

25 May 2011

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

By e-lodgement

GOVERNMENT CONSENT RECEIVED FOR VLAKPLAATS COAL PROJECT ACQUISITION

South African focused coal mining company Continental Coal Limited (ASX: CCC) ("**Continental**" or "**the Company**") is pleased to announce that the Company's South African subsidiary Continental Coal Limited ("**CCL**"), Korea's State Mining and Exploration Company ("**KORES**") and the Company's Black Economic Empowerment partner, Masawu Investments (Pty) Ltd ("**Masawu**") have received confirmation that Ministerial consent from the South African Department of Minerals and Resources (transfer of the mining right) has been received for the joint venture partners to complete the acquisition of the Vlakplaats Coal Project.

On 1 April 2010, the Company announced that, CCL, KORES and Masawu had completed financial settlement for the acquisition of the Vlakplaats Coal Project with the outstanding ZAR130m acquisition price paid into the project vendors escrow account, pending receipt of the approvals from the South African Department of Minerals and Resources. These approvals, which were expected to be received in two months, have now been received.

"With the approval from the Department of Minerals and Resources now received, we can now move to fast track the studies necessary to take Vlakplaats towards development. We are pleased to have KORES as our joint venture partner and believe their experience and focus on establishing themselves as a global top 20 mining company will provide a number of benefits to Continental. We are particularly pleased that whilst KORES has invested substantially in coal projects worldwide, including interests in 10 coal mines in Australia producing in excess of 25Mtpa, that this is KORES' first investment in South Africa's coal sector." said Continental's Executive Director Jason Brewer.

For and on behalf of the Board

Regards



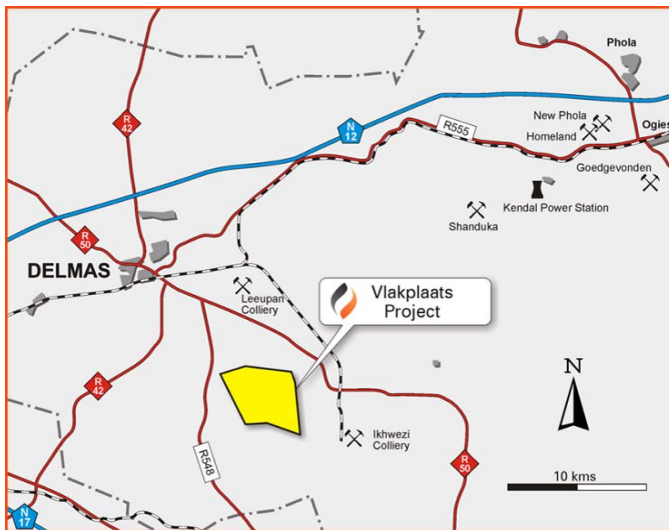
Jason Brewer
Executive Director

The Vlakplaats Coal Project

In November 2011, the Company announced the signing 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. Under the agreements CCL will hold a 50% interest in the Vlakplaats Coal Project with KORES holding a 37% interest and CCL's BEE partner Masawu, holding a 13% interest.

The Vlakplaats Coal Project is located approximately 80km east of Johannesburg in the Delmas District, Mpumalanga Province. The nearest towns are Delmas, Devon and Leandra.

The project is located 25km southwest of the Company's operating Vlakvarkfontein Coal Mine. It is well serviced by railways and roads and power lines cross from west to east on the southern portion of the project.



The Project has a valid New Order Prospecting Right issued in 2008.

The Project is located on the western edge of the Witbank Coalfield.

The Witbank Coalfield is currently the most important coalfield in South Africa supplying more than 50% of South Africa's coal sales for the export and local markets and hosts most of the major coal-fired power stations in South Africa to which it supplies low grade coal.

There are a number of major operational coal mines that occur in the Delmas area and within a radius of approximately 5-10 km from the Vlakplaats Coal Project area including Kuyasa Coal's Delmas Colliery, Exxaro's Leeuwpaan Mine, Shanduka Coal's Bankfontein Mine and Stuart Coal's Stuart Colliery, the last three of which are currently mining the No. 2 and No. 4 coal seams by opencast methods.

Historical drilling on the Vlakplaats Coal Project has indicated the opportunity to develop both the No. 4 and No. 2 coal seams through conventional open cast and underground mining methods. The No. 2 seam is considered best developed in the central northern portion of the project area, where it has been determined to reach a maximum thickness of approx. 5.5m. Along the northern and eastern areas of the project area the No. 2 seam is considered amenable to open cast mining. The No. 4 seam varies from 0.6m to 8.7m in thickness, with an average of +4.0m. It occurs at depths below surface of between 15-68m, with an average depth of 43m.

Preliminary development studies have indicated that the Vlakplaats Coal project has the potential to be developed as an initial open cast operation with a later 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.

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC : US-OTCQX:CGFAY) is a South African thermal coal producer with a portfolio of producing and advanced coal projects located in South Africa's major coal fields. Continental currently has two operating mines, Vlakvarkfontein and Ferreira, producing 2Mtpa of thermal coal for the export and domestic markets. In 2011 Continental is set to commence development of two further thermal coal mines. Continental is targeting a ROM production rate of 7Mtpa by the end of 2012. The Company has concluded strategic off-take and funding agreements with EDF Trading for its export thermal coal production and recently signed a joint development agreement with KORES, Korea's state mining and exploration company.

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.