



ASX Code: IKW

31 July 2014

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

## QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 30 JUNE 2014

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

### Thermal coal markets

The quarter has seen little movement in the global thermal coal markets which remain oversupplied. Production rationalisation continues but further reduction needs to take place to bring the market back into balance. API4 Richards Bay prices remain in the low to 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

The Company, as previously announced, has and continues to review a number of strategic options available to it including possible transactions at both an asset and corporate level.

Management's preferred option and focus remains in bringing the Ntendeka colliery into production which we believe will deliver the most value to shareholders in the short to medium / long term. Extensive work and discussions have been undertaken during the quarter to identify additional alternative markets and products to optimise profitability in the current low pricing environment. Alternative mine plans are currently in the process of being updated to provide additional options to the Company to further reduce operational cost and improve product mix to cater for the current low thermal coal prices. In addition the logistics methodology and costs have been re-evaluated which has resulted in a number of forecast improvements in this area.

Good progress continues to be made towards finalising the required finance facility to bring the operation into production with banks and potential off-take partners although the change in the product mix of the operation to cater for lower price environment has delayed this process. These changes have also resulted in a reduction in the expected initial total capital requirement of the operation and facility required to bring the mine into production.

Ikwezi Mining Limited (incorporated in Bermuda with registered company number 45349)  
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Hamilton  
HMCX Bermuda

## Finance and project status update

The Company had A\$0.817m cash on hand as at 30<sup>th</sup> June 2014.

Ikwezi has been in discussion with Buffalo Coal Corp. (formerly known as Forbes and Manhattan Coal Corp.), regarding a portion of Ikwezi's mining right over the property known as Alleen No. 2, which is located north of Dundee in the Kwa-Zulu Natal province in South Africa, adjacent to Buffalo Coal's current Magdalena opencast operations.

As a result of not receiving regulatory consent from the Minister of Mineral Resources (as required in terms of section 102 of the Mineral and Petroleum Resources Development Act) within the expected timelines, the existing agreement between Ikwezi and Buffalo Coal for the acquisition by Buffalo Coal of Alleen No. 2, lapsed on June 30, 2014.

Both parties have indicated continued interest in pursuing a transaction in respect of Alleen No. 2 and further details in this regard are anticipated to be announced in due course.

## Summary

The Company's focus remains on finalising the finance facility 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 30 June 2014 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 April to 30 June 2014.