

1 September, 2010

NCONDEZI COAL COMPANY LTD

("Ncondezi" or the "Company")

NCONDEZI COMMENCES DEFINITIVE FEASIBILITY STUDY WORK PROGRAMME

Ncondezi Coal Company Limited (AIM: NCCL), a coal exploration and development company with coal assets in the Tete Province in Mozambique, today provides an update on the work programme to be carried out over the following 24 months in order to complete a Definitive Feasibility Study ("DFS") on licences 804L & 805L (the "Ncondezi Project") by mid 2012.

Since its IPO and fund raising in June 2010, the Company has commenced a number of activities on the Ncondezi Project including:

- Airborne geophysical mapping;
- Percussion drilling;
- Geophysical logging; and
- Construction of field office on site.

The Company has also recently appointed a number of contractors required to help support and complete the work programme and the DFS.

In addition to the commencement of the work programme, the Company has also received a copy of a letter of acknowledgement from the Mozambican Ministry of Mineral Resources regarding the Ncondezi Project.

Graham Mascal, CEO of Ncondezi Coal Company, commented:

"I am very pleased to announce the initiation of further exploration and drilling work on our Ncondezi Project on schedule as part of our strategy to complete a definitive feasibility study by June 2012. We have budgeted US\$15 million for exploration and technical work in 2010, most of which will be used on the Ncondezi Project."

"The results of the drilling programme will help us define the thermal coal quantity and quality and confirm coking coal potential across the Ncondezi Project licence areas."

Work commenced to date

Airborne geophysical operations began earlier in July 2010 to conduct a programme of high resolution aeromagnetics, radiometrics and digital terrain model data acquisition over the Ncondezi Project. This work is expected to provide a clearer definition of surface geology, geological structures, and the location and orientation of dykes. This data will be analysed and will help in the planning of future drill hole locations. All data has been collected and is currently being processed.

On August 15th 2010, the Company began drilling new percussion holes with downhole geophysical logging spaced at 4km & 2km centres on a grid across the whole Ncondezi Project licence areas. The Company expects to complete in excess of 50 new percussion holes by the end of September 2010. Drilling will provide comprehensive geological data and enable correlation of coal zones across both undrilled and previously drilled blocks within the Ncondezi Project. HQ core drilling is scheduled to begin in September 2010.

Phase I construction of the camp at the Ncondezi Project is now complete including accommodation for 10 people and basic amenities. Phase II construction, which will provide accommodation and necessary infrastructure for the majority of the field team to be permanently based on site, is now underway and is expected to be completed by the end of October. Access roads to the camp are already complete, and access roads for improved drilling access are under construction.

Management appointment

Mr. John Twidale has been appointed as Exploration Manager in charge of all exploration activities in Mozambique. Mr. Twidale has over 40 years experience in exploration and mining, and has spent more than 20 years working for BHP Billiton SA (including its precursor Gencor) as a geologist and operations manager for exploration projects in Africa including work in Mozambique, Angola, Namibia, Zambia, Zimbabwe and Botswana. Mr. Twidale's wealth of experience in bringing projects to development and within budget will be a valuable asset to the Company as it looks to bring the Ncondezi Project to DFS.

Appointment of contractors

Following review of proposals from several DFS contractors, TWP Projects (PTY) Limited has been appointed as project manager of the DFS. Local environmental consultants Impacto Lda and international environmental consultants Environmental Resources Management Southern Africa (Pty) Ltd have also been appointed to conduct the Environmental and Social Impact Assessment ("ESIA") study on the Ncondezi Project, to be completed in conjunction with the DFS. An initial environmental and social economic baseline study is already underway, and is expected to be completed in Q4 2010.

McElroy Bryan Geological Services Pty Ltd, Australian coal consultants who are also working with Riversdale Mining Limited, have been retained by the Company as exploration consultants and advisors to help plan and oversee implementation of the work programme.

Letter of acknowledgement from Mozambican Government

In addition to the commencement of the work programme, the Company has also received a copy of a letter from the Mozambican Ministry of Mineral Resources to the Mozambican Ports and Railways Company ("CFM") which brings the Company's production plans and its potential impact on future development of rail and port infrastructure in Mozambique to the attention of CFM. The letter is an early milestone in the Company's

ongoing strategy to develop an infrastructure solution with the Mozambican Government and rail and port concessionaires.

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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 pittable 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

About TWP Projects (PTY) Ltd

TWP Projects (Pty) Ltd is one of the foremost mining industry EPCM service providers in southern Africa and the largest subsidiary in the TWP Holdings group, which is wholly owned by Basil Read (Pty) Ltd. TWP Projects manages a project portfolio with a capital value of more US\$10 billion, and provides an exceptional multi-disciplinary source of technical expertise to meet the full spectrum of project requirements in the mining industry.

Further details about TWP Projects (Pty) Ltd can be found on the company's websites: www.twp.co.za and www.basilread.co.za

Environmental Resources Management Southern Africa (Pty) Ltd

Environmental Resources Management Southern Africa (Pty) Ltd ("ERM") is one of the world's leading environmental and natural resources management consultancies, with more than 3,500 staff operating in 40 countries worldwide. ERM's Southern African offices are based in Cape Town, Johannesburg, Pretoria and Durban. ERM Southern Africa is one of the largest totally focused environmental consulting firms in the region with more than 120 dedicated staff involved in environmental and social projects throughout the continent.

Further details about ERM can be found on the company's website: www.erm.com

About Impacto Lda

Impacto Lda is a Mozambican registered consultancy company with a wide range of experience in performing Environmental Impact Assessments for projects in Mozambique as well as in Africa. Impacto comprises a core team of environmental scientists who have worked extensively throughout Mozambique and have a detailed knowledge of the biophysical and socio-economic environments as well as the existing institutional and legal framework of Mozambique.

Further details about Impacto can be found on the company's website: www.impacto.co.mz

About McElroy Bryan Geological Services Pty Ltd

Established in 1970, McElroy Bryan Geological Services Pty Ltd ("MBGS") is a group of professional geologists providing specialist consulting and contracting services to the coal mining industry within Australia and overseas for the last 40 years. Based in Sydney Australia, MBGS has been the leader in its field for numerous years in coal exploration management and geological modelling. MBGS has worked in numerous coal basins across the world, including Australia, Mozambique, South Africa, Colombia, Indonesia and Mongolia, and its clients include companies such as Xstrata plc, BHP Billiton Limited and Riversdale Mining Limited. MBGS has experience ranging from green fields coal exploration to exploration at large operating coal mines producing in excess of 20 Mtpa.

Further details about MBGS can be found on the company's website: www.mbgs.com.au