



ASX Code: IKW

30 October 2015

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

## **QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 30 SEPTEMBER 2015**

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

### **Thermal coal markets**

Thermal coal markets remained oversupplied with the API4 Richards Bay price remaining in the USD50 range. Production rationalisation continues but this is not having an impact on the market pricing. Depreciation of the Australian Dollar and the South African Rand versus the US Dollar have assisted producers in these Countries and further slowed the closure of marginal operations. South African producers continue to focus on supply into the local market where margins are generally better in the current pricing environment.

### **Finance and project status update**

The Company had A\$2.923 million cash on hand as at 30<sup>th</sup> September 2015.

During the quarter, the Company focussed on bringing all of its capital and operational quotes for the Ntendeka colliery up to date to ensure that they are optimised and are the most efficient in the current market conditions. A number of additional efficiencies have been incorporated into the designs and operating matrix to optimise efficiencies. This will allow the Ntendeka colliery to come into operation at both a reduced capital and operational cost.. The Company believes it is close to achieving the optimal capital and production structure to allow it to meet current market conditions. Some additional work is however still required in the area of physical mining activities and the contract management of the coal wash plant.

The redesign allows for a phased approach of bringing the operation to full production, with the intention of subsequently ramping-up production rates in line with market conditions.

The analysis of the 50 boreholes drilled as part of the exploration drilling program on the Ntendeka Colliery's Northern open cast areas is complete and an updated geological model will be complete in the next quarter It is expected that this will add additional open cast mining areas to the existing mine plans with lower strip ratio's which will improve production flexibility.

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

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.

The Company's key focus remains on bringing its Ntendeka colliery into operation. Given the limited resources available to it combined with the continued weak thermal coal markets, the Company has decided not to proceed with the renewal of its Dundee Prospecting Right. This will enable the Company to better manage and focus its resources on near term cash generating assets.

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.

### **Summary**

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

### **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 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 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
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, Mpumalanga Province, South Africa	60%	Bokamaso Resources (Pty) Ltd

### Mining tenements acquired during the quarter:

Nil

### Mining tenements disposed of during the quarter:

Dundee Prospecting Right.

### 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 30 June to 30 September 2015.