



**Continental Coal Ltd**

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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 DEVELOPMENT AND COAL MINING OPERATIONS UPDATE



*Continuous Miner and Shuttle Cars at the Penumbra Coal Mine for Commencement of Mining Next Month*

#### Key points:

- **First Continuous Miner and associated Shuttle Cars delivered to the Penumbra Mine site and being prepared prior to the commencement of mining next month**
- **Penumbra Mine decline development advanced to a total combined length of 593m as at 20 September 2012**
- **First thermal coal production at the Penumbra Mine remains on track for 30 October 2012 with 225,000 tonnes of sales forecast for FY2013 at total FOB costs of approx. US\$55/tonne**
- **Construction of surface infrastructure including change-house, workshops advanced and to be completed in October 2012**
- **Project development costs forecast to come in within the ZAR325m budget (approx. A\$39m)**
- **Thermal coal mining operations continue to perform with monthly ROM production and sales in August 2012 in line with budget**

Continental Coal Limited (ASX: CCC) ("**Continental**" or "**the Company**") the South African thermal coal production, development and exploration company, is pleased to provide an update on mine development activities at the Penumbra Coal Mine, the delivery of key underground mining equipment to site and an update on operating performance at the Vlakvarkfontein and Ferreira Coal Mines and Delta Processing Operations in South Africa.

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## Penumbra Coal Mine

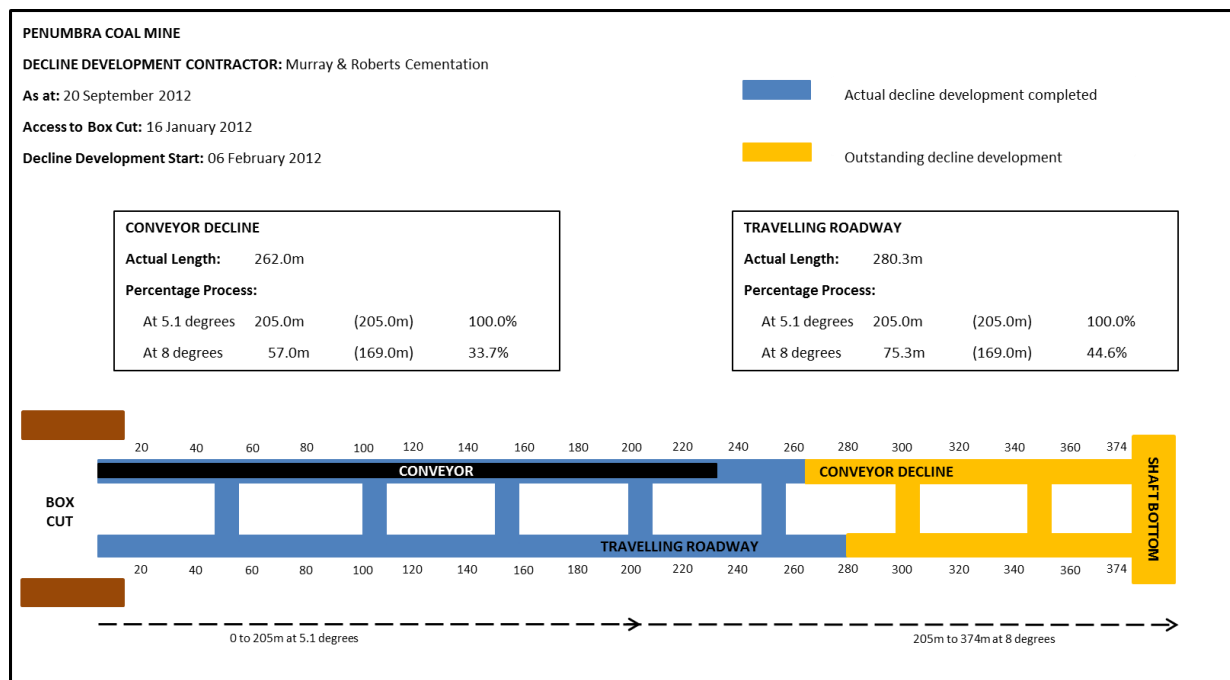
Development activities at the Penumbra Mine continued to be focused on the advancement of the twin decline development and in addition, the completion of the surface infrastructure including offices, change-house and workshop, in anticipation of the commencement of underground coal mining activities in October 2012.

On 20 September 2012, the Company took a delivery from Joy Mining Machinery of one of the two 14HM15 Continuous Miners that are to be used in the planned underground coal mining operations at the Penumbra Mine. In addition, delivery of two of the four 10SC32 Shuttle Cars was also completed. The equipment is currently being commissioned on site in order for underground coal mining operations to commence later next month.



**The Arrival on Site of the Mining Equipment is a Major Milestone in the Development of the Penumbra Coal Mine**

As at 20 September, the decline development contractor, Murray & Roberts, had advanced the twin declines a combined length of 593.3m (474m as at 10 August 2012). The conveyor road has advanced 262.0m and the travelling road 280.3m.



**Summary of Decline Development Progress at the Penumbra Coal Mine as at 20 September 2012**

The remaining 155m of decline is forecast to be completed over the next 5 weeks to allow underground mining activities to commence by 30 October 2012.

Currently the Penumbra Coal Project is approx. 60% complete with a total forecast cost to complete of ZAR325m (approx. A\$39m). The mine development is now forecast to be completed within the approved budget.



***Construction of surface infrastructure, offices, workshops and change house at the Penumbra Coal Mine***

The Penumbra Mine development currently has no identified cost overruns and is not forecast to draw upon any of the contingency amount of ZAR17.5m (approx. A\$2.1m) set aside from the Company's existing cash reserves to fund potential cost overruns. Upon completion of the mine development these funds are forecast to be utilised for the Company's other coal mining and development activities in South Africa.

First drawings on the secured project finance debt facility from ABSA Capital (ZAR253m, including a further cost over-run facility of ZAR17.5m) are anticipated in the coming weeks and will be used to fund the outstanding capital development costs of the project development.

ROM coal production at Penumbra of 35,800 tonnes is forecast in the December 2012 quarter, increasing to 105,400 tonnes and 195,000 tonnes in the March 2013 and June 2013 quarters respectively. In FY 2013 the Penumbra Coal Project is forecast to produce approx. 225,000 tonnes of a high quality export thermal coal at total FOB costs of ZAR471/tonne (approx. US\$55/tonne). The thermal coal will be transported by rail through to the Richards Bay Coal Terminal and sold under existing off-take agreements.

### **Coal Mining Operations Update**

Total ROM production during August 2012 from the Company's two thermal coal mining operations was 145,392 tonnes, in line with forecast levels.

Total thermal coal sales of 145,067 tonnes for the month were in line with thermal coal sales for the previous month and a 3% increase on average monthly sales of 140,347 tonnes achieved in the previous quarter.

The Vlakvarkfontein Coal Mine achieved ROM coal production of 113,378 tonnes during August 2012, approx. 3% above our forecast. Thermal coal sales of 104,700 tonnes were made during the month from the Vlakvarkfontein Coal Mine to the South African domestic market, 5% higher than the average monthly sales in the previous quarter.

The Vlakvarkfontein Coal Mine continues to exceed forecast production and sales levels.

The Ferreira Coal Mine achieved ROM coal production of 32,014 tonnes during August, 15% below forecast ROM production levels due to the existing pit approaching the end of its life. The Section 102 Approval to allow the mine to access the adjoining coal resources is expected shortly.

ROM feed to the Delta Processing Operations was 69,415 tonnes, 11% above forecast levels. Total export sales of 40,367 tonnes of high quality export thermal coal were made during the month.

*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. 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.