Interim Results for the six months ended 30 June 2012

4 September 2012: Ncondezi Coal Company Limited ("Ncondezi" or "the Company") (AIM: NCCL) announces its interim results for the six months ended 30 June 2012.

Highlights:

- **Mining Project**
  - JORC resource increased to 4.7 billion tonnes, supporting a large, long life mining operation
  - Infrastructure Agreement with Rio Tinto & Anglo American for Ncondezi's export grade coal production
  - Mine Framework Agreement signed with Ministry of Mineral Resources of the Republic of Mozambique ("MIREM")
  - Wood Mackenzie Marketing Study confirmed marketability of Ncondezi's proposed export thermal coal products
  - Project Definitive Feasibility Study ("Project DFS") on track for publication Q4 2012
  - Environmental Social Impact Assessment ("ESIA") commenced
- **Power Project**
  - Parsons Brinckerhoff appointed to conduct Power Definitive Feasibility Study ("Power DFS") for an 1800MW mine mouth coal power plant
  - Power DFS due for publication in Q3 2012
  - Systems Optimisation and Power Evacuation Study commenced for Power DFS
  - Power regulatory process initiated
  - ESIA commenced
  - Agreement with SES Resources Solutions Ltd ("SRS") to examine suitability of low volatile coal for gasification process
- **Corporate**
  - Strategic Partner Search Initiated, Standard Chartered appointed as financial advisor
  - Board and Senior Management restructured
  - Fully funded to complete the Project and Power DFS, ESIAs and related studies to finance corporate activities through to September 2013

	6 months to 30 June 2012 US$'000	6 months to 30 June 2011 US$'000
Loss for the period	**(4,476)**	(1,126)
Loss per share – cents	**(3.7)**	(1.0)
Loss per share before gain on derivative financial asset – cents	**(3.7)**	(5.0)
Cash as at 30 June	**22,747**	44,798

Post Reporting Period highlights:

- Power DFS completed by Parsons Brinckerhoff
- STEAG GmbH ("STEAG"), one of Germany's largest electricity producers, appointed to conduct peer review of Power DFS
- Negotiations regarding the Power Framework Agreement have commenced with Mozambique government
- Positive gasification test results on low volatile coal confirm suitability for SRS' gasification technology
- Appointment of finnCap as Joint Broker

About Ncondezi:

The Ncondezi Project is strategically located in Mozambique's Tete province, one of the world's largest developing coal basins, and has a large JORC coal resource of 4.7 billion tonnes. Ncondezi is targeting the phased development of an open pit mining operation, producing export thermal coal products and using domestic grade coal to feed a thermal power station located on site, which will serve Mozambique and the wider southern African region's power needs.

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Southern African Power Seminar hosted by Liberum Capital

Monday 10 September at 12.00pm

The roundtable will focus on:

- **Overview of Southern African Power Pool (SAPP) and the key players**
- **Demand and energy constraints within SAPP**
- **Dynamics and risks facing SAPP**
- **Future growth potential of SAPP**
- **How to finance an independent power plant (IPP) in Southern Africa**

Speakers:

- **Machiel Coetzee, Transmission Grid Consultant**
- **Maree Roos, New Energy Consulting & Trans African Energy**
- **The Standard Chartered Bank Project & Infrastructure Finance Team**

RSVP by Friday 7 September to: jenni.herbert@liberumcapital.com

Venue:
The Boardroom, Liberum Capital
Ropemaker Place, Level 12
25 Ropemaker Street
London, EC2Y 9LY

Chief Executive Officer's Statement

As we announced on 18 June 2012, Ncondezi is targeting the phased development of a large, long life, open pit mining operation that will produce export grade thermal coal products and feed domestic grade coal to a mine mouth thermal power station (the "Ncondezi Project" or the "Project"). We believe this twin strategy of servicing both the growing Asian as well as the regional African power markets maximises project returns and optimises our large resource base.

Work on both the Project and Power DFS and the related ESIAs progressed well during the period under view and we expect to publish the Power DFS during September 2012 and the Project DFS during the fourth quarter 2012.

There has been a lot of activity in Mozambique's Tete region recently. Vale has signed the concession agreement with the government of Mozambique for the railway line from Moatize to the port of Nacala and has commenced earthworks on the greenfield segments in Malawi. Rio Tinto announced the first shipment of coal from their Benga Mine in June 2012, and in July 2012 Anglo American announced its US$555 million acquisition of a 58.9% interest in the Revuboè metallurgical coal project. Anglo American will now become one of our infrastructure partners in the proposed greenfield rail and port project (the "ITD Project"), along with Rio Tinto, who are leading this work.

These events underline the strategic importance of the Tete region, which is one of the largest developing coal basins in the world and on the doorstep of two of the world's fastest growing energy markets, the Southern African Power Pool ("SAPP") and the seaborne coal market to Asia. As the only remaining independent coal project with a large resource over four billion tonnes of coal, we believe we have an important role to play in further unlocking the value contained in this area.

In order to further enhance and maximise the long-term value of our Project, we have embarked on a Strategic Partner Search to participate in the mine development, with Standard Chartered Bank appointed as financial advisor. It is envisaged that potential participation could include corporate and/or project equity, offtake and/or financing and construction capability. The Company will also be seeking to partner with a power developer with the capacity to build and operate the power plant. We have been encouraged by the interest shown during our Strategic Partner Search meetings to date, which demonstrate the attractiveness of the southern African power story as well as the strong long-term fundamentals for coal, in spite of the current weakness in the global coal markets.

Turning to our power strategy, the Power DFS has now been completed by Parson Brinckerhoff and is currently under internal review. As part of that process, we have engaged STEAG, one of Germany's leading electricity producers, to conduct a peer review on the technical and financial aspects of the Power DFS. We anticipate publishing the results of the Power DFS during September 2012. The system optimisation and power evacuation study for power evacuation and transmission has also been completed and incorporated into the Power DFS. The hydrological and geo-technical studies are underway and due for completion by the end of the third quarter 2012 and planning for the aerial surveillance exercise, which will confirm the power evacuation route, has started.

Alongside the Power DFS, we have initiated the power-related regulatory process. Management has held several meetings recently with a number of Mozambican government officials, including the Prime Minister, the Minister of Energy and the Minister of Mineral Resources and we have been greatly encouraged by the Government's support for the Project. Mozambique is a key player in SAPP and the largest exporter of power into South Africa. Our power project is closely aligned with the Mozambican Government's vision for further electrification of the country, the development of electricity generation and transmission infrastructure and the export of power to neighbouring countries.

Work on the Power Plant Framework Agreement, a pre-cursor to the Power Plant Concession, and the Power Purchase Agreement has commenced and we expect to be able to update shareholders during the fourth quarter 2012 on the progress.

Over the past few months, we have seen weak thermal coal prices. The Eurozone economic downturn, a mild winter and low gas prices in the US have resulted in strong coal supplies into the seaborne markets. A large proportion of this new supply has come from high-cost regions and producers that traditionally supply domestic markets and are unsustainable at current price levels. Cost inflation over the last two years means that coal miners are under pressure with a number of high cost operations being mothballed this year. These factors have led to underperformance of coal stocks across the globe, compounded by ongoing global concerns. Some normality is expected to return by the end of 2012 as stockpiles are depleted and coal production is reigned in.

Looking ahead to 2015 and beyond, which is when we are targeting production, the long-term outlook for both the African and Asian power markets remain strong. In Asia, the fixed investment schedules on new coal fired power plants is still moving forward and this will result in incremental growth in coal demand, particularly from China and India, where our export thermal coal products are ideally suited.

Operational and Financial Review

Ncondezi holds 100% of the 804L and 805L licences, known as the Ncondezi Project, in the Tete Province of Mozambique. The Company has discovered a large, long life thermal coal deposit on these licences and is targeting, through phased development, an export thermal coal operation and a mine mouth coal power station.

The Company commenced the Project DFS on the mine in the third quarter of 2010 and expects to announce the results during the fourth quarter of 2012.

The Company is conducting a Power DFS, which is examining the technical and economic feasibility of using the mine's domestic grade coal to feed an 1800MW power station, built in incremental 300MW units. The Power DFS has recently been completed and the results will be published during September 2012.

Ncondezi Mine Project

The main activities for the first half of 2012 were focused on advancing the Project DFS, which is due for publication in the fourth quarter of 2012.

Drilling Programme and Resource Upgrade

During the first half of 2012 an infill drilling resource definition programme was conducted on the license areas to improve resource classification, resulting in 4,063m of additional drilling and bringing the total number of metres drilled to over 75,492m. A total of 36 HQ^3 cored boreholes were drilled during the campaign. Previous geological modelling and resource estimation identified six discrete resource blocks within the Ncondezi Project area that contained coal at depths amenable to opencast mining. These blocks are the North, South, Central, East, West and River Blocks. The DFS will focus on the South, North, Central and East Blocks, representing 2,555 million tonnes ("Mt") in situ ("MTIS") of coal, of which 52% is classified in the indicated category. The Company's geological consultants, The Mineral Corporation Consultancy (Pty) Ltd ("TMC"), produced JORC resource models for the North, Central and South Blocks during the latter part of 2011 and completed the geological modelling on the final three resource blocks during the first half of 2012. The updating of the existing geological models with the newly acquired data from the 2012 drill programme will be completed during the fourth quarter of 2012.

The Company also undertook further work in order to optimise the potential products for the Ncondezi Project. In particular, washability investigations and mining optimisations were completed during the first half of 2012 to assess opportunities to increase yields and optimise the overall properties of the coal products. These results will be fed into the Project DFS.

Coal Marketing

Ncondezi commissioned a coal quality study by Wood Mackenzie, one of the world's leading energy and mining research and consulting firms. The report confirms the marketability of Ncondezi's thermal coal export products for Asian customers in the seaborne coal markets. The past two years have seen significant development of the export thermal market as China and India play an increasing role as importers.

Ncondezi is targeting production of two export thermal coal products that are ideally suited to these markets and which will be comparable to international benchmark thermal products, particularly Australia's Newcastle high ash export product and China's Shanxi blend.

Below is a table comparing Ncondezi's coal quality characteristics to various benchmark products:

	NCC 5,600	NCC 5,300	Newcastle High Ash	Shanxi Blend	Richards Bay	Newcastle
Country	Mozambique	Mozambique	Australia	China	South Africa	Australia
CV (NAR)	5,600	5,300	5,500	5,500	5,850-6,000	5,850-6,000
Ash %	21	24	24	11-25	12-15	11-17
Sulphur %	1	1	<1	<1	<1	<1
VM %	25	24	22-37	<40	22-37	22-37

Source: The Company, Public Information

Mine Regulatory Process

The Mine regulatory process is progressing well. In May, Ncondezi signed a Framework Agreement (the "Agreement") with MIREM, which is a pre-cursor to signing the Mining Contract. The Mining Contract will govern the Project's development, fiscal regime and operations.

The Agreement provides the framework for mutual cooperation between MIREM and the Company in developing the Project and sets out the key parameters and an agreed timeline for finalising the Mining Contract, once the Project DFS has been submitted to MIREM.

The development of the Ncondezi Project into a producing coal mine will result in a substantial investment into the Tete province, stimulating regional development, generating sustainable employment, and strengthening and diversifying the country's production base.

Transport Infrastructure Update

Good progress is being made on the short and long-term infrastructure options that Ncondezi is considering for exporting its thermal coal products.

The Mozambican parastatal authority, Portos e Caminhos de Ferro de Moçambique ("CFM"), expects to complete the refurbishment of the Sena railway line by November 2012 which will increase coal capacity to 6.5Mtpa. Further upgrades are planned and CFM is targeting a 20Mtpa rail capacity by 2017. Vale has also begun work on the Malawian portion of the Tete to Nacala railway line and has signed the concession agreement with the government of Mozambique for the railway line. Ncondezi's strategy continues to be focused on gaining access to one of the two existing rail corridors to the ports of Beira or Nacala to meet the first phase of production.

The longer-term solution is the greenfield rail and port project (the "ITD Project"), which is under Feasibility Study, being led by Rio Tinto. The ITD Project represents a scalable solution with the potential to provide coal export capacity of between 25Mtpa and 100Mtpa, as well as provide broader economic and social benefits to the people and agricultural industries of Zambezia Province. The ITD Project has the potential to be the low cost rail transport option for exporting coal from the Tete

Province, as it is expected to be the shortest rail distance to port and will utilise new and modern infrastructure to maximise economies of scale

During the period under review, Ncondezi signed an agreement with Rio Tinto Coal Mozambique ("RTCM"), a wholly owned subsidiary of Rio Tinto plc ("Rio Tinto"), and Minas de Revuboe ("Revuboe"), now majority owned by Anglo American, following its acquisition in July 2012. The Agreement entitles Ncondezi to an export allocation on the ITD Project for its planned export coal production. Ncondezi will not be required to contribute capital to the ITD Project feasibility study or development capital costs, however Ncondezi will have the option to negotiate take-or-pay agreements with the ITD Project operator once a decision has been made to implement and develop the ITD Project.

Updates on barging down the Zambezi River and the ITD Project, which is being led by Rio Tinto, are expected during the fourth quarter 2012.

Coking Coal Update
The coking coal potential of the Project was further investigated during the period under review. Post completion of the geological resource models during the first quarter of 2012, optimisation work was carried out on a 10.5% ash potential coking coal product. Although coking coal resource areas were identified, there was not sufficient continuity or quantity to merit the additional capital expenditure required and as a result they are not being included in the current mine plan for the Project DFS.

Ncondezi Power Project
During the first quarter, the Company appointed Parsons Brinckerhoff, a leading provider of engineering and project management services to the global power and energy market, to conduct a DFS for an 1800MW mine mouth power plant, using the mine’s domestic grade coal. Alongside this, a power evacuation and systems optimisation study to confirm both the power evacuation route and the transmission grid capacity was initiated. The study has been completed and the results are included in the Power DFS. Since the period under review, the Power DFS has been completed and is expected to be published during September 2012.

The recent de-regulation in the South African power market, the continent’s largest, as well as an increase in power tariffs, 10% in Mozambique and around 25% in South Africa over the past two years, have combined to make Independent Power Producer projects financially attractive. With Mozambique targeting 8% growth per annum and SAPP requiring an additional 1,500MW per annum over the next 20 years, Ncondezi intends to capitalise on the opportunity and turn its domestic grade coal into an additional revenue stream. The Company will be seeking to partner with a power developer with the capacity to build and operate the power plant and the Company’s Strategic Partner search has been broadened to incorporate the power component of the Project.

Power Regulatory Process
Work on the power regulatory process has been initiated during the second quarter. The Company has engaged with Government officials across key government departments, including the Minister of Energy and the state owned utility company, Electricidade de Mozambique.

The Ministry of Energy has been formally approached by Ncondezi in order to establish the key parameters of the Power Framework Agreement, which is a pre-cursor to signing the Power Concession that will govern the power plant’s development, fiscal regime and operations. The Company anticipates further progress to be made by the end of the fourth quarter 2012.

Gasification Project
During the first quarter of 2012, Ncondezi entered into an agreement with SRS to test the application of Ncondezi’s low volatile coal for Synthesis Energy Systems’ (“SES”) gasification process and determine the feasibility of mining and exporting up to 15Mt per year of low volatile coal. SES is a global energy and gasification technology company which has entered into a joint venture with Midas Resource Partners AG and formed SRS to provide additional avenues of commercialisation for SES’

U-GAS® technology. The study would also assess the economics of shipping the coal to major Asian countries, and subsequent conversion to substitute natural gas by SES's U-GAS® gasification technology.

Since the period under review end, SRS and Ncondezi announced the testing of Ncondezi's low volatile coal had been successful. The low volatile coal achieved 99% carbon conversion during the bench scale testing and was determined to be highly suitable for SES' gasification technology.

Social & Environmental
The Project and Power ESIAs are close to completion. First drafts are due during the third quarter of 2012 for Ncondezi to review.

Corporate
In May 2012, the Board and senior management were restructured to strengthen the team to support the next phase of the Company's growth and move it towards funding and development. Michael Haworth was appointed Non-Executive Chairman and is the representative of Ncondezi's largest shareholder, Strata Ltd.

Nigel Walls was promoted to Chief Executive Officer. He is ideally placed to lead this next phase as he has been intimately involved in the project over the past two and a half years, having driven the DFS and the previous studies around the project. He has the breadth and depth of experience and the technical, project management and operational expertise to see the project successfully through to production.

Paul Venter has been appointed as Chief Operating Officer. He has a wealth experience in power generation and the coal industry, having successfully delivered a number of major mine & power development projects across the world. He has held senior positions at Eskom, Anglo American, Gencor and more recently, Prophecy Coal.

Graham Mascall and Richard Stuart will remain on the Board as Non-Executive Directors.

The Ncondezi Project is strategically located in one of the world's largest, emerging coal basins, with a significant, large, long life thermal coal resource offering both an export thermal coal operation and a power generation project for domestic and southern African consumption.

In order to maximise the value of this asset, the Company has initiated a strategic partner search to identify potential strategic partner(s) to further enhance long term value for and to participate in the development of the Project. It is envisaged that potential participation could include one or all of the following: corporate and/or project equity; offtake; financing and construction capability. Standard Chartered Bank, an international bank with extensive capabilities across Africa and strong relationships with potential strategic partners, particularly in India and Asia, has been appointed to act as financial advisor in relation to the partner search initiative. Initial feedback from the meetings held recently in Asia were positive and confirm the attractiveness of Ncondezi's twin strategy of an export thermal coal operation and mine mouth power station supplying domestic and regional markets.

Financial overview

Results from operations
The Group made a loss after tax for the period ended 30 June 2012 of US$4.5m (H1 2011: US$1.1m). The large movement is due to a US$4.1m gain on a derivative financial asset arising in H1 2011 which was settled in January 2011. The basic loss per share for H1 2012 was 3.7 cents (H1 2011: 1.0 cent).

Cash flows
The net cash outflow from operating activities for the period was US$2.9m (H1 2011: US$4.0m). The resulting period end cash held totalled US$22.7m (H1 2011: US$44.8m).

The Group's current work programmes, the Project DFS and Power DFS, the Project and Power ESIAs and the Strategic Partner Search, have been provided for.

Net cash used in investing activities was US$4.8m (H1 2011: US$6.5m), including amounts of US$0.1m for property, plant and equipment (H1 2011: US$0.6m) and $4.7m for exploration activities incurred on the Ncondezi Project (H1 2011: US$5.9m).

Going Concern and Future Funding

The Company is fully funded to complete the Project and Power DFS and related ESIAs, and to finance its activities through to September 2013. The Directors have engaged Standard Chartered Bank as their financial advisor to assist the Company find a Strategic Partner in order to take the Project to the next stage of its development. To date, the Directors have been encouraged by the interest shown during the Strategic Partner Search meetings which demonstrates the attractiveness of the Ncondezi Project.

The Group is, however, dependent upon its existing cash resources and its ability to raise additional funds through the financial markets and/or from the Strategic Partner Search to further enhance the long-term value of the Ncondezi Project. The Strategic Partner Search is at an early stage and currently no binding agreement has been secured to provide additional finance.

NCONDEZI COAL COMPANY

Independent review report to Ncondezi Coal Company Limited

Introduction
We have been engaged by the Company to review the financial information in the interim results for the six months ended 30 June 2012 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes that have been reviewed.

We have read the other information contained in the half-yearly interim results and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the interim report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility
Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly interim results based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the financial information in the interim results for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Emphasis of matter – going concern
In forming our review conclusion, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial information concerning the Group's ability to continue as a going concern.

The Group currently has sufficient funding to complete the Definitive Feasibility Study and to finance its activity through to September 2013. The Directors have engaged Standard Chartered as their Financial Advisor and are actively trying to locate a Strategic Partner. Based on the current progress of the negotiations with potential strategic partners the Directors believe that the necessary funds to provide adequate financing for continued development of Ncondezi Project will be raised as required, However, as there are no binding agreements in place to provide additional finance and there can be no guarantee that the additional finance will be secured within the necessary timeframe.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. This consolidated financial information does not include any adjustments that would result if the Group was unable to continue as a going concern.

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
3 September 2012
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NCONDEZI COAL COMPANY

Consolidated income statement
for the six months ended 30 June 2012

	Note	**6 months ended 30 June 2012 Unaudited**	6 months ended 30 June 2011 Unaudited	Year ended 31 December 2011 Audited
		US$'000	US$'000	US$'000
Other administrative expenses	2	**(3,590)**	(2,817)	(6,554)
Research expenses	2	**-**	(837)	(1,334)
Impairment of exploration costs	2	**-**	-	(656)
Share-based payments charge	2	**(864)**	(1,564)	(2,597)
Total administrative expenses and loss from operations		**(4,454)**	(5,218)	(11,141)
Finance income		**31**	18	43
Gain on derivative financial asset	7	**-**	4,166	4,166
Finance expense		**(20)**	(18)	(50)
Loss for the period before taxation		**(4,443)**	(1,052)	(6,982)
Taxation		**(33)**	(74)	(84)
Loss for the period attributable to equity shareholders of the parent company		**(4,476)**	(1,126)	(7,066)
Loss per share expressed in cents				
Basic and diluted	3	**(3.7)**	(1.0)	(5.9)

Consolidated statement of comprehensive income
for the six months ended 30 June 2012

	6 months ended 30 June 2012 Unaudited	6 months ended 30 June 2011 Unaudited	Year ended 31 December 2011 Audited
	US$'000	US$'000	US$'000
Loss after taxation	**(4,476)**	(1,126)	(7,066)
Other comprehensive income:			
Exchange differences on translating foreign operations	**(1)**	4	19
Total comprehensive income for the period	**(4,477)**	(1,122)	(7,047)

NCONDEZI COAL COMPANY

Consolidated statement of financial position
at 30 June 2012

	Note	**30 June 2012 Unaudited US$'000**	30 June 2011 Unaudited US$'000	31 December 2011 Audited US$'000
Assets				
Non-current assets				
Intangible assets	4	**34,116**	21,314	28,563
Property, plant and equipment		**2,498**	2,564	2,592
Total non-current assets		**36,614**	23,878	31,155
Current assets				
Trade and other receivables		**3,022**	1,836	2,979
Cash and cash equivalents		**22,747**	44,798	30,444
Total current assets		**25,769**	46,634	33,423
Total assets		**62,383**	70,512	64,578
Liabilities				
Current liabilities				
Current tax payable		**116**	183	81
Trade and other payables		**4,801**	4,358	3,418
Total current liabilities		**4,917**	4,541	3,499
Total liabilities		**4,917**	4,541	3,499
Capital and reserves attributable to shareholders				
Share capital	5	**76,108**	76,108	76,108
Foreign currency translation reserve		**23**	9	24
Retained earnings		**(18,665)**	(10,146)	(15,053)
Total capital and reserves		**57,466**	65,971	61,079
Total equity and liabilities		**62,383**	70,512	64,578

Approved on behalf of the Board on [xx] September 2012

Nigel Walls
Chief Executive Officer

NCONDEZI COAL COMPANY

Consolidated statement of changes in equity
for the six months ended 30 June 2012

	Share capital US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2012	76,108	24	(15,053)	61,079
Loss for the period	**-**	**-**	**(4,476)**	**(4,476)**
Comprehensive income for the period	**-**	**(1)**	**-**	**(1)**
Equity settled share based payments	**-**	**-**	**864**	**864**
At 30 June 2012 (Unaudited)	**76,108**	**23**	**(18,665)**	**57,466**

	Share capital US$'000	Other reserves US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2011	59,245	5,791	5	4,395	69,436
Loss for the period	-	-	-	(1,126)	(1,126)
Comprehensive income for the period	-	-	4	-	4
Exercise of warrants	2,934	-	-	-	2,934
Issue of shares	36,206	-	-	-	36,206
Costs associated with issue of shares	(1,399)	-	-	-	(1,399)
Shares buy-back and cancellation	(20,878)	-	-	-	(20,878)
Exercise of Dos Santos option	-	(20,770)	-	-	(20,770)
Reclassification of other reserves	-	14,979	-	(14,979)	-
Equity settled share based payments	-	-	-	1,564	1,564
At 30 June 2011 (Unaudited)	76,108	-	9	(10,146)	65,971

	Share capital US$'000	Other reserves US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2011	59,245	5,791	5	4,395	69,436
Loss for the period	-	-	-	(7,066)	(7,066)
Comprehensive income for the period	-	-	19	-	19
Exercise of warrants	2,934	-	-	-	2,934
Issue of shares	36,206	-	-	-	36,206
Costs associated with issue of shares	(1,399)	-	-	-	(1,399)
Share buy-back and cancellation	(20,878)	-	-	-	(20,878)
Exercise of Dos Santos option	-	(20,770)	-	-	(20,770)
Reclassification of other reserves	-	14,979	-	(14,979)	-
Equity settled share based payments	-	-	-	2,597	2,597
At 31 December 2011 (Audited)	76,108	-	24	(15,053)	61,079

NCONDEZI COAL COMPANY

Consolidated statement of cash flows
for the six months ended 30 June 2012

	6 months to 30 June 2012 Unaudited US$'000	6 months to 30 June 2011 Unaudited US$'000	Year ended 31 December 2011 Audited US$'000
Cash flow from operating activities			
(Loss) before taxation	**(4,443)**	(1,052)	(6,982)
Adjustments for:			
Finance income	**(31)**	(18)	(43)
Finance expense	**20**	18	50
Share based payments charge	**864**	1,564	2,597
Foreign exchange movements	**(9)**	121	5
Derivative financial asset	**-**	(4,166)	(4,166)
Disposal of property plant and equipment	**9**	-	14
Depreciation and amortisation	**227**	135	328
Net cash flow from operating activities before changes in working capital	**(3,363)**	(3,398)	(8,197)
(Decrease)/increase in payables	**533**	10	670
(Increase) in receivables	**(43)**	(564)	(1,707)
Net cash flow from operating activities before tax	**(2,873)**	(3,952)	(9,234)
Income taxes paid	**-**	-	(76)
Net cash flow from operating activities after tax	**(2,873)**	(3,952)	(9,310)
Investing activities			
Payments for property, plant and equipment	**(109)**	(601)	(958)
Payments for other intangibles	**-**	-	(46)
Interest received	**31**	18	43
Exploration costs capitalised	**(4,726)**	(5,966)	(14,166)
Net cash flow from investing activities	**(4,804)**	(6,549)	(15,127)
Financing activities			
Issue of ordinary shares	**-**	39,140	39,140
Bank charges	**(20)**	(18)	(50)
Cost of share issue	**-**	(1,399)	(1,399)
Share buy-back	**-**	(20,878)	(20,878)
Net cash flow from financing activities	**(20)**	16,845	16,813
Net increase/(decrease) in cash and cash equivalents in the period	**(7,697)**	6,344	(7,624)
Cash and cash equivalents at the beginning of the period	**30,444**	38,068	38,068
Effect of foreign exchange rate changes on cash and cash equivalents	**-**	386	-
Cash and cash equivalents at the end of the period	**22,747**	44,798	30,444

Notes to the consolidated financial information

1. Basis of preparation

The consolidated interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The consolidated interim financial information has been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 31 December 2012.

The consolidated interim financial information for the period 1 January 2012 to 30 June 2012 is unaudited and incorporates unaudited comparative figures for the interim period 1 January 2011 to 30 June 2011 and the audited financial information for the year to 31 December 2011. It does not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2011 Annual Report.

The same accounting policies, presentation and methods of computation are followed in the consolidated financial information as were applied in the Group's latest annual audited financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these has had a material impact on the Group's reporting.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

Going Concern

In the absence of production revenues, the Group is dependent upon its existing cash resources and its ability to raise additional finance through Share Placings and Strategic Partnerships to further enhance long term value for and to participate in the development of the Ncondezi Project.

The Group currently has sufficient funding to complete the Definitive Feasibility Study (DFS) and to finance its activity through to September 2013. The Directors have engaged Standard Chartered as their Financial Advisor and are actively trying to locate a Strategic Partner. Based on the current progress of the negotiations with potential strategic partners the Directors believe that the necessary funds to provide adequate financing for continued development of Ncondezi Project will be raised as required.

However, there are no binding agreements in place to provide additional finance and there can be no guarantee that the additional finance will be secured within the necessary timeframe.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The financial information does not include the adjustments that would result if the Group was not able to continue as a going concern.

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Notes to the consolidated financial information (continued)

2. Administrative expenses

	6 months to 30 June 2012 Unaudited US$'000	6 months to 30 June 2011 Unaudited US$'000	Year ended 31 December 2011 Audited US$'000
Staff costs	**1,433**	1,188	2,761
Professional and consultancy	**446**	448	1,167
Office expenses	**479**	298	1,094
Travel and accommodation	**389**	609	1,130
Other expenses	**1,003**	737	1,035
Foreign exchange gain	**(160)**	(463)	(633)
Other administrative expenses	**3,590**	2,817	6,554
Research expenses*	**-**	837	1,334
Impairment of exploration costs**	**-**	-	656
Share-based payments***	**864**	1,564	2,597
Total administrative expenses	**4,454**	5,218	11,141

* The research expenses relate to an infrastructure study in respect of logistics options available for transportation and export of coal reserves as well as other future projects.
** Impairment of exploration costs relates to the write off of the exploration costs incurred in respect of licences 1314L and 1315L which are considered to be of no further commercial value to the Group and a decision has been made to relinquish these licences.
*** The share-based payments charge relates to 8.7 million share awards granted to directors and senior management.

3. Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Due to the losses incurred during the period a diluted loss per share has not been calculated as this would serve to reduce the basic loss per share.

There were share incentives outstanding at the end of the period that could potentially dilute basic earnings per share in the future.

	Unaudited 30 June 2012			Unaudited 30 June 2011			Audited 31 December 2011		
	Loss US$'000	**Weighted average number of shares (thousands)**	**Per share amount (cents)**	Loss US$'000	Weighted average number of shares (thousands)	Per share amount (cents)	Loss US$'000	Weighted average number of shares (thousands)	Per share amount (cents)
Basic and diluted EPS	**(4,476)**	**121,116**	**(3.7)**	(1,126)	116,215	(1.0)	(7,066)	120,473	(5.9)

Notes to the consolidated financial information (continued)

4. Intangible assets

	Exploration and evaluation costs US$'000	Other intangible assets US$'000	Total US$'000
Cost			
At 1 January 2012	**28,459**	**149**	**28,608**
Additions	**5,576**	**-**	**5,576**
Exchange adjustment	**-**	**2**	**2**
At 30 June 2012	**34,035**	**151**	**34,186**
At 1 January 2011	13,493	103	13,596
Additions	7,746	-	7,746
At 30 June 2011	21,239	103	21,342
At 1 January 2011	13,493	103	13,596
Additions	15,622	46	15,668
Impairment	(656)	-	(656)
At 31 December 2011	28,459	149	28,608
Amortisation			
At 1 January 2012	**-**	**45**	**45**
Amortisation charge	**-**	**25**	**25**
At 30 June 2012	**-**	**70**	**70**
At 1 January 2011	-	10	10
Amortisation	-	35	35
At 31 December 2011	-	45	45
Net book value 30 June 2012	**34,035**	**81**	**34,116**
Net book value 30 June 2011	21,239	75	21,314
Net book value 31 December 2011	28,459	104	28,563

Exploration costs relate to the initial acquisition of the licences and subsequent exploration expenditure incurred in evaluating the Ncondezi project, which consists of the 804L and 805L licence areas situated in Tete, Mozambique.

Included within prior year's additions to the exploration and evaluation costs were expenditure of US$656,000 incurred in respect of exploration licences 1314L and 1315L located in Tete, Mozambique. The results of exploration works carried out in these licence areas proved to be unsuccessful and these licences were no longer considered to be of any commercial value to the Group. Consequently a decision was made to relinquish the licences 1314L and 1315L and the related costs were written off to the income statement in 2011 (note 2).

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Notes to the consolidated financial information (continued)

5. Share capital

Number of shares	**6 months to 30 June 2012 Unaudited**	6 months to 30 June 2011 Unaudited	Year ended 31 December 2011 Audited
Allotted, called up and fully paid			
Ordinary shares of no par value	**121,115,682**	121,115,682	121,115,682

Unaudited	**Shares issued Number**	**Share capital US$'000**
At 1 January 2012	**121,115,682**	**76,108**
At 30 June 2012	**121,115,682**	**76,108**

Unaudited	Shares issued Number	Share capital US$'000
At 1 January 2011	119,857,334	59,245
Issue of shares	12,000,000	34,807
Share buy-back and cancellation	(12,189,474)	(20,878)
Exercise of warrants	1,447,822	2,934
At 30 June 2011	121,115,682	76,108

Audited	Shares issued Number	Share capital US$'000
At 1 January 2011	119,857,334	59,245
Issue of shares	12,000,000	34,807
Share buy-back and cancellation	(12,189,474)	(20,878)
Exercise of warrants	1,447,822	2,934
At 31 December 2011	121,115,682	76,108

Notes to the consolidated financial information (continued)

6. Segmental analysis

The Group has two reportable segments:

- Exploration - this segment is involved in the exploration of coal within the Group's licence areas in Mozambique
- Corporate - this segment comprises head office operations and the provision of services to Group companies

The operating results of each of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and assess their performance.

The segment results for the six months ended 30 June 2012 are as follows:

Income statement	**Exploration US$'000**	**Corporate US$'000**	**Group US$'000**
For the six months ended 30 June 2012 (unaudited)			
Segment result after allocation of central costs	**(1,197)**	**(3,257)**	**(4,454)**
Finance expense	**(7)**	**(13)**	**(20)**
Finance income	**-**	**31**	**31**
Loss before taxation	**(1,204)**	**(3,239)**	**(4,443)**
Taxation	**-**	**(33)**	**(33)**
Loss for the year	**(1,204)**	**(3,272)**	**(4,476)**

Income statement	Exploration US$'000	Corporate US$'000	Group US$'000
For the six months ended 30 June 2011 (unaudited)			
Segment result after allocation of central costs	(969)	(4,249)	(5,218)
Interest expense	(5)	(13)	(18)
Interest income	-	4,184	4,184
Loss before taxation	(974)	(78)	(1,052)
Taxation	-	(74)	(74)
Loss for the year	(974)	(152)	(1,126)

Notes to the consolidated financial information (continued)

6. Segmental analysis (continued)

The segment results for the year ended 31 December 2011 are as follows:

Income statement	Exploration US$'000	Corporate US$'000	Group US$'000
For the year ended 31 December 2011 (audited)			
Segment result after allocation of central costs	(2,894)	(8,247)	(11,141)
Interest expense	(14)	(36)	(50)
Interest income	-	4,209	4,209
Loss before taxation	(2,908)	(4,074)	(6,982)
Taxation	-	(84)	(84)
Loss for the year	(2,908)	(4,158)	(7,066)

Other segment items included in the Income statement are as follows:

Income statement	**Exploration US$'000**	**Corporate US$'000**	**Group US$'000**
For the six months ended 30 June 2012 (unaudited)			
Depreciation charged to the income statement	**(192)**	**(35)**	**(227)**
Share based payments	**-**	**864**	**864**
Income tax expense	**-**	**(33)**	**(33)**

Income statement	Exploration US$'000	Corporate US$'000	Group US$'000
For the six months ended 30 June 2011 (unaudited)			
Depreciation charged to the income statement	(107)	(28)	(135)
Share based payments	-	(1,564)	(1,564)
Income tax expense	-	(74)	(74)

Income statement	Exploration US$'000	Corporate US$'000	Group US$'000
For the year ended 31 December 2011 (audited)			
Depreciation charged to the income statement	(270)	(58)	(328)
Share based payments	-	(2,597)	(2,597)
Income tax expense	-	(84)	(84)

Notes to the consolidated financial information (continued)

6. Segmental analysis (continued)

The segment assets and liabilities at 30 June 2012 and capital expenditure for the six months then ended are as follows:

Statement of financial position	**Exploration US$'000**	**Corporate US$'000**	**Group US$'000**
At 30 June 2012 (unaudited)			
Segment assets	**37,844**	**24,539**	**62,383**
Segment liabilities	**(3,277)**	**(1,640)**	**(4,917)**
Segment net assets/(liabilities)	**34,567**	**22,899**	**57,466**
Property plant and equipment capital expenditure	**109**	**-**	**109**
Exploration capital expenditure	**5,576**	**-**	**5,576**

The segment assets and liabilities at 30 June 2011 and capital expenditure for the six months then ended are as follows:

Statement of financial position	Exploration US$'000	Corporate US$'000	Group US$'000
At 30 June 2011 (unaudited)			
Segment assets	23,602	46,910	70,512
Segment liabilities	(3,008)	(1,533)	(4,541)
Segment net assets/(liabilities)	20,594	45,377	65,971
Property plant and equipment capital expenditure	601	-	601
Exploration capital expenditure	7,746	-	7,746

The segment assets and liabilities at 31 December 2011 and capital expenditure for the year then ended are as follows:

Statement of financial position	Exploration US$'000	Corporate US$'000	Group US$'000
At 31 December 2011 (audited)			
Segment assets	30,703	33,875	64,578
Segment liabilities	(1,543)	(1,956)	(3,499)
Segment net assets/(liabilities)	29,160	31,919	61,079
Property plant and equipment capital expenditure	956	2	958
Exploration capital expenditure	14,966	-	14,966

NCONDEZI COAL COMPANY

Notes to the consolidated financial information (continued)

7. Derivative financial asset

On 24 May 2010 the Company entered into a put and call option agreement with Rogerio Dos Santos and Roberto Dos Santos pursuant to which Rogerio Dos Santos granted the Company a call option in relation to the Dos Santos Shares in the Company. The call option could be exercised in whole or in part by the Company at any time or times during the option period which commenced on the date on which a court order was made for re-sealing of the South African letters of executorships of the estate of Dos Santos in the BVI and termination on the later of: i) the date which is 12 months from the Company's admission to AIM; and ii) the date which is three months from the date on which the Company is notified that the re-sealing of the letter of executorships in respect of the estate of Dos Santos in the BVI has occurred.

Further, the Company granted Rogerio Dos Santos a put option in respect of such number of the Dos Santos Shares, which when aggregated with all of the Dos Santos Shares bought back by the Company in respect of any exercise of the call option, equated to the value of US$500,000. No exercise of the put option, which when aggregated with all exercises of the call option, should result in Rogerio Dos Santos receiving an amount in excess of US$500,000.

The option strike price per Dos Santos share under the put option and call option was equal to 90% of the placing price, or equal to 110.7p.

On 20 October 2010 the Company was notified that the re-sealing of the letter of executorships in respect of the estate of Dos Santos in the BVI had occurred and on 20 January 2011 the Company exercised its call option and bought back all the 12,189,474 ordinary shares held by Dos Santos Family.

As the call option was priced in Pound Sterling whilst the functional currency of the Company is US$ it was treated as a derivative financial asset with a corresponding increase in equity, and was accounted for at fair value through profit and loss.

Notes to the consolidated financial information (continued)

7. Derivative financial asset (continued)

The fair value of the derivative financial asset at the date the call option was exercised was US$21,270,000 (31 December 2010 - US$17,104,000; 30 June 2010 - US$6,290,000). It was calculated using the Black-Scholes model with the following principal assumptions used in the valuation:

	Initial recognition	At 31 December 2010	At 20 January 2011
Share price on issue of loan notes	123.00p	200.50p	220.00p
Strike price	110.70p	110.70p	110.70p
Underlying share price volatility	54%	34%	34%
Risk-free investment rate	1.50%	1.50%	1.50%
Fair value	35.18p	89.90p	110.00p

During the 6 month period ended 30 June 2011 a gain of US$4,166,000 (31 December 2010 - US$10,813,000; 30 June 2010 - Nil) was recognised in the consolidated income statement in respect of the fair value movement of the derivative financial asset.

The put option contained an obligation for the Company to purchase its own shares for cash or another financial asset and gave rise to a financial liability for the present value of the redemption amount with a corresponding decrease in equity. Due to a relatively short exercise period of the option the present value of the redemption amount was deemed to be equal to US$500,000. This amount was recognised in the Statement of Financial Position within other payables at 30 June 2010 and 31 December 2010 and was subsequently de-recognised following the exercise of the call option.

8. Related party transactions

Parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The nature of the related party relationships with whom the Group entered into transactions or had balances outstanding at 30 June 2012 and 30 June 2011 is determined by management as transactions where the Group has the ability to control the decisions taken by management of the related parties through the Group’s shareholders. All companies were classified as ‘‘other related parties’’ according to requirements of IAS 24.

Notes to the consolidated financial information (continued)

8. Related party transactions (continued)

Strata Limited ("Strata") - relationship agreement

A relationship agreement dated 3 June 2010 ("Relationship Agreement") between the Company and Strata was executed to regulate the on-going relationship between the Company and Strata. The principal purpose of the Relationship Agreement is to ensure that the Company is capable of carrying on its business independently of Strata and its subsidiary undertakings ("Strata Group") and that transactions and relationships with the Strata Group are at arm's length and on normal commercial terms. The Relationship Agreement will continue for so long as the ordinary shares are admitted to trading on AIM and Strata owns or controls in aggregate 15 per cent or more of the issued shares or voting rights of the Company.

As at 30 June 2012 Strata held 45.56% of the Company (30 June 2011 45.56%).

Strata Capital UK LLP ("Strata Capital")

During the period the Company entered into an agreement to occupy with Strata Capital, a firm of which Michael Haworth is a partner, shared offices in London. A total of US$34,874 was charged in respect of rent and shared expenses. There was $15,163 outstanding at 30 June 2012 (2011 H1: US$Nil).

In addition Strata Capital charged the Company US$58,930 (2010 H1: US$93,766) in respect of advisory services. There was US$29,210 outstanding at 30 June 2011 (2010 H1: US$Nil).

Zanaga UK Services Limited ("Zanaga")

During the period the Company entered into an agreement to occupy with Zanaga, a company of which Michael Haworth and Colin Harris are also directors, shared offices in London. A total of US$264,815 was charged in respect of rent and share expenses. There was US$62,496 outstanding at 30 June 2012 (2011 H1: US$Nil).

MMDN Financial Services LLP ("MMDN")

During the period MMDN a firm which Manish Kotecha, the Company's Chief Financial Officer, is a partner charged the Company US$2,301 (2011 H1: US$23,561) in respect of financial services. There was no amount outstanding at 30 June 2012 (2011 H1: US$8,665).

Mines Value Management

During the period US$43,609 (2011 H1: US$49,740) was paid to Mines Value Management, a company of which Nigel Sutherland is also a director, in respect of services provided by Nigel Sutherland to the Company. There was US$5,181 outstanding at 30 June 2012 (2011 H1: US$Nil).

9. Events after the reporting period

There were no significant transactions after the reporting date.

Company Details

Directors	Nigel Walls (Chief Executive Officer) Michael Haworth (Non-Executive Chairman) Richard Stuart (Non-Executive Director) Estevao Pale (Non-Executive Director) Nigel Sutherland (Non-Executive Director) Colin Harris (Non-Executive Director) Mark Trevan ((Non-Executive Director) Graham Mascall (Non-Executive Director)
Company Secretary	Elysium Fund Management Limited
Registered Office	2nd Floor Wickham's Cay II PO Box 2221 Road Town Tortola British Virgin Islands
Company number	1019077
Nominated Advisor and Joint Broker	Liberum Capital Limited Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9AR
Joint Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Joint Broker	finnCap 60 New Broad Street London EC2M 1JJ
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Financial PR	Pelham Bell Pottinger 330 High Holborn London W1CV 7QD