

15 December, 2010

## **NCONDEZI COAL COMPANY LTD**

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

### **NCONDEZI COMPLETES 2010 DRILL PROGRAMME ON SCHEDULE**

Ncondezi Coal Company Limited (AIM: NCCL), a coal exploration and development company with coal assets in the Tete Province in Mozambique, today announces the completion of its 2010 drill programme on licences 804L & 805L (the "Ncondezi Project"), as part of the Company's work programme to complete a Definitive Feasibility Study ("DFS") by mid 2012.

#### **Highlights**

- Since drilling commenced on 15<sup>th</sup> August 2010, six drill rigs have drilled 76 new holes representing over 16,000m of drilling
- Airborne geophysical survey and ground mapping programme completed to aid planning of drill hole locations
- 31 holes from the 2007-2009 drilling programme were re-opened and re-logged to aid correlations of coal zones between old and new holes
- Coal quality testing in progress and in excess of 500 samples have now been sent to the ALS laboratory in Witbank, South Africa. First results from these tests are expected in Q1 2011

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

*"I am very pleased to announce that the 2010 drilling programme has been completed on schedule allowing for coal quality test work to commence as planned, with initial results expected in Q1 2011. Ncondezi is fully committed to completing a DFS on the Ncondezi Project, and the results from the 2010 drill programme will assist in the planning of subsequent boreholes and in confirming coal qualities and coal product identification.*

*"Looking ahead, preparation for the 2011 Drilling Programme is underway and the more prospective exploration targets have now been identified with drilling to commence in February 2011."*

### Further information

Since drilling commenced on August 15<sup>th</sup>, 2010, Ncondezi has deployed six drilling rigs for a combined open hole, slim core (“HQ”) and large diameter (“LD”) staged drilling programme with all holes laid out on a carefully planned grid. Ncondezi also completed an airborne geophysical survey and ground mapping programme which further aided in the planning of drill hole locations. In total, Ncondezi completed the drilling of 76 new holes representing over 16,000m of drilling, broken down as follows:

- 4,079 m           HQ core
- 53 m               Large diameter core
- 12,099 m       PCD mud rotary open hole

In addition, several of the new holes were drilled through the coal zones to basement in order to correlate and understand the stratigraphic sequence, and 31 holes from the 2007-2009 drilling programme were re-opened and re-logged to aid correlations of coal zones between old and new holes.

The Ncondezi Project covers an extensive area of 38,700ha (equivalent to 35kms by 11kms), and reconnaissance and exploration open hole drilling has now been completed across the whole project area on a 4km and 2km grid. Coal has been intersected on all previously undrilled blocks on the project area. In addition, HQ core holes have been largely completed on a 1km grid across the South, North and River blocks. All new holes were geophysically logged to provide detailed geological data to facilitate proper characterisation of all coal encountered, interpretation of geological structure and reliable data for construction of the resource model.

Coal quality testing on all coal cores retrieved in 2010 is in progress and in excess of 500 samples have now been sent to the ALS laboratory in Witbank, South Africa. First results from these tests are expected in Q1 2011 and will be announced once they have been analysed and summarised. Samples which show positive indications for coking coal will be sent for additional coking coal test work.

Exploration planning for 2011 is now in progress. Subject to weather conditions, the 2011 drilling programme will commence in February 2011 and will focus on the more prospective areas within the tenements that have now been identified, with infill drilling on a 500m grid.

**Enquiries:****Ncondezi Services (UK) Limited**

Graham Mascall/ Manish Kotecha +44 (0)20 7183 5402

**Liberum Capital Limited**

Nominated Adviser and Joint Broker +44 (0)20 3100 2000  
Chris Bowman/Ellen Francis

**Renaissance Capital Limited**

Joint Broker +44 (0)20 7367 8273  
Jeremy Wrathall

**Pelham Bell Pottinger**

Charles Vivian/Klara Kaczmarek +44 (0)20 7861 3232 / +44 (0) 7859 048 228

**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)