

REPORT FOR THE QUARTER ENDING 31 MARCH 2011

The Board is pleased to provide the following commentary.

COMPANY HIGHLIGHTS

- First coal shipments from Richards Bay Coal Terminal ("RBCT") commence under EDF Trading off-take agreement with 65,906 tonnes shipped during the Quarter
- Export thermal coal sales and railings from the Ferreira Mine and Delta Processing Operations increase by 53% on the previous quarter to 129,971 tonnes
- Quarterly run-of-mine coal production of 318,800 tonnes from the Vlakvarkfontein and Ferreira mines represents a 24% increase on production in the December quarter
- Run-of-mine coal production at the Ferreira mine increases by 51% quarter on quarter to 128,232 tonnes
- Domestic thermal coal production of 216,533 tonnes from Vlakvarkfontein with a 91% increase in sales to 200,195 tonnes for the March quarter and closing stockpile balance of 191,788 tonnes
- Completes consolidation of its interests in the Vaalbank and Project X Coal Projects with the Company's South African subsidiary now holding a 75% and 70% interest respectively in the projects
- Don Turvey, the Company's Chief Executive Officer, appointed to the Board
- Completion by the Company's joint venture partners, Korea's State Mining and Exploration Company ("KORES") and the Company's Black Economic Empowerment partner, Masawu Investments (Pty) Ltd ("Masawu"), of the financial settlement for the acquisition of the Vlakplaats Coal Project
- Key executives and consultants complete site visit to the Company's Serowe and Kweneng Botswana coal projects with independent South African consulting geologists, Gemecs (Pty) Ltd ("Gemecs") appointed to finalise the planned exploration and drilling programs for each of the projects

ASX Code – CCC / CCCO

Issued Shares **3.073 Bn** (31 Mar 2010)

Closing Price

A\$0.062 (31 Mar 2010)

Market Cap **A\$191m** (31 Mar 2010)

Cash

A\$7.356 (31 Mar 2010)

The third quarter of the 2010/11 financial year saw the Company mature further as an established South African export thermal coal producer, with the first full quarter of thermal coal export operations from the Ferreira Mine and Delta Processing Operations since its acquisition of a majority interest in Mashala Resources (Pty) Limited in November 2010.

During the Quarter the Company completed its maiden shipment of export thermal coal from RBCT. Two shipments were made during the Quarter on the M/V Aquabella and M/V Rini. A third shipment of 27,303 tonnes of thermal coal on the M/V China Act was completed subsequent to the Quarters end.

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Executive Chairman Andy Macaulay

CEO Don Turvey

Executive Director Peter Landau

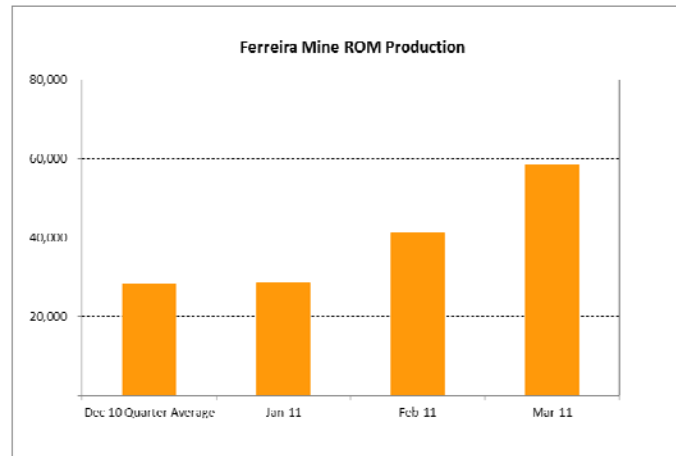
Executive Director Bruce Buthelezi

OPERATIONS

Ferreira Coal Mine and Delta Processing Operations

The Ferreira Coal Mine and Delta Processing Operations maintained their exceptional health and safety record since opencast operations commenced at the Ferreira mine in 2008. The rolling 12 month Lost Time Injury Rate remains at 0. The Ferreira Coal Mine and Delta Processing Operations have each now achieved 556 and 805 calendar days without Lost Time Injury.

Mining activities at Ferreira continued during the Quarter with mining of the Northern Pit re-commencing on 3 January 2011 after the planned contractors break. Processing operations at the Delta Processing Operations continued throughout the Quarter.



ROM production of 128,232 tonnes at the Ferreira Mine for the Quarter increased by 51% on the previous quarter's production of 85,111 tonnes. Operations during the Quarter proceeded in line with the Company's forecasts and the targeted increase in ROM production.

FERREIRA PRODUCTION PERFORMANCE (tonnes unless stated)							
	Jan 10	Feb 10	Mar10	MAR QTR	DEC QTR¹	DIFF (%)	YTD²
Overburden (m ³)	322,898	258,671	349,552	931,121	651,710	+43%	1,424,358
Total Softs	322,898	258,671	349,552	931,121	651,710	+43%	1,424,358
B Lower Coal	17,150	7,639	15,361	40,150	26,437	+52%	66,587
C Upper Coal	2,892	6,218	9,253	18,363	17,578	+4%	33,151
C Lower Coal	8,408	27,366	33,945	69,719	41,096	+70%	99,708
Total ROM Coal	28,450	41,223	58,559	128,232	85,111	+51%	199,446
Summary							
Overburden (m ³)	322,898	258,671	349,552	931,121	651,710	+43%	1,424,358
ROM Coal	28,450	41,223	58,559	128,232	85,111	+51%	199,446

¹Continental assumed operating control on 1 November 2010. ² From 1 November 2010

Production of 28,450 tonnes in January was slightly above the average monthly production of 28,370 tonnes achieved in the December quarter despite being affected by the holiday periods, and impacted by heavy rains and industrial action in South Africa which led to a loss of 5 production days. ROM production in February of 41,223 tonnes was a 45% increase on the average monthly ROM production in the December quarter. Production in March of 58,559 tonnes was a 106% increase on the average monthly ROM production in the December quarter and a 42% increase on ROM production in February.

The increased ROM production achieved over the Quarter supports the decisions made by the Company in November 2010 to appoint a new mining contractor and commence development of the Northern Pit.



Mining in the New Northern Pit at the Ferreira Coal Mine

During the Quarter the Delta Processing Operations washed a total of 183,194 tonnes of ROM coal (previous quarter 182,107 tonnes). This comprised both ROM production from the Ferreira Coal Mine and coal purchased from nearby operations, which is blended with the Company's own production.



Delta Processing Operations with New Spiral Plant Installed

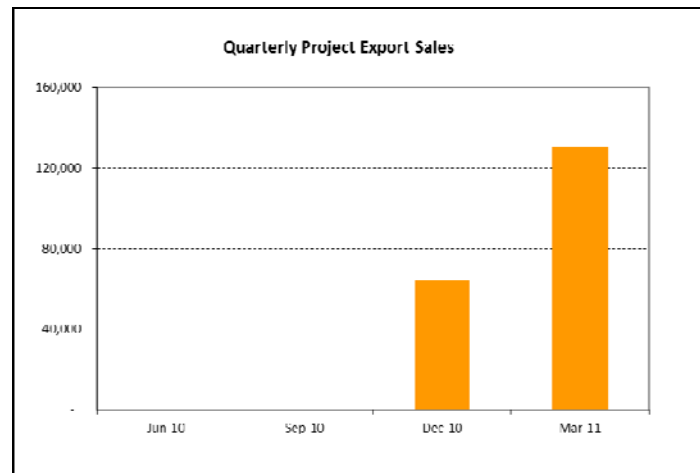


Coal Trains Loaded at the Anthra Rail Siding

Production of 79,506 tonnes of a primary export thermal coal product (a 28% increase on the 62,333 tonnes in the December quarter) and a further 25,965 tonnes of a secondary domestic product was achieved. An average primary yield of 58% for the Quarter was achieved, an increase on the 53% primary yield achieved in the previous quarter.

A total 73,531 tonnes of a standard RB1 export coal product were railed to the NUA stockpile at RBCT during the Quarter (a 48% increase on the 49,527 tonnes in the December quarter) that was sold under off-take agreements with EDF Trading. A further 56,440 tonnes (a 17% increase on the 49,527 tonnes in the December quarter) of a higher sulphur product were sold under contract to a major South African mining house for blending with its own export production.

The average gross sales price received on the 129,971 tonnes of export thermal coal railed to RBCT was US\$121.25/tonne (a 12% increase on the average gross sales price of US\$107.87/t received in the December quarter). A further 30,410 tonnes (29,783 tonnes in the December quarter) of a lower domestic coal product were sold over the Quarter under a long term contract with Eskom.



The Ferreira Coal Mine and Delta Processing Operations incurred site costs of ZAR57.9m during the Quarter (approx. US\$64/t export sales, and including mining, processing, administration, materials handling, closure and indirect costs). Export costs of ZAR13.3m (approx. US\$14/t export sales) were also incurred during the Quarter. For the June 2011 quarter, the Company is forecasting export coal sales of 130,000 tonnes at costs of between US\$70-80/t.

During the Quarter the Company was advised by Transnet Freight Rail ("**TFR**") that it had increased railage tariffs to be paid by coal exporters using RBCT, by on average 30%. The increases, which took effect from April 1, are earmarked to fund major capital expenditure for the expansion of rail capacity between South Africa's export mines and RBCT from 65Mt/year to 81Mt/year over the next four years.

During the Quarter the Company in conjunction with the Delta Processing Operations Build-Own-Operate-Manage ("**BOOM**") operator, Fraser Alexander commenced the installation of a new spiral plant. The spiral plant was successfully commissioned subsequent to the Quarters end. The spiral plant was installed to allow the processing of the fine coal slurry (<1mm) that has historically been discarded. The spiral plant should lead to increased primary yields of up to a further 5% and is forecast to result in up to an additional 3,000 to 5,000 tonnes per month of saleable export thermal coal product, which based on current export coal prices, has the potential to generate up to an additional US\$250,000 of monthly free cashflow.

Vlakvarkfontein Coal Mine

Vlakvarkfontein continued to maintain its strong safety record during the Quarter and has now achieved 294 971 man-hours since the start of the project without any lost time injuries. The current number of calendar days without Lost Time Injury as at 31 March 2011 was 378 days.

During the Quarter, the Company and its joint venture partners at Vlakvarkfontein held a celebratory function to mark the major milestone achieved by the management, contractors and workforce of one year Lost Time Injury Free.



The One Year Lost Time Injury Free Celebratory Function



The One Year Lost Time Injury Free Celebratory Function

Mining activities at Vlakvarkfontein re-commenced following the December holidays on 3 January 2011. Mining continued throughout the Quarter and was impacted by the heavy rains experienced in South Africa in mid-January with 10 production days lost over the Quarter.

During the Quarter, 190,568 tonnes of coal was mined (previous quarter 204,778 tonnes), a 7% decrease in ROM coal production. In line with the optimised mining schedule completed in the previous quarter, the focus during the Quarter was on pre-stripping and removal of softs in Portion 3 of the Farm Vlakvarkfontein 213 IR, where the surface rights were acquired in the previous quarter. This has allowed the mining contractor to open up more faces and expand operations immediately east and north and south of the current box-cut and mining operations.

VLAKVARKFONTEIN PRODUCTION PERFORMANCE (tonnes unless stated)							
	Jan 10	Feb 10	Mar10	MAR QTR	DEC QTR	DIFF (%)	YTD
Top-Soil (M ³)	-	-	-	-	6,229	n.a	74,210
Sub-Soil (M ³)	69,578	49,425	23,875	142,878	68,792	+107%	295,073
Total Softs	69,578	49,425	23,875	142,878	75,021	+90%	369,283
Hards (+4 Seam)	32,399	84,639	64,854	181,892	352,565	-48%	925,714
Hards (+2 Seam)	22,700	38,630	35,956	97,286	76,701	+27%	248,129
Total Hards	55,099	123,269	100,810	279,178	429,265	-35%	1,173,842
4 Seam Coal	72,234	14,714	72,472	159,420	144,923	+10%	455,314
2 Seam Coal	-	31,148	0	31,148	59,855	-48%	105,234
Total Coal	72,234	45,862	72,472	190,568	204,778	-7%	560,548
Summary							
Total Softs	69,578	49,425	23,875	142,878	75,021	+90%	369,283
Total Hards	55,099	123,269	100,810	279,178	429,265	-35%	1,173,842
Total Coal	72,234	45,862	72,472	190,568	204,778	-7%	560,548

Mining of the 4 and 2 seams was for the majority of the Quarter confined to the initial box-cut area. Selective mining was again focused on the 4 seam where 159,420 tonnes were mined during the Quarter (a 10% increase on the previous quarters 144,923 tonnes).

During the Quarter, the Company completed the installation of a new weighbridge on site. In addition the Company completed a review of the crushing and screening operations provided by its contractor. The review identified that the existing crushing unit would be unable to consistently achieve the necessary minimum 100,000 tonnes/month of product mix to be sold into the domestic market. Prior to the end of the Quarter a secondary crushing unit was installed and successfully commissioned by the contractor.



Mining of the Vlakvarkfontein Open Pit



Mining of the Vlakvarkfontein Open Pit

Domestic sales from Vlakvarkfontein increased by 91% during the Quarter to 200,195 tonnes. Sales for the Quarter were from ROM production and from the existing ROM stockpile. ROM stockpile levels were reduced over the quarter by 47,933 tonnes from an opening balance of 239,721 tonnes to a closing stockpile balance of 191,788 tonnes. Production and sales for the Quarter were below budgeted levels, this was due to the focus on expanding operations immediately east and north and south of the current box-cut area and the associated pre-stripping and removal of softs. In addition, the installation of a secondary crushing unit and reorganisation of the ROM stockpile impacted operations.



Crushing and Screening at Vlakvarkfontein



The New Weighbridge Installed at Vlakvarkfontein

Total mining costs for the Quarter were ZAR21.8m and averaged ZAR114/t ROM (previous quarter ZAR20.9m and ZAR110/t ROM).

Over the Quarter, and into the current quarter, management are focused on aggressively reducing ROM stockpile levels further to allow it to establish a higher domestic coal quality stockpile area to accommodate sales to new and existing off-take parties. Coal sales during the Quarter continued to be sold under contract to three separate off-take parties. Negotiations with South Africa's power utility, Eskom, continued during the Quarter.

DEVELOPMENT PROJECTS

Penumbra Coal Project

In December 2010 the Company announced that the Board had formally approved the commencement of the Penumbra underground coal mine development, located adjacent to the Ferreira Mine and Delta Processing Operations in Mpumalanga Province.

The Company appointed TWP Consulting in December 2010 to manage and oversee all the construction and commissioning work at the Penumbra coal project including the surface site construction, civils and earth works, the pollution and co-disposal dams, electrical supply, the decline development and procurement of all the underground machinery. The contract will extend over a maximum period of 18 months.

The Company has also appointed the Leomat/Ingwenya Joint Venture as the principal earth works contractor. The contract includes the shaft site construction and the initial excavation of the shaft, as well as the earth works associated with the pollution control dam, earth wall around the site and terrace for the site buildings. The contract will extend over a 3 month period. In addition the Company appointed Greene Consulting Engineers to complete the design and plans of the Delta co-disposal dam, which has been approved by the Department of Water Affairs. The construction period of the co-disposal dam is estimated to be 5 months.

During the Quarter the Company and its contractors completed further detailed engineering and optimisation work on the project ahead of a planned commencement of site works. As a result of this work the Company made the decision to relocate the shaft portal excavation and initial decline development site. This has required an amendment to be made and approved to the Company's existing permits and development plans. It has further initiated a period of additional consultation with local landowners and other nearby affected parties. The consultation period was completed subsequent to the Quarters end.

The Company had previously planned to mobilise its main contractors to site in February 2011, however as a result of its decision to relocate the shaft portal excavation and initial decline development site, the mobilisation to site is now forecast to commence some 3 months behind schedule and follow the finalisation of its consultation with local landowners and the associated acquisition of the necessary surface rights.

The Penumbra coal project is to be developed as a conventional underground bord and pillar mining operation at forecast cost of ZAR284m (approx. A\$40m). Several debt financing offers have been received by the Company from South African and international investment banks. These are currently being reviewed with the most optimal financing package and partner to be selected by the Company and announced to the market in May 2011.

The Penumbra coal project has a New Order Mining Right and an approved Environmental Management Plan awarded by the Department of Minerals Resources in March 2010. It is budgeted to produce 750,000t of ROM coal production annually over an initial 13 year mine life. The run-of-mine coal produced at Penumbra will be beneficiated through the existing Delta Processing Operations which comprises a 300tph coal processing plant and the 1.2Mtpa Anthra Rail Siding and which also holds an Integrated Water Use Licence issued by the Department of Water Affairs in November 2010.

Production of 500,000tpa of a primary export thermal coal product (27.5MJ/kg) and 120,000tpa of a secondary domestic quality thermal coal product (minimum 20MJ/kg) is forecast. The overall yield is 81%. The primary export coal product of 500,000tpa of thermal coal will be railed from the Company's, through to RBCT under existing rail contracts with TFR and sold to EDF Trading under the Company's existing coal off take agreement. Average total FOB costs, for the primary export coal product, of ZAR418/t (approx. US\$61/t) in real terms are forecast over the mine life. First coal production from Penumbra is now expected in early 2012, ramping up to reach full production in the third quarter of 2012.

De Wittekrans Coal Project

During the previous quarter, the Board formally approved the commencement of a Bankable Feasibility Study (“BFS”) on the De Wittekrans coal project. In December 2010 the Company appointed TWP Projects as the Study Manager of the proposed development of a conventional opencast and underground mine, targeting production of 3.6 – 4.0Mtpa ROM coal over an initial 30 year mine life at the De Wittekrans coal project.

During the Quarter, TWP Projects continued their work on the BFS. Key study areas include:

- 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
- Updated capital and operating cost estimates
- Mine development timetable
- Detailed financial modelling

The De Wittekrans coal project is located in the Ermelo coalfield, 15km southeast of the town of Hendrina in Mpumalanga Province and within the Company’s De Wittekrans Complex which also includes the Vaalbank, Knapdaar and Project X coal projects. The De Wittekrans project has a New Order Prospecting Right awarded by the Department of Minerals and Resources in 2005. 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 2011.

The BFS study remains on track for completion within the scheduled period with the preliminary results to be released to the market in July 2011.

Vlakplaats Coal Project

During the Quarter the Company’s South African subsidiary, KORES and Masawu completed financial settlement for the acquisition of the Vlakplaats coal project. Payments totalling ZAR130m for the outstanding acquisition price and ZAR15.9m of VAT payable on the transaction were paid into the project vendors escrow account, pending receipt of the approvals from the Department of Minerals and Resources for the acquisition and the transfer of the prospecting right. This approval is expected in the current quarter.

Financial settlement of the transaction followed the execution in the December 2010 quarter of a landmark Joint Development and Shareholders Agreement with KORES that provided the opportunity to fast track a bankable feasibility study on the Vlakplaats Coal Project and accelerate development of an export focussed thermal coal mining operation.

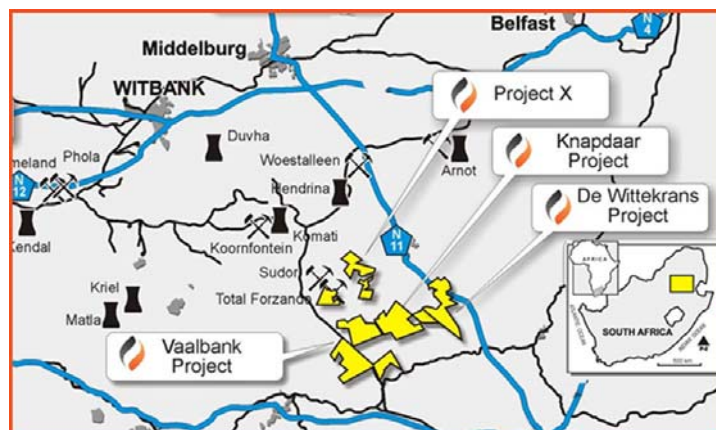
The Vlakplaats coal project is a significant transaction for the Company and KORES. KORES is wholly-owned by the Korean government and is focused on establishing itself as a global top 20 mining company by 2020 through participation in world class overseas resource development projects with suitably qualified strategic partners. Korea has designated coal as a strategic raw material for its economic growth and over the past 2 years KORES has been actively involved in various Korean consortiums that have invested over A\$1 billion in coal projects worldwide. KORES currently has direct investment in 31 overseas resource projects in 13 countries, including interests in 10 coal mines in Australia producing in excess of 25Mtpa. The Vlakplaats coal project is KORES’ first investment in South Africa’s coal sector.

With financial settlement completed, the Company has commenced work on the exploration and development work necessary to take the project through to completion of the Bankable Feasibility Study. Over the next 9 months, as Project Manager, the Company's South African subsidiary will be completing additional exploration drilling and resource modelling to both increase and upgrade the resource category at the Vlakplaats coal project, as well commencing the Pre-Feasibility Study and associated mine design, infrastructure and environmental studies. The joint venture partners have agreed to an initial ZAR32.5m budget to meet the forecast exploration and development costs to take the project through to completion of a BFS.

The Vlakplaats coal project is located approximately 80km east of Johannesburg in the Delmas District, Mpumalanga Province and 25km southwest of the Vlakvarkfontein coal mine. The project has a valid New Order Prospecting Right issued in 2008. Preliminary development studies have indicated that the Vlakplaats coal project has the potential to be developed as an initial open cast operation followed by a bord and pillar underground operation mining both the No.2 and No. 4 coal seams and producing up to 150,000tpm of ROM coal for sales to the export and domestic market.

Vaalbank and Project X Coal Projects

During the Quarter the Company's South African subsidiary completed the consolidation of its interests in the Vaalbank and Project X coal projects.



The Company's South African subsidiary completed the acquisition of an additional 25% and 20% interest in the Vaalbank and Project X Coal Projects following a final ZAR25m (A\$3.6m) acquisition payment. The payment has increased the interest in the Vaalbank and Project X coal projects held by the Company's South African subsidiary to 75% and 70% respectively.

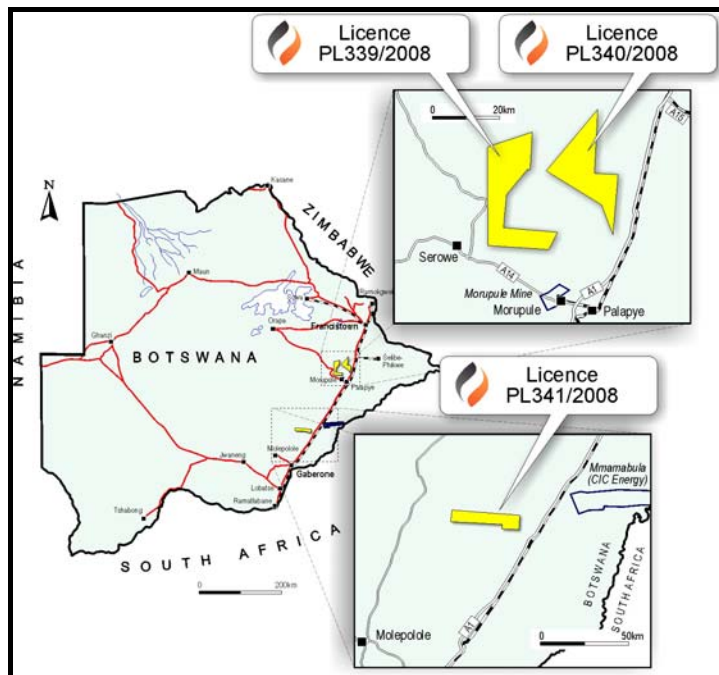
The Project X and Vaalbank projects form part of the Company's "De Wittekrans Complex" which also includes the De Wittekrans and Knapdaar projects. Preliminary results for the De Wittekrans Project BFS are to be released to the market in July 2011. Planned developments of the Knapdaar, Project X and Vaalbank projects are forecast to increase production from the De Wittekrans Complex to between 6 and 7 Mtpa ROM production.

EXPLORATION

Botswana

Continental has interests in three prospecting licenses that cover an area of 964km² in Botswana. The projects include the Serowe Coal project (PL 339/2008 and PL 340/2008) and the Kweneng Coal Project (PL 341/2008).

During the Quarter the Company's senior management and geological consultants completed a site visit to Botswana. The visit involved meetings in Gaborone and Lobatse, meetings with the Director of the Department of Geological Survey, geological consultants and drilling contractors a review of information and historical exploration reports held by the Geological Survey, meetings with the main Land Board in Serowe and sub Land Boards in the areas of the Company's projects, as well as meetings with local chiefs and other stakeholders.



In addition a site visit was completed to the Morupule B Power Station 600MW expansion, which is to be supplied by a planned expansion of Botswana's only operating coal mine, the Morupule Coal Mine located less than 10km immediately south of the Company's Serowe Project and also meetings with CIC Energy's Mmamabula coal project team at their existing exploration camp.

During the Quarter the Company appointed Gemecs to consolidate and interpret geological data obtained in Botswana during the site visit, to update its assessment of the coal potential within the projects and to finalise the exploration and drilling programs for each of the projects.

The scope of Gemecs work includes:

- Import new detailed geological maps, aeromagnetic data and GPS points
- Review new reports and data as acquired from the Botswana Geological Survey
- Capture plans and data to electronic system for geological interpretations
- Complete interpretation of the acquired aeromagnetic data
- Complete final overall interpretation of expected coal potential of each project based on improved dataset

This review by Gemecs is currently in progress and the Company expects to receive from them in May 2011 an updated assessment of the coal potential within each of its projects as well as the planned exploration and drilling programs for each of the projects.

The Board has committed to a ZAR20m exploration budget to cover all costs associated with the proposed initial 90 hole exploration program in Botswana.



The Serowe Project in Botswana

During the site visit the Company identified and met with Botswana based geological consultants and drilling contractors to manage the planned exploration drilling program. In addition the Company is also in the process of identifying and appointing an in-country project manager that will be responsible for the management of the drilling contractor, all logistical arrangements, as well as liaison between the drilling contractors, geologists and geoline logging contractors.

Upon receipt of Gemecs report, the Company will secure final tenders for the drilling program and move to appoint drilling contractors. The Company anticipates that first drilling on its Botswana projects will commence in late May 2011 with the release of material drilling results made throughout the September and December quarters.

Kenya

During the Quarter the Company received a "Notification of Successful Bidder" from the Kenyan Ministry of Energy following the Company's submission of an "Expression of Interest" to participate in coal exploration and development of Kenya's Mui Coal Basin. The Mui Coal Basin is located 180km northeast of Nairobi and has been the subject of exploration by Kenya's Ministry of Energy since 1999.

The Mui Coal Basin is considered by the Company to be a highly prospective and strategically located coal basin for the production of both domestic and export thermal coal.

The Company is currently waiting to receive the final tender documents from the Ministry of Energy ahead of the Company's planned submission of its tender in the next quarter.

OTHER PROJECTS

During the Quarter the Company continued to review a number of additional consolidation, acquisition and development opportunities for advanced and producing thermal and coking coal assets in Southern Africa. No firm decision or commitment has been made on these opportunities.

CORPORATE

Capital Raisings

No equity capital raisings were completed during the Quarter.

Repayment of Secured Debt Facility

During the Quarter, the A\$4.7m balance of the Company's secured debt facility outstanding at the end of the previous quarter was repaid in full following the exercise of the attaching unlisted options.

EDF Trading Coal Supply and Offtake Agreements

Under the Company's Coal Supply and Offtake Agreement with EDF Trading, the Company has drawn down US\$15m of an initial US\$20m "coal loan". This funding is repayable through the delivery of export thermal coal representing less than 5% of forecast production over the period up to December 2014.

During the Quarter the Company made its first repayment to EDF Trading under the "coal loan". The first repayment represented just 1.9% of export coal railed to RBCT over the Quarter. Quarterly repayments will now continue through to December 2014.

Sale of Vanmag and Magnetite Exploration and Development Co (SA) (Pty) Limited ("Vanmag")

During the Quarter the company progressed its negotiations with respect to a sale of its interest in the Vanmag Project. Prior to the end of the Quarter, revised binding offers were received with the Company expecting to announce finalisation of the sale in the June 2011 quarter.

Board and Management

During the Quarter, Don Turvey, the Company's Chief Executive Officer ("CEO") was appointed to the Board. Mr Turvey, who has held the position of Continental's CEO since May 2010, took up his position on 9 March 2011.

AIM Listing

Subsequent to the Quarters end the Company announced its intension to seek an admission of its shares to trading on the AIM Market of the London Stock Exchange ("AIM"). The Company appointed GMP Securities Europe LLP and Renaissance Capital Limited as its joint UK brokers and RFC Corporate Finance Ltd as the Company's Nominated Adviser.

The Company is proposing to utilise the fast track "Designated Markets" route for the AIM listing that is available to ASX listed companies. The key step in this process is the preparation and public release of an independent technical report on the Company's projects. Global mining experts SRK Consulting, have been retained for this purpose and have already commenced work on their review of the Company's projects. As part of this report the Company will release its maiden JORC Compliant Reserve Statement and an updated JORC Compliant Resource Statement.

It is anticipated that the AIM listing will be completed in mid-2011.

OUTLOOK FOR THE NEXT QUARTER

During the June 2011 quarter the Company looks forward to:-

- Continued thermal coal exports from the Ferreira Mine and Delta Processing Operations
- Continued improvements to operating efficiencies at both the Vlakvarkfontein Mine and Ferreira Mine and Delta Processing Operations
- Finalisation of the Vanmag asset sale
- Further details on the Company's planned listing date for the AIM market

- Updated reserve and resource statement for the Company's projects
- An update on major logistics developments in respect of rail and port allocation for the export of increased thermal coal production
- Commencement of project development at Penumbra
- Commencement of drilling at the Company's Botswana projects
- Submission of the Company's tender to participate in coal exploration and development of Kenya's Mui Coal Basin

By order of the Board



Jason Brewer
Executive Director

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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 November 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 coal mining industry, expectations regarding coal 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.

Competent Persons Statement

The information in this report that relates to the Mineral Resources on Vlakvarkfontein is based on a resource estimate completed PJ Hancox 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. PJ Hancox is a member of South African Council for Natural Scientific Professions (Membership No. 400224/98) and consents to the inclusion of this information in the form and context in which it appears in this report.

The information in this report that relates to the Mineral Resources on Project-X and Vaalbank as well as on the Mashala Projects is based on a resource estimates completed NJ Denner who is a professional geologist with over 17 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.

The information in this report that relates to the Mineral Resources on Vlakplaats is based on a resource estimates completed David le Roux van Wyk who is a professional geologist with over 25 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. David le Roux van Wyk is a member of South African Council for Natural Scientific Professions and consents to the inclusion of this information in the form and context in which it appears in this report.

The information in this report that relates to the Exploration Target for the Botswana Project is based on an exploration target completed by Mr Nico Denner who is employed by Geological and Mine Evaluation Computer Services. Mr Denner is a Geologist with 15 years experience in the Southern 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 in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and the Ore Reserves. Mr Denner is a Member of South African Council for Natural Scientific Professions (Membership No. 400060/98). Mr Denner consents to the inclusion of this information in the form and context in which it appears in this report.