



ASX Code: IKW

29 April 2016

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

## **QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 MARCH 2016**

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

### **Thermal coal markets**

Thermal coal markets remained weak, led by oversupply pressures although supply side rationalisation due to mine closures and curtailed new investments coupled with suppliers' resistance to price cuts prevented further price erosion.

API 4 Richards Bay spot prices remained largely stable during the quarter, hovering around US\$ 50 mark, despite a declining forward price curve.

The South African Rand remained depressed versus the US Dollar during the quarter, thereby assisting competitiveness of coal operations supplying into the export markets from South Africa.

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

The Company had A\$2.383 million cash and cash equivalents at 31 March 2016 (A\$2.605 million at 31 December 2015).

The following key developments took place during the quarter ended 31 March 2016:

- Assessment of marketing opportunities and discussions with potential buyers;
- Capital expenditure plan for both mining and wash plant is up-to-date;
- Operating expenses were reviewed and further rationalised; and
- Funding options continue to be evaluated should operating the wash plant be necessary, for starting mining operations.

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

The present activities are aimed at bringing the Ntendeka colliery ready to commence production subject to favourable market conditions. Accordingly, overheads remain at a minimum and management continues to control these on an ongoing basis.. 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.

## **Summary**

Expected operating margins in the current depressed thermal coal environment are limited. The Company has brought its capital and operational quotes for the Ntendeka colliery up-to-date to ensure that they are optimised and efficient in the current market conditions and the Company remains well positioned to take advantage of any positive movements in the coal prices.

## **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 31 March 2016 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, 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 ended 31 March 2016.