



ASX Code: IKW

30 April 2019
Company Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 MARCH 2019

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

Thermal coal markets

Thermal coal prices declined over the quarter ended 31 March 2019 with the API 4 thermal coal spot prices (FOB Richards Bay for 6,000 kcal, NAR product) ending the quarter at approximately USD71 per ton versus USD95 per ton at the beginning of the quarter.

The API 4 forward index (FOB Richards Bay for 6,000 kcal, NAR product) is currently trading in the USD70 to USD78 range for the next 12 months.

Operational update

During the quarter, the Company strengthened its management structure with the appointment of Mr Freddie Strydom as Chief Operating Officer of Ikwezi Mining (Pty) Ltd, the companies South African subsidiary. Freddie has over 35 years experience in the mining industry in South Africa and India. He joins us from Stefanutti Stocks where he held executive positions in Environmental, Civil and Mining Projects and Stefanutti Mining Services.

The Ikwezi mining right area consists of a number of opencast and underground areas each with different access, land ownership and community groupings. The Kliprand Colliery (previously, Ntendeka) is the initial opencast area where mining operations have commenced.

During the quarter, the mine plan for the Kliprand colliery has been remodelled and optimised to maximise coal extraction whilst minimising strip ratios and meeting the product qualities for the Companies target export markets. The initial focus of the operation is on the production and sale of run of mine (ROM) coal, which has been crushed and screened. Sales of crushed and screened ROM commenced during the quarter on a Free-on-Siding (“FOS”) basis, to minimise the Company’s risk and working capital requirements.

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The build-up of the mining operations and sale of the ROM product has been progressing in line with expectations. We expect production rates and sale of the crushed and screened ROM to increase over the next two quarters in line with the revised operational plan and improvement in equipment availability.

Once production has stabilised, the Company will evaluate the option of bringing the wash plant and other mining right areas into operation along with obtaining the relevant rail and port linkages in Ikwezi's own right. This will provide options for Company to sell either ROM coal or washed product either locally or onto the export market, dependent on market conditions.

Finance update

The cash and cash equivalents of the Company at 31 March 2019 totalled AUD 0.46 million (31 December 2018: AUD 2.302 million).

Coal sales commenced during the quarter with receipts from these totalling AUD1,688 million. As production starts to stabilise and volumes produced and sold increase, it is expected that the operations will start to generate a positive cash flow on a quarterly basis.

The initial developmental capital required at the Kliprand Colliery is largely complete. The main items that are still outstanding are erection of the maintenance workshops on site and the capital works relating to the permanent installation of a crushing and screening plant (which was purchased earlier in the year) at the Kliprand Colliery instead of the mobile crushing and screening plants currently being used.

The Company successfully closed a renounceable entitlement issue ("the Issue") of AUD 6.097 million as previously announced. A total of AUD 2.083 million was subscribed to by the shareholders participating in the Issue at the end of the previous quarter. The unsubscribed portion of AUD 4.01 million was received during the quarter from the underwriter.

The amounts that had been advanced to the Company under the four loan agreements by Osho SA Coal (Pty) Ltd, a related party, were repaid in full during the quarter together with interest thereon (AUD4,352 million).

Geological work

No additional drilling was undertaken during the quarter.

Summary

Management efforts are currently focussed on ramping up the production at the mining operations to a stable level with a key focus on improving contractor equipment availability. This will assist the operational cost structure and as a result, the cash flow generation of the operation. Going forward, the Company will evaluate the option of bringing the wash plant and other mining right areas into operation.

ABOUT IKWEZI

Ikwezi Mining Ltd is focused on the exploration and development of coal projects in South Africa. The Ikwezi mining right area consists of a number of opencast and underground areas. The Kliprand Colliery (previously, Ntendeka) is

the initial opencast area where mining operations have commenced. Ikwezi has a 70% stake in the mining right area located in the province of KwaZulu-Natal, and are 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 March 2019 are outlined below:

Project name	Type	Reference	Number of hectares and location	Ownership	Licensee
Ntendeka Colliery	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

Mining tenements acquired during the quarter:

None.

Mining tenements disposed of during the quarter:

None.

Notes:

1. Ikwezi Mining Limited holds a 70% interest through its 70% holding in Ikwezi Mining (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 2019.