IKWEZI MINING LIMITED

(Incorporated in Bermuda with registered company number 45349)

ARBN 151 258 221

ANNUAL REPORT FOR THE PERIOD ENDED 30 JUNE 2011

CORPORATE DIRECTORY

Directors
Simon Hewetson – Chairman
David Pile – Managing Director
Ranaldo Anthony- Executive Director
Roger Rees – Independent Non-Executive Director

Company Secretary
Alex Neuling

Assistant Company Secretary
Codan Services Limited

Bermuda Resident Representative
Codan Services Limited

Registered Office
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Hamilton, HM11, Bermuda

ASX CODE: IKW

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Perth, WA, Australia

South African Legal Advisors
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Independent Geologist
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22 Minerva Street
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Witbank, South Africa

Bankers
Westpac Private Bank
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Share Registry
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Perth, WA Australia

Codan Services Limited
Clarendon House
2 Church Street
Hamilton, HM11, Bermuda

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CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

Ikwezi Mining is pleased to report its first annual financial results following its listing on the Australian Stock Exchange (ASX) on 19 July 2011.

The Initial Public Offering (IPO) saw new investors taking up 150 million shares, representing 44.28% of the company's shares in issue and raising A$30 million. This will be used to complete development studies and to develop our flagship Newcastle Project to initial coal production. Shares were offered to selected institutional investors and qualified institutional buyers.

Performance review

The group is now in a strong financial position which allows for investment in the business for future growth. Costs reflected include exploration and other associated activities.

We are focused on advancing the development of our three coal projects in the KwaZulu Natal and Gauteng regions of South Africa. Activities at the Newcastle Project, which is located in the KwaZulu Natal coal fields and in which we own a 70% interest, are progressing well, with completed drilling showing encouraging results. From a regulatory point of view, we are on track to fulfil the requirements of our Mining Right application for the project, our environmental management programme report and an integrated water use licence.

The Newcastle Project is in close proximity to rail and port infrastructure and we continue to work towards securing access to the infrastructure required to commence mining operations. Our management team is in advanced discussions with the state-owned transport and logistics group, Transnet and the relevant port authorities in this regard.

Subsequent to the year end, we secured prospecting rights over five farms in the Waterberg region where we intend commencing exploration work in the first quarter of 2012.

Sustainability

Ikwezi Mining remains committed to being a responsible corporate citizen which considers its environmental as well as social and economic impact. We aim to meet or exceed environmental requirements set out in South Africa's National Environmental Management Act (NEMA) and will look to use the latest technology to ensure minimal impact on the environment in our exploration and development activities. We believe that good community relations are fundamental to the future success of our business and continue to engage extensively with the communities around our project sites. We also remain committed to operating in a transparent and accountable manner and at board level subscribe to the highest levels of good governance. Our board charter recognises management's duties and responsibilities to employees, customers, communities as well as other stakeholders.

We also fully support the South African government's transformation efforts, with our black economic empowerment partners not only having a significant stake in our business, but forming an integral part of our management team. With a BEE shareholding of 30% in our Newcastle project and 40% in our Newcastle Phase 2 and Acorn projects, we have exceeded the targets set out in the Mining Charter, which requires mining companies to obtain 26% BEE ownership by 2014.

Prospects

The global outlook for coal remains positive in the medium to long term, underpinned by a recovery of commodity prices and with demand driven by India and China.

Our strategy remains focused on exploring and developing coal assets in South Africa. As the first pillar of this strategy, we aim to generate income and capital growth for our shareholders by bringing the Newcastle Project into production during 2012.

Over the longer term, we plan to realise the full potential of all our projects to provide us with the foundation from which to create further shareholder value through the acquisition, exploration and development of coal projects in South Africa.

Acknowledgements

We would like to thank all our shareholders for their support in ensuring a successful listing, as well as for their continued commitment. Our appreciation also extends to our high calibre management team which brings technical and development expertise to Ikwezi Mining. Each member of the board has also provided valuable input and guidance during this time and we look forward to working with them during the next exciting phase as we take our business to the next level.

Simon Hewetson	David Pile
Chairman	***Managing Director***

The directors of Ikwezi Mining Limited (**Directors**) present their report on the Consolidated Entity consisting of Ikwezi Mining Limited (the **Company** or **Ikwezi**) and the entities it controlled at the end of, or during, the period ended 30 June 2011 (**Consolidated Entity** or **Group**).

DIRECTORS

The following persons were directors of Ikwezi during the financial period or up to the date of this report:

Mr Simon Hewetson – *Chairman and Non-executive Director (appointed 10 May 2011)*
Mr David Pile – *Managing Director (appointed 10 May 2011)*
Mr Ranaldo Anthony – *Executive Director (appointed 8 June 2011)*
Mr Roger Rees – *Non-executive Director (appointed 22 July 2011)*

INFORMATION ABOUT DIRECTORS

Mr Simon Hewetson

Simon was a co-founder and Chief Executive Officer of Nucoal Mining (Pty) Ltd (Nucoal) where he oversaw the development of the operation up to a production level of 2.5mtpa before Nucoal was sold to an Australian Securities Exchange (ASX) listed coal producer in January 2010. Simon has extensive trading experience in a number of commodities, and with the development of junior mining companies.

Special responsibilities:
Chairman of the Board
Non-Executive Director
Member of the Remuneration and Nomination Committee

Current Directorships and Former Directorships (last 3 years) of listed public companies:
None

Mr David Pile

David is a Chartered Accountant (registered in South Africa) with comprehensive experience across a number of industries in Sub-Saharan Africa, South East Asia and Australia. Most recently, he was Chief Financial Officer of Minara Resources, an ASX listed mining company, and prior to that the Chief Financial Officer of Ingwe Collieries, BHP Billiton's South African energy coal operations, where he was also a director of the Richards Bay Coal Terminal.

Special responsibilities:
Managing Director
Member of the Audit Committee
Member of the Risk Committee
Member of the Remuneration and Nomination Committee

Current Directorships and Former Directorships (last 3 years) of listed public companies:
None

Mr Ranaldo Anthony

Ranaldo is a registered South African geologist and a member of the Geological Society of South Africa. Ranaldo previously worked for BHP Billiton in the mineral resource department of the Energy Coal Division, where he was responsible for the reporting of global energy coal Reserves and Resources. Most recently, Ranaldo was Deputy Chief Executive Officer of Nucoal.

Special responsibilities:

Executive Director
Member of the Audit Committee
Member of the Risk Committee
Member of the Remuneration and Nomination Committee

Current Directorships and Former Directorships (last 3 years) of listed public companies:
None

Mr Roger Rees

Roger was appointed to the Ikwezi Board on 22nd July 2011. He has held a number of senior management positions, including serving as the Finance Director of the South African engineering and construction business Murray and Roberts for over 10 years. Roger was also a non-executive Director of Clough Limited from November 2005 and Deputy Chairman from April 2010 to July 2011. He developed his early career with Arthur Andersen in London and Johannesburg, followed by financial leadership positions in the food, tobacco and media sectors. Roger has developed extensive international expertise in corporate finance entailing due diligence studies, mergers, acquisitions and disposal of companies.

Special responsibilities:
Chairman of Audit Committee
Chairman of Risk Committee
Chairman of Remuneration and Nomination Committee

Current Directorships and Former Directorships (last 3 years) of listed public companies:
Rex Trueform Limited (appointed 1 April 2011)
Murray and Roberts Holdings Limited (resigned 30 June 2011)
Clough Limited (resigned 1 July 2011)

COMPANY SECRETARY

The Company Secretary is Mr Alex Neuling (appointed 15 June 2011).

Alex Neuling is a Chartered Accountant and Chartered Secretary with over 10 years corporate and financial experience including 6 years as director, chief financial officer and or company secretary of various ASX-listed companies in the mining, mineral exploration, oil and gas and other sectors.

Prior to those roles, Alex worked at Deloitte in London and Perth. Alex also holds an honours degree in Chemistry from the University of Leeds in the United Kingdom and is principal of Erasmus Consulting Pty Ltd (Erasmus), which provides company secretarial and financial management consultancy services to a variety of ASX-listed and other companies.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial period was coal exploration and development.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial period ended 30 June 2011.

SUMMARY REVIEW OF OPERATIONS

For the financial period ended 30 June 2011 the Group recorded a net loss of $366,826 and a net cash outflow from operations of $527,323. Activities during the period were focused on listing the Company on the ASX and development work on its Newcastle project. On 15 July 2011, the Company was listed on the ASX via an Initial Public Offering (IPO) which raised $30,000,000, before issue costs.

Applications for a mining right for the Company's Newcastle project were submitted to the Department of Mineral Resources (DMR) in December 2010. Environmental and other applicable studies required for the submission of the Environmental Impact Assessment (EIA), Environmental Management Programme (EMP) and Water Use Licence were carried out during the period under review. The Company has two drill rigs on site at the Newcastle project with assessments of coal qualities and geological structures ongoing.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the Group occurred during the financial period and to the date of this report other than as referred to in the Summary Review of Operations.

POST REPORTING DATE EVENTS

The Company listed on the ASX on 15 July 2011 raising an amount of $30,000,000 before costs for the issue of 150,000,000 fully paid ordinary shares.

5,000,000 options were issued on 15 July 2011 exercisable at $0.30 per share with an expiry date of 31 December 2012.

The Company entered into an agreement to purchase 70% of two Prospecting Rights in the Waterberg for a total consideration of ZAR3.5 million subject to the satisfactory conclusion of certain conditions precedent.

FUTURE DEVELOPMENTS

Due to the nature of the Group's business activities, the Directors are not able to state:

(a) likely developments in the entities' operations; or

(b) the expected results of these operations,

as to do so would result in unreasonable prejudice to the Consolidated Entity.

ENVIRONMENTAL REGULATION

The Group's environmental obligations are regulated under South African laws. The Company has a policy of exceeding or at least complying with its environmental performance obligations.

During the financial period, the Group did not materially breach any particular or significant South African law.

DIRECTORS' SHAREHOLDINGS

As at the date of this report, the interests of the Directors in shares and options of Ikwezi are:

	Number of fully paid ordinary	Number of share options
Mr Simon Hewetson (i)	-	-
Mr David Pile (i)	-	2,000,000
Mr Ranaldo Anthony	-	2,000,000
Mr Roger Rees	-	-
	-	4,000,000

(i) Mr David Pile and Mr Simon Hewetson each have a beneficial interest in Ikwezi, whether held directly or indirectly, in 170,000,000 shares of the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the period ended 30 June 2011, and the number of meetings attended by each director (includes matters decided by circular resolution). No meetings were held by committees prior to 30 June 2011.

Full board meetings	No. eligible to attend	No. attended
Mr Simon Hewetson	1	1
Mr David Pile	1	1
Mr Ranaldo Anthony	1	1
Mr Roger Rees	-	-

SHARE OPTIONS

At the date of this report the Company has the following options on issue.

Description	2011 Number	Exercise Price	Grant Date	Expiry Date
Options:				
Broker Options	1,000,000	$0.30	15 July 2011	31 Dec 2012
Director Options	4,000,000	$0.30	15 July 2011	31 Dec 2012
	5,000,000			

REMUNERATION REPORT

This remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

This remuneration report outlines the director and executive remuneration arrangements of the Company and Group. For the purpose of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent Company, and includes the highest paid executives of the Company and Group.

Details of Directors and Executives

Directors

Mr Simon Hewetson - Chairman

Mr David Pile - Managing Director

Mr Ranaldo Anthony - Executive director

Mr Roger Rees - Non-executive director

Executives

Mr Alex Neuling - Company Secretary

No remuneration was paid to directors of the Group by Group companies other than Ikwezi Mining Limited.

REMUNERATION REPORT (CONTINUED)

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Board, acting in its capacity as remuneration committee, is to ensure that pay and rewards are competitive and appropriate for the results delivered. The remuneration committee charter adopted by the Board aims to align rewards with achievement of strategic objectives and the creation of value for shareholders. The remuneration framework applied provides a mix of fixed and variable pay and a blend of short and long term incentives as appropriate.

Remuneration of executives consists of an un-risked element (base pay) and cash bonuses based on performance in relation to key strategic, non-financial measures linked to drivers of performance in future reporting years. As such, remuneration is not linked to the financial performance of the Company.

At present the functions of the remuneration committee in relation to the remuneration of the Company's executives (including share and benefit plans) are carried out by the full board. No directors are present at meetings of the board in this function where their own remuneration is being considered. Issues of remuneration are considered annually or otherwise as required.

Non-executive directors

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at General Meetings and is currently set at $500,000. The Company's policy is to remunerate non-executive directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the Company, however to align directors' interests with shareholders' interests, Directors are encouraged to hold shares in the Company.

In addition to Directors' fees, non-executive Directors are entitled to additional remuneration as compensation for work outside the scope of non-executive directors duties (whether performed in a consulting or part-time employee capacity). Non-executive Directors' fees and payments are reviewed annually by the board.

Retirement benefits and allowances

No retirement benefits or allowances are paid or payable to non-executive directors of the Company other than Superannuation benefits.

Other benefits

No motor vehicle, health insurance or other similar allowances are made available to non-executive directors.

REMUNERATION REPORT (CONTINUED)

Executives

Base pay

Executives are offered a competitive level of base pay which comprises the fixed (un-risked) component of their pay and rewards. Base pay for senior executives is reviewed annually to ensure market competitiveness. There are no guaranteed base pay increases included in any senior executives' contracts.

Short term incentives

Payment of short term incentives is dependent on the achievement of key performance milestones as determined by the remuneration committee. These milestones require performance in relation to key strategic, non-financial measures linked to drivers of performance in future reporting years.

Short-term bonus payments may be adjusted up or down in line with under or over achievement relative to target performance levels at the discretion of the remuneration committee.

For the period ended 30 June 2011, no short term incentives were paid or payable to Directors or Key Management Personnel of the Company or Group.

Long term incentives

Long-term performance incentives comprise of options granted at the discretion of the remuneration committee in order to align the objectives of directors with shareholders and the Company (refer section D for further information). The issue of options to Directors requires shareholder approval.

The grant of share options has not been directly linked to previously determined performance milestones or hurdles as the current stage of the Group's activities makes it difficult to determine effective and appropriate key performance indicators and milestones.

There is currently no Board policy in relation to the person granted the option, limiting his or her exposure to risk in relation to the securities.

REMUNERATION REPORT (CONTINUED)

B. DETAILS OF REMUNERATION

Amounts of remuneration

Details of the remuneration of the Directors and and Executives of Ikwezi Mining Limited and the Group are set out in the following table.

	Short-term benefits			Post-employment benefits		Share-based payment	
2011	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**Retirement benefits $**	**Options $**	**Total $**
Non-executive directors							
Mr Simon Hewetson	-	-	-	-	-	-	-
Mr Roger Rees	-	-	-	-	-	-	-
Sub-Total non-executive directors	-	-	-	-	-	-	-
Executive directors							
Mr David Pile	53,333	-	-	4,800	-	-	58,133
Mr Ranaldo Anthony	46,667	-	-	4,200	-	-	50,867
Executives							
Mr Alex Neuling*	1,350	-	-	-	-	-	1,350
Total	101,350	-	-	9,000	-	-	110,350

*Amounts shown as remuneration for Mr Neuling are fees paid to Erasmus Consulting Pty Ltd (Erasmus), a Company controlled by Mr Neuling which provides, Company Secretarial, Accounting and Financial services to the Company. The amounts include payment for services provided by Mr Neuling and other members of staff employed or retained by Erasmus.

REMUNERATION REPORT (CONTINUED)

B. DETAILS OF REMUNERATION (CONTINUED)

During the period to 30 June 2011 no at-risk short-term or long-term incentives were paid or payable to Directors or Executives of the Company / Group.

No cash bonuses were forfeited during the period by Directors or Executives or remained unvested at period-end.

C. SERVICE AGREEMENTS

Remuneration and other terms of agreement for the Company's non-executive directors are formalised in letters of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director. The major provisions of the agreements relating to remuneration are set out below. Non-executive directors' fees are set at an aggregate sum not exceeding $500,000. During the period ended 30 June 2011, the Chairman was not paid in relation to his role as Chairman or Non-Executive Director. This position may be revisited during the 2012 financial year. No termination benefits are payable to non-executive directors under the terms of their letters of appointment.

On 1 May 2011 the Company entered into an Executive Service Agreement with David Pile (Managing Director) and Ranaldo Anthony (Executive Director). Under the terms of the present contract:

- Mr Pile will be paid a minimum remuneration package of $320,000 per annum and Mr Anthony will be paid a minimum remuneration package of $280,000 per annum. Mr Pile will also be paid an additional amount set by law at 9% of his base salary into retirement funds and Mr Anthony will be paid an additional amount equal to 9% of his base salary into pension contribution funds.
- Mr Pile and Mr Anthony may qualify for a bonus to be decided at the sole discretion of the Board, not to exceed an amount equal to 80% of their annual base salary, should the Company be successful in achieving the goal to bring the Newcastle Project into production at specified levels for at least 2 consecutive months and the operations being cash flow positive on or before 30 June 2012.
- Each Executive Director may terminate his respective employment agreement at any time by providing 3 months written notice to the Company.
- The Company may terminate the employment of the Executive Directors with immediate effect if the Executive Director commits any act which at common law would entitle us to terminate the Executive Director's employment without notice or payment in lieu of notice or if the Executive Director becomes bankrupt or makes an arrangement or composition with creditors.
- The Company may also at any time terminate an executive employment agreement without cause, by giving the executive 3 months written notice or 3 months payment in lieu of notice, or a combination of notice and payment in lieu of notice.

REMUNERATION REPORT (CONTINUED)

C. SERVICE AGREEMENTS (CONTINUED)

Remuneration and other terms of agreement with Alex Neuling in his capacity as the Company Secretary are formalised in an agreement with Erasmus Consulting Pty Ltd (a related entity of Mr Neuling), which was entered into prior to his appointment. The agreement is on normal commercial terms and provides for a minimum monthly retainer plus hourly rate and has a three month notice period.

D. SHARE-BASED COMPENSATION

Option holdings

During the financial period there were no share-based payment arrangements in existence.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 20 to the financial statements.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

INSURANCE AND INDEMNITY OF OFFICERS AND AUDITORS

During the period the Company has paid a premium in respect of a contract insuring the directors of the Company (as named above) and the Company Secretary against liabilities incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

This report is made in accordance with a resolution of the directors.

Simon Hewetson
Chairman
Monaco

29 September 2011

Deloitte.

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Independent Auditor's Report
to the members of Ikwezi Mining Limited

We have audited the accompanying financial report of Ikwezi Mining Limited, which comprises the statement of financial position as at 30 June 2011, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period as set out on pages 15 to 43.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the financial report of Ikwezi Mining Limited presents fairly, in all material respects, the consolidated entity's financial position as at 30 June 2011 and its financial performance for the year then ended in accordance with Australian Accounting Standards; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants
Perth, 29 September 2011

Consolidated Income Statement
For the period ended 30 June 2011

	Note	2011 $
Revenue	(5)	**1,303**
Total income		
Administrative expenses		**60,908**
Depreciation	(6)	**73**
Employee benefits expense		**224,751**
Consulting expenses		**15,159**
Occupancy expenses		**21,637**
Travel and transport expenses		**11,715**
Net foreign exchange loss		**23,140**
Other expenses		**617**
Loss before income tax expense		**(355,463)**
Income tax (expense) / benefit	(7)	**-**
Loss for the period from continuing operations		**(355,463)**
Attributable to:		
Owners of the Company		**(366,826)**
Non-controlling interests		**11,363**
		(355,463)
Loss per share		
Basic and diluted loss per share (cents per share)	(22)	**(0.3)**

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the period ended 30 June 2011

	Note	2011 $
Loss for the period		**(355,463)**
Other comprehensive income		
Exchange differences on translating foreign operations		**1,456**
Total comprehensive income for the period		**(354,007)**
Attributable to:		
Owners of the Company		**(365,371)**
Non-controlling interests		**11,363**
		(354,007)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	2011 $
Assets		
Current assets		
Cash and cash equivalents	(8)	**1,418,025**
Trade and other receivables	(9)	**110,412**
Other assets	(10)	**722,641**
Total current assets		**2,251,078**
Non-current assets		
Exploration and evaluation expenditure	(11)	**1,595,398**
Property, plant and equipment	(12)	**1,158**
Total non-current assets		**1,596,556**
Total assets		**3,847,634**
Liabilities		
Current liabilities		
Trade and other payables	(13)	**660,968**
Other liabilities	(14)	**498,600**
Total liabilities		**1,159,568**
Net assets		**2,688,066**
Equity		
Issued capital	(15)	**2,981,333**
Reserves	(16)	**1,456**
Accumulated losses	(16)	**(366,826)**
Equity attributable to owners of the Company		**2,615,963**
Non-controlling interests		**72,103**
Total equity		**2,688,066**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the period ended June 2011

	Note	2011 $
Cash flows from operating activities		
Payments to suppliers and employees		**(527,323)**
Net cash outflow from operating activities	(21)	**(527,323)**
Cash flows from investing activities		
Payments for capitalised exploration and evaluation		**(1,534,658)**
Payments for property, plant and equipment		**(1,230)**
Interest received		**1,303**
Net cash outflow from investing activities		**(1,534,585)**
Cash flows from financing activities		
Proceeds from issues of shares	(15)	**3,131,342**
Share issue costs	(15)	**(150,009)**
Proceeds from loans from related parties		**498,600**
Net cash inflow from financing activities		**3,479,933**
Net increase in cash and cash equivalents		**1,418,025**
Cash and cash equivalents at the beginning of the period		**-**
Effects of exchange rate changes on cash and cash equivalents		**-**
Cash and cash equivalents at the end of the period	(8)	**1,418,025**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes In Equity

For the period ended 30 June 2011

	Issued Capital	Foreign currency translation reserve	Accumulated losses	Attributable to owners of the parent	Non-controlling interests	Total
	$	$	$	$	$	$
Balance at incorporation	10,000	-	-	10,000	-	10,000
Profit/(loss) for the period	-	-	(366,826)	(366,826)	11,363	(355,463)
Exchange differences on translation of foreign operations	-	1,456	-	1,456	-	1,456
Total comprehensive income for the period	-	1,456	(366,826)	(365,371)	11,363	(354,007)
Issue of shares – asset acquisition	121,342	-	-	121,342	-	121,342
Issue of shares – seed capital	3,000,000	-	-	3,000,000	-	3,000,000
Share issue costs	(150,009)	-	-	(150,009)	-	(150,009)
Non-controlling interests arising on asset acquisition	-	-	-	-	60,740	60,740
Balance at 30 June 2011	**2,981,333**	**1,456**	**(366,826)**	**2,615,962**	**72,103**	**2,688,066**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes To The Consolidated Financial Statements
For the period ended 30 June 2011

1. CORPORATE INFORMATION

Ikwezi Mining Limited ("Company" or "Ikwezi") is a company limited by shares incorporated in Bermuda whose shares are publicly traded on the ASX (effective 15 July 2011). The consolidated financial statements of the Group as at and for the period from incorporation to 30 June 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

As the Company was incorporated on 2 May 2011, no comparative financial information for the prior period exists.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statement are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ("IFRS")

The financial statements were authorised for issue by the directors on 29 September 2011.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for certain non-current assets that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting estimates and significant judgements

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company is of the view that there are no critical accounting estimates and judgements in this financial information, other than accounting estimates and judgements in relation to the carrying value of mineral exploration and evaluation expenditure, refer note 2 (k) and the acqusition of the Naledi Holdings Ltd group, refer note 2 (b) and note 11.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss of $366,826 for the period to 30 June 2011 and had a net cash outflow from operations of $527,323 for the period. Notwithstanding this, the financial report has been prepared on a going concern basis which the Directors consider to be appropriate based upon the available cash assets of $1,418,025 as at 30 June 2011 and a subsequent Initial Public Offering (IPO) completed on 15 July 2011 raising $30,000,000 before costs.

New accounting standards and interpretations

The Group has chosen not to early-adopt any accounting standards that have been issued, but are not yet effective.

Set out below is a summary of issued accounting standards, which are or may become relevant to the Entity, which are not yet effective. Management is currently evaluating the impact that the initial adoption of the following Standards and Interpretations will have on the financial report of the consolidated entity.

- AASB 124 Related Party Disclosures (2009), AASB 2009-12 Amendments to Australian Accounting Standards (effective for annual reporting periods beginning or after 1 January 2011)

- AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010-9 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning or after 1 January 2013)

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning or after 1 January 2011)

- AASB 2010-5 Amendments to Australian Accounting Standards (effective for annual reporting periods beginning or after 1 January 2011)

- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning or after 1 July 2011)

- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective for annual reporting periods beginning or after 1 January 2012)

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 127 Separate Financial Statements (2011), AASB 128 Investments in Associates and Joint Ventures (2011) (effective for annual reporting periods beginning or after 1 January 2013)

- AASB 2011-7 Amendments to Australian Accounting Standards arising from Consolidation and Joint Arrangements Standards (effective for annual reporting periods beginning or after 1 January 2013)

- AASB 13 Fair Value Measurements, AASB 119 Employee Benefits (2011) and AASB 2011-9 Amendments to Presentation of Items of Other Comprehensive Income (effective for annual reporting periods beginning or after 1 January 2013).

(b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Ikwezi Mining Limited and its subsidiaries together are referred to in the financial information as the Group or the consolidated entity.

The Group was formed following the acquisition of the Naledi Holdings Ltd group. The business combination included entities that were under common control in accordance with AASB 3 "*Business Combinations"* (AASB 3) as all of the combining entities were controlled by the same parties both before and after the business combination and that control was not transitory. Accordingly, the provisions of AASB 3 did not apply to the acquisition.

The acquisition has been accounted for as an asset acquisition, and accordingly the value attributable to the shares issued is equivalent to the net assets of the acquired company, Naledi Holdings Ltd. Refer note 11 for further details of the acquisition.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment Reporting

Management has determined that the Group has one reportable segment, being coal exploration and development. As the Group is focused on coal exploration, the Board monitors the Group based on actual versus budgeted revenues and expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

(d) Foreign currency translation

Functional and presentation currency

The functional currency of each of the entities in the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency

Translation and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical costs continue to be carried at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised directly in the income statement except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement

Translation

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained profits are translated at the exchange rates prevailing at the date of the transaction.
- Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the statement of financial position.

(e) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- Interest income is recognised as it accrues.

(f) Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid / (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense is charged directly to equity instead of the Statement of Comprehensive Income when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted of substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(g) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Trade and other receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classifed as 'loans and receivables'. Loans and receivables are measured at amortised cost using th effective interest rate method.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment loss is recognised in the income statement within other expenses.

(j) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write down the net cost or fair value of each asset over its expected useful life to its estimated residual value.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting year. The estimated useful life of the property, plant and equipment as at 30 June 2011 is 18 months.

(k) Exploration and evaluation

Exploration and evaluation expenditures in relation to each area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) The rights to tenure of the area of interest are current; and

(ii) At least one of the following conditions is also met:

a. The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

b. Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of prospecting rights, studies, exploratory drilling, sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(l) Trade and other payables

Trade payables and other accounts payable represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(n) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) / Value Added Tax (VAT), except:

(i) where the amount of GST / VAT incurred is not recoverable from the Australian Tax Office (ATO) / South African receiver of Revenues (SARS). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables, with the exception of accrued expenses and expense provisions, are stated with the amount of GST / VAT included.

The net amount of GST recoverable from, or payable to, the ATO / SARS is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST / VAT components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO / SARS are classified as operating cash flows.

(p) Share based payments

The fair value determined at the grant date of equity-settled share-based payments is treated as the cost of assets acquired or expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. Vesting is not conditional upon a market condition. Options issued as part of a capital raising are taken to equity as a cost of capital. No asset or expense is recognised for share-based payments that do not vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

3. FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Ikwezi's board of directors (the "Board") performs the duties of a risk management committee in identifying and evaluating sources of financial and other risks. The Board provides written principles for overall risk management which balance the potential adverse effects of financial risks on Ikwezi's financial performance and position with the "upside" potential made possible by exposure to these risks and by taking into account the costs and expected benefits of the various methods available to manage them.

The Group holds the following financial instruments:

	2011 $
Financial assets	
Cash and cash equivalents	1,418,025
Trade and other receivables	110,412
	1,528,437
Financial liabilities	
Trade and other payables	1,159,568

(a) Market risk

(i) Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

(ii) Interest rate risk

As at and during the year ended on balance date the Group had no significant interest-bearing assets or liabilities other than liquid funds on deposit. As such, the Group's income and operating cash flows (other than interest income from funds on deposit) are substantially independent of changes in market interest rates. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out below.

		2011	
		%	**$**
Financial assets			
Cash assets	Floating rate*	**5.79%**	**1,418,025**

* Weighted average effective interest rate

The Group's policy is to maximise the return on cash held through the use of high interest deposit accounts and term deposits where possible.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. The Group trades only with recognised, trustworthy third parties. It is the Group's policy to perform credit verification procedures in relation to any customers wishing to trade on credit terms with the Group. These include taking into account the customers' financial position and any past experience to set individual risk limits as determined by the Board.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in part a) of this note.

As at 30 June 2011, all cash and cash equivalents were held with AA rated banks.

(c) Liquidity risk

Prudent liquidity risk management involves the maintenance of sufficient cash, committed credit facilities and access to capital markets. It is the policy of the Board to ensure that the Group is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, ensuring the Group has sufficient working capital and preserving the 15% share issue limit available to the Group under the ASX Listing Rules. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

Contractual maturities of financial liabilities

As at the reporting date the Group had total financial liabilities of $1,159,568, comprised of non interest-bearing trade creditors and accruals with a maturity of less than 6 months.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and/or disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(e) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the potential return to shareholders.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing this financial report the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(a) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

The Group has carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the appropriate jurisdictions.

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

(b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Impairment of assets

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

As at 30 June 2011, the carrying value of capitalised exploration and evaluation is $1,595,398.

5. REVENUE

	2011 $
From continuing operations	
Other revenue	
Interest	**1,303**

6. DEPRECIATION

	2011 $
Depreciation of property, plant and equipment	**73**

7. INCOME TAX

	2011 $
Current tax expense	-
Deferred tax expense	-

The income tax expense for the period can be reconciled to the accounting profit / (loss) as follows:

	2011 $
Accounting loss before tax	(355,463)
Income tax expense calculated at 30%	106,639
Effect of unused tax losses not recognised as deferred tax assets	(106,639)
	-

Unused tax losses for which no deferred tax assets have been recognised are attributable to tax losses (revenue in nature). No deferred tax assets have been recognised based upon the Directors assessment of future probable taxable profits arising from current exploration and evaluation assets.

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2011 $
Cash at bank and in hand	**1,418,025**

(a) Cash balances not available for use

Prospecting Rights in which the Company has an interest require the Company to provide a pecuniary financial provision to rehabilitate the areas disturbed by prospecting activities. The Company has provided financial guarantees to certain regulatory bodies which are secured over cash held by the Company. The total value of these guarantees is $10,767 and is classified as cash not available for use.

(b) Fair value

The carrying amount of cash and cash equivalents is a reasonable approximation of fair value.

9. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2011 $
VAT receivable	**110,412**
	110,412

(a) Fair value

Due to the short-term nature of these receivables, their carrying value is assumed to approximate fair value.

10. OTHER CURRENT ASSETS

	2011 $
Prepayments	**722,641**
	722,641

11. EXPLORATION AND EVALUATION EXPENDITURE

	2011 $
At cost	
Opening balance	-
Additions	1,595,398
Closing balance	**1,595,398**

On 16 May 2011 Ikwezi Mining Limited purchased various coal projects located in South Africa. The purchase included the acquisition of the Naledi Holdings group which holds related exploration tenements through its wholly owned subsidiary located in South Africa. The acquisition included entities that were under common control in accordance with AASB 3 as all of the combining entities were controlled by the same parties both before and after the business combination and that control was not transitory.

The total consideration for the acquisition was 169,000,000 shares in Ikwezi Mining Limited.

This transaction has been accounted for as an asset acquisition, and accordingly the value attributable to the shares issued is equivalent to the net assets of the acquired company Naledi Holdings, being $121,342.

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on successful development and commercial exploitation or sale of the respective exploration areas. Exploration and evaluation expenditure is assessed for impairment by the directors when facts and circumstances suggest that the carrying amount exceeds the future economic benefit that maybe recovered from the asset. The assessment is performed when the above occur and at every reporting date.

12. PROPERTY, PLANT AND EQUIPMENT

	2011 $
Office Equipment	
Opening balance	-
Additions	1,231
Accumulated Depreciation	(73)
Closing balance	**1,158**

13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2011 **$**
Trade payables	**468,360**
Accrued expenditure	**192,608**
	660,968

The average credit period on purchases is 45 days from the date of invoice. Group policy is to pay all undisputed invoices within 30 days from the month of receipt.

(a) Fair value

The carrying amount of trade payables is a reasonable approximation of fair value due to their short-term nature.

14. OTHER CURRENT LIABILITIES

	2011 **$**
Loans from related parties	**498,600**

The above loans are from a related party, Ikwezi Mining Holdings (Proprietary) Limited to the Company and are unsecured, non-interest bearing and have no fixed repayment terms. There is an expectation that these loans will be settled within 12 months.

15. ISSUED CAPITAL

(a) Share capital

	2011 Number	2011 $
Fully paid ordinary shares	**188,750,000**	**2,981,333**

(b) Movements in ordinary share capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll every holder is entitled to one vote per share held.

Description	Number of shares	$
Opening balance	-	-
Incorporation	1,000,000	10,000
Asset acquisition (i)	169,000,000	121,342
Seed capital (ii)	18,750,000	3,000,000
Issue costs (ii)		(150,009)
Closing balance	**188,750,000**	**2,981,333**

(i) Asset acquisition

On 16 May 2011, Ikwezi completed the acquisition of the Naledi Holdings group in South Africa. The total consideration paid was 169,000,000 fully paid ordinary shares in Ikwezi Mining Limited. Refer note 11 for details.

(ii) Seed capital

On 27 May 2011 Ikwezi raised $3,000,000 in seed capital through the issue of 18,750,000 fully paid ordinary shares. Share issue costs incurred were $150,009.

16. RESERVES AND ACCUMULATED LOSSES

	2011 $
(a) Foreign currency translation reserve	
Opening balance	-
Exchange differences arising on translation of foreign operations	**1,456**
Balance at 30 June	**1,456**
(b) Accumulated losses	
Opening balance	-
Net loss for the period attributable to the owners of the Company	**(366,826)**
Balance at 30 June	**(366,826)**

(c) Nature and purpose of reserves

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (being Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

17. NON CONTROLLING INTERESTS

	2011 $
Opening balance	-
Share of loss for the period	**11,363**
Non-controlling interests arising on the acquisition of Naledi Holdings Limited	**60,740**
Balance at 30 June	**72,103**

18. OPTIONS

As at balance date, the Group has no options on issue.

19. KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

The Key Management Personnel of Ikwezi Mining Limited during the period were as follows:

Mr Simon Hewetson – *Chairman and Non-executive Director (appointed 10 May 2011)*
Mr David Pile – *Managing Director (appointed 10 May 2011*)
Mr Ranaldo Anthony – *Executive Director (appointed 8 June 2011)*
Mr Roger Rees – *Non-executive Director (appointed 22 July 2011)*

a) KMP compensation

	2011
	$
Short term employee benefits	100,000
Post-employment benefits	9,000
Non-monetary benefits	-
Share based payment	-
	109,000

The compensation of each member of the key management personnel of the Group for the current period is set out below:

2011	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary benefits $	Post-employment benefits: Super-annuation $	Post-employment benefits: Retirement benefits $	Share-based payment: Options $	Total $
Non-executive directors							
Mr Simon Hewetson	-	-	-	-	-	-	-
Mr Roger Rees	-	-	-	-	-	-	-
Sub-Total non-executive directors	-	-	-	-	-	-	-
Executive directors							
Mr David Pile	53,333	-	-	4,800	-	-	58,133
Mr Ranaldo Anthony	46,667	-	-	4,200	-	-	50,867
Total	100,000	-	-	9,000	-	-	109,000

b) Equity instrument disclosures relating to KMP

Shares and option holdings

The numbers of shares and options over ordinary shares in the Group held during the financial period by each director of Ikwezi Mining Limited and other KMP of the Group, including their personally related parties, are set out below.

KMP Share holdings

2011	**Balance at start of period***	**Purchased as investors**	**Net *other change (i)***	**Balance at end of period**
Directors				
Mr Simon Hewetson	*(i)*	-	-	*(i)*
Mr David Pile	*(i)*	-	-	*(i)*
Mr Ranaldo Anthony	-	-	-	-
Mr Roger Rees	-	-	-	-

(i) Mr David Pile and Mr Simon Hewetson each have a beneficial interest, whether held directly or indirectly, in 170,000,000 shares of the Company.

Option holdings

2011	**Balance at start of period***	**Granted during the period as remuneration**	**Exercised during the period**	**Net other change**	**Balance at end of period**
Directors					
Mr Simon Hewetson	-	-	-	-	-
Mr David Pile	-	-	-	-	-
Mr Ranaldo Anthony	-	-	-	-	-
Mr Roger Rees					-

**or when appointed*

c) Loans to KMP

There were no loans made to Directors of Ikwezi Mining Limited or other KMP of the Group (or their personally related entities) during the current financial period.

d) Other transactions with KMP

The Group has an arrangement with Ergomode Services (Pty) Ltd, a company in which Mr Simon Hewetson has beneficial interests, by which the Group is on-charged the cost of the use of office premises and equipment in Johannesburg. The total amount charged for the period was $71,506, an amount of $29,261 is outstanding at period end and is included within trade payables in note 13.

20. REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

	2011 $
Deloitte Touche Tohmatsu for:	
- audit or review of the financial report	**17,500**
- other non-audit services – investigating accountant's report	**37,500**
Total remuneration for audit and other assurance services	**55,000**

21. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2011 $
Loss for the period	**(355,463)**
Adjustment for:	
Net foreign exchange loss	**23,140**
Depreciation	**73**
Interest income recognised in profit and loss	**(1,303)**
Increase /(decrease) in current liabilities	**639,284**
Decrease / (increase) in trade and other receivables	**(833,054)**
Net cash outflow from operating activities	**(527,323)**

Non-cash transactions

On 16 May 2011 Ikwezi Mining Limited purchased various coal projects located in South Africa. The purchase included the acquisition of the Naledi Holdings group which holds related exploration tenements through its wholly owned subsidiary located in South Africa. The total consideration for the acquisition was 169,000,000 shares in Ikwezi Mining Limited. Refer note 11 for details.

22. LOSS PER SHARE

	2011 Cents
Basic / diluted loss per share	
Loss attributable to the ordinary equity holders of the company	**(0.3)**
Loss used in calculation of basic / diluted loss per share	**$**
Loss	**(366,826)**
Weighted average number of ordinary shares used as the denominator in calculating basic / diluted loss per share	**140,703,390**

23. SUBSEQUENT EVENTS

The Company listed on the ASX on 15 July 2011 raising an amount of $30,000,000 before costs for the issue of 150,000,000 fully paid ordinary shares.

5,000,000 options were issued on 15 July 2011 exercisable at $0.30 per share with an expiry date of 31 December 2012.

The Company entered into an agreement to purchase 70% of two Prospecting Rights in the Waterberg for a total consideration of ZAR $3.5 million subject to the satisfactory conclusion of certain conditions precedent.

24. COMMITMENTS & CONTINGENCIES

The Company has no operating lease commitments.

The Company has an arrangement with Ergomode Services (Pty) Ltd, a company in which our Chairman, Mr Simon Hewetson, has beneficial interests, by which the Company is on-charged the cost of the use of office premises and equipment in Johannesburg. Refer note 19 for details.

Group had no contingent assets or liabilities at reporting date.

The Group must meet the following tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. These commitments, net of farm outs, are not provided for in the financial statements and are:

	2011 $
Not later than one year	935,539
After one year but less than two years	573,859
After two years but less than five years	868,327
After five years	-
	2,376,725

25. RELATED PARTY TRANSACTIONS

There have been no transactions with related parties during the period ended 30 June 2011 other than as disclosed elsewhere in the financial report. Refer note 19(d).

26. SUBSIDIARIES

Name of entity	Country of incorporation	Class of Shares	Equity Holding
Naledi Holdings Ltd	Mauritius	Ordinary	100%
Naledi Investments Ltd	Mauritius	Ordinary	100%
Ikwezi Mining Services Pty Ltd	Australia	Ordinary	100%
Ikwezi Management Services (Pty) Ltd	South Africa	Ordinary	70%
Ikwezi Mining (Pty) Ltd	South Africa	Ordinary	70%
Bokamoso Resources (Pty) Ltd	South Africa	Ordinary	60%

Directors' Declaration

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the financial statements and accompanying notes are prepared in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements.

Signed in accordance with a resolution of the Directors

Simon Hewetson
Chairman
Monaco
29 September 2011

ADDITIONAL ASX INFORMATION

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out Ikwezi Mining Limited's (the **Company**) compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**).

The Company follows all of the ASX Recommendations except as outlined in this statement.

The Company has provided detailed information in its prospectus to investors in relation to the structure, composition and responsibilities of the Company's board of directors (**Board**) and its committees along with details of Company policies and other corporate governance documentation approved by the Board.

During the period to 30 June 2011 the Board comprised one Non-Executive Director and two Executive Directors. The chairman of the Board during the period was a Non-Executive Director, however none of the Directors during the period to 30 June 2011 are considered by the Board to be independent based on the criteria outlined in the definition of independence adopted by the Company.

As a result of this Board structure, the Company did not comply with the following ASX Recommendations for the period to 30 June 2011:

- ASX Recommendation 2.1: A majority of the board should be independent directors.
- ASX Recommendation 2.2: The chair should be an independent director.
- ASX Recommendation 4.2: The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and has at least three members.
- ASX Recommendation 8.2: The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent chair; and has at least three members.

The Company is working towards complying with the above ASX Recommendations and during July announced the appointment of an additional independent Non-Executive Director (Roger Rees). The Company is seeking to appoint a further independent Non-Executive Director (likely as chair of the Board) as appropriately qualified candidates are identified. The new appointees will allow the Company to revise the composition of the Audit Committee and Remuneration and Nomination Committee to comply further with ASX Recommendations, however it does not expect in the coming year to comply with the requirement for the Audit Committee to comprise at least three members. The Company does not consider compliance with this part of the ASX Recommendation 4.2 appropriate for the Company at present having regard to the size and scale of its operations and the desire to constitute its audit committee solely of independent Non-Executive Directors.

A table outlining the Company’s current compliance with each ASX Recommendation is set out below.

The Company has made copies of its corporate governance charters, policies and documents available in a governance section of the Company's website at www.ikwezimining.com.

ASX Recommendation	Comply (Yes/No)	Explanation
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
ASX Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	The Board has adopted a formal charter that details the respective board and management functions and responsibilities. A copy of this board charter is available in the governance section of the Company's website at www.ikwezimining.com.
ASX Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	Yes	The Board has adopted a performance evaluation policy, which provides that the Remuneration and Nomination Committee will arrange an annual performance evaluation of senior executives of the Company and that an independent adviser may be used. This evaluation will be based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel. Each senior executive's performance will be assessed against his or her designated roles and responsibilities. A copy of the performance evaluation policy is available in the governance section of the Company's website at www.ikwezimining.com. No formal performance evaluation of senior executives took place in the period to 30 June 2011.
ASX Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	The Company includes in the corporate governance statement in its annual reports an explanation of any departure from ASX Recommendations 1.1, 1.2 or 1.3 (if any) and whether a

ASX Recommendation	Comply (Yes/No)	Explanation
		performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed. The Board has adopted a formal charter, which sets out matters reserved for the Board and the areas of delegated authority to management. A copy of this board charter is available in the governance section of the Company's website at www.ikwezimining.com.
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
ASX Recommendation 2.1: A majority of the board should be independent directors.	No	During the period to 30 June 2011 the Board comprised one Non-Executive Director and two Executive Directors. None of those Directors are considered by the Board to be independent based on the criteria outlined in the definition of independence adopted by the Company. In particular, the Board does not consider a Director to be independent unless he or she: • holds an interest of less than 5% of the voting shares of the Company and is not an officer of a shareholder with an interest in more than 5% of the voting shares of the Company (which is the reason why the Board does not consider the only Non-Executive Director (being the Chairman of the Company) to be independent); and

ASX Recommendation	Comply (Yes/No)	Explanation
		• within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment (which is the reason why the Board does not consider the Executive Directors to be independent). The Company is working towards complying with this ASX Recommendation and an independent non-executive director (Roger Rees) was appointed to the Board on 19 July 2011. The Company is seeking to appoint additional suitably qualified independent Non-Executive Directors when appropriate candidates are identified. A copy of the definition of independence adopted by the Company is available in the governance section of the Company's website at www.ikwezimining.com.
ASX Recommendation 2.2: The chair should be an independent director.	No	The Chairman of the Company, Mr Simon Hewetson, is not considered to be an independent director by the Board based on the criteria outlined in the definition of independence adopted by the Company. This is because the Chairman does not hold an interest of less than 5% of the voting shares of the Company. As noted above, following listing on the ASX, the Board is seeking to appoint additional suitably qualified independent Non-Executive Directors once suitable candidates are identified. The Company intends that one of these appointees will be appointed chair of the

ASX Recommendation	Comply (Yes/No)	Explanation
		Board.
ASX Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	The role of chair of the Board is exercised by Mr Simon Hewetson. The role of managing director is exercised by Mr David Pile.
ASX Recommendation 2.4: The board should establish a nomination committee.	Yes	The Board has established a Remuneration and Nomination Committee and adopted a charter that sets out the remuneration and nomination committee's role and responsibilities, composition and membership requirements. Currently, Mr Roger Rees (chair), Mr David Pile, Mr Simon Hewetson and Mr Ranaldo Anthony serve on the Remuneration and Nomination Committee. A copy of the charter of the Remuneration and Nomination Committee is available in the governance section of the Company's website at www.ikwezimining.com.

ASX Recommendation	Comply (Yes/No)	Explanation
ASX Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	The Company's board charter outlines the process for evaluating the performance of the Board. This provides that, once a year, the Board shall hold a meeting to review critically and discuss the performance of the Board as a whole, its Committees and individual Directors. If it is apparent that these are problems which cannot be satisfactorily considered by the Board itself, the Board may decide to engage an independent adviser to undertake this review. The Company's Remuneration and Nomination Committee is also required to arrange an annual performance evaluation of the Board, its committees and individual Directors. Copies of the board charter and the charter of the Remuneration and Nomination Committee are available in the governance section of the Company's website at www.ikwezimining.com.
ASX Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	The Company includes in its annual reports the information indicated in the Guide to reporting on Principle 2. The skills, experience and expertise relevant to the position of each Director are set out in the Directors Report. The Board does not consider any of the Directors during the period to 30 June 2011 to be independent directors for the reasons outlined in relation to ASX Recommendation 2.1 above. The criteria and materiality thresholds for determining whether a Director is

ASX Recommendation	Comply (Yes/No)	Explanation
		independent are set out in the definition of independence adopted by the Company, a copy of which is available in the governance section of the Company's website at www.ikwezimining.com. The Company's board charter provides that the Board, Board committees and individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman of the Board. A copy of any such advice received will be made available to all members of the Board. The Company's Nomination and Remuneration Committee charter requires the Nomination and Remuneration Committee to identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company. Mr Simon Hewetson and Mr David Pile were appointed Directors following the incorporation of the Company in May 2011. Mr Ranaldo Anthony was appointed as a Director in June 2011. During the period to 30 June 2011, Mr David Pile (chair), Mr Simon Hewetson and Mr Ranaldo Anthony served on the Remuneration and Nomination Committee.

ASX Recommendation	Comply (Yes/No)	Explanation
		The board charter and charter of the Remuneration and Nomination Committee together set out the policy and procedure for the selection and appointment of new. Copies of each of these charters are available in the governance section of the Company's website at www.ikwezimining.com.
PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING		
ASX Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	The Company has established a code of conduct that sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from Directors and employees. A copy of the Company's code of conduct is available in the governance section of the Company's website at www.ikwezimining.com.
ASX Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable	Yes	The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people.

ASX Recommendation	Comply (Yes/No)	Explanation
objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.		The Board does not consider that at this stage it is appropriate for the Company to implement a diversity policy that aligns completely with the ASX Recommendations as it is already required to comply with the diversity requirements under the Broad Based Socio-Economic Empowerment Charter, September 2010 (**Mining Charter**), published and implemented by the South African Department of Mineral Resources. The Mining Charter aims at facilitating participation of historically disadvantaged South Africans (**HDSAs**) in the mining and minerals industry by providing specific targets that must be met by 2014 in order to effect complete transformation and promote sustainable development and growth of the industry. HDSAs are defined as "any person, category of persons or community, disadvantaged by unfair discrimination" on the basis of race, gender or disability and includes females generally as well as specified racial groups. Amongst other things, under the Mining Charter, in furtherance of employment equity targets, a holder of a mining right must reach 40% HDSA representation at all levels of management and core skills by no later than 2014.
ASX Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No (Recommendation not yet effective for periods ending 30 June 2011)	The Company has not yet set measurable objectives for achieving gender diversity. The Board will consider these and disclose its position in its next annual report.

ASX Recommendation	Comply (Yes/No)	Explanation
ASX Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	No (Recommendation not yet effective for periods ending 30 June 2011)	The Company will include in its future annual reports the proportion of women employees in its group, women in senior executive positions and women on the Board.
ASX Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	The Company has include in the corporate governance statement in its future annual reports an explanation of any departure from ASX Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5. Copies of the Company’s code of conduct and position on diversity policy are available in the governance section of the Company's website at www.ikwezimining.com.
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		

ASX Recommendation	Comply (Yes/No)	Explanation
ASX Recommendation 4.1: The Board should establish an audit committee.	Yes	The Board has established an Audit Committee and adopted a charter that sets out the Audit Committee's purpose, composition, duties and responsibilities. The role of the Audit Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. A copy of the charter of the Audit Committee is available in the governance section of the Company's website at www.ikwezimining.com.
ASX Recommendation 4.2: The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members.	No	The structure of the Company's Audit Committee for the period ended 30 June 2011 does not meet the requirements of Recommendation 4.2. This is because only Mr David Pile (chair) and Mr Ranaldo Anthony serve on the Audit Committee, both of whom are Executive Directors who are not considered by the Board to be independent based on the criteria outlined in the definition of independence adopted by the Company. The Board is committed to good corporate governance and will seek to achieve the Audit Committee composition requirements set out in ASX Recommendation 4.2 other than that part of the recommendation that recommends an audit committee have at least three members, which the Board does not consider is appropriate at this stage due to the size and scale of the Company's current operations, the composition of the Board and the desire to have only independent Non-Executive Directors appointed to the Audit Committee. The Company has, subsequent to 30 June 2011, appointed Mr Roger

ASX Recommendation	Comply (Yes/No)	Explanation
		Rees as chairman of the Audit Committee and is seeking to appoint additional suitably qualified independent Non-Executive Directors as appropriate candidates are identified. The Company intends that these independent Non-Executive Directors be appointed to the Audit Committee to replace the existing members.
ASX Recommendation 4.3: The audit committee should have a formal charter.	Yes	The Board has adopted a formal charter that details the Audit Committee's purpose, composition, duties and responsibilities. A copy of the charter of the Audit Committee is available in the governance section of the Company's website at www.ikwezimining.com.
ASX Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	The includes in the in its future annual reports an explanation of any departure from ASX Recommendations 4.1, 4.2, 4.3 or 4.4 (if any), the number of meetings of the Audit Committee and the names and qualifications of those appointed to the Audit Committee and their attendance at meetings of the committee. The Board has adopted a formal charter of the Audit Committee, which provides information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners. A copy of this charter is available in the governance section of the Company's website at www.ikwezimining.com.
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE		

ASX Recommendation	Comply (Yes/No)	Explanation
ASX Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The Company has established a continuous disclosure policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all directors, senior executives and employees of the Company understand their responsibilities under the policy. The Board has designated the Managing Director and the Company Secretary as the persons responsible for ensuring that this policy is implemented and enforced and that all required price sensitive information is disclosed to the ASX as required. In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market will be posted to its website at www.ikwezimining.com after ASX confirms an announcement has been made. A copy of the continuous disclosure policy is available in the governance section of the Company's website at www.ikwezimining.com.
ASX Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	The Company includes in its annual reports an explanation of any departure from ASX Recommendations 5.1 or 5.2 (if any). The Company has established a continuous disclosure policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. A copy of the continuous disclosure policy is available in the governance section of the Company's website at www.ikwezimining.com.
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS		

ASX Recommendation	Comply (Yes/No)	Explanation
ASX Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company has designed a shareholder communication policy which outlines the Company's commitment to: • communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company; • giving shareholders ready access to balanced and understandable information about the Company and corporate proposals; • encouraging shareholders to participate in general meetings of the Company; and • requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. A copy of the shareholder communication policy is available in the governance section of the Company's website at www.ikwezimining.com.
ASX Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	The Company includes in its annual reports an explanation of any departure from ASX Recommendations 6.1 or 6.2 (if any) and a description of how it will communicate with its shareholders publicly.

ASX Recommendation	Comply (Yes/No)	Explanation
		The Company has provided information about the Company generally for the benefit of its shareholders and market participants (among others) on the Company's website at www.ikwezimining.com and all information provided to ASX for release to the market will be posted to its website at www.ikwezimining.com after ASX confirms an announcement has been made.
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
ASX Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	The Company is committed to the identification, monitoring and management of risks associated with its business activities and has established policies in relation to the implementation of practical and effective control systems. The Company has established a risk management policy, a copy of which is available in the governance section of the Company's website at www.ikwezimining.com. The Board is responsible for ensuring that sound risk management strategy and policies are in place. The Board has delegated to the Risk Committee responsibility for identifying and overseeing major risk areas and that systems are in place to manage them, and report to the Board as and when appropriate. The Risk Committee is required to develop and maintain a risk register that identifies the risks to the Company and its operation and assesses the likelihood of their occurrence. The risk register will be updated periodically and presented to the Board for its consideration at least twice a year. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to

ASX Recommendation	Comply (Yes/No)	Explanation
		management. Management is required to assess risk management and associated internal compliance and control procedures and report back quarterly to the Risk Committee on whether those risks are being managed effectively. The Board has adopted a charter of the Risk Committee that defines the Risk Committee's purpose, composition, duties and responsibilities. A copy of the charter of the risk management policy is available in the governance section of the Company's website at www.ikwezimining.com. As addressed above, the Board has established an Audit Committee that is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. A copy of the charter of the Audit Committee is available in the governance section of the Company's website at www.ikwezimining.com.
ASX Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Under the Company's risk management policy, the responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back quarterly to the Risk Committee on whether those risks are being managed effectively. The Board intends to disclose that management has reported to it as to the effectiveness of the company's management of its material business risks in accordance with the above procedure.

ASX Recommendation	Comply (Yes/No)	Explanation
ASX Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	The Board has received the assurance required by ASX Recommendation 7.3 in respect of its 2011 annual report.
ASX Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	The Company includes in the corporate governance statement in its annual reports an explanation of any departure from ASX Recommendations 7.1, 7.2, 7.3 or 7.4 (if any), whether the Board has received the report from management under ASX Recommendation 7.2, and whether the Board has received assurance from Managing Director and the Chief Financial Officer under ASX Recommendation 7.3. Both a summary and copies of the Company's risk management policy, charter of the Audit Committee and the charter of the Risk Committee is available in the governance section of the Company's website at www.ikwezimining.com.

ASX Recommendation	Comply (Yes/No)	Explanation
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY		
ASX Recommendation 8.1: The board should establish a remuneration committee.	Yes	The Board has established a Remuneration and Nomination Committee to support and advise the Board in fulfilling its responsibilities to shareholders. The role of the Remuneration and Nomination Committee includes attending to matters related to the Company's remuneration policy to enable the Company to attract and retain executives who will create value for shareholders and to arrange annual performance evaluations of those executives. The Remuneration and Nomination Committee also attends to matters relating to succession planning and recommends candidates for election or re-election to the Board. The Remuneration and Nomination Committee will identify and recommend candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company. The Board has adopted a charter that defines the Remuneration and Nomination Committee's purpose, composition, duties and responsibilities. A copy of this charter is available in the governance section of the Company's website at www.ikwezimining.com.
ASX Recommendation 8.2: The remuneration committee should be structured so that it:	No	The structure of the Company's Remuneration and Nomination Committee for the period ended 30 June 2011 does not meet the requirements of ASX Recommendation 8.2. This is because only Mr David Pile (chair), Mr Simon Hewetson and Mr Ranaldo Anthony

ASX Recommendation	Comply (Yes/No)	Explanation
• consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.		serve on the Audit Committee, none of whom are considered by the Board to be independent based on the criteria outlined in the definition of independence adopted by the Company. The Board is committed to good corporate governance and will seek to achieve the Remuneration and Nomination Committee composition requirements set out in ASX Recommendation 8.2. The Company is seeking to appoint additional suitably qualified independent Non-Executive Directors as appropriate candidates are identified. The Company intends that these independent Non-Executive Directors be appointed to the Remuneration and Nomination Committee to replace two of the existing members.
ASX Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Mr Simon Hewetson is currently the only Non-Executive Director of the Company. Mr Hewetson is not currently paid in relation to his role as Chairman or Non-Executive Director. The Company may revisit this position and intends to do so if and when the Company commences income earning operations. The Board has proposed that the further Non-Executive Directors appointed by the Company in future will be paid fixed fees for their services to the Company, not exceeding in aggregate the maximum sum fixed by shareholders of the Company. Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company or its subsidiaries and potentially the ability to participate in bonus arrangements and the Company's option plan described in section 11.5 of the Company's prospectus.

ASX Recommendation	Comply (Yes/No)	Explanation
		Under the charter of the Remuneration and Nomination Committee, the Remuneration and Nomination Committee must: • review and approve the Company's recruitment, retention and termination policies and procedures for senior executives to enable the Company to attract and retain executives and Directors who can create value for shareholders; • implement and subsequently review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs; • ensure that any remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market; • consider and make recommendations to the Board on the remuneration for each Executive Director (including base pay, incentive payments, equity awards, retirement rights, termination payments, service contracts) having regard to the executive remuneration policy; • review and approve the proposed remuneration (including incentive awards, equity awards and service contracts) for the direct reports to the Managing Director. As part of this review the Remuneration and Nomination Committee will oversee an annual performance evaluation of the executive

ASX Recommendation	Comply (Yes/No)	Explanation
		team; • implement and subsequently review the on-going appropriateness and relevance of the non-executive remuneration policy; and • consider and make recommendations to the Board on the remuneration for each Non-Executive Director (as distinct from the remuneration structures of Executive Directors and senior executives) having regard to the non-executive remuneration policy.
ASX Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	The Company includes in its annual reports: • an explanation of any departure from ASX Recommendations 8.1, 8.2, 8.3 or 8.4 (if any); • the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and • the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out. The Board has adopted a formal charter of the Remuneration and

ASX Recommendation	Comply (Yes/No)	Explanation
		Nomination Committee, which defines the Remuneration and Nomination Committee's purpose, composition, duties and responsibilities. A copy of this charter is available in the governance section of the Company's website at www.ikwezimining.com. The Company will determine, and then intends to make publically available on the Company's website a summary of, the Company's policy on prohibiting executives entering into transactions in associated products that limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes made available by the Company.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 10 October 2011.

SUBSTANTIAL HOLDERS

The following is a list of registered holders of 5% or more of the Company's share capital.

Holder	Shares	% Holding
BELVEDERE MINING HOLDINGS INC	170,000,000	50.18
ZERO NOMINEES PTY LTD	23,343,750	6.89

The Company is incorporated in Bermuda as an exempted company and is subject to Bermudan Law. It is not subject to Chapter 6 of the Australian Corporations act dealing with the acquisition of shares (including substantial shareholdings) and shareholders are not required to provide with notifications relating becoming a substantial holder, changes in substantial holdings or ceasing to be a substantial holder.

TWENTY LARGEST SHAREHOLDERS

Rank	Name	Units	% of Units
1.	BELVEDERE MINING HOLDINGS INC	170,000,000	50.18
2.	ZERO NOMINEES PTY LTD	23,343,750	6.89
3.	WILLIAM TAYLOR NOMINEES PTY LTD	4,800,000	1.42
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,000,000	0.89
5.	BOND STREET CUSTODIANS LTD <MACQ AUST MICROCAP FUND A/C>	2,440,000	0.72
6.	DELWOOD HOLDINGS PTY LTD <MAHON FAMILY SUPER FUND A/C>	2,425,000	0.72
7.	UBS NOMINEES PTY LTD	2,350,000	0.69
8.	MR PAUL BERNARD BASTION + MRS BELINDA LOUISE BASTION <BASTION SUPER FUND A/C>	2,000,000	0.59
9.	ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM RD S/F A/C>	2,000,000	0.59
10.	WALLOON SECURITIES PTY LTD	2,000,000	0.59
11.	MR MARCUS JAMES TAYLOR	1,975,000	0.58
12.	MR KEVIN THOMAS MAHON <MAHON FAMILY A/C>	1,500,000	0.44
13.	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,425,000	0.42
14.	TILPA PTY LTD <SUPER FUND A/C>	1,300,000	0.38
15.	GELC PTY LTD <MORRIS SUPER FUND A/C>	1,282,891	0.38
16.	URBAN LAND NOMINEES PTY LTD	1,250,000	0.37
17.	E P LAWRENCE NOMINEES PTY LTD	1,200,000	0.35
18.	THREE ZEBRAS PTY LTD <JUDD FAMILY A/C>	1,200,000	0.35
19.	MR DENIS RONALD CRIDDLE + SCADWAY PTY LTD <CRIDDLE PARTNERSHIP A/C>	1,100,000	0.32
20.	MR ANDREW WILLIAM MCKENZIE + MRS CATHERINE PATRICIA MCKENZIE <A W MCKENZIE SUPER FUND A/C>	1,062,500	0.31
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**227,654,141**	**67.20**
Total Remaining Holders Balance		**111,095,859**	**32.80**

DISTRIBUTION OF EQUITY SECURITIES

Range	Total holders	Units	% of Issued Capital
1 - 1,000	1	100	0.00
1,001 - 5,000	11	42,643	0.01
5,001 - 10,000	25	234,080	0.07
10,001 - 100,000	424	28,258,044	8.34
100,001 - 9,999,999,999	319	310,215,133	91.58
Total	**780**	**338,750,000**	**100.00**

Number holding less than a marketable parcel: 2

VOTING RIGHTS

Fully paid ordinary shares carry voting rights of one vote for each share held upon a poll.

UNQUOTED SECURITIES

The Company has 5,000,000 unlisted options on issue as at 10 October 2011. 4,000,000 of those options have been granted under the Ikwezi Mining Option Plan. The balance of 1,00,000 options are held by Euroz Securities Ltd.

SECURITIES SUBJECT TO MANDATORY ESCROW ARRANGEMENTS

SHAREHOLDERS SUBJECT TO RESTRICTION AGREEMENTS	NUMBER OF SHARES SUBJECT TO RESTRICTION AGREEMENTS	NUMBER OF OPTIONS SUBJECT TO RESTRICTION AGREEMENTS	DATE OF EXPIRY OF RESTRICTION PERIOD
Belvedere Mining Holdings Inc	169,950,000	-	19 July 2013
Mr David John Pile	-	2,000,000	19 July 2013
Mr Ranaldo Charles Anthony	-	2,000,000	19 July 2013
Euroz Securities Ltd	-	1,000,000	19 July 2013

ON-MARKET BUY BACK

There is currently no on-market buy-back program for any of the Company's listed securities.

COMPANY SECRETARY, REGISTERED AND PRINCIPAL ADMINISTRATIVE OFFICE AND SHARE REGISTRY

The Company Secretary is Mr Alex Neuling.
The Company's registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
The Company's Australian Share Registry is maintained by Computershare Investor Services Pty Ltd, Level 2, 45 St Georges Terrace, Perth WA 6000.