



ASX Code: IKW

31 January 2019

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 DECEMBER 2018

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

Thermal coal markets

Thermal coal prices for the December 2018 quarter fluctuated between USD90 to USD100 on an API 4 Richards Bay basis ending the quarter at approximately USD95 per tonne. This was slightly lower than the previous quarter where API4 price closed at approximately USD102 per tonne. The API 4 (FOB Richards Bay) forward index (basis calorific value of 6,000 NAR) is relatively stable and is currently trading in the USD90 to USD92 range for the next 12 months. These prices continue to provide a solid basis for Ikwezi's operations.

Finance update

The cash and cash equivalents of the Company at 31 December 2018 aggregated A\$ 2.302 million (30 September 2018: A\$ 0.196 million).

During the quarter, IKW entered into an additional short-term loan facility agreement of ZAR 10 million (approximately AUD 1 million) with Osho SA Coal (Pty) Ltd ("Osho"), a related party. The monies were primarily spent on further development of the box cut and related infrastructure, and administration costs.

Further, the Company successfully closed a renounceable entitlement issue ("the Issue") of A\$ 6.097 million. A total of AUD 2.083 million was subscribed to by the shareholders participating in the Issue. The unsubscribed portion of the Issue was funded subsequent to the end of the quarter by the underwriter.

Update on site activities

Ikwezi Mining Limited (incorporated in Bermuda with registered company number 45349)

ARBN 151 258 221
Clarendon House
2 Church Street
Hamilton
HMCX Bermuda

The Newcastle Project consists of a number of opencast and underground areas. The Kliprand Colliery is the initial opencast area where mining operations have commenced and IKW mined its first coal during the quarter. During the quarter an additional AUD 1.977 million was spent on completing the development of the box cut and building up the initial ROM (Run of Mine) inventories on site.

Sales are targeted on a Free-on-Truck /Delivered to Siding basis, to minimise the Company's risk and working capital requirements given it is yet to obtain dedicated rail and port logistics arrangements.

Once production has stabilised, the bringing of the wash plant into operation will be evaluated, along with an attempt to obtain rail and port linkages. This will provide options for the sale of ROM coal / washed product either locally or onto the export market, dependent on the market conditions.

Geological work

No further geological work was undertaken during the quarter.

Summary

The completion of the box cut and the mining of first coal represents an important milestone for the Company. It places the Company in a position to start with the generation of cash flow from operations. This, together with the successful completion of A\$ 6.097 million renounceable entitlement issue, has bolstered the financial position of the Company going forward.

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 Newcastle Project. The Newcastle Project is located in the KwaZulu-Natal coal fields and are in close proximity to rail and port infrastructure. The Kliprand Colliery, which forms part of the Newcastle Project, is the initial opencast area where mining operations have commenced.

For further information contact:

David Pile, Chairman

Tel: +27 87 897 4846

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 2018 are outlined below:

| Project name | Type | Reference | Number of hectares and location | Ownership | Licensee |
|---|--------------|--|--|-----------|-------------------------|
| Newcastle Project (previously, Ntendeka Colliery) (The Ikwezi mining right area consists of a number of opencast and underground areas. The Kliprand Colliery of the Newcastle Project (previously, Ntendeka Colliery) is the initial opencast area where mining operations have commenced). | 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 |

Note:

1. Ikwezi Mining Limited holds a 70% interest through its 70% holding in Ikwezi Mining (Pty) Ltd.

Mining tenements acquired during the quarter:

None.

Mining tenements disposed of during the quarter:

None.

Other beneficial interests

Ikwezi Mining Limited held no other beneficial interests in farm-in or farm-out arrangements during the quarter ended 31 December 2018.