



**ASX Code: IKW**

28 January 2022

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

## **QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 DECEMBER 2021**

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

### **Operational update**

Second quarter production improved compared to the first quarter, which was in line with planned/expected with December being low production month on account of holidays and rain interruptions. The total tonnages mined for the quarter were 206,515. As planned the Goedehoop pit was brought into production in the current quarter however mining activities remain limited as the start up was impacted by rain interruptions.

Emoyeni wash plant operations recorded a 6% quarter-on-quarter production improvement with November recording the highest monthly production yet. A record total feed of 223,421 was achieved during the current quarter, averaging at 74,473 tonnes per month which was in line with the production plan of 75,000 tonnes per month.

### **Finance update**

Cash and cash equivalents of the Company as at 31 December 2021 amounted to A\$ 4.499 million (30 September 2021: A\$ 0.453 million), together with undrawn finance facilities in the amount of A\$ 5.061 million.

No expenditure was incurred on exploration or development activities during the quarter. The expenditure of A\$ 12.994 million was incurred on mining production activities during the quarter.

### **Thermal coal markets**

Thermal coal prices (API4 Richards Bay - FOB Richards Bay for 6,000 kcal, NAR product) gradually decreased during the current quarter from a record high of over USD 200 and closing the quarter at just USD 135. This gradual decrease is expected to continue for the next 12 months with the price expected to be around USD 107 as at December 2022.

### **Future Developments**

The Company, through its Emoyeni wash plant aims to ramp up its throughput to achieve 90,000 tonnes on a monthly basis in the coming quarter. Further, coal production shall also be ramped up to 100,000 tonnes a month through production from both Kliprand and Goedehoop pits.

## Summary

Key management focus in the short term remains on increasing production and improving the product value through beneficiation of the coal at the Emoyeni wash plant.

The Company's Appendix 5B, item 6.1, includes payments made to Zarbon Coal (Pty) Ltd (related party) for fees charged relating to the export of coal and item 1.1 of the said Appendix 5B includes an amount of A\$ 6.180 million which was received from Ikwezi Mining FZE (related party) against the sale of coal.

## ABOUT IKWEZI

*Ikwezi Mining Limited 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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Chairman

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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 and its controlled entities' interests in tenements as at 31 December 2021 are outlined below:

Project name	Type	Reference	Number of hectares and location	Ownership	Licensee
Newcastle Project (previously "Ntendeka Colliery").	Mining Right	KZN 30/5/1/2/2/297 MR MPTRO: 77/2012 MR	12,182ha, Northern KwaZulu Natal, South Africa	70% <sup>1</sup>	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 2021.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

IKWEZI MINING LIMITED

ABN

ARBN 151 258 221

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	21,074	27,733
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(12,994)	(17,692)
(d) staff costs	(362)	(595)
(e) administration and corporate costs	(190)	(325)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(71)	(58)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>7,460</b>	<b>9,067</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(234)	(448)
(d) exploration & evaluation	-	-
(e) investments	(40)	(82)
(f) other non-current assets		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(274)</b>	<b>(530)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(3,085)	(4,200)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(3,085)</b>	<b>(4,200)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	453	214
4.2	Net cash from / (used in) operating activities (item 1.9 above)	7,460	9,067
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(274)	(530)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,085)	(4,200)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(55)	(52)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,499</b>	<b>4,499</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,454	408
5.2	Call deposits	45	45
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,499</b>	<b>453</b>

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	315
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	6,000	939
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>6,000</b>	<b>939</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>5,061</b>
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	<p>Zarbon Coal (Pty) Ltd or Zarbon, a related party, provided a letter of comfort to Ikwezi to provide it with a finance facility of up to USD4.3 million (approximately AUD6 million). Any amounts advanced under the facility will attract interest at an annualised rate of South African prime plus 0.5%. Any amounts drawn down under the facility need to be repaid, together with any interest due, on or before 31 March 2022. The repayment terms were renegotiated during the current quarter.</p>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	7,460
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	7,460
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,499
8.5 Unused finance facilities available at quarter end (item 7.5)	5,061
8.6 Total available funding (item 8.4 + item 8.5)	9,560
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>N/A</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: N/A
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer: N/A

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2022

Authorised by: Nitin Agrawal - Chairman

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.