

29 March 2012

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 twin declines at the Penumbra Coal Mine*

#### Key Points:

- Penumbra Mine twin declines significantly advanced
- Key underground mining equipment orders placed
- Civil works completed, power supply installed and pollution control dam finalised
- Thermal coal mining operations at the Ferreira and Vlakvarkfontein Coal Mines continue to outperform with production and sales in January and February 2012 exceeding targets
- Ferreira and Vlakvarkfontein Coal Mines report unaudited gross sales revenue of ZAR107m and gross profit of ZAR15.5m for the months of January and February 2012

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.

South Africa	Australia
T +27 11 881 1420 F +27 11 881 1423 W <a href="http://www.conticoal.com">www.conticoal.com</a>	T +61 8 9488 5220 F +61 8 9324 2400 W <a href="http://www.conticoal.com">www.conticoal.com</a>
9th Floor Fredman Towers, 13 Fredman Drive, Sandton 2196	Ground Floor, 1 Havelock Street, West Perth, WA 6005
PO Box 787646, Sandton 2146	PO Box 684, West Perth WA 6872

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

## Penumbra Coal Mine



*Construction of the pollution control dam has been completed and further progress made in the twin declines*

Development activities at the Penumbra Coal Mine have continued to accelerate in 2012. The majority of the civil work on site has now been completed, with the pollution control dam, silt traps and storm water channels completed. Construction of the power line from the sub-station at the Delta Processing Operations to the Penumbra Coal Mine site has been completed with Eskom power of 3.5MVA installed and commissioned.

The current focus by the Company's owners team and TWP Projects, as its EPCM contractor, is the continued advance of the twin declines by the decline development contractor, Murray & Roberts.



*Activities at the entrance to the twin declines in the Penumbra Coal Mine box-cut*

The twin declines, will have a final length of approx. 390m. One of the declines will be equipped with a conveyor and the second will serve as a trackless equipment travelling route. Currently the conveyor road has advanced down 60m and the travelling road down 16m.



*Site visit to the Penumbra Mine and into the twin declines by new directors Mike Kilbride and Johan Bloemsma*



The Company has placed orders with Joy Mining Machinery for two 14HM15 Continuous Miners and four 10SC32 Shuttlecars, as well as orders with Rham Equipment for two Front End Loaders and two Roofbolters. In addition a temporary shaft conveyor system has been installed and is currently being commissioned. Tenders for the orders for the permanent conveyor structure, shaft gantry and drives are currently being finalised by the Company and will be awarded shortly.



*Site visits by directors Mike Kilbride, Johan Bloemsma, Connie Molusi and representatives of the Company's partner SIOC-cdt*

During March 2012, site visits to the Penumbra Mine were undertaken by the Company's newly appointed directors, Independent Non-Executive Chairman Mike Kilbride, Non-Executive Director Johan Bloemsma and Non-Executive Director Connie Molusi as well as representatives of the Company's new partner in South Africa, Sishen Iron Ore Company Community Development Trust.

### **Ferreira Coal Mine and Delta Processing Operations**

The Ferreira Coal Mine achieved ROM coal production of 105,119 tonnes over the months of January and February 2012, 14% above budgeted production levels. Total production of 100,986 tonnes of a high quality export thermal coal product was achieved at the Delta Processing Operations, 16% above budget. An average primary yield of 58.3% was achieved, above the average yield of 55.6% achieved in the December 2011 quarter. Sales of 96,709 tonnes of high quality export thermal coal, exceeded budget by 23%.

During the month of February 2012, the Ferreira Coal Mine was recognised by the Chief Inspectorate of Mines and Department of Mineral Resources for achieving 3,000 fatality free production shifts. The Ferreira Mine was further recognised with a third prize award at the Coal Safe 2012 Annual Colliery HSEC Campaign Performance Awards for achieving a zero Lost Time Injury Frequency Rate and recording 3,375 fatality free production shifts.

### **Vlakovarkfontein Coal Mine**

During the months of January and February 2012, the Vlakovarkfontein Coal Mine achieved ROM coal production of 200,783 tonnes, a 1% and 6.5% increase on the average monthly ROM coal production in the December and September 2011 quarters respectively.

Thermal coal sales from the Vlakovarkfontein Coal Mine to the South African domestic market of 174,799 tonnes of thermal coal were made during the two months.

From 1 March 2012 domestic thermal coal sales from the Vlakovarkfontein Coal Mine have been made directly to South Africa's state utility company, Eskom under the recently concluded Coal Supply Agreement. The Vlakovarkfontein Coal Mine is one of only 25 direct suppliers of coal to Eskom in South Africa.

For and on behalf of the Board.

Don Turvey  
Chief Executive Officer

Ends

For further information please contact:

**Investors/ shareholders**

Jason Brewer  
Executive Director  
T: +61 8 9488 5220

Don Turvey  
Chief Executive Officer  
T: +27 11 881 1420

E: [admin@conticoal.com](mailto:admin@conticoal.com)  
W: [www.conticoal.com](http://www.conticoal.com)

**Media (Australia)**

David Tasker  
Professional Public Relations  
T: +61 8 9388 0944

**Nominated Advisor**

Stuart Laing  
RFC Corporate Finance  
T: +61 8 9480 2500

**Joint Brokers**

Mark Wellesley-Wood / Chris Sim  
Investec Bank plc  
T: +44 20 7597 4000

**Joint Brokers**

Andrew Young  
GMP Securities Europe LLP  
T: +44 20 7647 2800

**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.