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NCONDEZI COAL COMPANY LTD

("Ncondezi" or the "Company")

Ncondezi to partner with Rio Tinto Coal Mozambique in new study for an integrated transport corridor development in Mozambique

Ncondezi Coal Company Limited (AIM: NCCL), a coal exploration and development company with coal assets in the Tete Province in Mozambique, announces the signing of a new rail and port infrastructure agreement as part of the Company's strategy to export coal from its Ncondezi Project.

Highlights:

- Ncondezi has signed a new rail and port infrastructure study agreement ("the Agreement") with Rio Tinto Coal Mozambique ("RTCM"), a wholly owned subsidiary of Rio Tinto plc ("Rio Tinto"), and Minas de Revuboe ("Revuboe") to further study greenfield port and rail options and related infrastructure (together the "Integrated Transport Development Project" or "ITD Project"). This is a continuation of the jointly funded order of magnitude infrastructure study ("OoM Study") which was completed in Q4 2011
- RTCM will lead the necessary study work required to determine the feasibility of the Integrated Transport Corridor
- The ITD Project represents a scalable solution with the potential to provide coal export capacity of between 25Mtpa to 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 lowest 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
- The Agreement entitles Ncondezi to an export allocation on the ITD Project for all of the planned 10Mtpa export coal production from the Ncondezi Project
- Ncondezi will not be required to contribute capital to the ITD Project feasibility or development capital costs
- Ncondezi will have the option to negotiate take-or-pay agreements with the ITD Project operator once the necessary feasibility and other study work is completed and a decision is made to implement the ITD Project

Graham Mascall, CEO of Ncondezi Coal Company, commented:

“Signing of the Agreement with RTCM and Revuboe represents a tremendous opportunity and step forward for the Company in securing rail and port capacity for the future export of coal from our Ncondezi Project. Rio Tinto has significant experience in developing rail and port infrastructure projects around the world, and I believe that it is best placed to lead and implement this project in Mozambique.”

Ncondezi has signed an agreement with RTCM, a 100% subsidiary of the Rio Tinto Group, which provides rights for Ncondezi to access up to 10 Mtpa of rail and port capacity on a proposed greenfield rail and port project to be developed in Mozambique, the ITD Project. The Agreement allows the parties to build upon the results of the OoM Study and move the ITD Project towards implementation.

The agreement continues the infrastructure evaluation study completed through 2011 with RTCM and Revuboe.

The OoM Study was finalised and presented to the parties during November 2011, and identified a preferred port and rail solution in Mozambique approximately 500km from Tete and north of the Zambezi River mouth. The port developed will be a deep water port capable of handling up to cape size vessels with expandable capacity from an initial 25Mtpa upgradable to 100Mtpa. The ITD Project is expected to offer the lowest transport costs for the export of coals from Tete, as it will employ modern and proven rail and port technologies, cover the shortest rail distance to port, and benefit from economies of scale as capacity is ramped up. The results of the OoM Study also demonstrated that the ITD Project will provide positive social economic opportunities and additional potential, and is environmentally sound.

RTCM will lead the necessary study work required to determine the feasibility of the Integrated Transport Corridor. Ncondezi will not be required to contribute to the project feasibility or development capital costs, other than for the infrastructure required for the Ncondezi Project’s sole use to connect a rail spur with the ITD Project rail network.

Prior to proceeding with the construction and development phase Ncondezi will be required to enter into commercial arms length take-or-pay commitments with ITD Project operator in relation to phasing of coal production and allocating tonnage over a ramp up period. Ncondezi expects this to follow negotiations with coal off-takers for its export coal products from its Ncondezi Project in Tete.

More information with regards to timing for the completion of the feasibility work and target construction and operation dates will be provided in the coming months as the studies progress. It is the objective of RTCM, Revuboe and Ncondezi to work towards expediting the ITD Project as soon as possible.

Given that the Ncondezi Project is targeting first production in 2015, the Company remains optimistic about the ability to also access rail and port capacity for transport of its coal on the Sena/Beira and Nacala corridors, which are to be expanded during the next few years.

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