28 September, 2010

Ncondezi Coal Company Limited

("Ncondezi" or the "Company")

Interim Results for the six months ended 30 June 2010

Ncondezi Coal Company Limited (AIM: NCCL), a coal exploration and development company with coal assets in the Tete Province in Mozambique, announces its interim results for the six months ended 30June 2010.

Highlights:

- Admission on AIM and the raising of £35.6 million (US$52 million) on 10 June 2010
- Renewal of exploration licences 804L & 805L for three years until December 2012
- Maiden JORC coal resource of 1.8 billion tonnes classified on licences 804L & 805L (the "Ncondezi Project")
- Scoping Study on the Ncondezi Project confirms economic viability of 10Mtpa export thermal coal operation with first production in H2 2014 and coking coal potential
- Summary of results:

	6 months to 30 June 2010	6 months to 30 June 2009
	$'000	$'000
Loss for the period	**(5,999)**	(176)
Loss per share – cents	**(7.0)**	(0.2)
Cash at bank	**48,965**	15

Events since period end highlights

- Commencement of Definitive Feasibility Study ("DFS") Work Programme scheduled for completion by June 2012
- Appointment of John Twidale as Exploration Manager in charge of all activities in Mozambique
- Appointment of DFS Project Manager, exploration and environmental consultants
- Letter of acknowledgement from Mozambican Government

Graham Mascall, Chief Executive Officer of Ncondezi commented:

"In the last six months the Company has made a number of significant developments. Most importantly Ncondezi has defined a large scale coal resource at its flagship Ncondezi Project along with the confirmation of an economically viable 10Mtpa export thermal coal project. In addition the Company successfully raised money and listed on AIM, demonstrating credibility and confidence in the Project and the management team. The next 12 months should be equally exciting as the Company works towards completion of a DFS by June 2012 and further investigates the coking coal potential. I welcome our new investors and would like to thank the team for their hard work over the last 6 months that has helped the Company achieve these significant milestones."

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Chairman's Statement

The past six months has seen the Company establish the platform and put in place the resources to deliver on its promise of completing a DFS on its flagship Ncondezi Project in the Tete province of Mozambique. A professional, experienced and well rounded management team was assembled by the Chief Executive Graham Mascall, sufficient equity capital was raised through a successful listing on AIM to see the DFS through to its conclusion, and consultants of choice have been hired to ensure that the DFS Work Programme is completed to exacting standards. The DFS Work Programme on the Ncondezi Project commenced in July 2010 and is on track to explore further the potential for upgrading existing coal resources. Completion is scheduled to occur by June 2012 and additional results will be announced as drilling work progresses.

Ncondezi has continued to build on its profile within Mozambique and strengthen its relationship with the Government to gain support for its activities and future access to Mozambican railways and port infrastructure. In July 2010, the Company received a copy of a letter of acknowledgment from the Mozambican Ministry of Mineral Resources to the Mozambican Ports and Railways Company ("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.

During H2 of 2010 efforts will also be focused on further exploration work at the Ncondezi Project and continued discussions with the Mozambican Government and rail and port concessionaires to develop infrastructure options for the Company's future coal production.

The Group made a loss after tax for the period of $6.0 million of which $4.8 million was attributable to a share based payments charge for share awards granted on IPO to directors and senior management.

Investors will be updated as new information becomes available and I thank you for your continued support.

Richard Stuart
Chairman

Operational Review

The Company has achieved a number of development milestones at the Ncondezi Project in the 6 month interim period with the classification of a large scale thermal coal resource and completion of a scoping study that confirmed an economically viable 10Mtpa export thermal coal operation with coking coal potential. The main highlights of these milestones are provided below:

- **Large scale thermal coal resource identified**
  The Group has a JORC coal mineral resource classification of 1.8 billion tonnes identified on the Ncondezi Project. This includes 1.16 billion tonnes in the Inferred category, 0.62 billion tonnes in the Indicated category and 0.02 billion tonnes in the Measured category. The JORC coal mineral resource has been estimated by SRK Consulting (UK) Limited ("SRK"), an independent consultant, and is based on 122 boreholes or 16,737m of drilling predominantly on three of the seven blocks of the Ncondezi Project area. SRK notes that the resources quoted are in-situ resources limited to the depth of exploration drilling of approximately 200m. The resource classification identified five distinct coal zones in the North and South Blocks and four in the West Block, which SRK noted were very shallow, especially in the South Block.

- **Scoping Study supports a potential 10 Mtpa export thermal coal operation**
  SRK completed a Scoping Study on the Ncondezi Project in April 2010, confirming the economic viability, at a scoping study stage, of mining and processing coal from the Ncondezi Project. The scoping study confirmed the potential for a 10 Mtpa open-pit mining operation on the South and West Blocks only, producing a 6,000 kcal/kg GAR thermal grade coal for export from the port of Beira in Mozambique. Key highlights from the scoping study were a total mine capital cost of US$376 million (including contingencies and implementation charges), average stripping ratio of 1.4 and life of mine of 37 years.

- **Potential to increase overall coal resource and upgrade the currently defined JORC mineral resources**
  The Company's current JORC coal mineral resource of 1.8 billion tonnes only includes coal identified on three of the seven blocks of the Ncondezi Project. British Geological Survey ("BGS") studies suggest that coal bearing Karoo Outcrop exists in all seven of the blocks of the Ncondezi Coal Project and represents significant coal resource upside potential if drilled further. SRK note that the Central and River Blocks, which have undergone limited drilling, have additional potential exploration targets ranging from 400 Mt to 1,600 Mt[1] assuming geological losses of between 80% and 20%, and both need further drilling to be considered as JORC resources.

  SRK also considers that there is potential to upgrade the currently defined JORC mineral resources and identify higher quality coal zones through more detailed drilling and sampling of the North, South and West Blocks.

- **Potential to identify coking coal**
  SRK notes that coking coal exists in the coal bearing Zambezi Basin, evidenced by historic production at the Minas Moatize mine and proven exploration results and forecast production from Vale S.A.'s Moatize and ASX listed Riversdale Mining Pty Limited's ("Riversdale") Benga projects. The quality of this coking coal was further confirmed by large equity investments in Riversdale by Tata Steel and CSN, both large steel producers in India and Brazil.

[1] Initial estimates are based on limited drilling and are scheduled to be explored further. Reported in accordance with clause 18.1 of the JORC code: 1) the potential quantity and grade as reported in respect of the exploration targets are conceptual in nature; 2) there has been insufficient exploration to define a mineral resource; and 3) it is uncertain if further exploration (as planned by the Group) will result in the determination of a mineral resource.

Results from a detailed set of coking coal tests performed by the Group on the three core hole composites on the South Block in 2009 demonstrated that potential for coking coal exists. SRK confirmed this, but noted that significant further work is required. SRK also noted that the results from the coking coal tests were similar to early result from Riversdale's Benga project in 2006 and did not rule out potential for coking coal across the Ncondezi Project area.

- **Ncondezi Project exploration licences renewed until December 2012**
  In February 2010, the Company received a three year extension to exploration licences 804L and 805L (collectively the Ncondezi Project). The licences are due to expire in December 2012, which is within the target time period for the Company to have completed the DFS on the Ncondezi Project and apply for a mining licence.

  The Company's focus remains on completing the DFS on the Ncondezi Project by June 2012. Most of this work will involve upgrading and increasing the resource at the Ncondezi Project and assessing and maximising the coking coal potential. Since its IPO and fund raising in June 2010, the Company has commenced a number of activities on the Ncondezi Project which are summarised below:

- **Work commenced to date**
  The airborne geophysical survey 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.

  On 15th August 2010, the Company began drilling new percussion holes with downhole geophysical logging spaced at 4km and 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 October 2010. Drilling will provide comprehensive geological data and enable correlation of coal zones across both undrilled and previously drilled blocks within the Ncondezi Project.

  On 23rd September, the Company announced that core hole drilling had commenced on the Ncondezi Project. Currently there is one core drill rig on site. A further 2 core drill rigs are expected on site in the next few weeks. Cores are being stored in a refrigerated store at the Company's site camp and will be sent to a laboratory in South Africa for a full suite of wash and, depending on results, coking coal tests. Results are expected in the early part of Q1 2011 and will be released when they have been received and processed.

  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 field team to be permanently based on site, is now underway and is expected to be completed by the end of November. 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 the DFS.

- **Appointment of contractors**
  Following the 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, has been retained by the Company as exploration consultants and advisors to help plan and oversee implementation of the work programme.

- **Outlook**
  Ncondezi has made a great deal of progress over the six month interim period and the Company now has foundations in place on which to develop the Ncondezi Project. The Company is now working towards the completion of the DFS by June 2012 and further investigation of the coking coal potential.
  Ncondezi will continue to build on its solid relationships with the Government of Mozambique and other operators in the region in order to develop port and rail infrastructure solutions. The focus will be to develop some feasible options that will benefit all the interested parties and local community.
  Over the next twelve months Ncondezi will keep its investors informed of its progress and any developments in regards to infrastructure in the Tete basin region.

Nigel Walls
Chief Operations Officer

Independent review report to Ncondezi Coal Company Ltd.

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Shareholders' Equity and Consolidated Statement of Cash Flows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market 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 and for the purpose of our terms of engagement 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO LLP
Chartered Accountants and Registered Auditors

London, United Kingdom
28 September 2010

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

Ncondezi Coal Company Ltd
Consolidated Income Statement
for the six months ended 30 June 2010

	Note	**6 months ended 30 June 2010 Unaudited $'000**	6 months ended 30 June 2009 Unaudited $'000	Year ended 31 December 2009 Audited $'000
Other administrative expenses	2	**(1,210)**	(176)	(807)
Share-based payments charge	2	**(4,751)**	-	-
Total administrative expenses and loss from operations		**(5,961)**	(176)	(807)
Finance income		**5**	-	-
Finance expense		**(6)**	-	-
Loss for the period before taxation		**(5,962)**	(176)	(807)
Taxation		**(37)**	-	-
Loss for the period attributable to equity shareholders of the parent company		**(5,999)**	(176)	(807)
Loss per share expressed in cents				
Basic and diluted	3	**(7.0)**	(0.2)	(1.0)

Ncondezi Coal Company Ltd.
Consolidated statement of comprehensive income
for the six months ended 30 June 2010

	6 months ended 30 June 2010 Unaudited $'000	6 months ended 30 June 2009 Unaudited $'000	Year ended 31 December 2009 Audited $'000
Loss after taxation	**(5,999)**	(176)	(807)
Other comprehensive income:			
Exchange differences on translating foreign operations	**33**	-	-
Total comprehensive income for the period	**(5,966)**	(176)	(807)

Ncondezi Coal Company Ltd.
Consolidated statement of financial position
at 30 June 2010

	Note	**30 June 2010 Unaudited $'000**	30 June 2009 Unaudited $'000	31 December 2009 Audited $'000
Assets				
Non-current assets				
Intangible assets	4	**9,137**	**6,576**	8,415
Property, plant and equipment		**146**	**61**	81
Total non-current assets		**9,283**	**6,637**	8,496
Current assets				
Trade and other receivables		**102**	**17**	17
Cash and cash equivalents		**48,965**	**15**	15
Total current assets		**49,067**	**32**	32
Total assets		**58,350**	**6,669**	8,528
Liabilities				
Current liabilities				
Current tax payable		**626**	**404**	700
Loans and borrowings		**-**	**3,043**	5,042
Trade and other payables		**692**	**60**	255
Total current liabilities		**1,318**	**3,507**	5,997
Total liabilities		**1,318**	**3,507**	5,997
Capital and reserves attributable to shareholders				
Share capital	5	**59,245**	**1**	1
Share premium	5	**-**	**3,528**	3,528
Foreign currency translation reserve		**33**	**-**	-
Retained earnings		**(2,246)**	**(367)**	(998)
Total capital and reserves		**57,032**	**3,162**	2,531
Total equity and liabilities		**58,350**	**6,669**	8,528

Approved on behalf of the Board on 28 September 2010

Graham Mascall

Ncondezi Coal Company Ltd.
Consolidated statement of changes in Equity
for the six months ended 30 June 2010

	Share capital $'000	Share premium $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000
At 1 January 2010	**1**	**3,528**	**-**	**(998)**	**2,531**
Reclassification of shares	**3,528**	**(3,528)**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**33**	**(5,999)**	**(5,966**
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**
Equity settled share based payments	**-**	**-**	**-**	**4,751**	**4,751**
At 30 June 2010 (Unaudited)	**59,245**	**-**	**33**	**(2,246)**	**57,032**

	Share capital $'000	Share premium $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000
At 1 January 2009	1	3,528	-	(191)	3,338
Total comprehensive income for the period	-	-	-	(176)	(176
At 30 June 2009 (Unaudited)	1	3,528	-	(367)	3,162

	Share capital $'000	Share premium $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000
At 1 July 2009	1	3,528	-	(367)	3,162
Total comprehensive income for the period	-	-	-	(631)	(631
At 31 December 2009 (Audited)	1	3,528	-	(998)	2,531

Ncondezi Coal Company Ltd.
Condensed Consolidated statement of cash flows
for the six months ended 30 June 2010

	6 months to 30 June 2010 Unaudited $'000	6 months to 30 June 2009 Unaudited $'000	Year ended 31 December 2009 Audited $'000
Cash flow from operating activities			
(Loss) before taxation	**(5,962)**	**(176)**	(807)
Adjustments for:			
Finance income	**(5)**	**-**	-
Finance expense	**6**	**-**	-
Share based payments charge	**4,751**	**-**	-
Foreign exchange movements	**(146)**	**-**	-
Expenditure recharged from parent company	**-**	**167**	20
Depreciation	**15**	**10**	637
Net cash flow from operating activities before changes in working capital	**(1,341)**	**-**	**(150)**
Increase in payables	**461**	**-**	**150**
(Increase) in receivables	**(79)**	**-**	-
Net cash flow from operating activities	**(959)**	**-**	-
Investing activities			
Payments for property, plant and equipment	**(111)**	**-**	**-**
Interest received	**5**	**-**	-
Exploration costs capitalised	**(692)**	-	-
Net cash flow from investing activities	**(798)**	**-**	**-**
Financing activities			
Issue of ordinary shares	**52,000**	**-**	-
Bank charges	**(6)**	**-**	-
Cost of share issue	**(3,488)**		
Shareholder loans received	**2,163**	**-**	-
Net cash flow from financing activities	**50,669**	-	-
Net increase/(decrease) in cash and cash equivalents in the period	**48,912**	**-**	-
Cash and cash equivalents at the beginning of the period	**15**	**15**	15
Effect of foreign exchange rate changes on cash and cash equivalents	**38**	**-**	-
Cash and cash equivalents at the end of the period	**48,965**	**15**	15

1. Basis of preparation

The consolidated interim 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 consolidated interim financial information has been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 31 December 2010.

The consolidated interim financial information for the period 1 January 2010 to 30 June 2010 is unaudited. In the opinion of the Directors the consolidated interim financial information for the period represents fairly the financial position, results from operation and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The consolidated interim financial information incorporates comparative figures for the interim period 1 January 2009 to 30 June 2009 and the audited financial year to 31 December 2009.

The comparative information for the full year ended 31 December 2009 is not the Group's full annual accounts for that period but has been derived from the annual financial statements for that period.

2. Administrative expenses

	6 months to 30 June 2010 Unaudited $'000	6 months to 30 June 2009 Unaudited $'000	Year ended 31 December 2009 Audited $'000
Staff costs	**524**	**30**	169
Professional and consultancy	**483**	**116**	566
Office expenses	**297**	**-**	4
Travel and accommodation	**388**	**21**	37
Other expenses	**43**	**9**	31
Foreign exchange gain	**(525)**	**-**	-
Other administrative expenses	**1,210**	**176**	807
Share-based payments*	**4,751**	**-**	-
Total administrative expenses	**5,961**	**176**	807

* The share-based payments charge relates to 6 million share awards granted to directors and senior management on IPO. Of this amount 3.6 million share awards with a fair value of $4.6 million vested in full on 10 June 2010. As a result the $4.6 million was expensed in full as at 30 June 2010.

3. 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 period and for the prior periods 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 $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 period that could potentially dilute basic earnings per share in the future.

	Unaudited 30 June 2010			Unaudited 30 June 2009			Audited 31 December 2009		
	Loss $'000	**Weighted average number of shares (thousands)**	**Per share amount (cents)**	Loss $'000	Weighted average number of shares (thousands)	Per share amount (cents)	Loss $'000	Weighted average number of shares (thousands)	Per share amount (cents)
Basic and diluted LPS	**(5,999)**	**83,966**	**(7.0)**	(176)	80,000	(0.2)	(807)	80,000	(1.0)

4. Intangible assets

Exploration and evaluation costs	$'000
Cost	
At 1 January 2010	**8,415**
Additions	**722**
At 30 June 2010	**9,137**
At 1 January 2009	6,138
Additions	438
At 30 June 2009	6,576
At 1 July 2009	6,576
Additions	1,839
At 31 December 2009	8,415

Exploration costs relate to the initial acquisition of the licences and subsequent exploration expenditure incurred in evaluating the Ncondezi project, which consists of the 804L, 805L, 1314L and 1315L licence areas situated in the Tete, Mozambique.

5. Share capital

Number of shares	**6 months to 30 June 2010 Unaudited**	6 months to 30 June 2009 Unaudited	Year ended 31 December 2009 Audited
Allotted, called up and fully paid			
Ordinary shares of no par value	**119,157,334**	**1,000**	**1,000**

Unaudited	**Number of shares**	**Share capital $’000**	**Share premium $’000**
At 1 January 2010	**1,000**	**1**	**3,528**
Division and reclassification of ordinary shares	**79,999,000**	**3,528**	**(3,528)**
Issue of shares	**29,145,928**	**48,512**	**-**
Issue of shares - Employee long term incentive scheme	**6,000,000**	**-**	**-**
Capitalisation of shareholder loans	**4,011,406**	**7,204**	**-**
At 30 June 2010	**119,157,334**	**59,245**	

Unaudited	Number of shares	Share capital $’000	Share premium $’000
At 1 January 2009 and 30 June 2009	1,000	1	3,528

Audited	Number of shares	Share capital $’000	Share premium $’000
At 1 January 2009 and 31 December 2009	1,000	1	3,528

6. Segmental analysis

The Group has two reportable segments:

- Exploration - this segment is involved in the exploration of coal within the Group's licence areas in Mozambique
- Corporate - this segment comprises head office operations and the provision of services to Group companies

The operating results of each of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and assess their performance.

The segment results for the six months ended 30 June 2010 are as follows:

Income statement	**Exploration $'000**	**Corporate $'000**	**Group $'000**
For the six months ended 30 June 2010 (unaudited)			
Segment result before and after allocation of central costs	**(3)**	**(5,958)**	**(5,961)**
Finance expense	**-**	**(6)**	**(6)**
Finance income	**-**	**5**	**5**
Loss before taxation	**(3)**	**(5,959)**	**(5,962)**
Taxation		**(37)**	**(37)**
Loss for the year	**(3)**	**(5,996)**	**(5,999)**

The segment results for the six months ended 30 June 2009 are as follows:

Income statement	Exploration $'000	**Corporate $'000**	Group $'000
For the six months ended 30 June 2009 (unaudited)			
Segment result before and after allocation of central costs	**-**	**(176)**	**(176)**
Interest expense	**-**	**-**	**-**
Interest income	**-**	**-**	**-**
Loss before taxation	**-**	**(176)**	**(176)**
Taxation	**-**	**-**	**-**
Loss for the year	**-**	**(176)**	**(176)**

The segment results for the year ended 31 December 2009 are as follows:

Income statement	Exploration $'000	**Corporate $'000**	Group $'000
For the year ended 31 December 2009 (audited)			
Segment result before and after allocation of central costs	**(9)**	**(798)**	**(807)**
Interest expense	**-**	**-**	**-**
Interest income	**-**	**-**	**-**

Loss before taxation	**(9)**	**(798)**	**(807)**
Taxation	**-**	**-**	**-**
Loss for the year	**(9)**	**(798)**	**(807)**

Other segment items included in the Income statement are as follows:

Income statement	**Exploration $'000**	**Corporate $'000**	**Group $'000**
For the six months ended 30 June 2010 (unaudited)			
Depreciation charged to the income statement	**-**	**(15)**	**(15)**
Share based payments	**-**	**(4,751)**	**(4,751)**
Income tax expense	**-**	**(37)**	**(37)**

Income statement	Exploration $'000	**Corporate $'000**	Group $'000
For the six months ended 30 June 2009 (unaudited)			
Depreciation charged to the income statement	**-**	**(14)**	**(14)**
Share based payments	**-**	**-**	**-**
Income tax expense	**-**	**-**	**-**

Income statement	Exploration $'000	**Corporate $'000**	Group $'000
For the year ended 31 December 2009 (audited)			
Depreciation charged to the income statement	**-**	**(20)**	**(20)**
Share based payments	**-**	**-**	**-**
Income tax expense	**-**	**-**	**-**

The segment assets and liabilities at 30 June 2010 and capital expenditure for the six months then ended are as follows:

Statement of financial position	**Exploration $'000**	**Corporate $'000**	**Group $'000**
At 30 June 2010 (unaudited)			
Segment assets	**9,844**	**48,506**	**58,350**
Segment liabilities	**(660)**	**(658)**	**(1,318)**
Segment net assets/(liabilities)	**9,184**	**47,848**	**57,032**
Property plant and equipment capital expenditure	**91**	**20**	**111**
Exploration capital expenditure	**722**	**-**	**722**

The segment assets and liabilities at 30 June 2009 and capital expenditure for the six months then ended are as follows:

Statement of financial position	Exploration $'000	**Corporate $'000**	Group $'000
At 30 June 2009 (unaudited)			
Segment assets	**6,634**	**35**	**6,669**
Segment liabilities	**(454)**	**(3,053)**	**(3,507)**
Segment net assets/(liabilities)	**6,180**	**(3,018)**	**3,162**
Property plant and equipment capital expenditure	**-**	**-**	**-**
Exploration capital expenditure	**438**	**-**	**438**

The segment assets and liabilities at 31 December 2009 and capital expenditure for the year then ended are as follows:

Statement of financial position	Exploration $'000	**Corporate $'000**	Group $'000
At 31 December 2009 (audited)			
Segment assets	**7,929**	**599**	**8,528**
Segment liabilities	**(798)**	**(5,199)**	**(5,997)**
Segment net assets/(liabilities)	**7,131**	**(4,600)**	**2,531**
Property plant and equipment capital expenditure	**1**	**33**	**34**
Exploration capital expenditure	**2,277**	**-**	**2,277**

7. Related party transactions

Parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The nature of the related party relationships with whom the Group entered into transactions or had balances outstanding at 30 June 2010 and 30 June 2009 is determined by management as transactions where the Group has the ability to control the decisions taken by management of the related parties through the Group's shareholders. All companies were classified as ''other related parties'' according to requirements of IAS 24.

Artemis Corporate Services Limited ("ACSL")
Artemis Trustees Limited ("ATL") is the parent company of ASCL, and was a director of the Company until May 2010. During the period ATL provided corporate and administrative services to the Group amounting to $24,205 (2009 H1: $nil).

Tete Coal Holdings Limited ("TCHL")
On 10 June 2010TCHL distributed its holding in the Company to its shareholders and no longer holds an investment in the Company. Prior to 10 June 2010 TCHL held an 85% investment in the Company and had a number of common directors with the Company. During the period TCHL recharged exploration costs of $831,965 (2009 H1: $469,833) and overheads of $1,330,743 (2009 H1: $125,060) incurred on the Group's behalf.

Strata Limited ("Strata") - relationship agreement
A relationship agreement dated 3 June 2010 (“Relationship Agreement”) between the Company and Strata was executed to regulate the ongoing relationship between the Company and Strata. The principal purpose of the Relationship Agreement is to ensure that the Company is capable of carrying on its business independently of Strata and its subsidiary undertakings (“Strata Group”) and that transactions and relationships with the Strata Group are at arm’s length and on normal commercial terms. The Relationship Agreement will continue for so long as the ordinary shares are admitted to trading on AIM and Strata owns or controls in aggregate 15 per cent. or more of the issued shares or voting rights of the Company.

As at 30 June 2010 Strata held 45.56% of the Company.

Strata Group Services Limited
In December 2009 the Group entered into a short term lease expiring in June 2011, with Strata Group Services Limited, a subsidiary of Strata Limited for offices in London, United Kingdom. The annual rent for these offices is $129,000 (equivalent £79,650) (2009 H1:$nil).

Company Details

Directors	Graham Mascall (Chief Executive Officer) Richard Stuart (Non-Executive Chairman) Estevao Pale (Non-Executive Director) Nigel Sutherland (Non-Executive Director) Colin Harris (Non-Executive Director) Mark Trevan ((Non-Executive Director)
Company Secretary	Elysium Fund Management Limited
Registered Office	2nd Floor Wickham's Cay II PO Box 2221 Road Town Tortola British Virgin Islands
Company number	1019077
Nominated Advisor and Joint Broker	Liberum Capital Limited Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9AR
Joint Broker	Renaissance Capital Limited One Angel Court

	Copthall Avenue London EC2R 7HJ
Auditors	BDO LLP 55 Baker Street London W1U 7EU