

21 June 2012

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

By e-lodgement

COMPANY UPDATE

Continental Coal Limited (ASX:CCC; AIM:COOL) ("**Continental**" or the "**Company**") the South African thermal coal production, development and exploration company, notes the recent trading in its securities and would like to update shareholders that it is not aware of any reason for the recent fall in its share price given the current status of its coal mining operations and key development projects.

Continental continues to operate its two thermal coal mines in South Africa and both are forecast to achieve record production, sales and turnover for the Company for the 2011/12 financial year.

The Vlakvarkfontein Coal Mine has generated cash flows in excess of budget year to date and we are looking forward to continued stable earnings and cash flow generation from this conventional open cast coal mining operation over the next 10 years. The Ferreira Coal Mine although approaching the end of its mine life, should soon secure regulatory approval to extend operations further into adjacent properties and we continue to process coal from nearby operations and third-parties. The Ferreira Coal Mine operations are forecast to continue to sustain the Delta Processing Operations at positive cash margins.

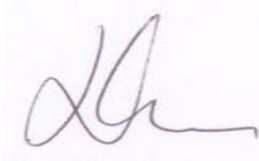
In addition the Company continues with its decline and mine development activities at the Penumbra Coal Mine with first coal production scheduled to occur in the second half of this calendar year. The Penumbra Coal Mine is set to become the Company's third thermal coal mining operation in South Africa with a planned mine life of over 10 years and annual sales of 500,000tpa of a high quality export thermal coal product that is forecast to be sold FOB Richards Bay Coal Terminal at forecast average total cash costs of ZAR490/t (May 2011 terms). Given current export thermal coal prices and the Company's robust coal price hedging program, strong earnings and cashflow generation of between US\$15-20m are forecast on average each year. The Penumbra Coal Mine is fully funded, including capital expenditure contingencies, and we are planning to draw on the ABSA Bank project finance facility during July 2012. The Penumbra Coal Mine is expected to quickly become our flagship operation from a cash flow perspective and we look forward to its commissioning.

South Africa	Australia
T +27 11 881 1420 F +27 11 881 1423 W www.conticoal.com	T +61 8 9488 5220 F +61 8 9324 2400 W www.conticoal.com
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 Bloemsmma Non-Executive Director Andy Macaulay Non-Executive Director James Leahy

All other exploration and development activities for the Company are continuing. Updates in relation to exploration activities in Botswana, the sale of the VanMag project and other non-core assets, the joint venture with KORES at the Vlakplaats Coal Project, the joint exploration at the Vaalbank Coal Project with Total Coal SA, optimisation studies of the De Wittekrans Coal Project Feasibility Study and detailed operational and development updates on the Vlakvarkfontein and Ferreira Coal Mines and Delta Processing Operations and the Penumbra Coal Mine will be made shortly.

For and on behalf of the Board



Don Turvey
Chief Executive Officer

For further information please contact:

Investors/ shareholders

Jason Brewer
Executive Director
T: +61 8 9488 5220

E: admin@conticoal.com
W: www.conticoal.com

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

Media (Australia)

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

Media (UK)

Mike Bartlett/ Lydia Eades/ Jos Simson
Tavistock Communications
T: +44 20 7920 3150

Nominated Advisor

Stuart Laing
RFC Ambrian Limited
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 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.