



ASX Code: IKW

31 October 2014

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 30 SEPTEMBER 2014

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

Thermal coal markets

Thermal coal markets remain oversupplied which continues to depress prices. Whilst there has been some production rationalisation, this has been insufficient to impact the market. According to figures from the China Coal Industry Association, over 70% of the coal mines in China, the largest producer of thermal coal, have incurred a loss this year. API4 Richards Bay prices remain in the US\$65 to US\$70 range although we expect to see some improvement in these in the medium term as further rationalisation reduces 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 on bringing the Ntendeka colliery into production which we believe will deliver the most value to shareholders in the short to medium term. Further detailed work and discussions have taken place during the September quarter, and management is of the belief that an alternative market has been identified that will be profitable in the current low pricing environment. Alternative mine plans are currently being developed to take advantage of this opportunity. Management has also identified third parties within the vicinity of Ntendeka Colliery that are seeking to make use of the infrastructure and washing facilities that have been put in place by the Company. Discussions in this regard are ongoing and a favourable conclusion would see a reduction in the overall operational cost at Ntendeka.

The Company continues to investigate both debt and equity options to enable it to start production and supply the identified markets. Capital together with related working capital requirements to achieve this target are currently estimated at between \$3 to \$8 million depending on the structure adopted and whether we conclude agreements to share infrastructure with other operators in the area. Good progress has been made with the

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

banks and potential offtake partners to finalise the required funding needed to bring the operation into production. The change in product focus, due to the lower price environment, has however altered and extended this process to date.

Finance and project status update

The Company had A\$0.55m cash on hand as at 30th September 2014.

Ikwezi continued its discussion with Buffalo Coal (formerly known as Forbes and Manhattan Coal Corp.), with regard to a portion of Ikwezi's mining right over the property known as Alleen No. 2. This property is located north of Dundee in the Kwa-Zulu Natal province in South Africa and is adjacent to Forbes Coal's current Magdalena opencast operations. Buffalo Coal continues to express an interest in the Alleen No 2 property and whilst discussions are still ongoing, they are yet to be finalised.

Summary

The Company's focus remains on finalising the agreements and funding required to bring its Ntendeka Colliery into production. Whilst markets are still volatile, they are showing some signs of stability and further declines are not expected. Management is confident that, with the markets identified and its revised operational and mining structure, it will be able to bring the Ntendeka colliery into production profitably in the current market subject to it finalising the various agreements and funding arrangements under discussion 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.

For further information contact:

David Pile

Chairman

Tel: +27 11 994 8900

Email: david@ikwezi.co.za

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 September 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 MPYRO: 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 MPYRO: 163/2011 PR	4,665ha, Northern KwaZulu Natal, South Africa	60%	Bokamoso Resources (Pty) Ltd
Acorn Project	Prospecting right	GP 30/5/1/1/2/550 PR MPYRO: 115/2011(PR)	20,758ha, Gauteng Province, South Africa	60%	Bokamoso Resources (Pty) Ltd
Assegai Project	Prospecting right	MP305/1/1/2/4397 PR MPYRO: 12/293 PR	3,998ha, Mpumalanga Province, South Africa	60%	Bokamoso 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 Bokamoso 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 July to 30 September 2014.