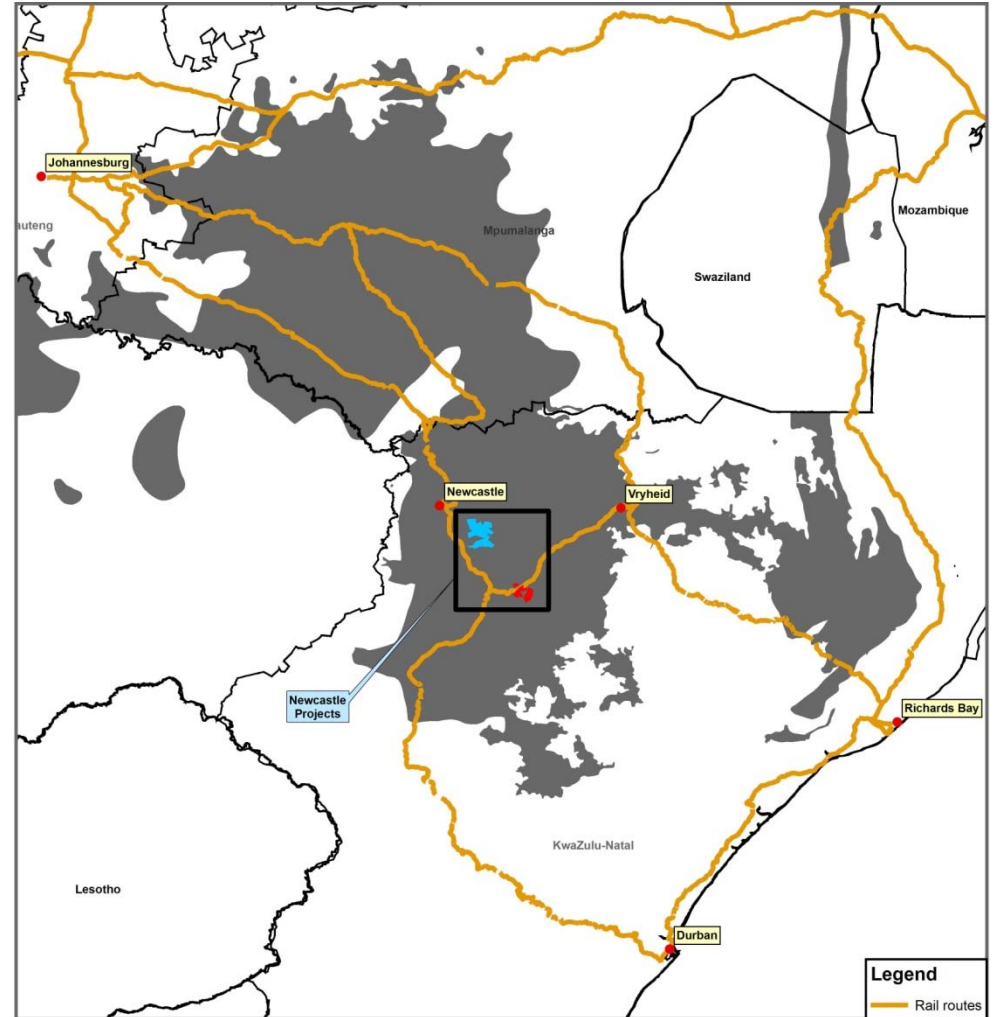
<sup>1</sup> Source: Business Day 4 Jan '12 , Star



# Newcastle Project

Strategically located to access export and domestic markets

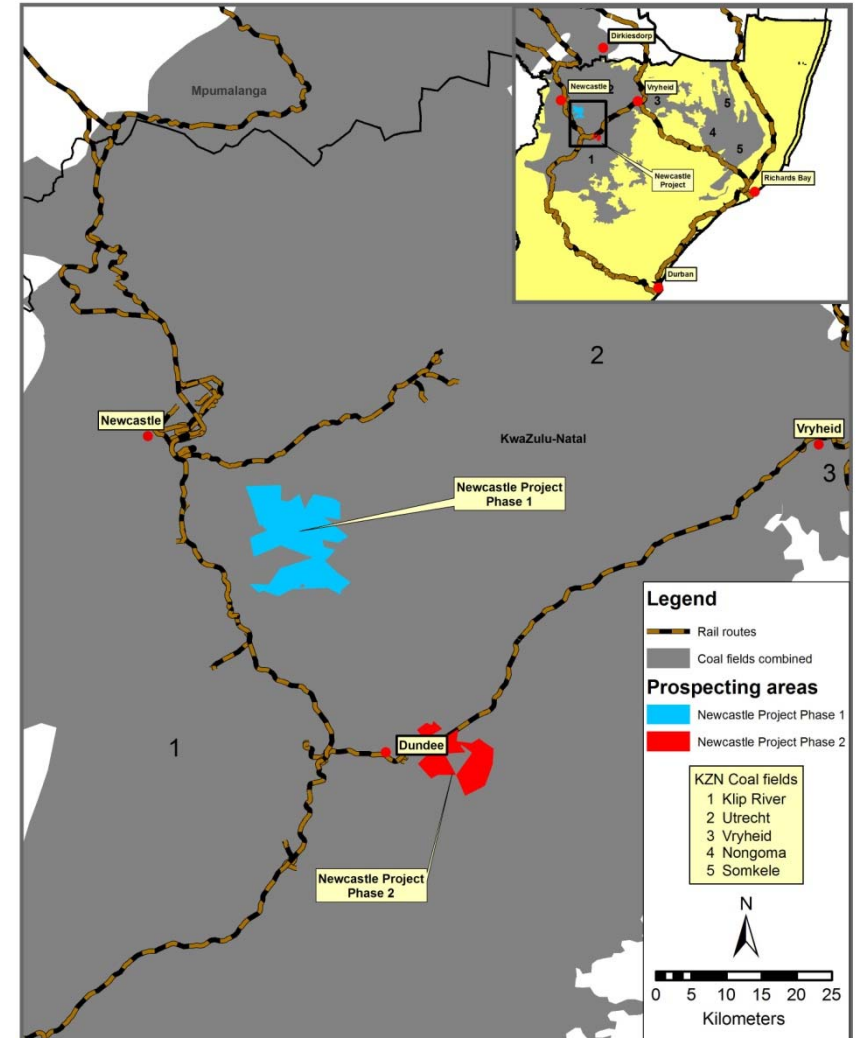
- Klip River coalfield in KwaZulu Natal
- Not constrained by rail capacity
- Retain flexibility to export via Ports of Durban or Richards Bay
- Shorter rail distance to ports
- Possibility to truck to ports



# Newcastle Project

## Near term development opportunity

Project Overview	
Ikwezi ownership	<ul style="list-style-type: none"> <li>• 70%<sup>1</sup></li> </ul>
Location	<ul style="list-style-type: none"> <li>• Northern KwaZulu Natal</li> </ul>
Tenure	<ul style="list-style-type: none"> <li>• Mining Right application</li> </ul>
Size	<ul style="list-style-type: none"> <li>• 12,182 ha</li> </ul>
Resource	<ul style="list-style-type: none"> <li>• JORC Resource 209mt</li> </ul>
Product	<ul style="list-style-type: none"> <li>• Export grade thermal coal</li> <li>• Low volatile coal (lean)</li> </ul>
Logistics & Infrastructure	<ul style="list-style-type: none"> <li>• Wash plant on schedule to be commissioned Q2 2012</li> <li>• Wash plant capacity - 2.1 mtpa ROM</li> <li>• Rail contract signed with Transnet Freight Rail</li> <li>• Negotiating with Ports of Durban &amp; Richards Bay</li> <li>• Commercial production on track to commence in Q2 2012</li> </ul>
Development approvals	<ul style="list-style-type: none"> <li>• Mining Right expected Q1 '12 &amp; Water Use License Q2 2012</li> </ul>



Note 1: Ikwezi is funding 100% of the Newcastle Project development costs. The BEE share of these costs will be recouped from future profits of the Newcastle Project.

## Newcastle Project Pathway to production

INDICATIVE TIMING GOALS	2011		2012				2013
	Q3	Q4	Q1	Q2	Q3	Q4	
IPO of Ikwezi	■						
Execute binding agreements with Transnet for Newcastle Project	■	■					
Newcastle Project - Reserve statement + Resource update		■	■				
Wash Plant construction and commissioning		■	■	■			
Mining Right issued			■				
Off take Agreement & Port agreement			■	■			
Water Use licence issued			■	■			
Rail siding commissioned				■	■		
Commercial production – Newcastle Project				■	■	■	▶
Waterberg Project MOU for rail with Transnet				■			
Production ramp-up to 2.5 Mtpa saleable product capacity p.a.							▶

## Newcastle Project

### JORC Resource of 209mt

Newcastle Project JORC Resource (GTIS) <sup>1</sup>	
Measured Resource	9.8mt
Indicated Resource	9.4mt
Inferred Resource	190.4mt
<b>Total Resource</b>	<b>209.6mt</b>
Resource Specification (Raw)	
Ash	25.37%
Inherent Moisture (IM)	1.92%
Volatile matter	15.82%
Sulphur Content (TS)	2.35%
Calorific Value (CV)	24.77 MJ/kg

- Main focus of the Newcastle Project is the Top Seam, which includes a Measured Resource (Raw) of 9.8mt with Ash 29.4%, IM 2.33%, Volatiles 15.11%, TS 1.83% and CV 22.64 MJ/kg
- Geological complexities, and relatively high sulphur content, are offset by improved coal quality (in particular high CV), logistical advantages and access to export markets
- Mining will be a combination of open cast and underground methods.

## Newcastle Project

### Export quality product

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#### Product Spec

- Variety of products expected to be produced
- RB1 export product through to a low volatile product (lean coal) + anthracite
- Generally have elevated sulphur levels and slightly lower volatiles, but a high CV
- Will require more specialised marketing

#### Nearby Mines

- Forbes Coal (TSX: FNC), is currently producing coal that is being sold into both export and domestic markets

#### Export

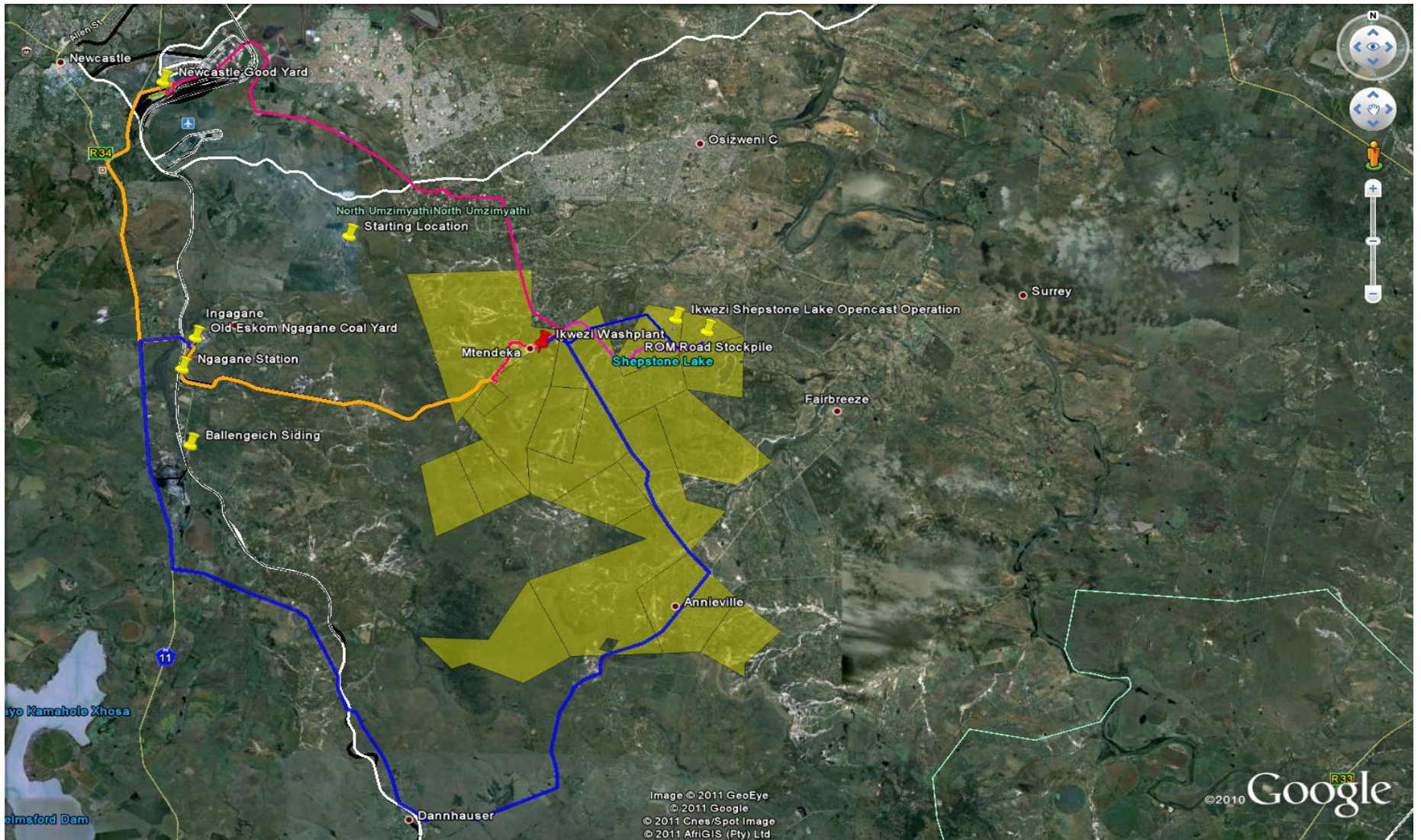
- Export market is the priority
- Strong demand from India and Turkey in particular
- Expressions of interest for off-take received from commodity traders and end-users

#### Domestic

- Good domestic demand for product

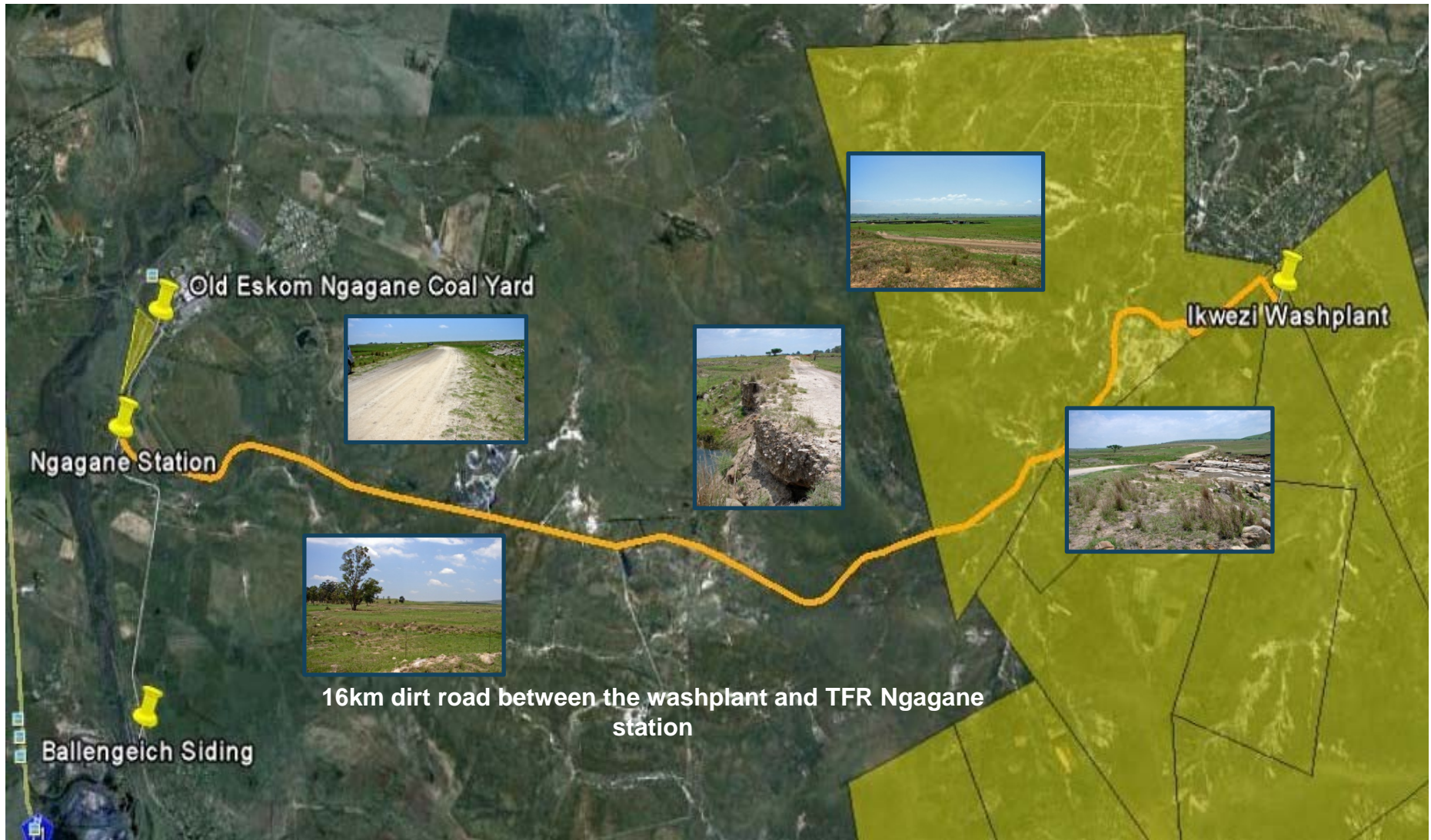
# Newcastle Project location relative to Ngagane and Newcastle rail sidings

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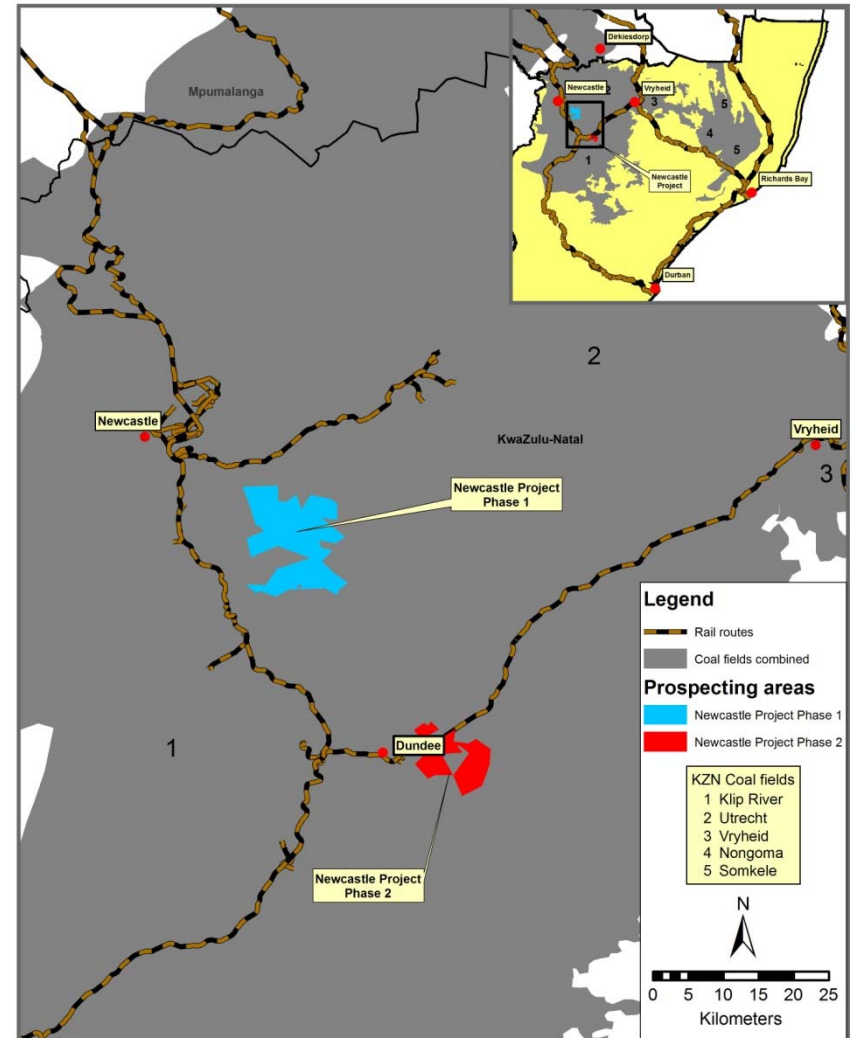
# Newcastle Project location relative to Ngagane and Newcastle rail sidings

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# Newcastle Project Phase 2: Dundee Project

Project Overview	
Ikwezi ownership	<ul style="list-style-type: none"> <li>• 60%</li> </ul>
Location	<ul style="list-style-type: none"> <li>• Northern KwaZulu Natal</li> </ul>
Tenure	<ul style="list-style-type: none"> <li>• Prospecting Right</li> </ul>
Size	<ul style="list-style-type: none"> <li>• 4,664 ha</li> </ul>
Resource	<ul style="list-style-type: none"> <li>• Exploration potential</li> </ul>
Product	<ul style="list-style-type: none"> <li>• Export grade thermal coal</li> <li>• Lean coal</li> <li>• Anthracite</li> </ul>
Project Highlights	<ul style="list-style-type: none"> <li>• Area well known to management</li> <li>• Expect to demonstrate good quality, low phosphorous coal</li> <li>• Proximity to rail sidings with capacity</li> </ul>
Exploration	<ul style="list-style-type: none"> <li>• Exploration program commenced</li> <li>• Drill to a 1,000m borehole spacing grid</li> <li>• JORC Resource drilling to commence following initial programme</li> </ul>

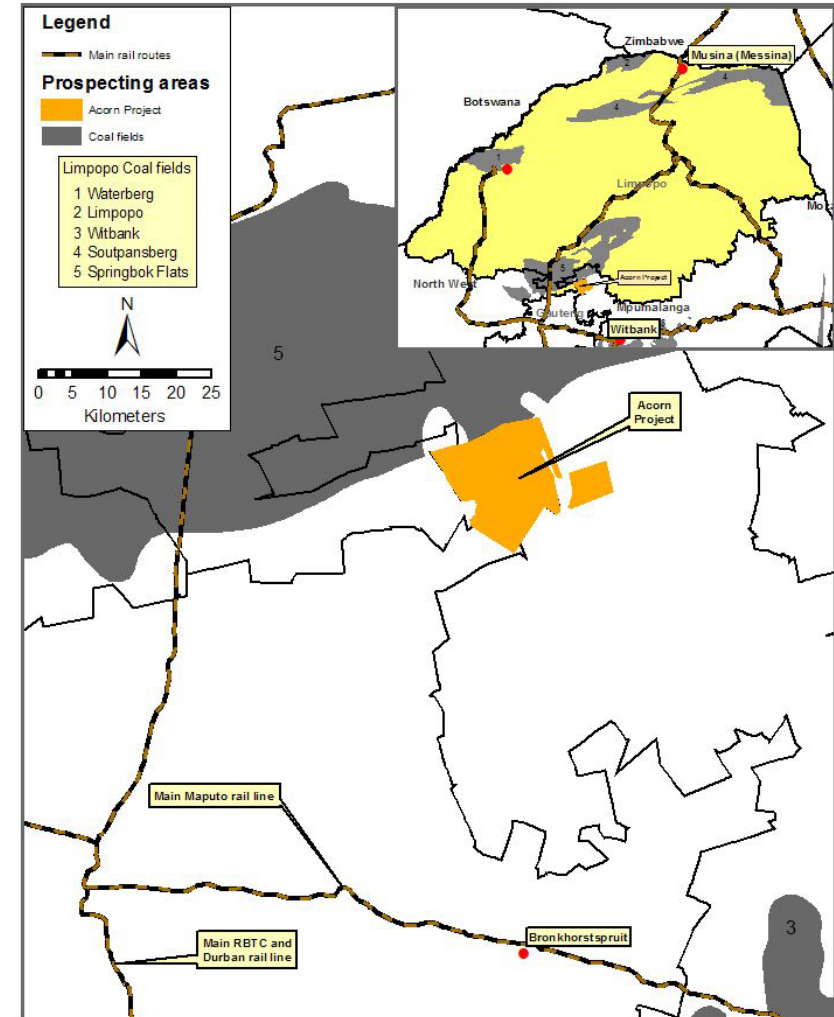




# Acorn Project

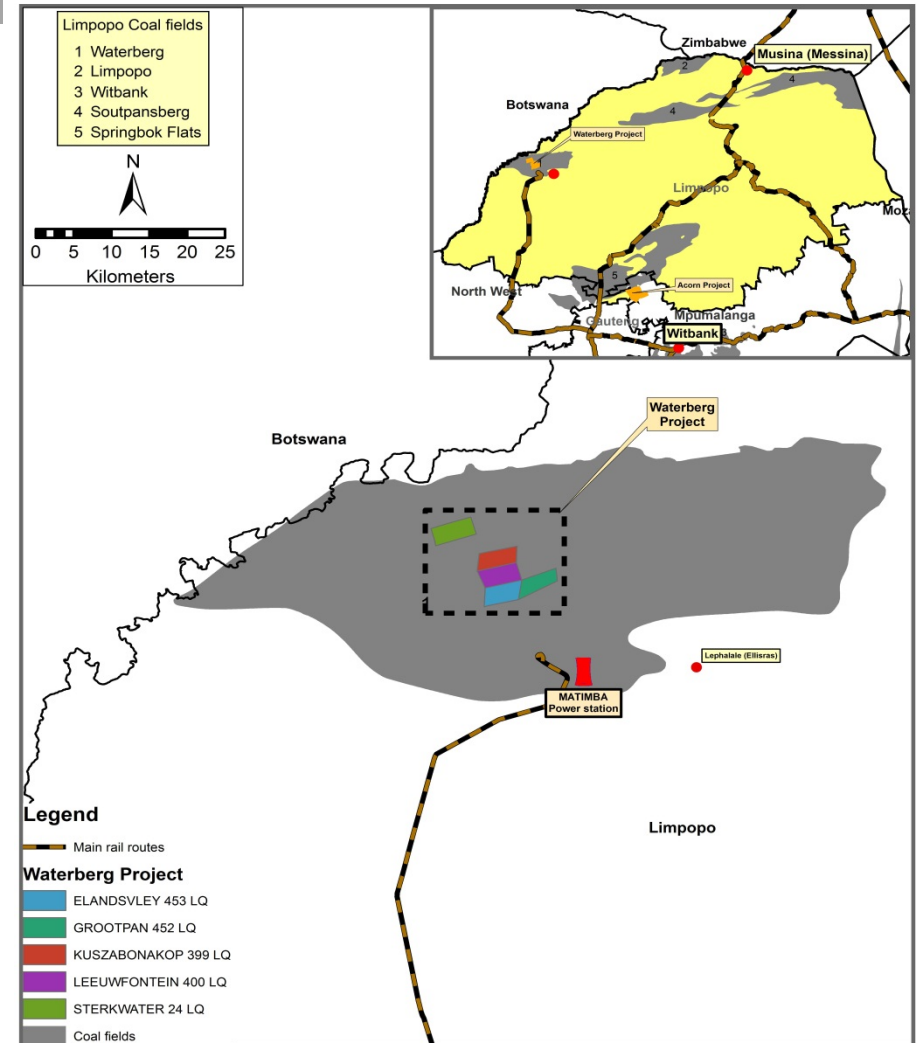
## Blue sky exploration potential

Project Overview	
Ikwezi ownership	<ul style="list-style-type: none"> <li>• 60%</li> </ul>
Location	<ul style="list-style-type: none"> <li>• Gauteng Province</li> </ul>
Tenure	<ul style="list-style-type: none"> <li>• Prospecting Right</li> </ul>
Size	<ul style="list-style-type: none"> <li>• 20,758 ha</li> </ul>
Resource	<ul style="list-style-type: none"> <li>• Exploration potential</li> </ul>
Product	<ul style="list-style-type: none"> <li>• Thermal coal</li> </ul>
Project Highlights	<ul style="list-style-type: none"> <li>• Coal fields in region show similar characteristics to Waterberg</li> <li>• Utilities (e.g. Eskom) planning to increase activities in region</li> <li>• Potential to unlock significant value if infrastructure becomes available</li> </ul>
Exploration	<ul style="list-style-type: none"> <li>• Initial program planned to commence Q1 '12</li> </ul>



# Waterberg Project

Project Overview	
Ikwezi ownership	<ul style="list-style-type: none"> <li>• 70%</li> </ul>
Location	<ul style="list-style-type: none"> <li>• Limpopo Province</li> </ul>
Tenure	<ul style="list-style-type: none"> <li>• Prospecting Right</li> </ul>
Size	<ul style="list-style-type: none"> <li>• 5,699 ha</li> </ul>
Resource	<ul style="list-style-type: none"> <li>• Exploration potential</li> </ul>
Product	<ul style="list-style-type: none"> <li>• Thermal coal</li> </ul>
Project Highlights	<ul style="list-style-type: none"> <li>• Exploration target of between 2 to 4 billion tons* approx. 11km from existing rail infrastructure</li> <li>• Expected to be the next major coal field to be developed in South Africa if infrastructure becomes available</li> <li>• Transnet committed to increase rail capacity from 4 Mtpa to 23 Mtpa with MOU expected Q2 '12</li> <li>• In discussions for port capacity at Matola and off take</li> </ul>
Exploration	<ul style="list-style-type: none"> <li>• Initial program planned to commence Q1 '12</li> </ul>



\*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

## Investment Highlights

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- ✓ Experienced Board & Management led by former NuCoal Mining team
- ✓ Newcastle Project is a near term development opportunity
- ✓ Strategically located to access key export and domestic markets
- ✓ Infrastructure and logistics at an advanced stage
- ✓ On track with clear path to production by Q2 CY'12
- ✓ Long term scale through development of existing rights, exploration, selective acquisitions and JVs