

9 August 2012

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

By e-lodgement

MAIDEN INFERRED COAL RESOURCE OF 2.2 BILLION TONNES IN BOTSWANA EXPLORATION TARGET INCREASED

Key points:

- **Maiden JORC Compliant Inferred Resource of 2.2 Billion Tonnes on the Kweneng Coal Project, one of the Company's three prospecting licenses in Botswana**
- **Results from Phase 1 drilling campaign confirm a further Exploration Target in excess of 9 Billion Tonnes across both the Kweneng and Serowe Coal Projects**
- **Drilling confirms that there are shallow coal seam areas at the Serowe Coal Project that are suitable for open cast mine development**
- **Coal washability tests confirm potential for low grade exports from the Kweneng Coal Project**
- **Planning for Phase 2 drilling program underway to further define resources and convert Exploration Target to JORC Compliant resources**

Continental Coal Limited (ASX: CCC) ("**Continental**" or "**the Company**") the South African thermal coal production, development and exploration company is pleased to announce a maiden inferred coal resource of 2.2 billion tonnes at its Kweneng Coal Project in Botswana. In addition to the JORC resource, given the wide spaced nature of the Phase 1 drilling completed in 2011 and 2012, the Company's independent geological consultants have determined a further 5 billion tonne Exploration Target at the Kweneng Coal Project and a further 4 billion tonne Exploration Target at the Serowe Coal Project.

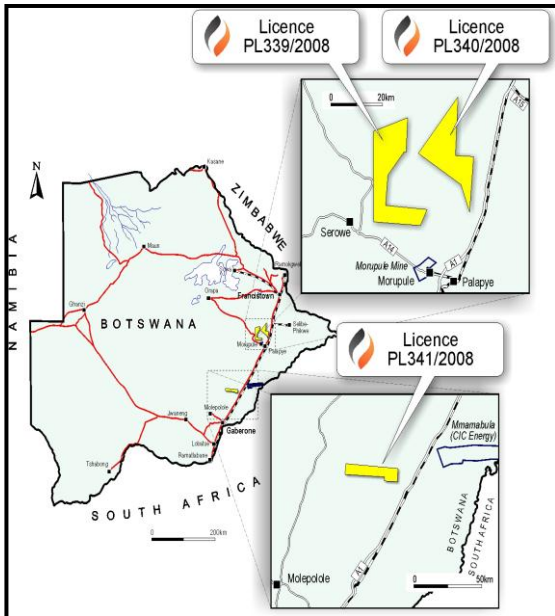
Commenting on the maiden 2.2 billion tonne JORC inferred resource and upgrade in Exploration Target, Continental Coal chief executive officer Don Turvey said: "*Given the resource that we have identified and the size of the Exploration Target, our Botswana projects have grown to become truly significant assets for the Company.*"

It should be noted the Exploration Target at the Serowe and Kweneng Projects is conceptual in nature as there has been insufficient exploration to define a Resource and that it is uncertain if further exploration will result in the determination of a Resource. To delineate a resource that is JORC Compliant will require significant more levels of drilling.

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Background

The Company through its Botswana subsidiary, Weldon Investment (Pty) Ltd, holds three prospecting licenses that covered an area of 964km² in Botswana (note 50% relinquished under the first renewal application). The licenses, PL339/2008 and PL340/2008 are together known as the Serowe Project, whilst PL341/2008 is known as the Kweneng Project.



The Serowe Project is located immediately north of Botswana's only producing thermal coal mine, the Morupule Coal Mine.

The Kweneng Project is 25kms west of Canadian listed CIC Energy's Mmamabula Coal Project who recently announced it had entered into a binding agreement with Jindal Steel and Power Ltd regarding a potential takeover that is expected to close in October 2012

A Phase 1 drilling exploration diamond drilling program was completed in 2011 and 2012 with subsequent sample analyses completed.

The program was undertaken by Botswana based exploration drilling company Discovery Drilling Contractors Africa (Pty) and managed by the Company's independent geologists Gemecs Pty Ltd.

KWENENG COAL PROJECT - Maiden Coal Resource and Increased Exploration Target

The Phase 1 drilling program completed in late 2011 and early 2012 identified 7 coal sub zones that have economic potential in the area namely: D3U, D3, J, D2, D1, M2 and M1 Zones. The D1, M2 and M1 zones are also known as the "K", "A" and "E" Seams in the Mmamabula Coalfield. It is estimated that the whole prospect licence area is underlain by these economic coal zones. Reported coal resources, are however constrained to the area retained after the first renewal application, and covers only 50% of the total prospect licence area.

Due to the widely spaced nature of this first phase of drilling, only 30% of the identified coal resources can be classified as JORC compliant Resources, the balance of the in situ coal (approx. 70%) cannot be classified to any JORC coal classification resource category and is reported as an Exploration Target.

The area of the Kweneng Coal Project that is covered by a drilling grid of less than 4,000m apart, is classified as an Inferred Resource according to the JORC code guidelines.

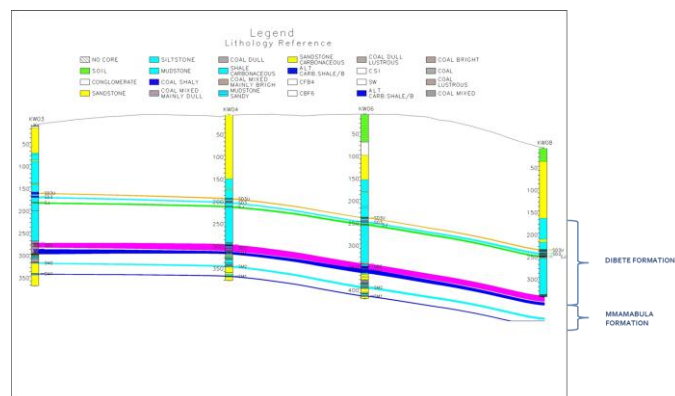
KWENENG COAL PROJECT – JORC COAL RESOURCES – AUGUST 2012				
Project	Gross In Situ Project Resources Tonnes (Mt)			
	Measured	Indicated	Inferred	Total
Kweneng (PL341)	-	-	2,159	2,159

A total gross in situ JORC Compliant Inferred Coal Resource of 2.2 Billion Tonnes has been calculated at the Kweneng Coal Project with a further Exploration Target of 5.0 Billion Tonnes reported for the retained portion of the prospecting license.

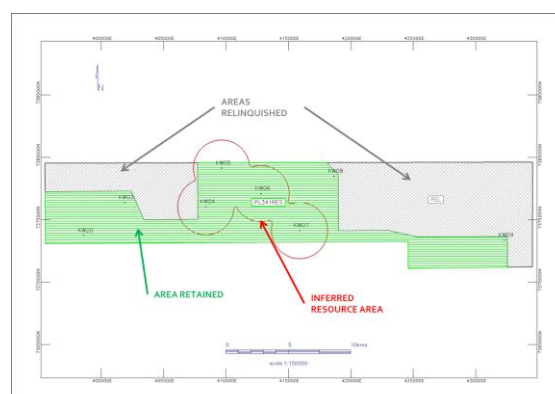
Gross in situ tonnages for the JORC compliant inferred Resources and Exploration Target are summarised below.

KWENENG COAL PROJECT – GROSS IN SITU TONNAGES - AUGUST 2012					
Coal Sub-Zone	Classification	Resource Area (Ha)	Ave Zone Thickness (m)	Gross In Situ Tonnes (Mt)	Ave Depth (m)
D3U	Inferred	13,601	1.87	136	197
D3U	Exploration Target	13,601	1.82	306	177
D3	Inferred	13,601	2.58	165	207
D3	Exploration Target	13,601	2.71	420	185
J	Inferred	13,601	2.99	199	213
J	Exploration Target	13,601	2.76	425	193
D2	Inferred	13,601	12.87	923	302
D2	Exploration Target	13,601	12.09	2,073	275
D1	Inferred	13,601	6.08	415	317
D1	Exploration Target	13,601	6.13	981	289
M2	Inferred	13,601	3.60	246	350
M2	Exploration Target	13,601	3.45	552	325
M1	Inferred	13,601	1.23	75	373
M1	Exploration Target	13,601	1.51	235	350
TOTAL COAL			7,151		
Total	Inferred Resource			2,159	30%
Total	Exploration Target			4, 992	70%

Of the 9 boreholes drilled on the Kweneng Coal Project during the Phase 1 drilling program all 9 boreholes intersected coal seams.



Generalised W-E Section of the Kweneng Coal Project



Inferred Coal Resources at the Kweneng Coal Project (including the area to be relinquished)

The Phase 1 drilling program intersected the following coal seams/zones at the Kweneng Project:

Upper Coal Zone (Dibete Formation):

- D3U seam with thickness of between 0.9m - 2.6m
- D3 seam with thickness of between 2.2m - 3.8m
- J seam with thickness of between 2.1m - 3.3m
- D2 seam with thickness of between 9.6m - 14.3m
- D1 seam with thickness of between 4.7m - 10.7m

Middle Coal Zone (Mmamabula Formation):

- M2 seam with thickness of between 1.8m - 5.4m
- M1 seam with thickness of between 0.8m - 2.8m

A summary of the Raw Air Dried Coal Qualities are also summarised.

KWENENG COAL PROJECT – RAW AIR DRIED COAL QUALITIES – AUGUST 2012									
Coal Sub-Zone	Classification	Gross In Situ Tonnes (Mt)	RD	CV (MJ/kg)	AS (%)	VM (%)	IM (%)	FC (%)	TS (%)
D3U	Inferred	136	1.79	12.9	48.7	23.1	5.1	23.2	3.18
D3U	Exploration Target	306	1.77	14.0	45.1	23.5	5.6	25.9	3.06
D3	Inferred	165	1.57	17.3	36.0	27.3	5.9	30.8	2.95
D3	Exploration Target	420	1.63	17.0	36.1	26.0	6.5	31.4	2.84
J	Inferred	199	1.63	17.7	34.0	25.3	6.3	34.4	3.15
J	Exploration Target	425	1.62	18.0	32.9	25.3	6.8	35.1	2.30
D2	Inferred	923	1.76	14.7	42.4	22.3	5.1	30.2	2.10
D2	Exploration Target	2,073	1.80	14.5	42.4	22.1	5.4	30.0	1.54
D1	Inferred	415	1.67	17.0	36.5	23.4	5.2	34.8	1.70
D1	Exploration Target	981	1.68	16.7	36.7	23.7	5.5	34.0	1.55
M2	Inferred	246	1.67	16.9	33.9	22.1	5.7	38.3	1.36
M2	Exploration Target	552	1.68	18.7	28.4	24.0	6.3	41.2	1.52
M1	Inferred	75	1.60	19.6	27.9	24.8	5.7	41.6	0.74
M1	Exploration Target	235	1.59	19.6	27.4	25.2	5.7	41.7	1.34
TOTAL COAL		7,151							

Based on sample and washability analyses completed a summary of the coal qualities for a 20CV MJ/kg coal product are provided below.

KWENENG COAL PROJECT – Product at 20CV MJ/kg - AUGUST 2012								
Coal Sub-Zone	Classification	Gross In Situ Tonnes (Mt)	Yield (%)	CV (MJ/kg)	AS (%)	VM (%)	IM (%)	TS (%)
D3U	Inferred	136	53.6	20.0	27.8	30.2	6.1	3.8
D3U	Exploration Target	306	60.0	20.0	27.7	29.2	6.4	3.55
D3	Inferred	165	92.4	19.8	28.6	30.0	6.3	3.15
D3	Exploration Target	420	75.9	19.9	27.2	29.1	6.9	2.83
J	Inferred	199	79.9	20.0	27.5	27.9	6.5	2.19
J	Exploration Target	425	80.2	20.0	27.0	27.5	7.2	1.99
D2	Inferred	923	61.9	20.0	26.8	26.9	6.1	0.85
D2	Exploration Target	2,073	52.8	20.0	26.1	27.3	6.6	0.73
D1	Inferred	415	76.3	20.0	27.0	26.3	6.2	0.80
D1	Exploration Target	981	71.0	20.0	26.1	26.8	6.4	0.74
M2	Inferred	246	84.2	20.0	25.6	22.8	6.3	0.64
M2	Exploration Target	552	83.7	20.1	24.6	23.0	6.7	0.72
M1	Inferred	75	87.9	20.7	24.6	24.9	6.1	0.54
M1	Exploration Target	235	95.8	20.2	25.4	25.4	5.9	1.30
TOTAL COAL		7,151						

Washability tests confirm the excellent yields to produce a thermal coal product with a CV of 20MJ/kg that is ideally suitable for the Southern African power generation market.

The Company has further completed washability tests to identify the potential of producing a higher value low grade export thermal coal product. These tests have further confirmed the potential to produce a low grade export thermal coal product with CV of 23MJ/kg. This low grade export thermal coal product is ideally suited to the Asian coal markets.

A summary of the coal qualities for a 23CV MJ/kg coal product are provided below.

KWENENG COAL PROJECT – product at 23CV MJ/kg - AUGUST 2012								
Coal Sub-Zone	Classification	Gross In Situ Tonnes (Mt)	Yield (%)	CV (MJ/kg)	AS (%)	VM (%)	IM (%)	TS (%)
D3U	Inferred	136	25.2	23.0	18.7	32.8	6.7	3.30
D3U	Exploration Target	306	35.3	23.0	18.6	31.9	7.1	3.02
D3	Inferred	165	72.7	23.0	18.1	34.0	6.8	3.20
D3	Exploration Target	420	52.0	23.0	17.3	32.4	7.6	2.77
J	Inferred	199	43.3	23.0	17.5	31.3	7.4	2.08
J	Exploration Target	425	45.2	23.0	17.0	30.8	8.1	1.83
D2	Inferred	923	41.5	23.0	17.7	30.0	6.8	0.54
D2	Exploration Target	2,073	34.4	23.0	17.0	30.2	7.4	0.56
D1	Inferred	415	51.5	23.0	18.0	29.3	6.9	0.56
D1	Exploration Target	981	46.4	23.0	17.2	29.8	7.2	0.57
M2	Inferred	246	46.6	23.0	17.1	24.1	6.9	0.31
M2	Exploration Target	552	47.4	23.0	16.3	23.9	7.4	0.29
M1	Inferred	75	64.8	23.0	18.0	26.7	6.5	0.41
M1	Exploration Target	235	74.7	23.0	17.5	26.8	6.6	0.41
TOTAL COAL		7,151						

SEROWE COAL PROJECT - 4 Billion Tonne Exploration Target

The Phase 1 drilling program completed in late 2011 and early 2012 comprised a total of 21 cored boreholes across the two prospecting licenses (PL339/2008 and PL340/2008) that comprise the Serowe Coal Project. Thirteen(13) drill holes intersected coal, and the remainder were drilled into pre-Karoo basement.

An Exploration Target of 3.9 Billion Tonnes has been determined for the Serowe Coal Project comprising 2.0 Billion Tonnes for PL339/2008 and 1.9 Billion Tonnes for PL340/2008.

Gross in situ coal tonnages on PL339/2008 are reported for 5 coal sub zones that have economic potential in the area namely: Z01 (Serowe Bright), Z03, Z05, Z07 and the Morupule Main Seam. On PL340/2008 gross in situ coal tonnages are reported for the Morupule Main Coal Seam only. Additional potential economic coal sub-zones are shown to be present in the boreholes on PL340/2008, but infill drilling on a denser grid is required to prove the continuity of these sub-zones before any coal resources can be reported.

Due to the widely spaced nature of the first phase of drilling, the in situ coal tonnages cannot be classified to any JORC coal classification resource category and is accordingly reported as an Exploration Target.

Gross in situ resource tonnages, raw coal qualities as well as washed coal qualities are summarised for the Serowe Coal Project.

An Exploration Target of 2.0 Billion Tonnes is reported for the PL339/2008 prospecting license within the Serowe Coal Project, of which 198Mt (10%) is attributed to the Serowe Bright Seam, and 751Mt (38%) to the Morupule Main Seam.

SEROWE COAL PROJECT PL339/2008 – GROSS IN SITU TONNAGES - AUGUST 2012							
Coal Sub-Zone	Classification	Resource Area (Ha)	Ave Zone Thickness (m)	Gross In Situ Tonnes (Mt)	Min Depth (m)	Max Depth (m)	Ave Depth (m)
Serowe	Exploration Target	11,045	1.04	198	50	230	110
Z03	Exploration Target	10,681	2.32	488	80	230	130
Z05	Exploration Target	10,681	1.89	375	100	250	145
Z07	Exploration Target	6,661	1.42	169	130	270	175
Morupule	Exploration Target	6,661	6.23	751	175	320	220
TOTAL COAL			1,982				

A summary of the Raw Air Dried Coal Qualities are also summarised.

SEROWE COAL PROJECT PL339/2008 – RAW AIR DRIED COAL QUALITIES - AUGUST 2012									
Coal Sub-Zone	Classification	Gross In Situ Tonnes (Mt)	RD	CV (MJ/kg)	AS (%)	VM (%)	IM (%)	FC (%)	TS (%)
Serowe	Exploration Target	198	1.72	15.3	41.0	24.8	5.4	28.8	3.16
Z03	Exploration Target	488	1.97	8.6	62.1	16.6	4.4	17.0	1.29
Z05	Exploration Target	375	1.86	11.3	55.5	19.1	4.2	21.1	1.73
Z07	Exploration Target	169	1.79	13.3	46.8	21.7	4.8	26.8	2.29
Morupule	Exploration Target	751	1.81	13.7	44.0	18.9	5.3	31.8	1.12
TOTAL COAL		1,982							

Based on sample and washability analyses completed a summary of the coal qualities for a 20CV MJ/kg coal product are provided below.

SEROWE COAL PROJECT PL339/2008 – Product at 20CV MJ/kg - AUGUST 2012								
Coal Sub-Zone	Classification	Gross In Situ Tonnes (Mt)	Yield (%)	CV (MJ/kg)	AS (%)	VM (%)	IM (%)	TS (%)
Serowe	Exploration Target	198	72.7	19.8	28.0	28.6	6.2	2.26
Z03	Exploration Target	488	39.8	20.0	28.0	28.7	6.1	2.00
Z05	Exploration Target	375	46.4	20.0	27.1	29.5	5.7	1.07
Z07	Exploration Target	169	44.4	20.0	26.2	28.3	6.1	1.32
Morupule	Exploration Target	751	41.6	20.0	25.3	22.3	6.9	0.33
TOTAL COAL		1,982						

An Exploration Target of 1.9 Billion Tonnes is reported for the PL340/2008 prospecting license within the Morupule Morupule Main Seam.

SEROWE COAL PROJECT PL340/2008 – GROSS IN SITU TONNAGES - AUGUST 2012							
Coal Sub-Zone	Classification	Resource Area (Ha)	Ave Zone Thickness (m)	Gross In Situ Tonnes (Mt)	Min Depth (m)	Max Depth (m)	Ave Depth (m)
Morupule	Exploration Target	12,745	8.07	1,918	36	147	88
TOTAL COAL			1,918				

The average depth, 88m, of the Morupule Main Seam has the potential for open cast mining methods, particularly in the southernmost area of the license where the seams are at their shallowest.

A summary of the Raw Air Dried Coal Qualities are also summarised.

SEROWE COAL PROJECT PL 340 – RAW AIR DRIED COAL QUALITIES - AUGUST 2012									
Coal Sub-Zone	Classification	Gross In Situ Tonnes (Mt)	RD	CV (MJ/kg)	AS (%)	VM (%)	IM (%)	FC (%)	TS (%)
Morupule	Exploration Target	1,918	1.88	12.8	47.6	18.3	4.9	29.3	1.01
TOTAL COAL		1,918							

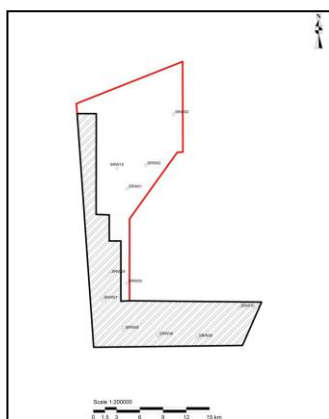
Based on sample and washability analyses completed a summary of the coal qualities for a 20CV MJ/kg coal product are provided below. Improvements in the reported qualities can be achieved if a coal quality selection is applied to a selective coal horizon within the Morupule Main Seam, where individual boreholes reported yields of up to 76% for a 20MJ/kg product.

SEROWE COAL PROJECT PL 340 – Product at 20CV MJ/kg - AUGUST 2012									
Coal Sub-Zone	Classification	Gross In Situ Tonnes (Mt)	Yield (%)	CV (MJ/kg)	AS (%)	VM (%)	IM (%)	TS (%)	
Morupule	Exploration Target	1,918	27.9	20.0	26.4	22.5	6.7	0.34	
TOTAL COAL		1,918							

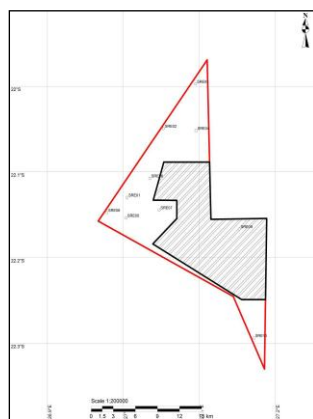
LICENSE RENEWAL AND RELINQUISHMENT REPORTS

The Company has submitted applications to the Botswana Geological Survey for the Renewal of its 3 Prospecting Licenses that comprise the Kweneng Coal Project (PL341/2008) and Serowe Coal Project (PL339/2008 and PL340/2008).

In addition and in accordance with requirements of the Prospecting Licenses, the Company has relinquished 50% of the original Prospecting License area. The areas relinquished was based on the preliminary results from Phase 1 drilling program, as well as a review of the historical data, remote sensing images and regional geophysical data.



Serowe Coal Project Area to be Relinquished



Kweneng Coal Project Area to be Relinquished

The Company anticipates that approvals from the Botswana Geological Survey for the renewal of the Prospecting Rights will be received in the current quarter.

PHASE 2 DRILLING PROGRAM

Based on the positive results from Phase 1 drilling program, the Company has committed to a Phase 2 exploration drilling program across both the Kweneng and Serowe Coal Projects.

The primary aim of the Phase 2 exploration drilling program will be to both increase existing resources, increase the level of confidence in the extent, continuity and quality of the known resources and to convert a significant portion of the Exploration Target into JORC compliant resources on the Serowe and Kweneng Coal Projects.

In addition, based on the Phase 1 drilling results the Company has elected to advance its discussions with several strategic parties that have already expressed an interest in participating in its exploration and long term investment activities across its Botswana Coal Projects.

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.

Competent Persons Statement

The information in this report that relates to the Coal Resources and Reserves has been prepared in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee (JORC Code). The Australasian Joint Ore Reserves Committee (JORC) and the JORC Code requires that Competent Persons must belong to the Australasian Institute of Mining and Metallurgy (AusIMM), or the Australian Institute of Geoscientists (AIG), or a Recognized Overseas Professional Organisation (ROPO). ROPOs are professional organisations that the ASX, acting on advice from JORC and its parent organisations, accepts as bodies to which Competent Persons may belong to for the purpose of preparing documentation on Exploration Results and Mineral Resources, on which reports to the ASX are based. The South African Council for Natural Scientific Professions (SACNASP) as well as the Geological Society of South Africa are considered as ROPOs by JORC.

The information in this report that relates to Exploration Results and Coal Resources is based on data and coal resource estimates completed by Mr. Nico Denner, a full time employee of Gemecs (Pty) Ltd. Mr. Denner is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400060/98) as well as a Member and Fellow of the Geological Society of South Africa. He has more than 15 years' experience in the South African Coal and Minerals industries. Mr. Denner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and the Ore reserves. Within the constraints mentioned above, all work undertaken by Mr. Denner and related to the resource estimate was carried out following industry best practice standards using the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code, 2007) in conjunction with the South African guide to the systematic evaluation of coal resources and coal reserves (SANS 10320:2004) as a basis. As such the resource statements contained in this report may be considered compliant with the JORC Code. Mr. Denner consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

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.