



ASX Code: IKW

30 April 2018

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 MARCH 2018

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

Thermal coal markets

Thermal coal prices remained stable with a negative bias during the March 2018 quarter when compared with the quarter ended 31 December 2017. The spot API 4 index (basis FOB Richards Bay for 6,000 NAR material) accordingly moved in a narrow range during the quarter, and ended lower when compared with the previous quarter.

The API4 index is trading in the range of United States Dollars (“USD”) 90 - USD 95 for the next 12 months at the date of this report. The realisable ZAR value of coal exports should however neutralise the marginal fall in coal prices due to the weakness of ZAR-USD in the period following the end of March 2018 quarter.

Finance update

The cash and cash equivalents of the Company at 31 March 2018 aggregated A\$ 0.191 million (31 December 2017: A\$ 0.599 million).

During the quarter ended 31 March 2018, the Company continued to spend cash on relocation of houses, repayment of creditors in addition to incurring fixed overheads and costs to ready the Ntendeka Colliery to engage in mining operations.

As previously announced, Ikwezi has estimated that under its current operational mining plan, it will require approximately USD 5 million (AUD 6.5 million) for the commencement of mining operations. This may reduce depending on the finalisation of offtake arrangements for the coal. Ikwezi has received *in-principle* support for the expected fund raising required to bring the mine into production from its principal shareholder. Ikwezi is continuing

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

to evaluate options for the most appropriate means of raising the required capital, including through potential new equity issues and expects to provide a further update in due course.

On 30 April 2018, Ikwezi has entered into a short-term unsecured loan facility agreement of ZAR 9.5 million (approx. AU\$ 1 million) from Osho SA Coal (Pty) Ltd, a related party. The loan facility will attract an interest rate of 10 percent per annum, with full repayment to be made on or before 31 August 2019. The loan will be drawn down by Ikwezi's operations as and when required.

Update on the status of project implementation and engaging in mining operations

Following is a summary of the key events during the quarter ended 31 March 2018, until the date of this report:

1. The Company has managed to complete the process of relocation of houses subsequent to the end of the March quarter.
2. Ikwezi is continuing to evaluate options for the most appropriate means of raising the required capital, including through potential new equity issues and expects to provide a further update in due course. As an interim measure, an unsecured loan facility of ZAR 9.5 million (approx. AU\$ 1 million) has been obtained.
3. The Company has appointed CML Melger Mining Pty Ltd ("CML") as its mining contractor, to start opencast mining operations and has negotiated and successfully concluded a mining contract. CML will undertake the mining operations for the production of ROM Coal, and perform all activities, such as crushing and screening, which are ancillary to the mining operations, from the Central Mini Pit and any other pits as designated from time to time by Ikwezi.
4. Site establishment is expected to commence soon and the Company is on track to engage in mining operations, and be in readiness to produce ROM coal during the financial year ending 30 June 2018.
5. No further geological work was undertaken during the quarter on the remainder of the resource.

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, and is poised to start mining during the quarter ending 30 June 2018.

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.

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 2018 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

Mining tenements acquired during the quarter:

Nil

Mining tenements disposed of during the quarter:

Project name	Type	Reference	Number of hectares and location	Ownership	Licensee
Assegai Project	Prospecting right	MP305/1/1/2/4397 PR MPTRO: 12/293 PR	3,998ha, Mpumulanga Province, South Africa	60%	Bokamoso Resources (Pty) Ltd

The prospecting right of Assegai Project expired after the end of the December quarter and it was not renewed.

Notes:

1. Ikwezi Mining Limited holds a 70% interest through its 70% holding in Ikwezi Mining (Pty) Ltd.
2. Ikwezi Mining Limited held 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 March 2018.