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

By e-lodgement

### PENUMBRA MINE UPDATE

#### ON BUDGET AND ON TRACK FOR FIRST COAL PRODUCTION IN EARLY Q4 2012



*The Penumbra Coal Mine currently under development in South Africa*

Continental Coal Limited (ASX:CCC; AIM:COOL) ("Continental" or the "Company") is pleased to provide an update on the continued underground mine development activities at the Penumbra Coal Mine. The mine is set to become the Company's 3<sup>rd</sup> thermal coal mining operation in South Africa and is scheduled to produce first coal in early Q4 2012.

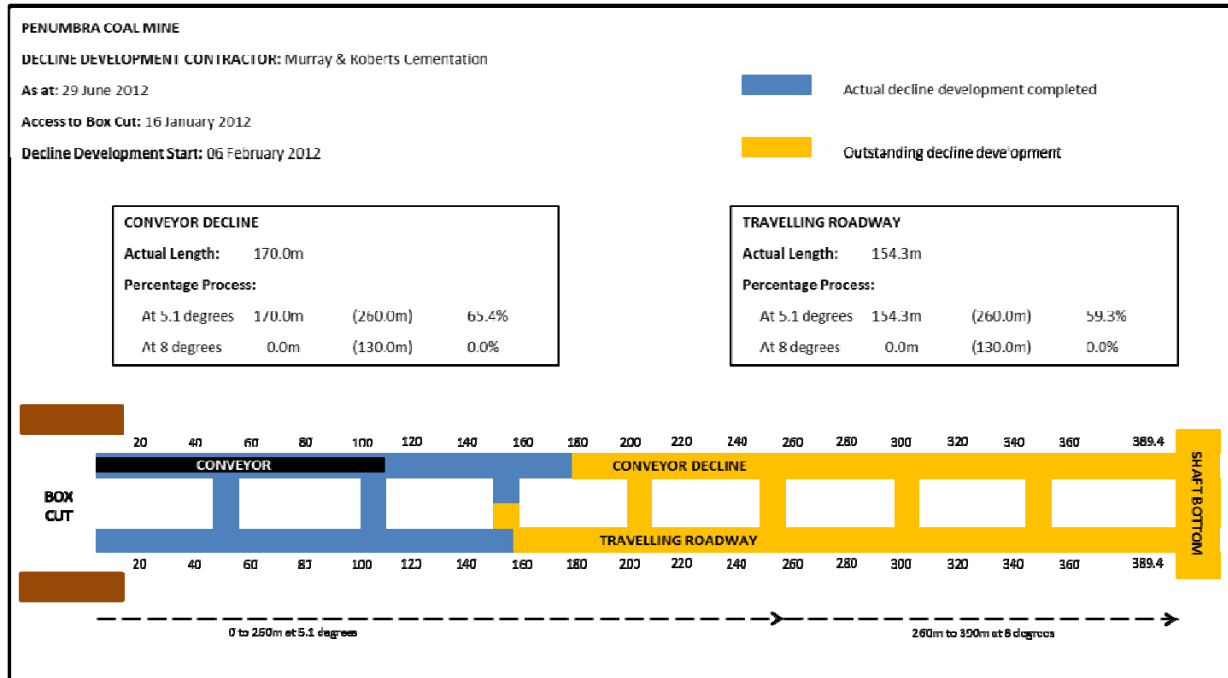
In June 2012, development activities progressed further with a focus on the advance of the twin declines and the mobilisation to site of civil contractors for the construction and installation of site infrastructure works and services.

During this period the twin decline development a further 92m. As at 29 June, the twin declines had been advanced to a combined total length of 325m (233m as at 30 May). The conveyor road has advanced down 170m (May - 126m) and the travelling road down 155m (April - 107m).

South Africa	Australia
<b>T</b> +27 11 881 1420 <b>F</b> +27 11 881 1423 <b>W</b> <a href="http://www.conticoal.com">www.conticoal.com</a>	<b>T</b> +61 8 9488 5220 <b>F</b> +61 8 9324 2400 <b>W</b> <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 Chief Financial Officer Maritz Smith Executive Director Jason Brewer  
Non-Executive Directors: Johan Bloemsmma Peter Landau James Leahy Andy Macaulay Connie Molusi

Decline development during the month was focused on achieving a regular cycle of 3 blasts per day and achieving an average face advance per blast in excess of 2.2m. As at the end of June this was being regularly achieved, with weekly progress now exceeding 30m of underground development allowing for first coal production to be achieved in early Q4 2012.



*Summary of Decline Development Progress at the Penumbra Coal Mine*

Other activities at the Penumbra Coal Mine site included the commencement of fabrication of the site offices and other site infrastructure, acceptance tests for the 630kVA and 1250kVA transformers. Current work is focused on the mechanical erection of the incline conveyor steel structure and adjudication of the awards for the main ventilation fans, raw water pumping system and managing the various civil and building contracts.

Currently the Penumbra Coal Project is 38.2% complete with a total forecast cost to complete of ZAR328m (approx. A\$38.5m), and is substantially on budget.

PROJECT SCHEDULE (As at 22 June 2012)	
	% Complete
Engineering	78.3%
Procurement	49.9%
Manufacture and Delivery	10.6%
Construction	31.9%
Mining	23.9%
Overall Project	38.2%

The forecast capital costs for the mine development are fully funded with costs to date having been funded from cash and the balance to be met from a secured project finance tranche of funding from ABSA Capital. In addition a contingency fund of approx. US\$4.5m has been funded by the Company to cover any potential cost overruns.



*The Penumbra Coal Mine Currently Under Construction*

Key project milestones for the Penumbra Coal Mine are summarised in the table below.

KEY PENUMBRA MINE DEVELOPMENT PROJECT MILESTONES	
	Planned Completion Date
Mobilisation of Earthwork Contractors to Site	Q3 2011
Excavation of Box Cut to Final Depth	Q4 2011
Mobilisation of Decline Contractors to Site	Q4 2011
Decline Development Commence	Q1 2012
100m of Decline Development Completed	Q2 2012
200m of Decline Development Completed	Q2 2012
500m of Decline Development Completed	Q3 2012
Completion of Key Surface Infrastructure	Q4 2012
1 <sup>st</sup> Continuous Miner Starts Production	Q4 2012

The Penumbra Coal Mine is set to produce 750,000 tonnes per annum of ROM coal. The ROM production will be beneficiated through the existing and adjacent Delta Processing Operations, which comprises a 1.8Mtpa coal processing plant and the 1.2Mtpa Anthra Rail Siding.

Sales of 500,000 tonnes per annum of a high quality export thermal coal RB1 specification coal product are forecast to commence in early Q4 2012. The export thermal coal product will be transported by rail through to the Richards Bay Coal Terminal and sold under existing off-take agreements.

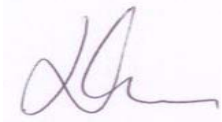


*The Travelling Roadway of the Penumbra Coal Mine*



*The Box-Cut of the Penumbra Coal Mine with the Conveyor Decline and Travelling Roadway*

*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

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

**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.