

November 21, 2011

NCONDEZI COAL COMPANY LTD

("Ncondezi" or the "Company")

Company Update to Shareholders

Ncondezi Coal Company Limited (AIM: NCCL), a coal exploration and development company with coal assets in the Tete Province in Mozambique, announces an update on a number of developments, including on the Definitive Feasibility Study ("DFS"), the current indicative project timetable, and recent share price performance.

Ncondezi is well positioned in an emerging coal basin, well funded with US\$34 million in cash (as at 7 November 2011) and progressing with the Ncondezi Project DFS and related initiatives.

Highlights:

- DFS drill programme completed in August 2011, having drilled 306 boreholes over 52,000 meters. The Company continues to expect an updated resources model by end Q4 2011 with a coking coal potential update expected Q1 2012.
- The Company is continuing discussions with its Mozambique Coal Industry Export Initiative ("MCIEI") JV partners, Rio Tinto Group, ("Rio Tinto") and Minas de Revuboe ("Revuboe"), on the continued feasibility work required for the Greenfield port and rail initiative. The JV is seeking to build additional support for the initiative while securing near-term capacity from existing export corridors. Additional updates on the MCIEI initiative are expected through to Q1 2012.
- Studies on the opportunities for the middlings product and non-export grade coals to be used in domestic production or coal gasification are ongoing with results expected before year-end.
- The Ncondezi Project is on track to development despite delays in the processing of drill cores at the assay labs, as was highlighted in the Interim Results announcement of 30 September 2011. The extent of the delay in the DFS will not be known until 100% of drill assays analysed.

Ncondezi Project DFS Update

Having completed a significant DFS drill programme (306 boreholes and over 52,000m) in August of this year on time and within budget, the Company is in now in the process of receiving the complete set of coal wash test results for the construction of an updated resource model. The Company's target announcement timetable is still on track with a resource update for the Ncondezi Project still planned in Q4 2011.

In the 30 September, 2011 Interim Results announcement, the Company highlighted that the turnaround times for the coal wash test results were taking longer than what was originally quoted. The Company has contracted an additional two accredited laboratories in South Africa to spread the workload in an attempt to mitigate any material affects this may have on the DFS completion date. As of 18th November, the Company had received approximately 95% of the 4,700 samples sent for coal wash tests and is targeting to have the full set of results completed by the end of November 2011. On this basis, the Company plans to have updated resource models for at least 3 of the 6 coal blocks on the Ncondezi Project before the end of Q4 2011. The remaining 3 coal blocks are planned to be updated by February 2012.

The overall effect of the delay in turnaround times at the laboratories on the DFS timetable will not be fully known until the final coal wash test results have been received. Subject to a complete set of coal wash test results being received by the end of November, a 2-3 months delay in completion of the DFS is currently envisaged.

The coking coal potential update has not been materially affected by the laboratory delays and is still expected during Q1 2012. Indications to date suggest that whilst a potential metallurgical product is present in select coal zones, the qualities and quantities remain uncertain.

Other initiatives related to the Ncondezi Project

The Company is continuing with a number of related initiatives in addition to the exploration related work being completed on the Ncondezi Project, including:

Mining contract

The Company is currently in discussions with the Mozambican Ministry of Mineral Resources to sign a framework agreement on which key principles for the mining contract can be agreed. The Company will begin mining contract negotiations closer to completion of the DFS, however the signing of a framework agreement will provide early guidelines.

Rail and port

The Company is continuing discussions with its MCIEI JV partners, Rio Tinto and Revuboe, on the continued feasibility work required for the Greenfield port and rail initiative. Results from the MCIEI infrastructure order of magnitude study completed in September 2011 demonstrated that the new railway line and port provided a scalable, cost effective, reliable and environmentally sound solution for the long term transport of coal from Tete. Meetings are planned at the end of November to discuss next steps and progress the initiative. The Company expects updates on the MCIEI initiative to be made between now and the end of Q1 2012 as the JV parties agree next steps.

In the medium term, before the Greenfield rail and port is planned to be completed, the Company will need to seek access at one of three existing transport corridors for its initial export coal production. The first option, the Sena railroad to the port of Beira, began exporting coal in September 2011 and has a second phase expansion planned for 2015 which includes the construction of a new coal terminal and an increase in capacity to between 12 and 25Mtpa. The second, the upgrade of the Nacala railway line and port, has been commissioned with Vale S.A. agreeing a take or pay for a portion of the planned 30Mtpa capacity. The upgraded Nacala railway line and port is expected to transport coal in the second half of 2014. The third and final option, barging down the Zambezi River to Chinde, is still a preferred medium term option for Rio Tinto with a planned total capacity in excess of 20Mtpa. The Company is in early negotiations with concessionaires for all three export options and will keep shareholders updated of developments.

Domestic coal power generation and gasification feedstock

In line with similar studies being conducted by Rio Tinto and Vale, the Company has been completing initial test work on the viability of utilising the Ncondezi Project's middlings product (a by-product from export thermal coal production) and non export grade coals in power generation and coal gasification. Initial results on samples carried out by consultants have been encouraging and shareholders can expect further details announcement on the results of the Phase I studies later in the quarter.

Ncondezi indicative timetable

Initiative	Expected Completion/update
Ncondezi Project work streams	
DFS drilling complete	Q3 2011
Coal wash test results	Q4 2011
Resource updates	Q4 2011 - Q1 2012
Mine, plant and cost optimisation	Q1 2012 - Q2 2012
DFS completion	Q3 2012
Environmental Impact Study completion	Q3 2012
Completion of mining contract	Q4 2012
Coking coal potential update	Q1 2012
Other initiatives	
Greenfield rail & port OM study complete	Q3 2011
Update on Greenfield rail & port	Q4 2011 - Q1 2012
Phase I PFS report on power generation	Q4 2011
Phase I PFS report on coal gasification	Q4 2011
Phase II PFS report on power generation	Q2 2012
Coal gasification burn tests	Q2 2012

Recent share price performance

The recent underperformance of the Company's share price does not reflect the progress being made at the project. There have been no material developments at the corporate or project level to warrant the extraordinary decline over recent weeks.

For further information

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