

3 March, 2011

## **NCONDEZI COAL COMPANY LTD**

**("Ncondezi" or the "Company")**

### **DFS WORK PROGRAMME UPDATE**

Ncondezi Coal Company Limited (AIM: NCCL), a coal exploration and development company with coal assets in the Tete Province in Mozambique, today announces an update on the Company's work programme to complete a Definitive Feasibility Study ("DFS") by mid 2012 (the "DFS Work Programme").

#### **Highlights:**

- On 1 February 2011, the Company recommenced drilling on licences 804L & 805L (the "Ncondezi Project") following the end of the wet season in Tete, Mozambique
- 210 new holes planned by July 2011
- Coal quality results from wash tests conducted on samples collected in Q4 2010 have begun arriving and are being processed
- Initial coal quality results from one of two large diameter holes drilled in Q4 2010 suggest potential for improved coal yields and potential to produce a prime coal product with coking coal properties

#### **Graham Mascal, CEO of Ncondezi Coal Company, commented:**

*"I am very pleased to announce that following the end of the wet season in Tete, Mozambique we have restarted drilling in 2011 and believe that the additional holes planned will assist Ncondezi in confirming coal continuity and qualities on the Ncondezi Project. Initial results from coal quality tests are encouraging and confirm the potential to improve thermal coal yields and identify a prime coal product with coking coal qualities."*

## Drilling Programme

On 1 February 2011, following the end of the wet season in Tete, Mozambique, the Company recommenced drilling on the Ncondezi Project with a total of 4 core drill rigs and 2 percussion rigs. Initial drilling will focus on infill drilling in the South block to provide better continuity information, and completion of holes on the River and North blocks. In addition to this, drilling is planned on other blocks that have demonstrated further coal potential. The Company plans to complete 210 new holes (or over 42,000m of drilling) by July 2011.

## Coal Quality Results

The Company's coal quality test work programme is focussed on improving the potential yield and quality information obtainable from the Ncondezi Project coal resources. Initial wash test results from over 500 samples collected during the 2010 drill programme have been received.

Results from one of the two large diameter holes drilled in Q4 2010, have indicated that based on a 6,450 Kcal/kg GAD (or 27 MJ/kg GAD) CV product, overall yields are higher than a small diameter borehole drilled in a similar location in 2009. This is based on comparing coal horizons as close as possible, but not identical between the 2010 large diameter and 2009 slim core holes. The results from the Q4 2010 large diameter hole (LD 246) are displayed in more detail below:

<b>Composite</b>	<b>Roof m</b>	<b>Floor m</b>	<b>Thickness m</b>	<b>Yields %</b>
A	3.09	5.24	2.15	45%
B	5.24	6.98	1.74	46%
C	7.37	9.36	1.99	40%
D	10.09	12.83	2.74	57%
E	14.10	15.98	1.88	16%
F	17.92	21.18	3.26	38%

Note: the quoted yields above are practical yields include wash plant efficiencies

The coal qualities for the combined composites (A to F) provides the following average coal specification:

<b>CV GAD (MJ/kg)</b>	<b>Ash (% ad)</b>	<b>Vols (% ad)</b>	<b>Sulphur (%)</b>	<b>Inherent Moisture (%)</b>
27	19.9	30.4	1.26	1.84

While it is likely that actual coal yields will be lower than quoted above when mine design better defines coal and parting horizons, the current results go some way to verifying the Company's belief that coal yields can be increased significantly from the results of the 2010 scoping study through a systematic approach to exploration and test work procedures.

Additionally, early indications from the first 2010 large diameter hole suggest that select mining horizons can produce both a prime and thermal coal products. The prime coal qualities show potential coking properties, and the full suite of coking coal tests are now being carried out at ASL labs in South Africa to confirm this potential.

The results from samples of the second large diameter hole and the slim core holes drilled in Q4 2010 are being analysed. Ncondezi expects to make a detailed coal quality announcement as soon as all these results have been received and processed.

The qualified person having reviewed and approved the information contained in this news release is Mr. Nigel Walls, BSc, ASRM, CEng, FIMMM. Mr. Walls has 28 years experience in the mining industry and is familiar with the deposit type in question.

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**About Ncondezi Coal Company Ltd**

Ncondezi Coal Company Ltd is an exploration and development company with four coal exploration and prospecting licences in the Tete Province of Mozambique. The Company holds prospecting and exploration licences over more than 73,160 ha in the Zambezi Basin, a geological environment considered to be one of the last undeveloped coal basins in the world.

Exploration work is most advanced on the Ncondezi Project, which comprises licence areas 804L & 805L, and is located approximately 40km northeast of the provincial capital Tete and 10km from the Sena railway. The Ncondezi Project covers an area of approximately 38,700ha and has a JORC coal resource of 1.8 billion tonnes. A scoping study completed in early 2010 confirmed the economic potential for an open pitable 10 million tonne per annum export thermal coal operation with coking coal potential. It is the Company's objective to complete a definitive feasibility study on the Ncondezi Project in the second half of 2012 and move to initial production in the second half of 2014.

Further details about Ncondezi Coal Company Ltd can be found on the company's website: [www.ncondezicoal.com](http://www.ncondezicoal.com)