ASX Announcement: 21 June 2011

Continental Coal Limited
Ground Floor
1 Havelock Street
West Perth WA 6005

Executive Director on AIM Market listing

Open Briefing interview with Executive Director Jason Brewer

Continental Coal Limited (ASX Code: CCC) is a South African thermal coal producer with a portfolio of producing and advanced coal projects located in South Africa's major coal fields.

Market Capitalisation: $73.3 million

In this Open Briefing®, Jason Brewer discusses:

- FY12 ROM production targets for Vlakvarkfontein and Ferreira mines
- Penumbra Coal Project development commencing and maiden reserves statement
- AIM listing and new BEE partner

Open Briefing interview:

openbriefing.com
Continental Coal recently announced that in May 2011 both the Vlakvarkfontein (CCC 44.4%) and Ferreira (CCC 74.0%) thermal coal mines exceeded their monthly production targets, with total run-of-mine (ROM) production from both mines now expected to exceed 500,000 tonnes in the June 2011 quarter. This compares with total ROM production of 318,800 tonnes in the March 2011 quarter. How was the higher than expected ramp-up in production achieved and what is the outlook for ROM coal production from the Vlakvarkfontein and Ferreira mines over FY12?

Executive Director Jason Brewer
The record ROM production in May 2011 was particularly encouraging for the Company as we'll now book our fifth successive quarter of increased ROM production from our South African thermal coal operations. This result is due to our operational management team's continued focus on optimising the existing opencast operations at Vlakvarkfontein and Ferreira and our strong and clearly successful relationship with our mining contractors at both operations.

The Vlakvarkfontein mine is a very conventional opencast mining operation with a low strip ratio. After a prolonged period of ramping up production and having secured land access over the majority of the project area, we are in a fortunate position of having established a large open pit operating area. This gives us significant flexibility in our mining operations both in terms of scale of operations, increasing production rates and the actual coal qualities we can target and extract.

The Ferreira mine is a far more challenging mine than the Vlakvarkfontein mine. In November 2010, following Continental assuming operating control of the Ferreira mine, management made two very significant operating decisions, with the appointment of a new mining contractor and the commencement of the new southern opencast mine. The increases in production achieved since November are very pleasing with the mine now exceeding the targeted production we set at that time. Our new mining contractor at the Ferreira mine is performing very well and we believe that the operation has a lot more to offer over the next 12 months.

Going forward we are confident that quarterly ROM production targets of 465,000 tonnes can be achieved in FY12.

openbriefing.com

Development of the Penumbra Coal Project (CCC 74.0% post acquisition of the 35.9% balance of interest in Mashala Resources) is scheduled to commence shortly, following a delay to its initially expected February 2011 start. Can you provide some further background on the project, as well as the main project milestones ahead of achieving full production, currently targeted for the first quarter of 2012?

Executive Director Jason Brewer

The development of the Penumbra Coal Project is the Company's key priority. Its development is critical in demonstrating to not only our shareholders but also potential institutional investors that we are on our path of achieving our targeted ROM production rate of 7 million tonnes per annum (Mtpa) in the next 18 months.

We are confident that development of the Penumbra Project will successfully ramp up over July 2011 following the Company attending to mine operation optimisation and unavoidable delays due to changes in the operating environment affecting new coal operations in South Africa. First production is expected to be achieved early in the first quarter of 2012.

The Company appointed consultants in December 2010 to both manage and complete the construction and commissioning work at the Penumbra Coal Project, including surface site construction, civil and earth works, pollution and co-disposal dams, electrical supply, decline development and procurement of all the underground machinery. During March 2011 further detailed engineering and optimisation work on the project was completed 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 required an amendment to be made and Governmental approvals to the Company's existing permits and development plans. It also initiated a period of additional consultation with local landowners and other nearby affected parties.

As our shareholders are aware, operating in South Africa has its rewards as well as its challenges, and increasingly over the past 12 months, the Company has become aware of an increased focus by environmental groups and non-governmental groups on both new mine development and current mining operations. Many of our peers in South Africa have indeed experienced this first hand, with delays in permitting and restrictions on operations and development activities.

As a company, we need to demonstrate and ensure that at all times we are applying industry best practices and not exposing the Company and its shareholders to any unfounded or unnecessary criticism or unwarranted public attention that may impact our ability to operate as a good corporate citizen in South Africa. To this end the Company will continue to engage with all governmental departments and affected stakeholders to ensure we maintain an exceptional operating record, continued compliance and ongoing improvement at each of our operations. This may at times result in extended timelines and potential delays but the Company believes this will in the long term enhance our position with the various South African governmental departments and stakeholders in our projects to allow us to gain their full and ongoing support.

It is important to put the four month delay into perspective. The Penumbra Mine is scheduled to produce 900,000 tonnes per annum (tpa) of ROM production over an initial 10 year mine life. Only last week we announced an increased resource for the project of 68.3 million tonnes (Mt) an increase from the 25 Mt previously reported which should (upon further feasibility work) lead to a substantial increase of the initial mine life.

openbriefing.com
Continental Coal recently announced an updated reserves and resources assessment for its South African projects, including a maiden reserve statement for the Vlakvarkfontein and Ferreira mines and Penumbra Coal Project. What are the key results from this update?

Executive Director Jason Brewer
This report is by far the most definitive review completed over the projects we manage in South Africa since we acquired our initial interests in many of these projects and acquired the majority interest in Mashala Resources in November 2010.

The maiden reserve statement and updated resource statements were completed as part of the Company's proposed listing on the Alternative Investment Market (AIM) of the London Stock Exchange and form part of an independent technical report completed by global mining experts SRK Consulting. Independent geological consultants, Gemecs (Pty) Limited, Ukwazi Mining and CCIC Coal (Pty) Ltd completed the updated resource and reserve assessment as part of their review and audit of the Company's South African thermal coal projects.

The maiden reserve statement of 19.9 Mt for the Vlakvarkfontein and Ferreira mines and the Penumbra project is a significant milestone for the Company and its ability to demonstrate bankable reserves.

Major increases in the resources at the Penumbra Coal Project from 25 Mt to 68.3 Mt and an increase in the measured resources at the De Wittekrans Coal Project (CCC 74.0% post acquisition of Mashala Resources) from 8 Mt to 13 are also very significant for shareholders given that these two projects are forecast to be brought into production over the next 18 months. The resource increase at our Vlakplaats Coal Project (CCC 37.0%), where we have a joint venture agreement with KORES, the Korean State Mining and Exploration Company, to 188 Mt up from the previous 122 Mt is also a significant result.

In addition to the many positives that we can take from the updated resource and reserve assessment, there are a number of discrepancies from earlier resource statements that have prompted management to complete further work and drilling. In certain projects (such as Vaalbank and Project X (CCC 51.8%)), a proportion of our previously reported inferred resources have now been determined to require additional limited drilling in order to be classified as inferred resources.

openbriefing.com
Continental Coal has proposed a 10 for one share consolidation that will be put to shareholders for approval at the Company's General Meeting scheduled for 29 June. What is the rationale for seeking a share consolidation?

Executive Director Jason Brewer
A consolidation of the Company's share capital has been discussed with many of our shareholders and several international institutional investors and investment funds over the past 12 months. Indeed it was a discussion point at the Company's AGM last year.

Increasingly we have been approached by institutional investors and investment funds in Europe, North America, Asia and Australia regarding potential significant investments in the Company. The large majority of these institutions have made it very clear to the Company that, irrespective of our growth potential or current market capitalisation and value proposition, their investment mandates preclude them from investing in Continental with its shares trading at their current "penny-stock" price levels.

Based on these discussions and after further feedback from our advisors, we are of the firm opinion that in order to attract significant investment into the Company from international institutional investors and investment funds, we need to create a more efficient capital structure and share price for a listed entity of Continental's size and market capitalisation.

The Company currently has more than 3.0 billion shares on issue due to historical equity-based capital raisings and corporate transactions. This is disproportionate versus our peer group listed on the ASX and AIM. We believe that the proposed share consolidation will result in a far more appropriate and effective capital structure for the Company and a share price more appealing to a wider range and larger number of institutional investors globally.

openbriefing.com
At the Company's upcoming General Meeting, shareholders are also being asked to approve the issuance of equity to Masawu Investments Limited (Masawu) your current Black Economic Empowerment (BEE) partner, subject to a new BEE partner acquiring Masawu's 26 percent interest in the Company's South African subsidiary and repaying all or part of the intercompany loan that Continental has provided to Masawu to allow it to fund its interest in Continental's subsidiary. Can you provide some further background on the new BEE partner, the timing of the transaction and its significance for Continental's shareholders?

Executive Director Jason Brewer
As we advised in the Notice of Meeting the Company is in very advanced discussions with a broad based BEE group that is proposing to acquire Masawu's 26 percent interest in the Company's South African subsidiary. We are very close to finalising this transaction and anticipate being able to announce more details on it, including the specific BEE group, in the next few days.

It is anticipated that should the acquisition proceed, the new BEE will enhance the Company's position in the South African investment community and political framework. In addition the new BEE has a robust balance sheet and the financial capacity to fund its pro rata share of development costs of our portfolio of coal projects in South Africa going forward.

This is particularly significant for the Company's shareholders, given that to date the Company has funded 100 percent of the development costs in South Africa and like many international investors, financially carried its BEE partner into production. The repayment of all or the majority of the approximate US$30 million intercompany loan that has accrued since October 2008, and is contemplated to be made as a condition of this transaction, will also allow the Company to re-invest this immediately back into its South African business and aggressively advance a number of its other projects and initiatives.

openbriefing.com
Continental Coal plans to list on AIM in July 2011. Why have you chosen to list on AIM, what is the status of the proposed listing, and what is the significance of the timing of this decision?

Executive Director Jason Brewer
The Company is very well advanced with its proposed listing on AIM. A Pre-Admission Document is undergoing its final review by our Nominated Advisor RFC, by our joint brokers in London, GMP and Renaissance Capital, and by our other consultants.

A Competent Persons Report completed by leading independent South African mining consultants, SRK Consulting, has been finalised and will be released to the market shortly. Legal and financial due diligence is being finalised by South African and Australian based lawyers and consultants and our AIM share registry documents have already been executed.

The timing for releasing the 20 day Pre-Admission Document is being finalised but is expected to be on 30 June allowing for an AIM listing date on 29 July. The Company is excited by the opportunity the AIM listing offers. It will provide the Company with improved access to global investors and institutional support and to a market that has a proven record of having invested and supported resource project development since the turn of the last century. A number of the world's largest mining companies have their primary listing in London. The simultaneous rapid expansion of AIM has seen analytical coverage broaden substantially. There is a good understanding of investing in Africa, supported by geographical proximity and similar time zones. In addition it is expected to enhance our profile in the European markets and allow us to leverage our strategic and financial relationship with EDF Trading, part of Europe's largest power utility.

The timing is very important as it comes ahead of a significant year of growth for the Company with the planned development of the Penumbra and De Wittekrans projects, feasibility study work on the Vlakplaats project, drilling in Botswana and potentially a new BEE partner in South Africa. With all of this planned, we believe the Company will be particularly attractive to London and other European institutional investors.

Thank you Jason

For more information about Continental Coal Limited, visit www.conticoal.com or call +61 (0) 8 9488 5220

To read other Open Briefings, or to receive future Open Briefings by email, please visit openbriefing.com