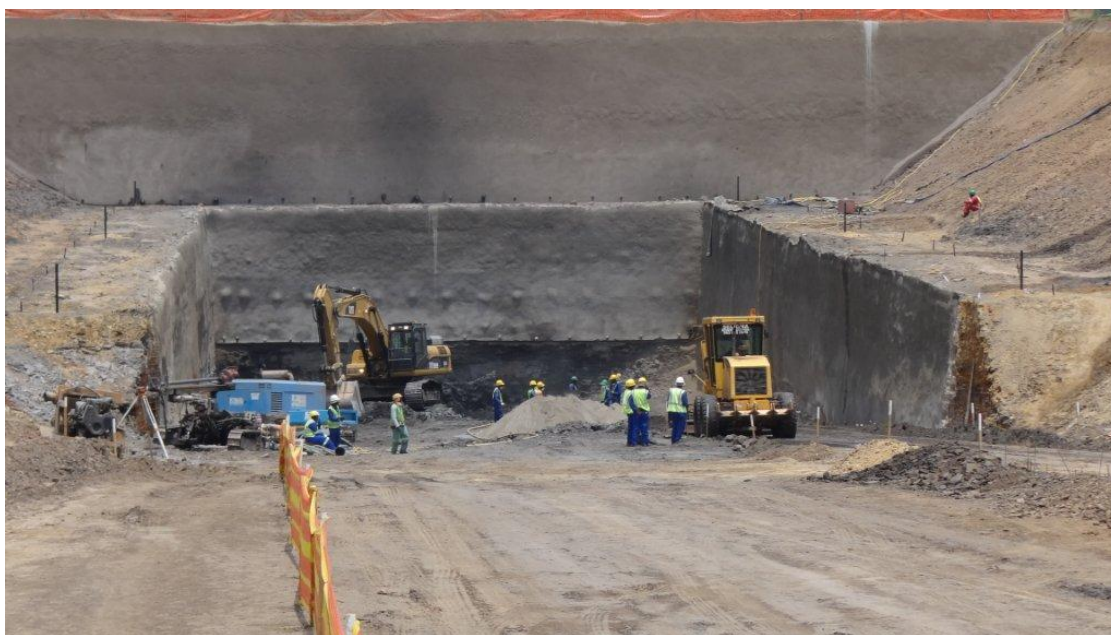


15 December 2011

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

By e-lodgement

UPDATE ON PENUMBRA MINE DEVELOPMENT AND COAL MINING OPERATIONS



Development activities have advanced further in the box-cut at the Penumbra Coal Mine

Key Points:

- Penumbra Mine development activities continue with commencement of mobilisation of Murray & Roberts, South Africa's leading engineering, contracting and construction services company to site ahead of commencement of decline development
- Leomat (Pty) Limited the Company's principal earth works contractor commences construction of the in pit concrete access ramp to allow accelerated decline development
- Run-of-mine thermal coal production of 172,802 tonnes achieved at the Ferreira and Vlakvarkfontein Coal Mines in November 2011 in line with annual target of 2Mtpa
- Ferreira and Vlakvarkfontein Coal Mines report thermal coal sales of 158,652 tonnes and unaudited aggregate EBITDA of ZAR14.9m for month of November and ZAR59.5m year to date

African focused coal mining investment and production company Continental Coal Limited ("Continental" or the "Company") is pleased to provide an update on the mine development activities and site construction and civil works at the Penumbra Coal Mine and an update on operating and financial performance at the Vlakvarkfontein and Ferreira Coal Mines and Delta Processing Operations in South Africa.

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Penumbra Coal Mine



View into the Penumbra Coal Mine box-cut

Development activities at the Penumbra Coal Mine have continued in December with the current focus the construction of the concrete access ramp into the box-cut. Given the strong performance to date of the Company's principal earth works contractor, Leomat (Pty) Limited ("Leomat"), their scope of work was increased to include the construction of the concrete access ramp into the box-cut.



Construction of the concrete access ramp into the Penumbra Coal Mine box-cut

In December, Murray & Roberts, South Africa's leading engineering, contracting and construction services company was awarded the contract to complete the development of the twin declines at the Penumbra Coal Mine.

Murray & Roberts operates in Southern Africa, Middle East, Southeast Asia, Australasia and North and South America from its home-base in Johannesburg, South Africa, where it has a public listing on the JSE. It has created employment, developed skills, installed infrastructure, delivered services, applied technology and built capacity throughout South and Southern Africa for 109 years. It has an international coordinating office in the United Kingdom and principle offices in Australia, Botswana, Canada, Namibia, United Arab Emirates and Zimbabwe.

Murray & Roberts has commenced mobilisation to the Penumbra Coal Mine site with the temporary storage of some equipment on site. Site induction and pre-medicals of the contractors site workforce has commenced and will continue up to and after the Christmas break when construction will commence of the new workshops, change houses and decline development.

In addition the Company is in the process of awarding the tenders for the construction of the power line from the sub-station at the Delta Processing Operations to the Penumbra Coal Mine site and for the construction of the base for the co-disposal dam for the discard material from the wash plant.

Ferreira Coal Mine and Delta Processing Operations

During the month of November 2011, ROM coal production of 61,660 tonnes at the Ferreira Mine was achieved, 3% above the average monthly ROM production in the previous quarter. The Delta Processing Operations processed a record total of 102,090 tonnes for the month, a 17% increase on the average monthly plant feed rate in the previous quarter.

Railings to the Richards Bay Coal Terminal ("RBCT") from the Company's Anthra Rail Siding for the month totalled 52,845 tonnes of high quality export thermal coal. Railings in October and November 2011, the first two months of the current quarter totalled 117,036 tonnes and is equivalent to 90% of the total tonnage railed in the September 2011 quarter.

The Company is on track for record sales of high quality export thermal coal from the Ferreira Coal Mine and Delta Processing Operations for the quarter ending 31 December 2011.

Vlakovarkfontein Coal Mine

During the month of November 2011, the Vlakovarkfontein Coal Mine achieved ROM coal production of 111,142 tonnes an 18% increase on the average monthly tonnes of ROM production in the September 2011 quarter.

Thermal coal sales from the Vlakovarkfontein Coal Mine to the South African domestic market of 105,807 tonnes of thermal coal were made during the month.

Thermal coal sales from the Vlakovarkfontein Coal Mine in October and November 2011, the first two months of the current quarter totalled 222,929 tonnes and the operation is on track to exceed 300,000 tonnes of sales for the quarter ending 31 December 2011.

For and on behalf of the Board.

Regards



Jason Brewer
Executive Director

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC/AIM: COOL/US-OTCQX:CGFAY) is a coal mining investment and production company. Its principal investment is a 74% interest in a South African thermal coal producer with a portfolio of projects located in South Africa's major coal fields including two operating mines, the Vlakvarkfontein and Ferreira Coal Mines, producing 2Mtpa of thermal coal for the export and domestic markets. A third mine, the Penumbra Coal Mine, commenced development in September 2011 and a Bankable Feasibility Study was also completed on a proposed fourth mine, the De Wittekrans Coal Project. Run of mine production of 7Mtpa is targeted in 2013. The Company has concluded strategic off-take and funding agreements with EDF Trading for its export thermal coal production, signed a joint development agreement with KORES, Korea Resources Corporation and secured debt funding from ABSA Capital to fund its growth.

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 the 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.