



ASX Code: IKW

30 April 2014

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 MARCH 2014

Ikwezi Mining Limited (ASX: IKW, Ikwezi Mining or Company).

Thermal coal markets

Global thermal coal markets remain depressed due to continued oversupply. Whilst there has been some production rationalisation most notably in China and the USA, further meaningful reductions are required to bring the market back into balance. API4 Richards Bay prices remain in the mid US\$70 range although we expect to see some improvement in these in the medium term as further rationalisation reduces the excess market supply.

Corporate

Good progress has been made towards finalising the required finance facility to bring the operation into production with the banks / off take partners. The Company remains confident of the structure of the Ntendeka Colliery and its financial feasibility, including its ability to operate profitably in the current market. Various options are currently being reviewed to create additional operational synergies at a mine level through improving product mix, especially in the local market, to sharing of infrastructure in the area to further reduce production costs / capital required to bring the operation into production.

Whilst putting the finance facility into place and bringing the Ntendeka Colliery into operation remains the preferred option and focus at present, the Company is currently reviewing its strategic options, including possible transactions at either an asset or corporate level.

Finance and project status update

The Company had A\$1.149m cash on hand as at 31st March 2013.

As announced by the Company on 21 January 2014, an agreement was entered into with Zinoju Coal Proprietary Limited, a subsidiary of Forbes Coal, to acquire Alleen No. 2 for a purchase price of ZAR 8 million (A\$0.84 million), based on the estimated run of mine that can be extracted from the mining right area. If the run of mine actually

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extracted exceeds the agreed upon production threshold, Ikwezi is entitled to receive a top-up payment equivalent to ZAR 10 per tonne extracted which exceeds the production threshold.

The parties are awaiting written consent from the Minister of Mineral Resources in terms of Section 102 of the Mineral and Petroleum Resources Development Act in order to implement the acquisition with the closing date of the transaction extended to 30 June 2014 to cater for this.

Summary

The Company's focus remains on finalising the finance facility of approx. ZAR200 million required to bring its Ntendeka Colliery into production during 2014. The regulatory framework is now in place to enable the Company to complete all remaining construction and commence with mining activities once the finance facility is in place.

ABOUT IKWEZI

Ikwezi Mining Ltd is focused on the exploration and development of coal projects in South Africa. Ikwezi has a 70% stake in the Ntendeka Colliery and a 60% interest in the Dundee, Acorn and Assegai projects. The Ntendeka Colliery is located in the KwaZulu-Natal coal fields and is in close proximity to rail and port infrastructure.

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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.

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 2013 are outlined below:

Project name	Type	Reference	Number of hectares and location	Ownership	Licensee
Ntendeka Colliery (formerly Newcastle Project Phase 1)	Mining right	KZN 30/5/1/2/297 MR MPTRO: 77/2012 MR	12,182ha, Northern KwaZulu Natal, South Africa	70%	Ikwezi Mining (Pty) Ltd
Dundee Project (formerly Newcastle Phase 2)	Prospecting right	KZN 30/5/1/1/2/387 PR MPTRO: 163/2011 PR	4,665ha, Northern KwaZulu Natal, South Africa	60%	Bokamaso Resources (Pty) Ltd
Acorn Project	Prospecting right	GP 30/5/1/1/2/550 PR MPTRO: 115/2011(PR)	20,758ha, Gauteng Province, South Africa	60%	Bokamaso Resources (Pty) Ltd
Assegai Project	Prospecting right	MP305/1/1/2/4397 PR MPTRO: 12/293 PR	3,998ha, Mpumulanga Province, South Africa	60%	Bokamaso Resources (Pty) Ltd

Mining tenements acquired during the quarter:

Nil

Mining tenements disposed of during the quarter:

Nil.

Notes:

1. Ikwezi Mining Limited holds a 70% interest through its 70% holding in Ikwezi Mining (Pty) Ltd.
2. Ikwezi Mining Limited holds a 60% interest through its 60% holding in Bokamaso Resources (Pty) Ltd

Other beneficial interests

Ikwezi Mining Limited held no other beneficial interests in farm-in or farm-out arrangements during the quarter from 1 January to 30 April 2014.