

## Operational Update

20 August 2012: Ncondezi Coal Company Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to provide an operational update on its mining and power projects.

### Highlights

- Power DFS completed and confirms economic and technical viability of the project
- STEAG, one of Germany's largest electricity producers, appointed to conduct peer review on Power DFS
- Power DFS results due for publication in September 2012, post completion of internal and peer review
- Negotiations regarding the Power Framework Agreement have commenced with Mozambique government
- Project DFS remains on schedule for completion end Q3 2012 and publication during Q4 2012

The Power Definitive Feasibility Study ("Power DFS") by Parsons Brinckerhoff, a leading provider of engineering and project management services to the global power and energy markets, on its Ncondezi thermal coal project (the "Project") has been completed and is being reviewed internally by Ncondezi.

The Power DFS confirms the economic and technical viability of developing and operating an 1,800MW mine mouth coal fired plant. This is expected to be developed in partnership with a strategic partner, in phases of 300MW, using domestic grade coal from the Project, located in the Tete Province of Mozambique.

Ncondezi has appointed STEAG GmbH ("STEAG"), one of Germany's largest electricity producers, to conduct a peer review from an operator's perspective. Ncondezi anticipates publishing the full Power DFS results, including the technical and financial aspects, during September 2012 once these reviews have been completed.

Parsons Brinckerhoff have also completed the Power Plant Minimum Functional Specifications and these will now be sent to select engineering procurement construction firms ("EPCs") to obtain more accurate capital expenditure projections, which are expected to be received during Q4 2012.

The Ministry of Energy has been formally approached by Ncondezi in order to establish the key parameters of the Power Framework Agreement, which a pre-cursor to signing the Power Concession that will govern the power plant's development, fiscal regime and operations.

The Company's strategic partner search is underway and has been broadened to incorporate the power component of the Project, with the Company seeking to partner with a power developer with the capacity to build and operate the power plant. The Company has received encouraging feedback from its first round of meetings in Asia. There is significant interest in large scale power plant opportunities in Africa from power developers and manufacturers as regional power demand supports new generation capacity.

**Ncondezi Coal Company** owns 100% of the Ncondezi Project. The Project is strategically located in the Tete province, one of the world's largest undeveloped 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 coals to feed a thermal power station located on site.

**Parsons Brinckerhoff** is a leading provider of engineering and project management services to the global power and energy markets. The firm offers skills and resources in strategic consulting, planning, engineering, program/construction management, and operations for transportation, power, mining, water/wastewater, and community development projects. Parsons Brinckerhoff is part of Balfour Beatty, an international infrastructure services business. [www.pbworld.com](http://www.pbworld.com)

**STEAG** has been involved in energy generation for nearly 75 years and is one of Germany's largest electricity producers, with a total installed capacity worldwide of 9,400MW. As a business with international operations, STEAG offers its customers integrated solutions in the fields of power and heat generation and in technical services. Among its core competencies are planning, construction and operation of both large power plants and distributed energy facilities, along with asset-based power trading. [www.steag.com](http://www.steag.com)

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