

## LOW GRADE COAL TO POWER PREFEASIBILITY STUDY 2010



### POWER IN MOZAMBIQUE (COURTESY Energy Global)

#### Ncondezi Coal announces results of studies on Ncondezi power project

A scoping study completed on the Ncondezi project in April 2010 was based on a single export thermal coal product and did not take into account potential revenues from middlings and low volatile coals. Recognising the potential use and application of these coals locally in Mozambique, the company appointed HB&A in 2010 to conduct two phased studies to identify suitable technologies for the use of the company's middling and low volatile coal products for local power generation and configure a basic project design for power generation.

(Taken from Ncondezi's report on Interim Results for the six months ended 30 June 2011)

**Domestic Power Plant.** - During the reporting period, the Company appointed Hugh Brown & Associates Ltd ("HB&A") to conduct a study to identify suitable technologies for the use of the Company's non-export grade ("middlings") coal product, a by-product of washing run of mine coal, in power and coal gasification plants. Coal mining in Mozambique is likely to produce large amounts of non-export grade coals, and similar studies are being undertaken by both Rio Tinto and Vale (S.A.). Initial coal quality test work and review has been completed and HB&A is due to provide a final report with a financial review and recommendations for technology candidates in both power and gasification during October 2011. Subject to a positive result from the technology review, the Company plans to move on to a more detailed phase of study for power generation.