



ASX Code: IKW

31 January 2018

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 DECEMBER 2017

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

Thermal coal markets

Thermal coal prices improved during the quarter ended 31 December 2017. The spot API 4 index (basis FOB Richards Bay for 6,000 NAR material) further strengthened during the December quarter, and ended with an upward bias when compared with the previous quarter.

The API4 index is trading in the range of United States Dollars (“USD”) 94 - USD 98 for the next 12 months at the date of this report. The increase in the USD selling price has however been largely offset by the strengthening of ZAR-USD in the December quarter which increases ZAR costs in USD terms neutralising the improvement in coal prices.

Finance update

The cash and cash equivalents of the Company at 31 December 2017 aggregated A\$ 0.599 million (30 September 2017: A\$ 0.929 million). The Company has identified fund raising options, which shall be aligned with the start of mining operations.

During the quarter ended 31 December 2017, the Company spent cash on relocation of houses, (the completion of this process is a precursor to the commencement of mining operations), repayment of creditors in addition to incurring fixed overheads and costs to ready the Ntendeka Colliery to commence mining.

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Update on the status of project implementation

Following is a summary of the key events during the quarter ended 31 December 2017:

1. The Company continues to progress with the relocation of the remaining 3 families which have resisted the relocation process. Legal steps are well advanced to overcome this situation. The matter, once resolved on the basis of the decision of the court, will influence the start date of mining.
2. The Company has options to conclude off-takers for the product, or execute spot trades, which strategy will be aligned with the timing of availability of coal for export from South Africa.
3. No further geological work was undertaken during the quarter on the remainder of the resource.
4. The Company has identified fund raising options, which shall be aligned with the start of mining operations.
5. The Company is on track to start mining during the financial year ending 30 June 2018, subject to completion of remaining relocations and activities required to be done as per the various approvals and permits prior to the actual start of mining.

Summary

The API index remains comfortably above the range which supports the decision to mine and sell coal. Management efforts are focussed on commencing mining operations profitably in the current market conditions. Accordingly, the Company has taken steps to minimise risks that could potentially affect the start of production and sale of coal in due course, subject to the completion of relocation process.

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. 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.

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 2017 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
Assegai Project	Prospecting right	MP305/1/1/2/4397 PR MPTRO: 12/293 PR	3,998ha, Mpumalanga Province, South Africa	60%	Bokamoso Resources (Pty) Ltd

The prospecting right for the Assegai Project will expire in the first quarter of 2018.

It is not the Company's intention to renew this Prospecting Right with focus remaining on commencing mining operations at its Ntendeka colliery.

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 ended 31 December 2017.

