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NCONDEZI COAL COMPANY LTD

("Ncondezi" or the "Company")

INITIAL COAL QUALITY RESULTS AND OPERATIONAL UPDATE

Ncondezi Coal Company Limited (AIM: NCCL), a coal exploration and development company with coal assets in the Tete Province in Mozambique, today announces the coal quality results from its large diameter ("LD") drill programme completed in Q4 2010.

Highlights:

- Coal quality results from two LD holes drilled in Q4 2010 have now been received and processed
- Results from LD hole 5001 have identified a coal with reasonable swells and rogas that can produce a coal with a swell greater than 7 and rogas of more than 60
- The results justify further test work on the Ncondezi Project to determine the potential as a metallurgical coal

The Company is currently focused on the 2011 drilling programme to complete the necessary drilling for inclusion in the Definitive Feasibility Study ("DFS") to be completed by end of July 2012. A detailed update on the 2010 slim core ("HQ") drill programme is expected to be announced in the next few weeks. The Company has also been actively involved in discussions related to regional rail and port infrastructure with the Mozambican Government and other key players in the region.

Graham Mascall, CEO of Ncondezi Coal Company, commented:

"I am pleased to announce that results from one of two large diameter holes drilled during the 2010 drill programme has come back with positive results to warrant further metallurgical test work on the Ncondezi Project. Although this is an encouraging result for the Company, additional analysis is required of the coal characteristics to confirm the potential to produce a marketable coal product. Additional news flow on coal qualities is expected during the second half of 2011 once the 2011 drill programme has been completed."

Coal Quality Results

A summary analysis of the coal composite results from LD hole 5001 is presented below along with typical coal product specification ranges for coking coals from Mozambique and Australia:

	LD hole 5001 Composites				Coking coal product specifications	
	1	2	3	4	Mozambique indicative range	Australian indicative range
Depth of top of coal zone (m)	3.1	5.2	7.4	19.7		
Coal zone width (m)	2.2	1.7	2.0	1.4		
Size fraction (mm)	12 x 0.5	12 x 0.5	12 x 0.5	12 x 0.5		
Inherent moisture %	2.6	1.9	1.7	1.5	0.7-1.1	1.0-2.5
CV (mj/kg)	29.5	29.0	29.0	29.2		
CV (kcal/kg)	7,050	6,910	6,920	6,980		
Ash %	12.5	14.9	15.7	15.0	10.5	6.5-10.5
Vols %	32.0	31.7	31.7	32.1	17.0-26.0	20-34
Fixed Carbon %	52.9	51.5	50.9	51.4	64.0-89.0	
Sulphur %	1.16	1.62	1.55	2.09	0.83-1.20	0.5-1.0
Phosphorous %	0.08	0.07	0.05	0.07	0.07-0.09	0.02-0.08
CSN	7.5	7.0	7.0	8.0	8.5-9.0	6.0-9.0
ROGA	60	74	70	81		
Vitrinite %	86.0	86.0	83.0	87.0	80-90	55-80
Rank (RO max)	0.90	0.91	0.92	0.94	1.20-1.40	0.80-1.40
Gray King	G9	G9	G9	G9		
Gieseler Fluidity (ddpm)	1,590	10,134	30,954	4,146		

Note: All results quoted on an air dried basis; Mozambican and Australian coking coal ranges based on publicly available information.

It must be noted that the coal quality results are limited to a single bore hole and additional quality results from subsequent core holes will be required to confirm a potential marketable product. The typical coal specifications for Mozambican and Australian coking coal products give an indication of the kind of coal specifications required for an export grade coking coal product.

The coal composites tested show reasonable swells (CSN) and rogas. The coal horizons had composites derived from 12 x 0.5mm size fractions, and were floated at a relative density of 1.5 for further specialised analysis, although it should be noted that the relative density selected was based on limited information.

The ashes varied between 12.5% and 15.7% which was higher than targeted, but it was felt that the special analyses would not be unduly affected. Generally, a 13% ash coal from the mining horizons identified in 5001 equates to a high CV of 30 MJ/kg (ad) with a yield between 20% and 35%.

The volatile content is high at 32% as is the sulphur and phosphorous levels. The high ash, sulphur and phosphorous content is typical of Mozambican coals from the Zambezi Coal Basin and additional work will more accurately quantify them.

Roga and swell results from LD hole 5002 were not within the specified range to justify further metallurgical coal test work.

It is too early to predict the size and mineability of a potential coal product, however the results justify further metallurgical coal test work on the Ncondezi Project. HQ holes from the 2011 drill programme that demonstrate attractive swells and rogas, and meet ash and yield parameters will be sent for further metallurgical coal test work.

2011 work programme update

Exploration work is currently focused on completing the necessary HQ drilling and test work for inclusion in the DFS by the end of July 2012. To meet this target, HQ drill holes need to be completed by July 2011. The Company has 8 core rigs drilling on site and to date, 97 HQ holes and 62 PCD open holes have been completed representing 12,365 metres and 10,744 metres of drilling respectively in 2011.

A LD drill programme for further metallurgical test work will be drilled once the 2011 HQ holes have been completed and the most prospective areas on the Ncondezi Project identified. This is expected to happen during the second half of 2011.

The Company is finalising the wash results from the 2010 HQ drill programme and plans to make a detailed announcement within the next few weeks. The Company expects to make further announcements on the progress of the 2011 drill programme as well as a resource update and coal quality updates during the second half of 2011.

Infrastructure update

First exports of coal from the Tete Province are expected to occur in the second half on 2011 utilising the newly refurbished Sena railway line to the port of Beira through a refurbished coal terminal. Initial capacity will be 5 Mtpa, but the Mozambican Government has begun a tender process to identify developers to upgrade this to more than 20Mtpa of multi-user capacity through a new coal terminal.

The second coal export option, the Nacala rail and port, is currently undergoing a development programme by Vale S.A. ("Vale") to link the existing railway line to Moatize in the Tete Province and upgrade rail and port capacity to 20Mtpa as a first phase. The development is expected to take 4 to 5 years, and Vale recently announced that it had signed a MoU with the Malawian Government to build the new railway line linking the Nacala railway line to Moatize.

The third export option, the Zambezi River, has recently had an Environmental and Social Impact Assessment study completed for the export of coal via barging from Benga in the Tete Province to Chinde on the coast of Mozambique. The study, which was completed by international and local environmental consultants, indicates that taking coal down the Zambezi River in barges will cause no significant environmental damage and is a significant milestone in the development of this export corridor. The Mozambican Government is expected to

make a decision on the environmental viability of shipping coal along the Zambezi River within the next few months.

In addition, the Company and a group of other coal companies based in the Tete Province have initiated a rail and port pre-feasibility study to evaluate all rail and port options along the coast of Mozambique between the ports of Beira and Nacala. The infrastructure pre-feasibility study will look to identify an expandable rail and port with an initial capacity of 20Mtpa. The study is expected to be completed in Q3 2011 and a more formal announcement is expected to be made in the next few months.

Overall, there are a number of export options in development for the future export of coal from Mozambique. The Ncondezi Project is ideally situated near to the existing and planned export infrastructure, and expects to benefit from the Mozambican Government's multi-user approach to export infrastructure.

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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