

15 June 2011

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

By e-lodgement

COAL RESOURCES AND RESERVES UPDATE

Key points

- Initial JORC compliant saleable coal reserves of 19.9 million tonnes at the Vlakvarkfontein and Ferreira mines and the Penumbra project
- Total JORC compliant resources at the Penumbra Project, the Company's next mine development of 68.3 million tonnes
- Total JORC compliant measured resources within the projects increase by 80% to 88.8 million tonnes
- Total JORC compliant inferred resources at the Vlakplaats project increase by 54% to 187.7 million tonnes due to interpretation of further borehole data received
- Total JORC compliant measured resources within the De Wittekrans Complex increased to 48.4 million tonnes

South African focused thermal coal mining company Continental Coal Limited (ASX: CCC) ("**Continental**" or "**the Company**") has updated the Coal Resources and Reserves managed by the Company's South African subsidiary Continental Coal Limited ("**CCL**").

As part of the Company's proposed listing on the AIM Market of the London Stock Exchange, global mining experts SRK Consulting, have been retained for the purpose of completing an independent technical report on the Company's projects. This report will be published on the Company's website ahead of the planned listing in July 2011. In addition, independent geological consultants, Gemecs (Pty) Limited, Ukwazi Mining and CCIC Coal (Pty) Ltd were retained to complete an updated resource and reserve assessment, review and audit of the Company's South African thermal coal projects.

"It is very pleasing to be able to report our initial JORC compliant saleable coal reserves for the Vlakvarkfontein, Ferreira and Penumbra mines and also to be able to report increased measured resources at both our major operations and at Penumbra and De Wittekrans, the next two projects to be brought into development. With dedicated independent Competent Persons Reports completed on the majority of our assets we are fortunate in having a very high level of confidence in our reported resources and reserves." said Continental's CEO, Don Turvey.

The updated Coal Reserves and Resources are set out in the tables below.

A maiden saleable Coal Reserve of 19.9 million tonnes has been determined for the Vlakvarkfontein and Ferreira mines and the Penumbra project. This represents a conversion of 81% of the measured global in situ resources at the Vlakvarkfontein mine and a 62% and 45% conversion at the Ferreira mine and Penumbra project respectively. Additional reserve upgrades are expected at Penumbra as development and initial mining activities commence and at De Wittekrans once the bankable feasibility study is completed.

CONTINENTAL COAL LIMITED - COAL RESERVES – January 2011						
Project	CCL Interest	Saleable Reserves (Mt)				
		Proven	Probable	Total	Sold 31 Jan to 31 May	Total saleable reserves ³
Vlakvarkfontein	60% ¹	14.1	-	14.1	0.3	13.8
Ferreira	100% ²	0.82	-	0.82	0.17	0.65
Penumbra	100% ²	1.71	3.73	5.44	-	5.44
TOTAL		16.63	3.73	20.36	0.47	19.89

¹ CCL holds a 50% shareholding and a 60% economic interest; ² Assumes CCL has completed the acquisition of the 35.9% balance of the interest in Mashala Resources currently outstanding. ³ As at 1 June 2011

Gross tonnes *in situ* includes all gross *in situ* tonnes with a minimum coal thickness (0.50m) and relevant coal quality cut off.

CONTINENTAL COAL LIMITED - COAL RESOURCES – January 2011					
Project	CCL Project Interest	Gross In Situ Project Resources Tonnes (Mt)			
		Measured	Indicated	Inferred	Total
Vlakvarkfontein	60% ¹	17.4	-	-	17.4
Ferreira	100% ²	1.3	-	-	1.3
Penumbra	100% ²	13.0	30.3	25.0	68.3
De Wittekrans	100% ²	33.8	64.4	68.9	167.1
Knapdaar	100% ^{2 3}			46.7	46.7
Project - X	70%	14.6	-	-	14.6
Vaalbank	75%	-	8.8	13.9	22.7
Vlakplaats	50%	-	-	187.7	187.7
Leiden	100% ²	4.5	2.0	12.0	18.5
Mooifontein	100% ²		-	3.1	3.1
Wesselton II	100% ²	4.2	5.1	8.7	18.0
TOTAL		88.8	110.6	366.0	565.4

¹ CCL holds a 50% shareholding and a 60% economic interest; ² Assumes CCL has completed the acquisition of the 35.9% balance of the interest in Mashala Resources currently outstanding. ³ An additional amount of 52 Mt has been classified as reconnaissance tonnes under the SAMREC code for the Knapdaar project, and the company anticipates that this could move to the inferred category upon additional drilling.

Total resources for the Company's next mine development, the Penumbra project has increased to 68.3 Mt from 25 Mt and has the potential to materially extend the proposed mine life beyond that currently contemplated.

Total measured resources for the projects stands at 88.8 Mt with increases at both the De Wittekrans and Penumbra projects.

Total inferred resources for the Vlakplaats project, which is subject to a joint venture agreement with KORES, the Korean State Mining and Exploration Company have also increased and now total 187.7 Mt up from the previous 122 Mt. Total indicated resources stand at 110 Mt following the conversion of some of these resources to the measured category. Total inferred resources have reduced to 366 Mt from 441 Mt primarily as a result of resources previously categorised as inferred resources within the De Wittekrans Complex now categorised by the Company's independent geological consultants as requiring further drilling before they can be defined as JORC Compliant.

Competent Person Statement

The information in this report that relates to the Coal Resources and Reserves has been prepared in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee (JORC Code). The Australasian Joint Ore Reserves Committee (JORC) and the JORC Code requires that Competent Persons must belong to the Australasian Institute of Mining and Metallurgy (AusIMM), or the Australian Institute of Geoscientists (AIG), or a Recognized Overseas Professional Organisation (ROPO). ROPOs are professional organisations that the ASX, acting on advice from JORC and its parent organisations, accepts as bodies to which Competent Persons may belong to for the purpose of preparing documentation on Exploration Results and Mineral Resources, on which reports to the ASX are based. The South African Council for Natural Scientific Professions (SACNASP) as well as the Geological Society of South Africa are considered as ROPOs by JORC.

The information in this report that relates to Coal Resources on Vlakvarkfontein and Vlakplaats is based on resource estimates completed by Dr. Philip John Hancox. Dr. Hancox is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400224/04) as well as a Member and Fellow of the Geological Society of South Africa. He is also a member of the Fossil Fuel Foundation, the Geostatistical Association of South Africa, the Society of Economic Geologists, and a Core Member of the Prospectors and Developer Association of Canada. Dr. Hancox has more than 12 years' experience in the South African Coal and Minerals industries, holds a Ph.D from the University of the Witwatersrand (South Africa), and has authored a number of published and unpublished academic articles on the Karoo Basin and its contained coal, as well as over 50 peer reviewed scientific papers on various aspects of sedimentary geology and palaeontology. Dr. Hancox has 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. Within the constraints mentioned above, all work undertaken by Dr. Hancox and related to the resource estimate was carried out following industry best practice standards using the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code, 2007) in conjunction with the South African guide to the systematic evaluation of coal resources and coal reserves (SANS 10320:2004) as a basis. As such the resource statements contained in this report may be considered compliant with the JORC Code. Dr. Hancox consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Coal Resources and Reserves on Penumbra, Ferreira, De Wittekrans, Knapdaar, Project X, Vaalbank, Leiden and Wesselon II is based on coal resource estimates completed by Mr. Nico Denner, a full time employee of Gemecs (Pty) Ltd. Mr. Denner is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400060/98) as well as a Member and Fellow of the Geological Society of South Africa. He has more than 15 years' experience in the South African Coal and Minerals industries. Mr. Denner has 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. Within the constraints mentioned above, all work undertaken by Mr. Denner and related to the resource estimate was carried out following industry best practice standards using the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC

Code, 2007) in conjunction with the South African guide to the systematic evaluation of coal resources and coal reserves (SANS 10320:2004) as a basis. As such the resource statements contained in this report may be considered compliant with the JORC Code. Mr. Denner consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

The Coal Reserve estimate for Vlakvarkfontein was prepared by Mr. JJ Lotheringen Pr Eng (Ukwazi). Mr. Lotheringen is a member in good standing of the Southern African Institute of Mining and Metallurgy (SAIMM), is a registered Professional Mining Engineer with the Engineering Council of South Africa (ECSA) and has a Mine Managers Certificate of competency for coal mines. He has more than thirteen (13) years' experience in the South African Coal and Minerals industries. Mr. Lotheringen has 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. Within the constraints mentioned above, all work undertaken by Mr. Lotheringen and related to the resource estimate was carried out following industry best practice standards using the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code, 2007) in conjunction with the South African guide to the systematic evaluation of coal resources and coal reserves (SANS 10320:2004) as a basis. As such the resource statements contained in this report may be considered compliant with the JORC Code. Mr. Lotheringen consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

For and on behalf of the Board

Regards



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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 the Penumbra Coal Mine and complete a Bankable Feasibility Study on the De Wittekrans Coal Project. 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.