



ASX Code: IKW

30 January 2015

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 DECEMBER 2014

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

Thermal coal markets

Global thermal coal markets remain oversupplied with the Richards Bay API4 index price below \$60 per ton. The decrease in the price of crude oil together with both the depreciation of the AUD and ZAR to the USD has resulted in the reduction of mining costs / improvement of margin in local currencies for thermal coal miners. This however is also slowing the rationalisation of unprofitable mines required to bring the market back into balance. Whilst some of the bigger thermal coal producers have taken steps to rationalise production, it will take some time for the overall market to stabilise.

Finance and project status update

The Company had A\$0.346m cash on hand as at 31st December 2014.

The Company announced a fully under-written renounceable entitlement issue to raise \$4,065m in late December 2014. The issue closed during January 2015 and shares were issued in respect of acceptances for \$2,015m. The shortfall shares are expected to be allotted in the coming days. The purpose of the offer is to provide additional working capital for the Company together with funding to establish an initial box cut and related infrastructure to allow it to commence the mining of ROM coal. The Company is confident that it will be able to bring its operations into production over the next few months despite the challenging current market price environment. Work has commenced to finalise the production plans to maximise margin in the current pricing environment together with targeted qualities and the positioning of the initial opencast box cut. Overheads remain at a minimum but are expected to increase in line with the start-up of operations.

One of the benefits of the reduced price environment is the amount of mining equipment and truck fleets that are available at rates that are substantially lower than a year or two ago. This combined with rail and port capacity released as a result of reduced exports will improve the logistics available to the Company once production has commenced.

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

Summary

Subsequent to the completion of the renounceable entitlement offer, Ikwezi is now in the position to ready itself to commence mining operations. The Company believes that it will be able to compete in the current low thermal price environment which will result in it being well placed to ramp up production in line with any improvements in the thermal coal market.

We would like to thank our shareholders for their continued support of the Company which is greatly appreciated.

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 31 December 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 October to 31 December 2014.