Quarterly Report

For the period ended 30 June 2012

HIGHLIGHTS

- **ROM thermal coal of 519,309 tonnes, up 10% on prior quarter and totalled 1.93Mt for FY12, up 52% on FY11 production**
- **Total export quality coal processed of 212,442 tonnes, down 6% on prior quarter and totalled 1.0Mt for FY12, up 55% on FY11**
- **Total thermal coal sales of 421,040 tonnes, down 1% on the prior quarter and totals 1.86Mt for FY12, up 94% on FY11 coal sales**
- **Unaudited revenue of A$17m and gross profit from operations of A$2.0m for Quarter**
- **Development of the fully funded Penumbra Coal Mine continued with decline development advanced 249m during the quarter**
- **Settlement of BEE transaction with SIOC-cdt and proceeds of ZAR140m received during the quarter**
- **Up to 18 month mine-life extension at the Ferreira Coal Mine secured through acquisition of right to develop adjacent resources**
- **MOU executed with Total Coal, for a 12 month joint exploration program on the Vaalbank Coal Project**
- **Option negotiated for the acquisition of a 50% joint venture interest in a producing high quality coking coal mine in Colombia**
- **Appointment of Maritz Smith to the position of Chief Financial Officer and Director of the Company**

ASX code	**CCC**
AIM code	**COOL**

As at 30 June 2012

Share price	**8.9c**
Shares on issue	**430m**
Market capitalisation	**A$38m**
Cash	**A$15m**
Undrawn project debt[1]	**A$30m**

[1] Secured project finance facility of ZAR257M for the Penumbra Mine development from ABSA Capital

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MINE OPERATIONS

Health and Safety

No Lost Time Injuries reported at the Company's Ferreira mine and the Penumbra project during the Quarter. The Vlakvarkfontien operation had one lost time injury during the quarter. The rolling 12 month LTIFR for the Ferreira Coal Mine and Delta Processing Operations remain at zero. The Vlakvarkfontein Coal Mine has a rolling 12 month LTIFR of 2.82.

Mining, Processing and Logistics

	JUN QTR 12	MAR QTR 12	VAR %	FY 2012	FY 2011	VAR %
ROM Processed	519,309	473,167	**+10%**	1,929,940	1,271,931	**+52%**
Raw coal bought in	40,328	65,661	**-39%**	283,161	252,075	**+12%**
Total coal processed	559,637	538,828	**+4%**	2,213,101	1,524,026	**+45%**
Overall yield	82.5%	80.0%	**+3%**	80.1%	78.8%	**+2%**
Export Product	140,844	155,855	**-10%**	600,189	278,353	**+116%**
Domestic Product	347,195	317,515	**+9%**	1,238,670	894,958	**+38%**
Total Coal Product	488,039	473,370	**+3%**	1,838,859	1,173,311	**+57%**
Export Coal Sales	126,084	145,756	**-13%**	581,285	330,887	**+76%**
Domestic Coal Sales	294,956	278,284	**+6%**	1,274,709	627,434	**+103%**
Total Sales	**421,040**	**424,040**	**-1%**	**1,855,994**	**958,321**	**+94%**

ROM coal processed of 519,309t at the Vlakvarkfontein and Ferreira Coal Mines was a 10% increase on the previous quarter. ROM processed for FY2012 was 1.93Mt, a 52% increase on FY2011.

The Vlakvarkfontein Coal Mine produced 347,195t ROM, an 11% increase on the March 2012 quarter. ROM production for FY2012 of 1.24Mt was a 38% increase on FY2011 and the mine achieved 4 successive quarters of increased ROM production over FY2011.

ROM production from the Ferreira Coal Mine was 172,114t, a 7% increase on the March 2012 quarter. Production for FY2012 of 0.69Mt was a 83% increase on FY2011.

A total of 212,442t of export quality coal was processed through the Delta Processing Operations, 6% below the 227,149t in the previous quarter. Export quality coal processed in FY2012 was 1.0Mt and was a 55% increase year on year. A primary yield on export coal of 64.9% was achieved for the quarter, a 7% increase on the 60.4% primary yield achieved in the previous quarter.

Total thermal coal sales during the Quarter of 421,040t were achieved, taking total thermal coal sales to 1.9Mt for FY2012 and representing a 94% increase on FY2011.

Export thermal coal sales of 126,084t of a high quality export thermal coal was railed and sold FOB Richards Bay Coal Terminal. Domestic thermal coal sales of 294,956t were achieved in the Quarter, of which the majority were delivered FOT to Eskom.

Production and Sales Outlook for the quarter ending September 2012

The Vlakvarkfontein Coal Mine is budgeted to produce 328,000t substantially in line with the last 2 quarters average. The Ferreira Coal Mine is budgeted to produce 176,000t. It is approaching the end of its mine life and although 2 extensions have been secured over adjoining Prospecting Rights, Government approvals remain outstanding which unless received in time may have an impact on production in the next quarter.

Total thermal coal sales of 420,000t in line with current levels are budgeted, subject to receiving the Ferreira extension approvals in time.

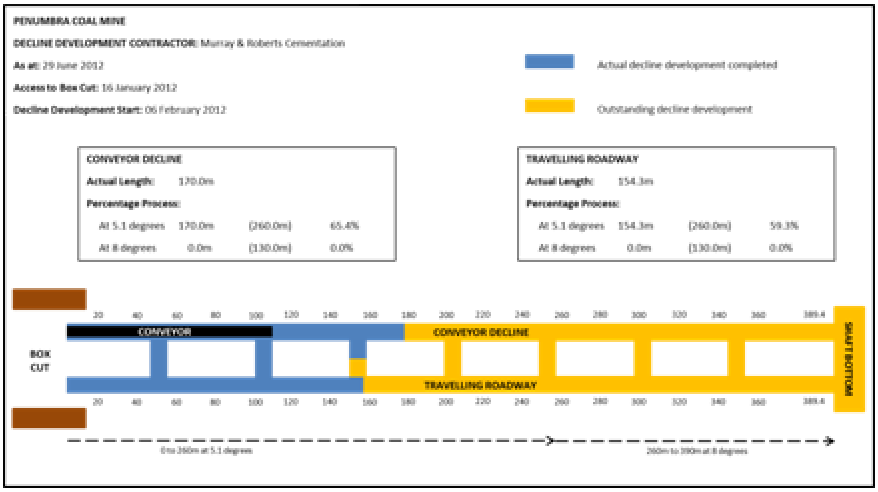
Penumbra Coal Mine

The Penumbra Coal Mine is set to produce 750,000tpa of ROM coal that will be beneficiated through the adjacent Delta Processing Operations. Sales of 500,000tpa of export thermal coal are forecast at total FOB costs of ZAR490/t (May 2011 terms).

During the Quarter 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.

The twin declines advanced to a combined total length of 325m during the Quarter (76m in the previous quarter).

Mine development activities are 38.2% complete. Of the total forecast cost to complete of ZAR328m (approx. A$38.5m), ZAR84m have been spent to date with the remaining ZAR244m balance of mine development costs fully funded from cash and a secured project finance tranche of funding from ABSA Capital.



Decline development during the quarter 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 the June quarter 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.

Ferreira Coal Mine Extension

The Company entered into two agreements to acquire and develop the adjacent and adjoining Prospecting Rights to the Ferreira Coal Mine. These agreements will allow the Company to extend the operating mine life and its production of high quality thermal coal by up to 18 months.

Mine planning work has commenced on the Prospecting Rights to incorporate them into the existing mine plan. Development of the Prospecting Rights will commence once relevant approvals have been obtained. A Section 102 Application with the Department of Minerals and Resources has been lodged.

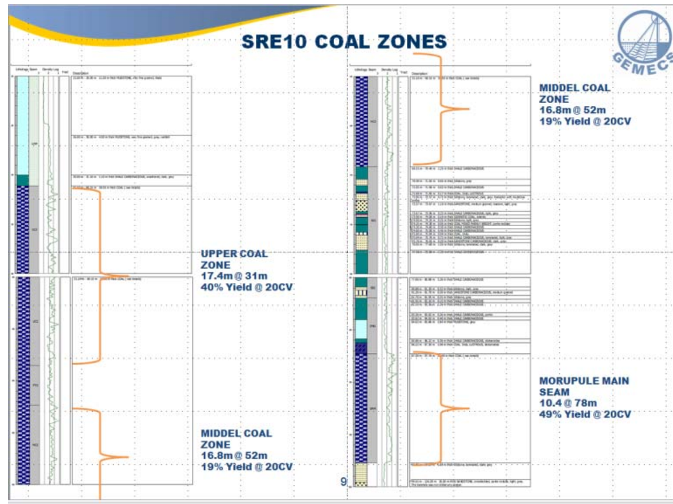
Vaalbank Coal Project – Exploration MOU with Total Coal SA

A Memorandum of Understanding was executed with Forzando Coal, to complete a 12 month joint exploration program. Forzando Coal is 74% owned by Total Coal South Africa, a subsidiary of international energy company, Total. Total Coal South Africa has been operating for more than 25 years and produces over 4Mtpa of export quality thermal coal from nearby Dorstfontein Coal Mine, Forzando North and South Coal Mines and Tumelo Coal Mine.

EXPLORATION AND NEW MINE OPPORTUNITIES

Botswana Exploration

A Phase 1 drilling program on the Company's three prospecting licenses in Botswana was completed in the previous quarter with preliminary results indicating that major coal bearing carbonaceous zones had been intersected.



Final results and an assessment of the resources by the Company's geological consultants Gemecs is currently being completed.

The Company is awaiting confirmation from the Geological Survey Department on the Renewal of its licenses and is anticipating the commencement of its Phase 2 drilling program in the current quarter.

Colombia Coking Coal Mine

The Company entered into an exclusive agreement to acquire a 50% joint venture interest in five mining concessions in Colombia covering over 1,500 hectares and including an existing underground mine that has been in operation for 24 years and adjacent exploration ground.

The potential acquisition of the mine is considered by the Company to complement its existing thermal coal operations in South Africa and further diversify its production base geographically into another of the world's leading coal producing and export nations and from a product base into the coking coal market.

The mine, located in the east of Colombia, is an established high quality coking coal producer with a workforce of more than 140 employees. Current underground production and access is through a series of declines to mine 2 seams with a total economic thickness of 1.7m. Mining is by a modified room and pillar mining method and given the quality nature of the coal, no wash plant is currently required. The coal is considered a high volatile metallurgical coking coal.

During the Quarter the Company completed its technical, legal and financial due diligence and progressed its negotiations. A visit by the owners of the mine to the Company's South African operations was completed subsequent to the end of the Quarter. A decision to proceed with the acquisition will be made in the current quarter.

Sale of Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Limited

The Company's proposed sale of its shareholding in Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Limited ("Vanmag") to a Chinese steel manufacturer failed to occur during the Quarter, despite various assurances that all necessary approvals for the remittance of funds from China to South Africa had been received and that the party was proceeding with settlement.

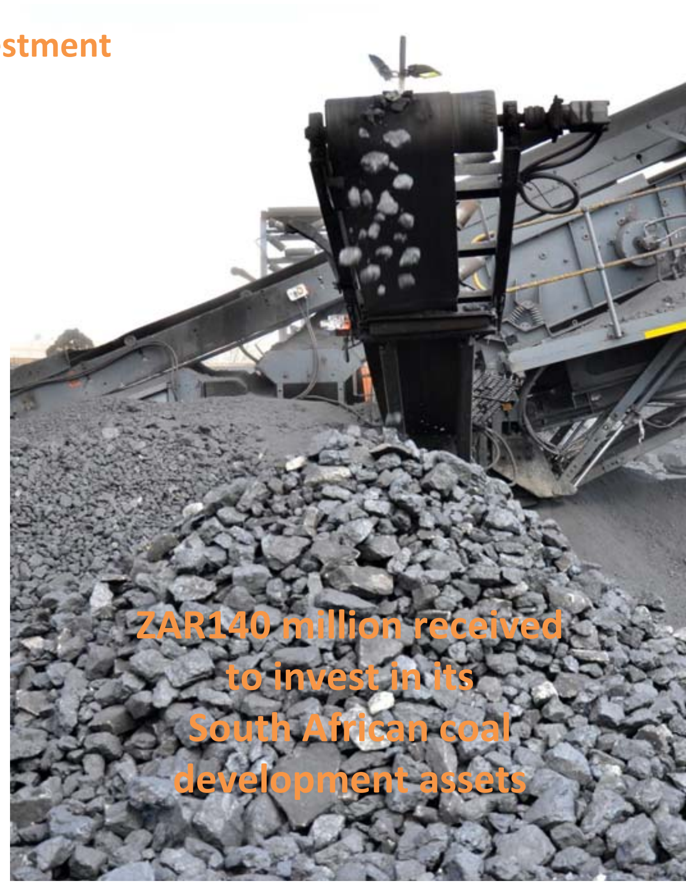
Although the Company and Vanmag remains committed to working with the buyer to complete settlement of the acquisition, the Company received further non-binding expressions of interest to acquire its shareholding in Vanmag during the Quarter and is progressing a bidding process.

ZAR140m Settlement of Broad Based BEE Investment

The ZAR140m settlement of its new Broad Based Black Economic Empowerment partnership in South Africa was completed with SIOC-cdt during the Quarter with the funds advanced to the Company's subsidiary in South Africa ("CCL").

Under the terms of the shareholders agreement, the funds will only be used in South Africa to further the development of the Penumbra Coal mine and CCL's other growth projects.

SIOC-cdt was established in 2006 as a broad based socio-economic empowerment ownership initiative as part of Anglo American PLC's unbundling of South African-based mining group Kumba Resources into two companies. SIOC-cdt holds a 3% interest in the Sishen Iron Ore Company ("SIOC"), the operator of the Sishen, Sishen South and Thabazimbi iron ore mines, Africa's largest iron ore mining operations. The value of SIOC-cdt's shareholding in SIOC is valued in excess of ZAR5bn.



Acquisition of Minorities in Mashala Resources

The Company's principal South African subsidiary's (CCL) interest in Mashala Resources as at the end of the Quarter was 86%. The settlement of the acquisition of the outstanding minority interests are required to be completed by 30 September 2012.

Appointment of Chief Financial Officer

The Company announced the appointment of Maritz Smith to the position of Chief Financial Officer during the Quarter. Mr Smith is based in South Africa and was previously Chief Financial Officer and Group Financial Director of South African-based diversified mining company Metorex Limited, a wholly owned subsidiary of the Jinchuan Group. He is a member of the South African Institute of Chartered Accountants and has more than 10 years' experience in the mining industry.

A$5m Financing

The Company entered into a US convertible note facility for up to A$5 million during the Quarter. The facility was made available for the Company to assist in the evaluation of advanced and producing opportunities predominantly outside of South Africa.

The Company drew A$2.5m during the Quarter. Subsequent to the end of the Quarter, the Company elected not to draw any further amounts available under the facility.

FINANCIAL

Summary Financial Performance

Summary consolidation financial and operating results for the company's main subsidiary group, CCL, based upon unaudited management accounts for the 3 months to 30 June 2012 are provided below.

	JUN QTR 12	MAR QTR 12	VAR %	FY 2012	FY 2011	VAR %
Total Revenue (A$m)	16.916	20.018	**-15%**	82.057	50.833	**+61%**
Cost of Sales (A$m)	15.051	16.023	**-6%**	67.143	47.255	**+42%**
Gross Profit (A$m)*	1.865	3.995	**-54%**	14.914	3.578	**+317%**
Closing Cash (A$m)	**14.594**	**6.609**	**+120%**	**14.594**	**12.050**	**+21%**

*Gross profit relates to the CCL Group's mining activities and excludes corporate costs and expenses.

The Company has continued throughout the Quarter and FY2012 to focus on the development of its flagship project, Penumbra. This project is fully funded and currently substantially on budget. Broader exploration and strategic acquisition activities were also pursued.

Sales revenue during the Quarter of A$17m was a 15% decrease on the previous quarter and was a result of lower export coal sales and a significant fall in export coal prices during the Quarter. Gross profit from the Company's coal mining operations of A$2.0m during the Quarter was a 54% decrease on the previous quarter and was a result of increased costs at the Ferreira Coal Mine and a significant pre-strip undertaken at the Vlakvarkfontein Coal Mine.

Cash and available facilities as at 30 June 2012 included approx. A$15m of cash and approx. A$30m of secured project finance facilities from ABSA Capital (to meet the outstanding costs of the Penumbra Coal Mine development).

Cash on hand is predominantly held by the Company's principle subsidiary in South Africa with A$6m allocated towards the Penumbra Coal Mine including cost overrun contingencies and a new co-disposal area next to the Delta Processing Operations, A$2m towards opencast contractor payment guarantees and rehabilitation and the balance of cash towards working capital.

The Group's audited financial accounts for the year ended 30 June 2012 will be released at the end of August 2012.

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.

CONTACT DETAILS

For and on behalf of the Board.

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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.