

11 March 2011

The Manager
Company Announcements
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

By e-lodgement

UPDATE ON EXPORT COAL MINING OPERATIONS

Key points

- Export thermal coal sales from Continental's Ferreira and Delta Operations increase by over 52% to 48,532 tonnes in February from 31,875 tonnes in November 2010
- Average net sales price of US\$118/tonne realised quarter to date on sales of 88,980 tonnes
- Limited impact to operations from the heavy rains and train derailments on the Richards Bay Coal Line reported during January 2011
- Increase in run of mine production for February 2011 supports the decision to appoint a new mining contractor and commence development of the Northern Pit opencast operations with further forecast increases in March 2011
- Continental on schedule to exceed budgeted export sales of 120,000 tonnes and meet targeted sales of 141,000 tonnes for the March quarter 2011
- Targeted export sales of 48,000 tonnes for the month of March 2011

South African focused coal mining producer Continental Coal Limited (**ASX: CCC**) "**Continental**" or "**the Company**") is pleased to provide shareholders with an update on its Ferreira Coal Mine and Delta Processing Operations in South Africa.

Operations during the first two months of the March quarter have proceeded in line with the Company's forecasts and the targeted increase in sales of export thermal coal planned.

Export coal sales for the months of January and February 2011 of 40,448 tonnes and 48,532 tonnes have exceeded the previous months' sales by 25% and 50% respectively.

FERREIRA AND DELTA PERFORMANCE (tonnes unless stated)						
	Nov 10	Dec10	DEC QTR ¹	Jan 11	Feb11	QTD ²
Total ROM Coal	38,266	32,988	85,111	28,450	41,223	69,673
Buy-in Coal	22,608	22,003	44,611	41,287	26,999	68,286
Total Plant Feed	67,837	53,389	121,226	58,488	64,482	122,970
Export Product	25 780	16 109	41 889	14,239	32,458	46,697
Export Sales	31,875	32,641	64,516	40,448	48,532	88,980

¹Continental assumed operating control on 1 November 2010. ² Quarter to date (January and February 2011)

South Africa
T +27 11 881 1420 **F** +27 11 881 1423 **W** www.conticoal.com
9th Floor Fredman Towers, 13 Fredman Drive, Sandton 2196
P.O. Box 787646, Sandton 2146

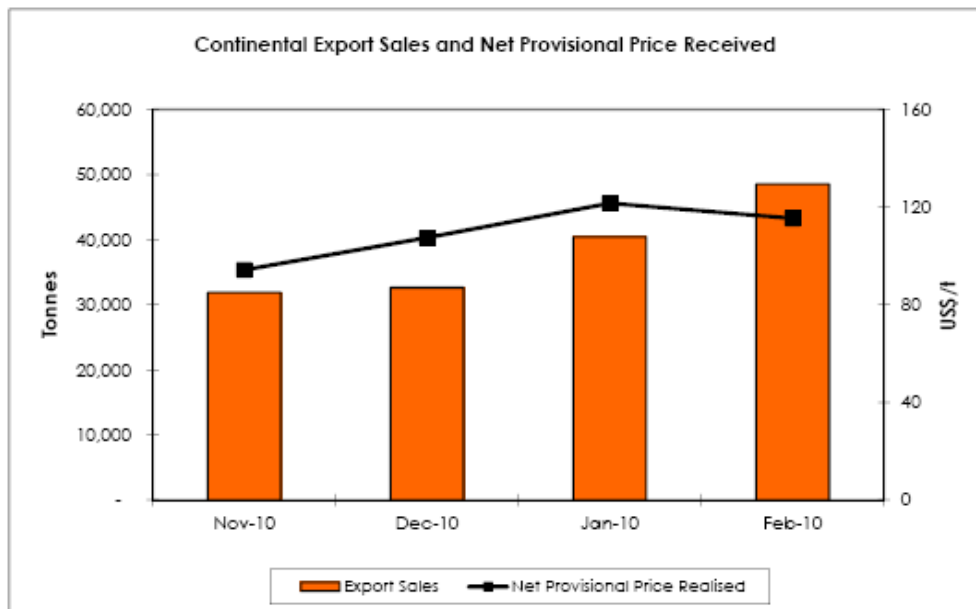
Australia
T +61 8 9488 5220 **F** +61 8 9324 2400 **W** www.conticoal.com
Level 3, 1 Havelock Street, West Perth, WA 6005
P.O. Box 684, West Perth WA 6872

Executive Chairman Andy Macaulay **CEO** Don Turvey **Executive Director** Peter Landau **Executive Director** Bruce Buthelezi

ROM production from the Ferreira Mine for the months of January and February 2011 was 28,450 tonnes and 41,233 tonnes respectively. Production in January was affected by the holiday periods, and also mildly impacted by heavy rains and industrial action in South Africa which led to a loss of 5 production days. ROM production in February was a 14% increase on the average monthly ROM production in the December quarter and came despite a number of national strikes impacting operations. ROM production for the balance of the quarter is forecast to be approx. 55,000 tonnes.

The Delta Processing Operations have operated continually throughout the quarter unaffected by the heavy rains or national strikes over the period with total tonnes processed for the month of January and February of 122,970 tonnes. This comprised 101,406 tonnes from stockpiles and 21,564 tonnes of buy-in coal.

For the quarter to date sales product of 46,697 tonnes of a primary export thermal coal product and a further 20,568 tonnes of a secondary domestic thermal coal product was achieved. A total export yield of 59% was achieved representing a 20% improvement over the December quarter.



Export thermal coal sales in January and February were 40,448 tonnes and 48,532 tonnes respectively. Export coal sales have increased by 50% from the 31,875 tonnes in November 2010.

Mr Don Turvey, Continental's CEO commented, *"It is pleasing to see that the tough decisions made at Ferreira in the last quarter are already beginning to have results. Our sales of export thermal coal through Richards Bay Coal Terminal have increased demonstrably and at a time of increasing coal prices and also when heavy rains and derailments have materially impacted other export coal producers. The outlook for the balance of the quarter is positive and we anticipate that we will meet our targeted sales of 141,000 tonnes."*

The average realised net preliminary export thermal coal price received for sales during the months of January and February has been US\$118/tonne.

The establishment of the Northern Pit operations and improving operating performance at Ferreira has already resulted in a reduction in mining costs. Greater utilisation of the processing plant and the ability to source raw export quality coal from neighbouring mines (which themselves have no processing facilities and cannot wash the coal to achieve an export thermal coal product) has allowed the Company to achieve improved efficiencies and returns and further reinforces the strategic location and value of the Delta Processing Operations. Total FOB costs of between US\$70 – US\$80/tonne can now be achieved by the Company.

Continental's second shipment of export coal from Richards Bay Coal Terminal was made on 7 March 2011 for an amount of 32,996 tonnes. A similar scheduled shipment is due to be made in April.

Yours faithfully



Jason Brewer
Executive Director

For further information please contact:

Investors/ shareholders

Peter Landau/Jason Brewer
Executive Directors
T: +61 8 9488 5220

Don Turvey
Chief Executive Officer
T: +27 11 881 1420

E: admin@conticoal.com
W: www.conticoal.com

Media

David Tasker
Professional Public Relations
T: +61 8 9388 0944

E: david.tasker@ppr.com.au

About Continental Coal Limited

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 10Mtpa ROM by 2015. Continental was formed to take advantage of the robust domestic and global demand for coal, with particular focus on Southern Africa.

Forward Looking Statement

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the iron ore mining industry, expectations regarding iron ore prices, production, cash costs and other operating results, growth prospects and the outlook of Continental's operations including the likely commencement of commercial operations of the Penumbra and De Wittekrans, its liquidity and the capital resources and expenditure, contain or comprise certain forward-looking statements

regarding Company's development and exploration operations, economic performance and financial condition. Although Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in coal prices and exchange rates and business and operational risk management. For a discussion of such factors, refer to the Company's most recent annual report and half year report. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.