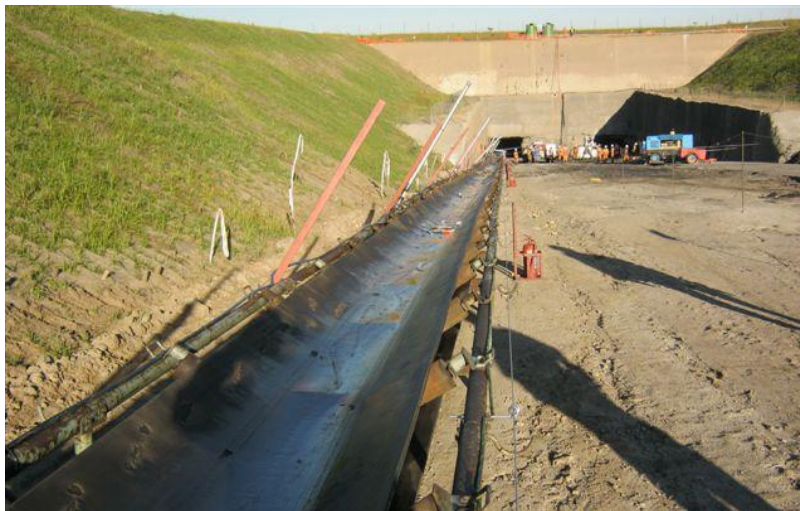


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The Manager
Company Announcements
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

By e-lodgement

UPDATE ON PENUMBRA MINE DEVELOPMENT AND COAL MINING OPERATIONS



Continental Coal Limited (**ASX:CCC; AIM:COOL**) ("**Continental**" or the "**Company**") the South African thermal coal production, development and exploration company, is pleased to provide an update on the decline development activities at the Penumbra Coal Mine and an update on operating and financial performance at its profitable Vlakvarkfontein and Ferreira Coal Mines and Delta Processing Operations in South Africa.

Penumbra Coal Mine

Development activities at the Penumbra Coal Mine have continued in April 2012 with the primary focus continuing to be the advance of the twin declines by the decline development contractor, Murray & Roberts, following completion by Leomat (Pty) Limited during the month of the civils contract. Orders for the medium volt and low voltage containerised substations and switchgear were placed during the month, with the adjudication of the tender of the upcast ventilation fan switchgear also completed.

Murray & Roberts continued the twin decline development, with the declines advanced 58m during the month of April 2012 to a combined total length of 135m. The conveyor road has advanced down 79m and the travelling road down 56m.

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During the month minor problems with the soft floors impacted decline advance rates, however measures have been put in place by the Company and Murray & Roberts to now address this. Key underground equipment from Joy Mining Machinery started to arrive on site in April 2012, with the first 100m of the incline conveyor stringers and idlers. Additional equipment is scheduled to arrive throughout the current quarter.

The Penumbra Coal Mine is set to become the Company's third thermal coal mining operation in South Africa. Sales of 500,000tpa of a high quality export thermal coal product are forecast to be sold FOB Richards Bay Coal Terminal at forecast average total cash costs of ZAR490/t (May 2011 terms) and generate annual free cashflow of approx. US\$23m based on prevailing prices.

During May 2012, a site visit to the Penumbra Mine was undertaken by representatives of EDF Trading, who are the Company's key off-take partner for its production of a high quality export thermal coal.

Vlakovarkfontein Coal Mine

During the month of April 2012, the Vlakovarkfontein Coal Mine achieved above budget ROM coal production of 112,281 tonnes, a 6% increase on the 105,838 tonnes of monthly average ROM coal production achieved in the March 2012 quarter. Domestic thermal coal sales of 93,180 tonnes, were slightly higher than the average 92,761 tonnes of monthly sales achieved in the March 2012.

Ntshovelo Mining Resources, the entity that operates the Vlakovarkfontein Coal Mine, reported unaudited revenue for April 2012 of ZAR17.1m, in line with the average monthly revenue of ZAR17.1m in the previous quarter. EBITDA of ZAR4.8m (after mining, processing, administration, royalty, management fees to CCL and indirect costs) for April 2012 was a +50% increase on average monthly EBITDA of ZAR3.0m achieved in the previous quarter.

Year to date ROM coal production of 1,003,754 tonnes has been achieved with an unaudited net profit after tax of ZAR33.6m reported against a budget of ZAR22.4m.

Ferreira Coal Mine and Delta Processing Operations

During the month of April 2012 the Ferreira Coal Mine achieved ROM coal production of 55,263 tonnes, 25% above budget and a 4% increase on the average 53,829 tonnes monthly ROM coal production in the March 2012 quarter. Total production of 37,830 tonnes of a high quality export thermal coal product was achieved at the Delta Processing Operations. An average primary yield of 62.3% was achieved, above the average yield of 60.4% achieved in the March 2012 quarter. Sales of 40,864 tonnes of high quality export thermal coal were achieved for the month.

Mashala Resources, the Company's subsidiary that owns and operates the Ferreira Coal Mine and Delta Processing Operations reported unaudited revenue for April 2012 of ZAR31.1m, a 15% below the average monthly revenue of ZAR36.3m reported in the March 2012 quarter. EBITDA of ZAR1.2m (after mining, processing, administration, materials handling, export, exploration closure and indirect costs) decreased from the ZAR2.4m of average monthly EBITDA reported in the March 2012 quarter.

Agreement was reached during April 2012 for Mashala Resources to develop the Prospecting Right immediately adjacent to and adjoining the current open cast mining activities at the Ferreira Coal Mine. Negotiations with further parties to acquire additional resources that are in close proximity to the Ferreira Coal Mine continued during the month. Mine planning work has already commenced on the Prospecting Right and it is anticipated that the production of between 350,000 to 400,000 ROM tonnes will extend the mine life further and return earnings to levels achieved in previous quarters.

Year to date ROM coal production of 574,419 tonnes and export sales of 496,065 tonnes has been achieved at the Ferreira Coal Mine and the Delta Processing Operations with an unaudited net profit after tax of ZAR37.1m reported against a budget of ZAR24.4m.

Regards

For and on behalf of the Board.



Don Turvey
Chief Executive Officer

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC/AIM: COOL/US-OTCQX:CGFAY) is 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 rate 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.