

27 January 2012

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

By e-lodgement

EXPORT OPERATIONS CONTINUE TO EXCEED AND CORPORATE UPDATE

Focused coal mining investment and production company Continental Coal Limited ("**Continental**" or the "**Company**") is pleased to provide an update to shareholders on the continued strong performance of export focused thermal coal mining operations in South Africa that are managed by the Company's South African subsidiary Continental Coal Limited ("**CCL**") and an update on the status of key corporate transactions that it is currently in the process of finalising.

New Broad Based BEE Partner

As previously advised the Sishen Iron Ore Company Community Development Trust ("**SIOC-cdt**") and CCL executed Subscription and Shareholder Agreements under which SIOC-cdt has become the Company's new partner in South Africa. SIOC-cdt is an established and highly successful Broad Based Black Economic Empowerment Company that holds a 3% interest in Sishen Iron Ore Company ("**SIOC**"), the operator of the Sishen, Sishen South and Thabazimbi iron ore mines, Africa's largest iron ore mining operations.

The Company and CCL have now satisfied all the key conditions precedent and are in the process of finalising the few remaining conditions precedent. Upon satisfaction of these outstanding conditions precedent, that are forecast to be completed within the next two weeks, settlement of the transaction will take place, with ZAR140 million advanced to CCL.

ABSA Capital Debt Funding

As previously advised the Company has received committed finance from ABSA Capital for aggregate debt facilities of approx. US\$65 million. ABSA Capital is a division of Absa Bank Limited, one of South Africa's largest financial service providers and a subsidiary of Barclays Bank PLC.

The facilities have received all necessary credit approvals and all associated due diligence has been completed. The facilities comprise a US\$35 million tranche that is to be used to fund the development costs of the Penumbra Coal Mine. The drawdown schedule for this US\$35 million tranche of funding has been agreed and will proceed in line with the project's current development schedule. The drawdown will commence upon CCL funding up-front the balance of the projects development costs not met from the US\$35 million tranche from its existing cashflow and upon fulfilment of the few remaining conditions precedent that CCL is well advanced in completing. First drawdown of the US\$35 million tranche is scheduled later this quarter.

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Executive Chairman Andy Macaulay **Executive Director** Peter Landau **Executive Director** Jason Brewer
Non Executive Director James Leahy **Chief Executive Officer** Don Turvey

Export Operations Continue to Exceed

As advised in ASX announcement dated 15 December 2011, export sales for the quarter ending 31 December 2011 from the Ferreira Coal Mine were forecast to exceed the previous quarters export sales of 130,995 tonnes and the previous record export sales of 136,400 tonnes that were achieved in the June 2011 quarter.

Preliminary results for the December 2011 quarter for Mashala Resources, the Company's subsidiary that owns and operates the Ferreira Coal Mine and Delta Processing Operations indicate that exports of high quality export thermal coal through the Richards Bay Coal Terminal have exceeded the previous record exports by over 30%, and unaudited revenue and EBITDA have exceeded the September 2011 unaudited results by over 35% and 70% respectively.

Detailed operational and financial results will be released shortly in the Company's Quarterly Report for the 3 Months 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.