

18 May 2012

**Ncondezi Signs Framework Agreement with the Government of Mozambique  
on the Ncondezi Coal Project**

Ncondezi Coal Company Limited (“Ncondezi” or the “Company”) (AIM: NCCL) is pleased to announce it has signed a Framework Agreement (the “Agreement”) with the Ministry of Mineral Resources of the Republic of Mozambique (“MIREM”) for its Ncondezi Coal Project (the “Project”) in the Tete Province.

The Agreement provides the framework for mutual cooperation between MIREM and the Company in developing the Project and is a pre-cursor to signing the Mining Contract, which will govern the Project’s development, fiscal regime and operations.

**Commenting on the announcement, Graham Mascal, CEO, said:** *“The signing of this Agreement is very encouraging as it sets out the key parameters and an agreed timeline for finalising the Mining Contract once the Definitive Feasibility Study has been submitted to MIREM. With the DFS nearing completion, we have now commenced the permitting stage in anticipation of a development decision by year end.”*

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

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