



ASX Code: IKW

29 October 2021

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

QUARTERLY ACTIVITIES REPORT – 3 MONTHS ENDED 30 SEPTEMBER 2021

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

Operational update

The current quarter saw the company improving its coal production, as previously coal production was delayed on account of additional waste stripping due to high stock levels and low product pricing. This has led to a record ROM coal production of 92,851 tonnes in July. This has been the highest monthly production since the company's commencement of mining operations in 2018.

Significant progress is being made to improve production at the Emoyeni wash plant, a total feed of 210 285 tonnes was achieved for the quarter. This has also been the highest quarterly production rate since commencement of operations in December 2020.

Finance update

Cash and cash equivalents of the Company as at 30 September 2021 totalled A\$ 0.453 million (30 June 2021: A\$ 0.214 million), together with undrawn finance facilities in the amount of A\$ 1.825 million.

No expenditure was incurred on exploration or development activities during the quarter. The expenditure of A\$ 4.7 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) continued to increase during the current quarter. Prices have touched record high levels in October at over USD 200, these prices have been driven by coal shortages in China, India and Europe. Prices are expected to be strong until December 2022 whereafter the API4 forward curve predicts a gradual decline over the next 12 months.

Future Developments

The Company, through its Emoyeni wash plant aims to ramp up its throughput to achieve 75 000 tonnes on a monthly basis in the coming quarter. Further, we plan to bring the Goedeheop pit into production in the coming quarter.

Summary

Key management focus in the short term remains on value addition, margin expansion and self sufficiency through production expansion of ROM and washed coal.

The Company's Appendix 5B includes amounts in item 6.1, being related party payments. The amount represents payments made to Zarbon Coal (Pty) Ltd (related party) for fees charged relating to the export of coal.

ABOUT IKWEZI

Ikwezi Mining is a visionary mining company operating in the KwaZulu Natal province of South Africa. We operate the Kliprand Colliery, the Emoyeni coal beneficiation plant in Dannhauser, Kwa-Zulu Natal and utilize the Ikwezi Ngagane rail siding near the Ngagane power station in Newcastle. Ikwezi Mining Limited is focused on the exploration and development of coal projects in South Africa. The Newcastle Project consists of a number of open cast and underground areas each with different access, different land ownership and different community groupings. Over the life of the mine, each of the opencast and underground areas will be mined separately although they will all share a common infrastructure and processing facility. The Kliprand Colliery is the initial open cast area within the Newcastle Project where mining operations commenced in May 2018. Ikwezi has a 70% stake in the mining right area located in the province of KwaZulu-Natal 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 and its controlled entities' interests in tenements as at 30 September 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% ¹	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 30 September 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")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,659	6,659
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(4,698)	(4,698)
(d) staff costs	(233)	(233)
(e) administration and corporate costs	(135)	(135)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
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)	13	13
1.9 Net cash from / (used in) operating activities	1,607	1,607
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(214)	(214)
(d) exploration & evaluation	-	-
(e) investments	(42)	(42)
(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 (3 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)	-	-
2.6	Net cash from / (used in) investing activities	(256)	(256)

3.	Cash flows from financing activities		
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	(1,115)	(1,115)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(1,115)	(1,115)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	214	214
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,607	1,607
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(256)	(256)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,115)	(1,115)

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	3	3
4.6	Cash and cash equivalents at end of period	453	453

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	408	100
5.2	Call deposits	45	114
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	453	214

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	992
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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	6,000	4,175
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	6,000	4,175
7.5 Unused financing facilities available at quarter end		1,825
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 5% p.a. Any amounts drawn down under the facility need to be repaid, together with any interest due, on or before 31 December 2021.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,607
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)	1,607
8.4 Cash and cash equivalents at quarter end (item 4.6)	453
8.5 Unused finance facilities available at quarter end (item 7.5)	1,825
8.6 Total available funding (item 8.4 + item 8.5)	2,278
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<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: 29 October 2021

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.