ASX Code: IKW

31 July 2015

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 30 JUNE 2015

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

Thermal coal markets

Thermal coal markets remain depressed with supply continuing to exceed demand. The API4 Richards Bay prices remain in the US$55 to US$60 range with no immediate signs of improvement and a negative forward curve. Whilst production rationalisation within the thermal coal market continues, this has been insufficient to date to improve market pricing. With the lower price ranges and oversupply, we have seen a number of the bigger producers changing their product mix / specifications to target some of the lower grade coal markets where they previously did not supply. This has impacted negatively on certain of the niche product markets that Ikwezi has been looking to supply into. Cumulatively, these factors have negatively affected timing of start of operations.

Finance and project status update

The Company had A$3.331 million cash on hand as at 30th June 2015.

During the quarter, the exploration drilling program on the Ntendeka Colliery's Northern open cast areas was completed. The exploration drilling program was aimed at better defining additional opencast areas of expected low strip ratios and improving the geological confidence of these areas to the extent of being able to develop a feasible mine schedule. 47 boreholes were drilled totalling 1,868 meters. The current drilling programme will be completed shortly, with 3 boreholes remaining. Full analysis and geological modelling will then be undertaken in the third quarter of 2015, with mine planning work to be undertaken in the fourth quarter of 2015.

This programme forms part of Ikwezi's efforts to identify and target low cost mining areas in order to enable maximum profitability in these low pricing environment. In addition it is anticipated that remodelling to include these new areas will add flexibility to our production plans with the updated areas expected to have lower strip ratios than the current scheduled open cast operations. It will also provide the Company with more streamlined and profitable opportunities to target our resources better and supply a multitude of different products to the market to take advantage of these as and when they arise.

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No further geological or mine planning work has been undertaken on the remainder of the resource as these have already been optimised to be brought into production in the current environment.

Overheads remain at a minimum and management continues to control these on an ongoing basis. These costs are expected to increase in line with start-up of operations.

With regard to the remaining capex expenditure required to bring the operation into production, the Company is in the process of revisiting all quotations and designs with regard to its power infrastructure and water supply system and discard footprint to ensure that they are optimal and cost efficient in the current environment. In this regard, options regarding a phased approach of getting to full production are being investigated, with the intention of subsequently ramping-up production rates in line with market conditions. This is expected to reduce our start-up capital requirements as well as the risk related to market fluctuations.

Summary

The Company remains well positioned to take advantage of any positive movements in the coal price. Margins in the current depressed thermal coal environment, whilst positive, are not substantial which has resulted in the delay in bringing the Ntendeka colliery into production especially given the continued price volatility.

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.

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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.

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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 2015 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 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 April to 30 June 2015.

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