

**Ncondezi commences EPC selection process in preparation for
Power Purchase Agreement negotiations**

13 March 2013: Ncondezi Coal Company Limited ("Ncondezi" or the "Company") (AIM: NCCL) is pleased to announce that it has commenced the selection process for the engineering, procurement and construction contractor ("EPC") for its 300MW power project, which is located near Tete in northern Mozambique. The EPC's project capital expenditure quote will form part of the Power Purchase Agreement ("PPA") on which the Company expects to start detailed discussions in the next quarter, following the anticipated receipt of the Power Framework Agreement, a key milestone.

STEAG Energy Services GmbH ("STEAG"), a subsidiary of one of Germany's largest electricity producers, has been appointed by Ncondezi to conduct the EPC pre-selection process for the 300MW power project. Over 25 EPC firms from around the world have been invited to participate in a pre-selection process and submit indicative capital expenditure estimates and funding proposals. These indicative proposals are expected during Q2 2013, after which Ncondezi and STEAG will select a short list of preferred EPC bidders who will be invited to submit binding, detailed bids during 2H 2013. The binding bids will play a key role in completing the PPA negotiations and project funding.

The Company is making good progress with the Mozambican Ministry of Energy regarding the Power Framework Agreement, which is on track for finalisation during the first half of 2013. The Power Framework Agreement is the pre-cursor to a power generation licence and governs the commercial, technical, financial and legal structuring options for the Ncondezi Power Project.

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Note To Editors:

Ncondezi Coal Company is seeking shareholder approval at the next Annual General Meeting to change its name to Ncondezi Energy Limited to reflect the Company's core business of power generation. The Company owns 100% of the Ncondezi Project and is developing a 300MW power plant and open pit mine to generate electricity for domestic consumption in Mozambique.

STEAG is one of Germany's largest electricity producers, with a total installed capacity worldwide of 9,400MW. Within the group STEAG operates power plants with a capacity of around 14,000 MW. 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