



**ASX Code: IKW**

30 April 2015

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

## **QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 31 MARCH 2015**

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

### **Thermal coal markets**

Thermal coal prices remained depressed during the quarter as the global market remains over supplied despite the anticipated seasonal pick-up in demand. Whilst some of the bigger thermal coal producers have taken steps to rationalise production, it will take some time for the overall market to stabilise and forecast prices appear intent on remaining static in the short to medium term. Current local market conditions and costly take or pay obligations make it more expensive for mines to shut down and a number of mines continue to operate at a loss. This is hampering a return to tighter conditions. At the same time, export market pricing remains challenging for South African producers despite the depreciation of the Rand against the USD. Whilst a number of mines continue to operate at a loss, there has been a reduction in overall production volumes and this has increased the availability of both trucking and mining fleets. This availability has resulted in the rationalisation and reduction in production and logistics costs. Further underutilisation of rail contracts has forced rail operators to review their pricing models which have also reduced during the first quarter.

### **Finance and project status update**

The Company had A\$3.764m cash on hand as at 31st March 2015.

The Company announced a fully under-written renounceable entitlement issue to raise \$4,065m in late December 2014. The issue closed during January 2015 and shares were issued in respect of acceptances for \$2,015m with the balance of the shortfall shares allotted during the quarter.

Further plans have been put into place to improve the geological information on two potential additional opencast areas in the northern part of the Ntendeka collieries mining right and drilling work is due to commence in the second quarter. This will add flexibility to our production plans with the updated areas expected to have lower strip ratios than the current scheduled open cast operations. This will provide the Company with more streamlined and profitable opportunities to target our resources better.

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Overheads remain at a minimum and management continues to control these on an ongoing basis. These costs are expected to increase in line with start-up of operations.

## **Summary**

Subsequent to the completion of the renounceable entitlement offer completed during the quarter, Ikwezi is now in the position to ready itself to commence mining operations, subject to market conditions.

We would like to thank our shareholders for their continued support of the Company which is greatly appreciated.

## **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 and a 60% interest in the Dundee, Acorn and Assegai projects. 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 March 2015 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
Dundee Project (formerly Newcastle Phase 2)	Prospecting right	KZN 30/5/1/1/2/387 PR MPTRO: 163/2011 PR	4,665ha, Northern KwaZulu Natal, South Africa	60%	Bokamaso Resources (Pty) Ltd
Acorn Project	Prospecting right	GP 30/5/1/1/2/550 PR MPTRO: 115/2011(PR	20,758ha, Gauteng Province, South Africa	60%	Bokamaso Resources (Pty) Ltd
Assegai Project	Prospecting right	MP305/1/1/2/4397 PR MPTRO: 12/293 PR	3,998ha, Mpumalanga Province, South Africa	60%	Bokamaso Resources (Pty) Ltd

### 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 Bokamaso Resources (Pty) Ltd

### Other beneficial interests

Ikwezi Mining Limited held no other beneficial interests in farm-in or farm-out arrangements during the quarter from 1 January to 31 March 2015.