23 April 2012

Ncondezi Coal Company Limited

("Ncondezi" or the "Company")

Audited final results for the year ended 31 December 2011

Ncondezi Coal Company Limited (AIM: NCCL), a coal exploration and development company with coal assets in the Tete Province in Mozambique, announces its audited final results for the year ended 31 December 2011:

Financial Highlights for the year ended 31 December:

	2011	2010
	US$000s	US$000s
Loss after tax	**7,066**	472
Loss per share expressed in cents	**(5.9)**	(0.5)
Cash and cash equivalents	**30,444**	38,068
Net assets	**61,079**	69,436

Operational Highlights:

- Successfully raised $36.5m for the purposes of exercising the option to purchase the Dos Santos share of the Company acquired as a legacy to their holdings in the Initial Public Offering.
- 59,000m drilling campaign completed in mid-2011, yielding a subsequent resource increase in Q1 2012.
- Joint venture established with Rio Tinto and Minas da Revuboe ("Revuboe") to complete an order of magnitude infrastructure study to identify the best export corridor in Mozambique. The JV was joint funded and led to the establishment of the Integrated Transport Development Project to further explore export options.
- Completed initial studies on the use of middlings and low volatile coal, with a further feasibility study initiated to further define potential local uses for this product.

Post-reporting Period Highlights:

- Significant resource increase of 157% to 4.7Bt announced following the completion of the 59,000m drilling campaign
  - Indicated resource of 1.3Bt
  - Over 4Bt of the coal resource occurs at depths of less than 250m below surface
- Pre-feasibility studies completed for the use of coal middlings and low volatile coals to be used for regional power generation

2012 Outlook:

- Definitive Feasibility Study ("DFS") continues on track and is expected to be completed in Q3 2012.
- Infrastructure activities as part of the Integrated Transport Development Project ("ITDP") with Rio Tinto and Revuboe continue. The agreement entitles Ncondezi to an export allocation of coal from the 25Mtpa to 100Mtpa potential of this export route.

- Work continues on the potential to use middlings and low volatile coals in local power generation and coal gasification. Further work is needed to define the benefits to the project economics, with results expected by Q3 2012 on the power generation.

Graham Mascall, Chief Executive Officer of Ncondezi commented:

“We look back on 2011 and see a well laid set of fundamentals that underpin the significant developments that are expected in 2012. We have a better understanding of the quality of our coal, the size and potential of the resource. We are excited about the emerging power story, and the expected access to export routes will allow Ncondezi to build on the success of the past year.

“In Q3 2012 we will release the DFS and bring the Ncondezi Project one large step closer towards development and production. In anticipation of this, Management and the Board will be holding a workshop with the Group's DFS consultants and contractors at the beginning of May to confirm key parameters for the Group's Ncondezi Project that will provide the definition and framework for completion of the DFS in September 2012. Following the workshop the Board will update the market accordingly."

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Chairman's Statement

Dear Shareholders,

2011 was a year of steady progress towards developing the Ncondezi Project into a producing coal business. At year end the 59,000m drilling campaign for the DFS was completed on schedule, negotiations for access to export routes were ongoing, optimisation work to get the most efficient mining operation commenced and significant progress was made in assessing power generation uses for non-export grade coals.

Post the year end progress has continued; the total resource at the Ncondezi Project was increased from 1.7Bt up to 4.7Bt, an infrastructure agreement was signed with Rio Tinto and Minas de Revuboe ("Revuboe") which provides potential long-term access for coal production to be transported on a new greenfield rail and port corridor.

Throughout this period the Group has enjoyed support of the Mozambican government, nationally and regionally, as well as from the local people.

All the various work streams that will be pulled together for the DFS are on track. The DFS drilling campaign, completed during 2011, marked the commencement of updating the Project's resource model. Following resource upgrades at the North, Central and South Blocks in late 2011, the Company announced a total resource statement in Q1 2012 that showed a 157% increase in total resource including a 108% increase in resources classified in the Indicated category. Having an independently verified resource of 4.7Bt puts the Ncondezi Project on par with the mines operated by the coal majors and is larger than the Benga project at the time of Rio Tinto's acquisition of Riversdale in December 2010.

Of critical importance to the success of the Ncondezi Project, the Group has made significant inroads into addressing the major infrastructure issues that confront most mining projects. In January 2012, the Group signed an agreement with Rio Tinto and Revuboe to further study greenfield port and rail options and related infrastructure under the Integrated Transport Development ('ITD') Project. This followed the successful completion of the jointly funded order of magnitude infrastructure study in November 2011 which identified a preferred rail and port solution that all three companies believe is the best solution for the development of the Zambezi Coal Basin. The ITD Project is intended to be a large scale multi-user transport corridor, and the new agreement entitles Ncondezi to export allocation for all of its potential export coal production at the Ncondezi Project on fair commercial terms. Rio Tinto will lead the necessary study work required to determine the feasibility of the ITD Project, and is a global player with the capital depth and experience to make it work.

Furthermore, the Group is making large strides in easing the region's forecast power requirements. In December, the Company announced the potential to use middlings and low volatile coals, previously regarded as waste product, in local power generation and coal gasification. Additional feasibility work is required, but the first indications for the use of either boiler or gasifier technology are extremely positive. This would improve the overall product yields on run of mine coal production, providing additional revenues at the Ncondezi project.

The foundations are now in place for a successful DFS to be completed and for the Group to prepare for a scalable coal mining operation. Having these foundations in place is a testament to the hard work of each employee, from the drillers, geologists, to the community liaisons. The rapid rate of progress that the Company has made is a result of their dedication to the long-term viability of this project.

The reconnaissance drill programmes were completed on licences 1314L and 1315L. Analysis of the results indicates that, although coal was identified on both licences, there is little or no potential for economic coal resources. Consequently, the Group has decided not to pursue further evaluation work on these licences and has relinquished them to the Ministry of Mineral Resources Mozambique.

We look forward to a successful 2012 with the completion of the DFS being the major milestone for the forthcoming year. Also, the Board looks forward to increased value accretion as a result of a number of further initiatives, including a developing power story and continued work as part of the ITDP with Rio Tinto and Revuboe.

Richard Stuart
Non-Executive Chairman

Operational Review

Ncondezi Project

Exploration Summary
During the financial year, The Mineral Corporation (Pty) Ltd ("TMC"), based in Johannesburg, South Africa, was mandated to provide technical supervision over the drill programmes, and conduct the geological modelling and resource estimates for the Ncondezi Project. Based on the findings attained during the 2010 drill programme, an extensive drill programme was conducted in 2011 resulting in a total meterage of 39,333m being drilled. The DFS drill programme concluded in September 2011 and identified six discrete resource blocks within the Ncondezi Project area that contained coal at depths amenable to opencast mining (coal identified at a depth in excess of 250m was not included in the resource. These blocks were identified as North, South, Central, East, West and River blocks.

Incorporating the newly acquired data from the 2011 drill programme, TMC completed resource estimates for the previously excluded Central Block and updates on the North and South Blocks during the financial period. At the end of the period, the total tonnes in-situ ("TTIS") updated JORC resource for the three blocks is 1.7Bt (TTIS), with 854Mt classified in the Indicated category, and 859Mt classified in the Inferred category. Coal zones occur at or near surface on all three coal blocks and more than 1.5 billion minable tonnes in-situ ("MTIS") of the updated coal resource estimate occurs at depths of less than 250 m below surface and is considered potentially mineable by opencast mining methods. Following further updates post the reporting period, resource estimates for the East, West and River blocks were completed increasing the total resource by 157% to 4.7Bt as reported on 20 March 2012. This resource will form the basis of the DFS study.

Based on initial washability analyses to date, potential coal products after beneficiation from the Ncondezi Project include:

- Trade off studies are being undertaken to investigate the economic impact of producing a lower grade product;
- An export thermal coal with a calorific value of 26.3 MJ/kg (6,280 kcal/kg) $_{\text{(air dried)}}$;
- A domestic thermal coal product consisting of a high to low volatile matter with a minimum calorific value of 17 MJ/kg (4,060 kcal/kg) $_{\text{(air dried)}}$ and;
- There is also potential to produce a low ash coking coal product, yet to be determined and the Company will provide an update on this in due course.

Percussion Drilling
As part of the 2011 drill programme, which commenced on licence *805L* in January 2011 and on Licence *804*L in March 2011, the Group began drilling new percussion boreholes on a grid across the licence areas. The objectives of the drill programme were to:

- Drill infill boreholes in the South Block on a 500 m x 500 m grid in order to improve coal zone correlations and reclassify the resource;
- Drill reconnaissance boreholes in the East Block on a 2 km x 2 km grid in order to identify further areas of potential coal deposition;
- Drill infill boreholes in the West Block on a 500 m x 500 m grid to increase the confidence and understanding of the coal resources in the area; and
- geophysically log all boreholes.

A total of 64 percussion boreholes were drilled during the programme, with a total meterage of 10,762 m. The majority of the boreholes were drilled in the South and East Blocks, but several boreholes were also drilled in the North, North-East and West Blocks.

Drilling chips from percussion boreholes were geologically logged and stored in plastic chip trays, but not analysed. Photographs of the drill chips were also taken and are stored on the geological database for future reference. The majority of these boreholes were logged with down-hole geophysical techniques by an independent contractor. Where possible, a full suite of sondes were utilized and these included natural gamma, density, neutron porosity, resistivity, dip meter and calliper.

Core Drilling

As part of the 2011 drill programme approved by TMC, the core drilling focussed on drilling Licence *805L* and parts of Licence *804*L. The objectives of the drill programme were to:

- Drill slim core (HQ^3) boreholes on a 500 m x 500 m offset grid, focussing the drilling on the known coal resources of the South, North and Central Blocks and the lesser known resources of the East Block, and any new areas identified by 2 km centred percussion drilling;
- Drill two large diameter boreholes in the South Block for the purpose of acquiring sample material for specialised testing;
- Drill four slim core (HQ^3) inclined core boreholes with orientated core for geotechnical purposes;
- All the boreholes would be geophysically logged.

Core drilling commenced in January 2011 and a total of 187 slim core boreholes were drilled during the financial period, resulting in 27,750m. The majority of the boreholes were drilled in the South, East and North Blocks. Two large diameter core boreholes were drilled in the South Block during September 2011, resulting in 204m. These large diameter boreholes produced core with a diameter of 203 mm and bulk samples were obtained for specialised testing for power generation and gasification. Between August and September 2011, four slim core inclined boreholes were drilled for the purpose of geotechnical logging and sampling, resulting in 616m. The boreholes were drilled in the North, East, South and Central Blocks at an inclination of 70^0 from horizontal and the drill core was orientated.

All cored boreholes were geophysically logged by an independent contractor, utilising a full suite of sondes. Boreholes were geologically logged and sampled by the Group's team of geologists. All drill core was photographed and photographs were stored in the geological database for future reference.

Coal Sampling and Analyses

The Group conducted a coal sampling programme for the 187 slim core boreholes and two large core boreholes drilled during 2011, resulting in a total of 3,690 coal samples being retrieved and analysed. After the core was logged at the drill rig, it was transported back to exploration camp and coal intersections placed in a refrigeration unit to await sampling. The geological logs were audited and then depth corrected using the down-hole geophysical logs and from this, coal sample intervals were identified. Retrieved samples were weighed on-site, boxed and stored in refrigerated units whilst awaiting transport to a laboratory. All the samples were transported by a refrigerated truck to a laboratory in South Africa. Due to the volume of samples produced during the 2011 drill programme, three accredited laboratories were utilised to attain required turnaround times.

Road Access

During 2011, the Group contracted an independent contractor to provide machinery and crew for all road building requirements. A total of 40 km of existing roads was maintained and an additional257 borehole sites with connecting access roads were constructed within the licence areas.

Site Infrastructure

Construction of the Group's exploration camp began during Q3 2010, to provide accommodation and necessary infrastructure for the majority of the exploration team onsite. The main camp construction was completed towards to the end of January 2011 and additional structures were constructed during the financial year. These included, a refrigerated core shed, vehicle ramp and wash bay, and five single bedroom units.

Other licences

In 2011, reconnaissance drill programmes were completed on licences 1314L and 1315L, which are located to the West and South of the Ncondezi Project, with the aim of identifying coal resources within the licence areas. Between July and October 2011, exploration programmes were completed on both licences 1314L and 1315L with 3 and 15 percussion boreholes drilled respectively on each licence. Analysis of the results indicated that coal potential existed at depth in thin intersections and there was little or no potential for economic coal resources at these licences. Consequently, the Company decided not to pursue further evaluation work on these licences and has relinquished them to the Ministry of Mineral Resources Mozambique.

Results from Operations

Refer to the Financial Review section on pages 10 to 11.

Outlook

The Group commenced a DFS in Q3 2010 and expects to complete the study by Q3 2012. Over the coming months, the Group will continue with the necessary work required to complete the DFS on the licence areas. The mine plan, product specification, coal beneficiation plant design, logistics and other studies to complete the DFS have been commissioned during Q1 2012. During the financial period, Hugh Brown & Associates were commissioned to complete a prefeasibility study for the utilisation of a high ash low volatile middlings feedstock for both gasification and power generation. The study highlighted no fatal flaws and identified the Circulating Fluidised Bed boiler technology as the most suitable to utilize the potential feedstock for power generation. The Group has commissioned Parsons Brinckerhoff in Q1 2012 to conduct a feasibility study for the development of a 3600MW coal fired power plant in the Tete Province of Mozambique.

There are four main options for the potential future transport of coal from the Zambezi Coal Basin to the seaborne market:

Export Infrastructure

- Sena Railway line to Port of Beira

  The recently refurbished Sena railway line, which runs approximately 575kms from the town of Moatize to the port of Beira, transported the first coal shipments from Vale in Q3 2011. The initial coal export capacity of the railway line and port is 5Mtpa, and this capacity has been allocated to Vale and Rio Tinto.

  The Mozambican Government is currently looking at ways to expand export capacity up to between 18 and 24Mtpa, which could include the construction of a new coal terminal at Beira. Expansion work is expected to start sometime in 2012/2013 with additional capacity becoming available between 2013 and 2015. The Sena railway line is 10kms from the Ncondezi Project and is a potential transport corridor to handle initial 2Mtpa coal production from the Ncondezi Project.

- Nacala railway to port of Nacala

  The port of Nacala is a natural deep water port (+25m depth), and requires the construction of a new coal terminal, refurbishment of 682kms of existing railway that runs into Malawi, and the construction of an additional 230kms of railway to connect to Moatize near the city of Tete. The port of Nacala is considered to be one of the best natural deep water ports on the East African coast and will be able to handle Handymax, Panamax and Capesize ships.

  In November 2011, Vale announced an investment of US$4.4bn to upgrade the railway line and build a new port at Nacala with start-up expected in 2015. The railway line and port will be mutli-user, and has an estimated nominal capacity to handle 18 Mtpa of coal once upgraded, with potential to reach 30Mtpa with additional expansions.

Ncondezi has initiated discussions with the Nacala railway and port concessionaire to assess the possibility of securing export allocation.

- Barging down the Zambezi River to Chinde and tranship
  Technical and environmental studies conducted by Rio Tinto have confirmed the economic viability of barging coal down the Zambezi River and transhipping at Chinde. This option has large potential, north of 20Mtpa, but is dependent on the Mozambican Government being satisfied with the results of these studies and granting permits to barge. Further updates on this transport option are expected during the 2012 financial year.

- The ITD Project – New greenfield rail and port
  As part of the Group's strategy to identify a long term export solution for its future production of coal, the Group jointly funded an infrastructure order of magnitude study to assess the logistics options available for the large scale export of coal from Tete, with Rio Tinto and Revuboe. The order of magnitude study, part of the ITD Project, looked to identify a preferred expandable rail and port greenfield solution between the existing ports of Beira and Nacala. The Strang-Tradex Group, through its Port and Logistics Business Solutions division, was appointed to conduct the order of magnitude study and delivered a final draft at the end of Q3 2011. The report identified what is believed to be the best solution for the development of the Zambezi Coal Basin with a port located north of the Zambezi river mouth in the Zambezia Province, less than 500km from Tete. The preferred port option would include a deep water port capable of handling up to cape size vessels with expandable capacity from an initial 25Mtpa to 100Mtpa.

  In January 2012, the Group signed a new agreement with Rio Tinto and Revuboe to further study the ITD Project's greenfield port and rail options, and will be led by Rio Tinto. The ITD Project will help all coal miners in the Tete Province as it will be multi-user, and is also expected to bring significant benefits to the people and businesses in Zambezia Province, as well as the broader Mozambican Government .The new agreement entitles Ncondezi to export allocation for all of its potential export coal production at the Ncondezi Project on fair commercial terms

Nigel Walls
Chief Operating Officer

Independent audit report to the members of Ncondezi Coal Company Limited

We have audited the financial statements of Ncondezi Coal Company Limited for the year ended 31 December 2011 which comprise consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted by the European Union.

Our report has been prepared pursuant to our engagement letter dated 22 January 2012 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of our engagement letter dated 22 January 2012 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation and fair presentation of the financial statements. Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- present fairly, in all material respects the state of the Group's affairs as at 31 December 2011 and of its loss for the year then ended;

- have been properly prepared in accordance with IFRS as adopted by the European Union.

Opinion on other matters

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BDO LLP
Chartered Accountants
55 Baker Street
London W1U 7EU
United Kingdom

23 April 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement
for the year ended 31 December 2011

	2011	2010
	US$'000	US$'000
Other administrative expenses	**(6,554)**	(5,328)
Research expenses	**(1,334)**	-
Impairment of exploration costs	**(656)**	-
Share-based payments charge	**(2,597)**	(5,865)
Total administrative expenses and loss from operations	**(11,141)**	(11,193)
Finance income	**43**	32
Gain on derivative financial asset	**4,166**	10,813
Finance expense	**(50)**	(19)
Loss for the period before taxation	**(6,982)**	(367)
Taxation	**(84)**	(105)
Loss for the period attributable to equity shareholders of the parent company	**(7,066)**	(472)
Loss per share expressed in cents		
Basic and diluted	**(5.9)**	(0.5)

Consolidated statement of comprehensive income
for the year ended 31 December 2011

	2011	2010
	US$'000	US$'000
Loss after taxation	**(7,066)**	**(472)**
Other comprehensive income:		
Exchange differences on translating foreign operations	**19**	**5**
Total comprehensive income for the period	**(7,047)**	**(467)**

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Consolidated statement of financial position

as at 31 December 2011

	2011 US$'000	2010 US$'000
Assets		
Non-current assets		
Intangible assets	**28,563**	13,586
Property, plant and equipment	**2,592**	1,942
Total non-current assets	**31,155**	15,528
Current assets		
Trade and other receivables	**2,979**	1,272
Derivative financial asset	**-**	17,104
Cash and cash equivalents	**30,444**	38,068
Total current assets	**33,423**	56,444
Total assets	**64,578**	71,972
Liabilities		
Current liabilities		
Current tax payable	**81**	106
Trade and other payables	**3,418**	2,430
Total current liabilities	**3,499**	2,536
Total liabilities	**3,499**	2,536
Capital and reserves attributable to shareholders		
Share capital	**76,108**	59,245
Foreign currency translation reserve	**24**	5
Other reserves	**-**	5,791
Retained earnings	**(15,053)**	4,395
Total capital and reserves	**61,079**	69,436
Total equity and liabilities	**64,578**	71,972

Consolidated statement of changes in equity

for the year ended 31 December 2011

	Share capital US$'000	Other reserves US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2011	**59,245**	**5,791**	**5**	**4,395**	**69,436**
Loss for the period	**-**	**-**	**-**	**(7,066)**	**(7,066)**
Other comprehensive income for the period	**-**	**-**	**19**		**19**
Exercise of warrants	**2,934**	**-**	**-**	**-**	**2,934**
Issue of shares	**36,206**	**-**	**-**	**-**	**36,206**
Costs associated with issue of shares	**(1,399)**	**-**	**-**	**-**	**(1,399)**
Share buy-back and cancellation	**(20,878)**	**-**	**-**	**-**	**(20,878)**
Exercise of Dos Santos option	**-**	**(20,770)**	**-**	**-**	**(20,770)**
Reclassification of other reserves	**-**	**14,979**	**-**	**(14,979)**	**-**
Equity settled share-based payments	**-**	**-**	**-**	**2,597**	**2,597**
At 31 December 2011	**76,108**	**-**	**24**	**(15,053)**	**61,079**

	Share capital US$'000	Share premium US$'000	Other reserves US$'000	Foreign Currency Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2010	1	3,528	-	-	(998)	2,531
Reclassification of shares	3,528	(3,528)	-	-	-	-
Loss for the period	-	-	-	-	(472)	(472)
Other comprehensive income for the period	-	-	-	5	-	5
Capitalisation of shareholder loans	7,204	-	-	-	-	7,204
Issue of shares	52,000	-	-	-	-	52,000
Costs associated with issue of shares	(3,488)	-	-	-	-	(3,488)
Derivative financial asset	-	-	5,791	-	-	5,791
Equity settled share-based payments	-	-	-	-	5,865	5,865
At 31 December 2010	59,245	-	5,791	5	4,395	69,436

Consolidated statement of cash flows

for the year ended 31 December 2011

	Notes	2011 US$'000	2010 US$'000
Cash flow from operating activities			
(Loss) before taxation		**(6,982)**	(367)
Adjustments for:			
Finance income		**(43)**	(32)
Finance expense		**50**	19
Share-based payments charge		**2,597**	5,865
Derivative financial asset		**(4,166)**	(10,813)
Unrealised foreign exchange movements		**5**	(67)
Disposal of property plant and equipment		**14**	16
Depreciation and amortisation		**328**	92
Net cash flow from operating activities before changes in working capital		**(8,197)**	(5,287)
Increase in payables		**670**	1,195
(Increase) in receivables		**(1,707)**	(1,399)
Net cash flow from operating activities before tax		**(9,234)**	(5,491)
Income taxes paid		**(76)**	-
Net cash flow from operating activities after tax		**(9,310)**	(5,491)
Investing activities			
Payments for property, plant and equipment		**(958)**	(1,962)
Payments for other intangibles		**(46)**	(103)
Interest received		**43**	32
Exploration costs capitalised		**(14,166)**	(5,078)
Net cash flow from investing activities		**(15,127)**	(7,111)
Financing activities			
Issue of ordinary shares		**39,140**	52,000
Bank charges		**(50)**	(19)
Cost of share issue		**(1,399)**	(3,488)
Share buy-back		**(20,878)**	-
Shareholder loans received		**-**	2,162
Net cash flow from financing activities		**16,813**	50,655
Net increase/(decrease) in cash and cash equivalents in the period		**(7,624)**	38,053
Cash and cash equivalents at the beginning of the period		**38,068**	15
Effect of foreign exchange rate changes on cash and cash equivalents		**-**	-
Cash and cash equivalents at the end of the period		**30,444**	38,068

Notes to the consolidated financial statements

1. The financial information for the year ended 31 December 2011 is audited and was approved by the Board of Directors on 20 April 2012. The audited group financial information incorporates the audited financial information of the Company and all its subsidiaries for the financial year ended 31 December 2011. The financial information does not constitute the statutory accounts of the Group**.**

The financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The financial information has been prepared using the accounting policies which have been applied in the Group's financial information for the year ended 31 December 2011.

In the opinion of the Directors the financial information for the year represents fairly the financial position, results from operation and cash flows for the year in conformity with the generally accepted accounting principles consistently applied. The financial information incorporates comparative figures for the audited financial year to 31 December 2010.

2. Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding during the year and for the prior years presented has been adjusted in accordance with IAS 33. The adjustment reflects the share division that took place on 25 May 2010 where each issued ordinary share of US$1 each was divided into 80,000 ordinary shares of no par value. The adjustment is made retrospectively as if the share division took place at the start of the comparative period.

Due to the losses incurred during the period a diluted loss per share has not been calculated as this would serve to reduce the basic loss per share. There were share incentives outstanding at the end of the year that could potentially dilute basic earnings per share in the future. There we no potential ordinary shares outstanding in the year (2010: 1,447,822).

	2011			2010		
	Loss US$'000	Weighted average number of shares (thousands)	Per share amount (cents)	Loss US$'000	Weighted average number of shares (thousands)	Per share amount (cents)
Basic and diluted EPS	**(7,066)**	**120,473**	**(5.9)**	(472)	99,950	(0.5)

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3. Intangible assets

	Exploration and evaluation costs US$'000	Other intangible assets US$'000	**Total US$'000**
Cost			
At 1 January 2011	**13,493**	**103**	**13,596**
Additions	**15,622**	**46**	**15,668**
Impairment	**(656)**	**-**	**(656)**
At 31 December 2011	**28,459**	**149**	**28,608**
At 1 January 2010	8,415	-	8,415
Additions	5,078	103	5,181
At 31 December 2010	13,493	103	13,596
Amortisation			
At 1 January 2011	**-**	**10**	**10**
Amortisation charge	**-**	**35**	**35**
At 31 December 2011	**-**	**45**	**45**
Net Book value 2011	**28,459**	**104**	**28,563**
Net Book value 2010	**13,493**	**93**	**13,586**
Net book value 2009	8,415	**-**	8,415

Exploration and evaluation costs relate to the initial acquisition of the licences and subsequent exploration expenditure incurred in evaluating the Ncondezi project, which consists of the 804L and 805L licence areas situated in the Tete, Mozambique.

Included within additions to the exploration and evaluation costs are expenditure of US$656,000 incurred in respect of exploration licences 1314L and 1315L located in Tete, Mozambique. The results of exploration works carried out in these licence areas proved to be unsuccessful and these licences are no longer considered to be of any commercial value to the Group. Consequently a decision has been made to relinquish the licences 1314L and 1315L and the related costs have been written off to the income statement.

4. Property, plant and equipment

	Assets in the course of construction US$'000	Buildings US$'000	Plant and equipment US$'000	Office and computer equipment US$'000	Furniture and fixtures US$'000	Motor vehicles US$'000	Total US$'000
Cost							
At 1 January 2010	**-**	**-**	**79**	**33**	**10**	**30**	**152**
Additions	1,358	-	317	16	23	248	1,962
Disposals	-	-	(79)	-	-	(12)	(91)
Exchange adjustment	-	-	-	(3)	-	-	(3)
At 1 January 2011	**1,358**	**-**	**317**	**46**	**33**	**266**	**2,020**
Additions	-	399	172	183	-	204	958
Disposals	-	-	-	-	(6)	(16)	(22)
Transfer	(1,358)	1,358	-	-	-	-	-
At 31 December 2011	**-**	**1,757**	**489**	**229**	**27**	**454**	**2,956**
Depreciation							
At 1 January 2010	**-**	**-**	**53**	**-**	**3**	**15**	**71**
Depreciation charge	-	-	31	12	4	35	82
Disposals	-	-	(63)	-	-	(12)	(75)
At 1 January 2011	**-**	-	21	12	7	38	78
Depreciation charge	-	59	61	72	5	96	293
Disposals	-	-	-	-	(4)	(3)	(7)
At 31 December 2011	**-**	**59**	**82**	**84**	**8**	**131**	**364**
Net Book value 2011	**-**	**1,698**	**407**	**145**	**19**	**323**	**2,592**
Net Book value 2010	1,358	-	296	34	26	228	1,942
Net book value 2009	-	-	26	33	7	15	81

5. Events after the reporting date

Infrastructure Agreement

Ncondezi has signed a new rail and port infrastructure study agreement ("the Agreement") with Rio Tinto Coal Mozambique ("RTCM"), a wholly owned subsidiary of Rio Tinto plc ("Rio Tinto"), and Minas de Revuboe ("Revuboe") to further study greenfield port and rail options and related infrastructure (together the "Integrated Transport Development Project" or "ITD Project"). This is a continuation of the jointly funded order of magnitude infrastructure study ("OoM Study") which was completed in Q4 2011.

The agreement provides rights for Ncondezi to access up to 10 Mtpa of rail and port capacity on a proposed greenfield rail and port project to be developed in Mozambique. The Agreement allows the parties to build upon the results of the OoM Study and move the ITD Project towards implementation.

RTCM will lead the necessary study work required to determine the feasibility of the Integrated Transport Corridor. Ncondezi will not be required to contribute to the project feasibility or development capital costs, other than for the infrastructure required for the Ncondezi Project's sole use to connect a rail spur with the ITD Project rail network.

6. The published accounts will be available on the Company's website from 23 April 2012 and will be sent to all shareholders by 23 May 2012. Copies of the published accounts will also be available from 23 May 2012 during normal business hours from the Group's London offices at Third Floor, Albemarle House, 1 Albemarle Street, London W1S 4HA.