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The Manager
Company Announcements
Australian Securities Exchange Limited
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Sydney NSW 2000

By e-lodgement

COMMENCES BANKABLE FEASIBILITY STUDY AT DE WITTEKRANS COAL PROJECT

Key Points:

- Commencement of Bankable Feasibility Study on De Wittekrans Coal Project
- Leading South African based independent mining consultants TWP Projects ("TWP") appointed to complete the study
- Board approval to proceed with the study follows completion of Mashala acquisition in November 2010 and review of Pre-Feasibility Study and Mining Study completed in 2009 that confirmed the potential for a robust, long-life, low cost opencast and underground thermal coal mining operation
- Study to optimise a planned 30 year mining operation producing 3.6tpa ROM coal and approx. 1.1Mtpa of export coal sales and 1.5Mtpa of domestic coal sales
- Targeted for completion by June 2010, with commencement of construction immediately in 2H 2011 following a decision to mine
- Estimated US\$40-US\$70m capital cost to be funded from operating cashflow and debt funding

South African focused thermal coal mining producer Continental Coal Limited (**ASX: CCC**) ("**Continental**" or "**the Company**") is pleased to announce that the Board has formally approved the commencement of the Bankable Feasibility Study ("BFS") on its De Wittekrans Coal Project located near Hendrina, in Mpumalanga Province, South Africa.

The De Wittekrans Coal Project is located within the Company's De Wittekrans Complex which also includes the Vaalbank, Knapdaar and Project X coal projects that comprise over 400Mt of JORC compliant resources all located within a 15km radius and surrounded by major road and rail infrastructure as well as a number of adjacent major opencast and underground coal mining operations.

The Board's approval to appoint highly experienced independent mining consultants TWP Projects as Study Managers to complete the BFS follows the completion of the Mashala Resources acquisition in November 2010 and a review of the Pre-Feasibility Study and Mining Study completed in 2009 by SRK. This review by the Company's executive management confirmed the potential to develop a robust, long-life, low cost opencast and underground coal mining operation at De Wittekrans supplying both the export and domestic coal markets.

"Based on the strong results of the Pre-Feasibility and Mining Studies, we have made the decision to proceed immediately with a Bankable Feasibility Study for the development of the De Wittekrans Coal Project," Mr Don Turvey, Continental's CEO said.

"Given the current and forecast strength of the thermal coal markets, we believe this project represents a robust and exciting opportunity for the Company with the potential to become a significant strategic supplier of coal to the domestic and global markets and to establish Continental as South Africa's leading mid-tier coal mining company."

"The De Wittekrans Complex will be our most significant project development in the coming years. We have prioritised its project development ahead of all the others within the De Wittekrans Complex, given the positive results of the Pre-Feasibility and Mining Studies and the lower risk profile and the capital expenditure associated with a planned initial opencast mining operation. This will allow us to target first coal production in late 2011" Mr Turvey added.

The De Wittekrans Coal Project is located in the Ermelo coalfield, just 15km southeast of the town of Hendrina in Mpumalanga Province, South Africa. The project currently has a New Order Prospecting Right awarded by the Department of Minerals and Resources in 2009. An application for a New Order Mining Right was lodged with the Department of Minerals and Resources and is anticipated to be approved in H2 2010.

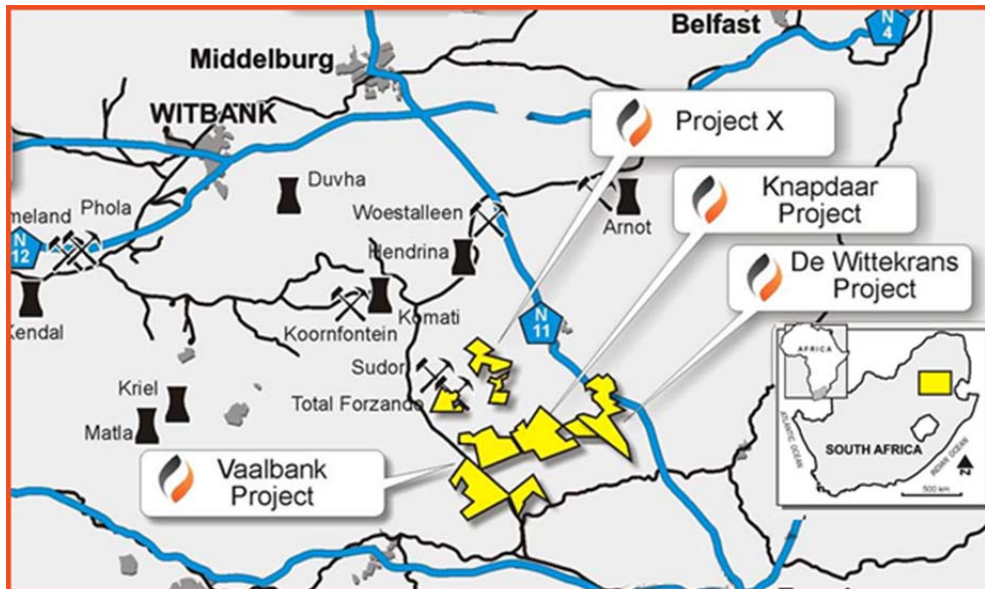


Fig.1 The De Wittekrans Complex

The Pre-Feasibility Study and Mining Study completed in 2009 confirmed that the De Wittekrans Coal project was economically and technically viable based on development of a conventional opencast and underground mine targeting production of 3.6 – 4.0Mtpa ROM coal from the 206Mt of JORC compliant resources contained within the A, B and C coal seams within the project area. The average seam width of the A seam is 0.7m and for the B and C coal seams, 2.7m and 2.1m respectively.

A summary of the Pre-Feasibility Study and Mining Study findings are provided below:

De Wittekrans Pre-Feasibility and Mining Study Summary Findings*	
Annual ROM Production	3.6Mtpa
Annual Export Sales	1.1Mtpa
Annual Domestic Sales	1.50Mtpa
Mine Life	30 years
Total FOB Export Product Costs	US\$61.00/t

* assumes 40% and 30% domestic and export yield, costs in real terms

Production from the opencast mining areas of the De Wittekrans Coal Project was scheduled in the Mining Study to be completed over an initial minimum 10 year period at an average strip ratio of 4.5:1. Opencast mining was to be subsequently replaced by underground conventional bord and pillar mining for a further 20 years with access to the underground from the highwalls remaining from the opencast mining operations. The A, B, and C Seams are planned to be targeted for opencast mining at the De Wittekrans Coal Project, and the B and C Seams are targeted for the underground mining areas. The A Seam has not been targeted as a primary seam, but will be recovered from the opencast operations where mining permits.

The run-of-mine coal produced at De Wittekrans is planned to be beneficiated through a 750 – 800tph two stage washing plant using an initial high density wash to remove the high density material, and a secondary wash to separate the export and Eskom coal products. Coal quality analyses completed indicated that the B and the C seams are amenable to washing for a 27.5MJ/kg primary export coal product at an average theoretical yield of some 35% to produce 1.1Mtpa of saleable export thermal coal and a product suitable for domestic sales has also been determined, with a quality of 21MJ/kg at a yield of approx. 40% to produce 1.5Mtpa of saleable domestic thermal coal. The average total FOB costs for the primary export coal product of ZAR421/t (approx. US\$61/t) in real terms are forecast over the 30 year mine life for the production of export coal.

Based on these results and its review the Board of Continental has now formally approved the commencement of the BFS study and has appointed TWP Projects as the Study Manager. The main components of the BFS study will include:

- Infill reserve and resource definition drilling
- Mineral resource and reserve estimation
- Coal quality analyses
- Open pit and underground mine optimisation, design and scheduling based on updated reserve and resource models
- Process plant and discard design
- Infrastructure and rail load out facility studies
- Environmental studies
- BFS level capital and operating cost estimates
- Mine development timetable
- Detailed financial modelling

During Q1 2011, the Company will complete a 38 diamond drill hole infill drilling program as part of the overall BFS study. This is required for detailed opencast and underground mine design to be finalised. The drilling program will further allow the Company to upgrade the existing resource over the initial 5 years of opencast mining and subsequent underground mining and enable the BFS to be based on a measured resource and/or proven and possible reserve.

"We are commencing the Bankable Feasibility Study immediately, with the study forecast to take no more than 6 months, given the extensive work that has already been completed to date. This positions us to commence mine development in 2H 2011 subject to receipt of regulatory approvals, immediately after the Board has formally approved a mine decision" Mr Turvey said.

"At this stage, our development timeline envisages completion of all mine and related infrastructure construction within 12 months, with first coal production targeted for late 2011."

The commencement of the BFS for the De Wittekrans Coal Project marks an exciting milestone for the Company on its route to achieving its production goal of 7Mtpa ROM coal by 2012.

Ends

Yours faithfully



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Continental Coal Limited (ASX:CCC : US-OTC:CGFAY) is a new Junior South African coal producer. Continental has a portfolio of producing and advanced coal projects located in South Africa's major coal fields. Following the commencement of production at the Vlakvarkfontein coal mine in May 2010, and its acquisition of Mashala Resources in October 2010, Continental is targeting production from its portfolio of predominantly export thermal coal mines of 7Mtpa ROM by 2012. Continental was formed to take advantage of the robust domestic and global demand for coal, with particular focus on Southern Africa.

The information in this announcement that relates to the Mineral Resources on the De Wittekrans Coal Project is based on a resource estimate completed by NJ Denner who is a professional geologist with over 20 years of experience in the South African Mining Industry and sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and the Ore reserves. NJ Denner is a member of South African Council for Natural Scientific Professions (Membership No. 400060/98) and consents to the inclusion of this information in the form and context in which it appears in this report.