

6 March 2012

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

**By e-lodgement**

**COAL SUPPLY AGREEMENT EXECUTED WITH ESKOM**



*Mbuyelo Resources Chief Executive, Owner Siweya, Eskom Divisional Executive, Primary Energy, Kiren Maharaj, and Continental Coal's Chief Executive Officer, Don Turvey, signing the Coal Supply Agreement for the Vlakvarkfontein Coal Mine*

Continental Coal Limited ("**Continental**" or the "**Company**") is pleased to announce that Ntshovelo Mining Resources (Proprietary) Limited ("**Ntshovelo**"), the joint venture entity that operates the Vlakvarkfontein Coal Mine has executed a Coal Supply Agreement with South Africa's state utility company, Eskom. The agreement is for the supply of 720,000 tpa of thermal coal of quality suitable for some of Eskom's power stations, over an initial 3 year period commencing 1 March 2012.

The Coal Supply Agreement with Eskom, one of the top 20 utilities in the world by power generation capacity and who generate approx 95% of the electricity used in South Africa and approx 45% of the electricity used in Africa, is a major step forward for the Vlakvarkfontein Coal Mine, which now becomes one of only 25 direct suppliers of coal to Eskom in South Africa.

In attendance for the signing of the Coal Supply Agreement from Eskom were Divisional Executive, Primary Energy - Kiren Maharaj, General Manager Fuel Sourcing - Johann Bester, and Fuel Sourcing Manager - Vuyisile Ncube. Attending on behalf of Ntshovelo were Directors, Don Turvey and Andrew Lipshitz representing the Company's South African subsidiary Continental Coal Limited, Owner Siweya and Kervin Mthombeni representing Mbuyelo Resources as well as Marketing Managers, Haroon Alli and Xolile Mdolo.

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Independent Non-Executive Chairman Mike Kilbride Chief Executive Officer Don Turvey Executive Director Jason Brewer Executive Director Peter Landau  
 Non-Executive Director Connie Molusi Non-Executive Director Johan Bloemsmas Non-Executive Director Andy Macaulay Non-Executive Director James Leahy



At the signing, Kiren Maharaj, welcomed the team from Ntshovelo, stating:

*"We welcome Ntshovelo as a new direct supplier to Eskom and look forward to building a strong strategic partnership with Ntshovelo".*

*"Both the teams from Eskom and Ntshovelo worked well together to bring about this day of signing" Mrs Maharaj added: "Eskom's need from suppliers like yourselves will grow significantly in the next 10 year planning horizon, with a good deal of the coal being conveyed by rail to Eskom's power stations."*

Continental's Chief Executive Officer, Don Turvey said: *"We congratulate both the Eskom and Ntshovelo teams for having reached this milestone, and look forward to forging a harmonious supply relationship with Eskom",* adding further: *"We are ready to implement the Agreement."*

Echoing Mr Turvey's remarks, Owner Siweya, Mbuyelo Resources Chief Executive, added: *"This is a great achievement. We are pleased to be entering into this long term supply relationship with Eskom, and thank the teams from both parties on their efforts."*

Deliveries under the Coal Supply Agreement from the Vlakvarkfontein Coal Mine to Eskom commenced on 1 March 2012.

For and on behalf of the Board.

Regards

Jason Brewer  
Executive Director

For further information please contact:

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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.