



ASX Code: IKW

29 July 2016

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

## **QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 30 JUNE 2016**

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

### **Thermal coal markets**

Thermal coal prices showed an improvement during the quarter ended 30 June 2016 aided by some supply side rationalisation. The API 4 index (basis FOB Richards Bay for 6000 NAR material) increased during the quarter, with the previous declining forward price curve flattening. At the date of this report the API4 index is trading at approx. USD63 with the 2017 forward market at similar levels.

The South African Rand remained in a tight range versus the US Dollar during the quarter, and closed the quarter at nearly the same levels as at the end of the previous quarter. This coupled with an increase in coal prices in dollar terms has improved prospects of coal exports from South Africa.

### **Finance update**

The Company had cash and cash equivalents of A\$2.091 million at 30 June 2016 (A\$2.383 million at 31 March 2016).

### **Update on status of project implementation**

With the improved market conditions, the Company is looking to bring the “Central opencast” area of Ntendeka colliery into production selling run of mine (ROM) coal initially.

The Company is in the process of finalising its preferred mining contractor. Once this has been completed, a final decision will be made by the Board on the start-up of mining operations. In line with this we expect to appoint the mining contractor and start implementing the capital expenditure plan to start run-of-mine. Mining operations are targeted for commencement in the first quarter of calendar year 2017. In parallel, the Company will conclude discussions with identified potential off takers for the product.

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The Company continues to minimise its overheads and cost structure.

The Company has elected to allow its Acorn Project's Prospecting license to lapse given its current focus on minimising expenditure and bringing its Ntendeka colliery into production.

No further geological or mine planning work was undertaken during the quarter ended 30 June 2016 on the remainder of the resource.

## **Summary**

Whilst the API index range is below the \$70 to \$75 range prevailing when Ikwezi undertook the rights issue in early 2015 with the intention of commencing the mining and sale of ROM coal, management are of the view that the mine can operate profitably in the current market conditions. Accordingly, the mining operations are targeted for commencement in the first quarter of calendar year 2017, and the Company is also working towards minimising risks that could potentially affect start of production.

## **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 Assegai project. 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 30 June 2016 are outlined below:

<b>Project name</b>	<b>Type</b>	<b>Reference</b>	<b>Number of hectares and location</b>	<b>Ownership</b>	<b>Licensee</b>
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
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:**

The Company's Acorn Project Prospecting Right has lapsed and will not be renewed in line with the Company's focus on bringing its Ntendeka Colliery into production.

### **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 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 30 June 2016.