



Continental Coal Ltd

ABN 13 009 125 651 ASX Code CCC AIM Code COOL

Interim Results

for the six months ended
31 December 2012

28 February 2013



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Competent Person Statement. The information in this report that relates to Coal Resources on Vlakvarkfontein, Vlakplaats and Wolfenfontein is based on resource estimates completed by Dr. Philip John Hancox. Dr. Hancox is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400224/04) as well as a Member and Fellow of the Geological Society of South Africa. He is also a member of the Fossil Fuel Foundation, the Geostatistical Association of South Africa, the Society of Economic Geologists, and a Core Member of the Prospectors and Developer Association of Canada. Dr. Hancox has more than 12 years' experience in the South African Coal and Minerals industries, holds a Ph.D from the University of the Witwatersrand (South Africa), and has authored a number of published and unpublished academic articles on the Karoo Basin and its contained coal, as well as over 50 peer reviewed scientific papers on various aspects of sedimentary geology and palaeontology. Dr. Hancox 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 Dr. Hancox 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. Dr. Hancox consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Coal Resources and Reserves on Penumbra, Ferreira, De Wittekrans, Knapdaar, Kweneng, Project X, Vaalbank, Leiden and Wesselton II is based on 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.

The Coal Reserve estimate for Vlakvarkfontein was prepared by Mr. JJ Lotheringen Pr Eng (Ukwazi). Mr. Lotheringen is a member in good standing of the Southern African Institute of Mining and Metallurgy (SAIMM), is a registered Professional Mining Engineer with the Engineering Council of South Africa (ECSA) and has a Mine Managers Certificate of competency for coal mines. He has more than thirteen (13) years' experience in the South African Coal and Minerals industries. Mr. Lotheringen 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. Lotheringen 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. Lotheringen consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

Overview - Half Year FY 2013

- Three coal mining operations now in production
- First coal production and sales from Penumbra Mine
- Optimisation work completed on proposed 4th coal mine
- Record half yearly ROM thermal coal production of 996,479t
- Thermal coal sales impacted by national transport strike and by delay in approval for mine extension at Ferreira Mine
- Financial results impacted by weakened export coal prices
- EBITDA profit of A\$0.6m, a significant turnaround on EBITDA loss of (A\$4.0m) and (A\$28.5m) in previous two periods, demonstrates ongoing improvement in underlying performance
- Net loss of (A\$7.3m) only 3% lower than previous period and achieved despite 32% lower export coal sales and 18% decline in realised ZAR export coal prices
- Outlook for H2 FY 2013 positive given:
 - Higher margin Penumbra Mine ramp up proceeding well
 - Ferreira Mine development completed and operations now exceeding budgeted production and exports sales
 - Vlakvarkfontein Mine continues to outperform

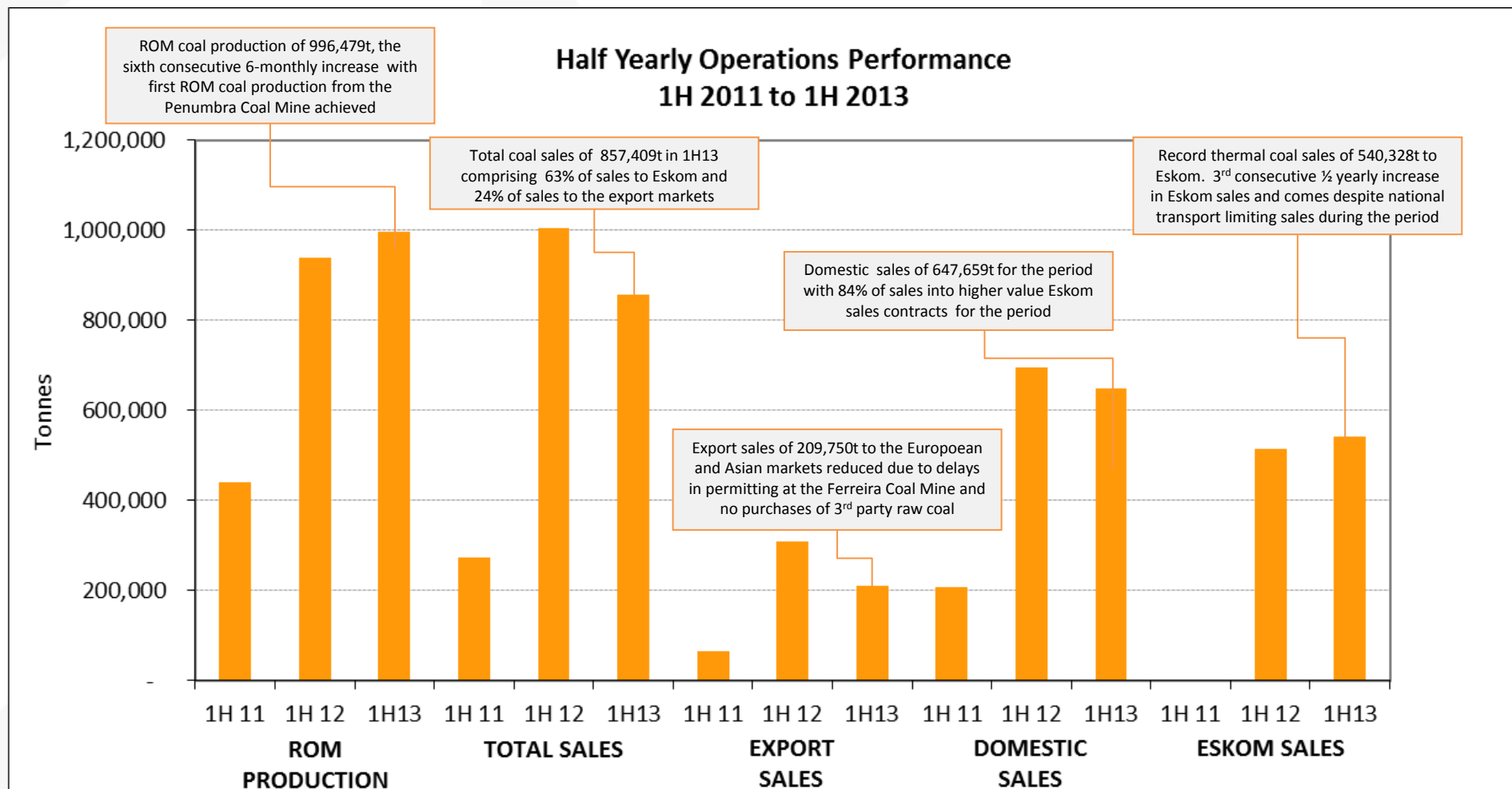


Operating Highlights

- First coal production and first export thermal coal sales from the Penumbra Mine
- Total ROM coal production of 996,479t, the sixth consecutive half yearly increase
- Record thermal coal sales to Eskom of 540,328t, the third consecutive half yearly increase
- Export thermal coal sales of 209,750t
- Penumbra Mine on track to be completed within the approved ZAR328m budget
- Approvals received for the Ferreira Coal Mine to extend into adjacent Prospecting Rights and extend operating mine life
- Optimisation work on the De Wittekrans Coal Project demonstrated opportunity to enhance technical and financial fundamentals and accelerate project development
- Maiden JORC Resource of 2.2 Billion Tonnes on the Kweneng Coal Project, one of the Group's three prospecting licenses in Botswana
- Renewal of the Group's three prospecting licenses in Botswana for a further 2 years



Half Yearly Operational Performance



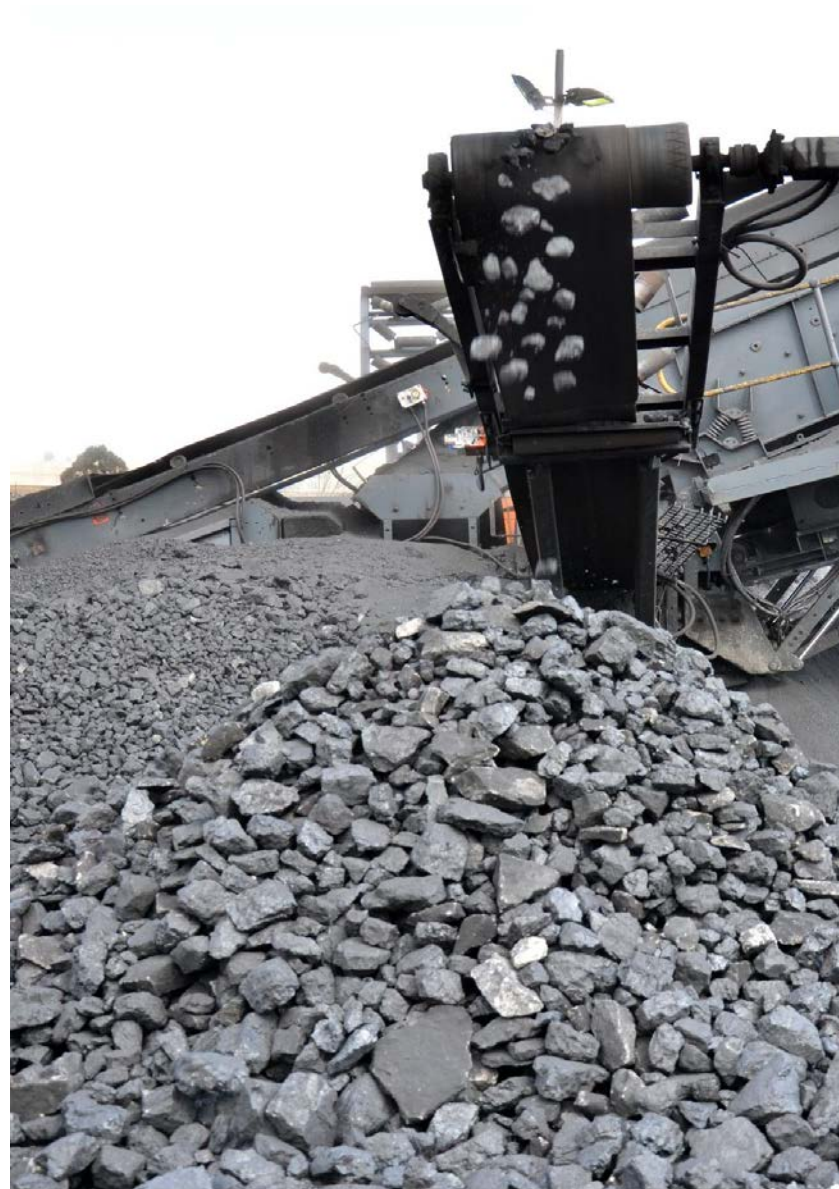
Operating Performance

- Vlakvarkfontein Mine
 - ROM production of 735,748t a 27% increase
 - Eskom sales of 540,328t, a 5% increase
 - Mining costs of ZAR76/t ROM
 - Total FOT costs of ZAR125/t
 - Average sales price received ZAR181/t
- Ferreira Mine
 - ROM production of 258,037t, a -28% reduction
 - Export sales of 209,750t, a -32% reduction
 - Export processing yields of 68%, a +16% improvement
 - Mining costs of ZAR264/t ROM
 - Total FOB costs of ZAR689/t SALES
- Penumbra Mine
 - First ROM production of 2,694t achieved in December
 - Export processing yield of 26%
 - Ramp up of ROM production and export sales underway

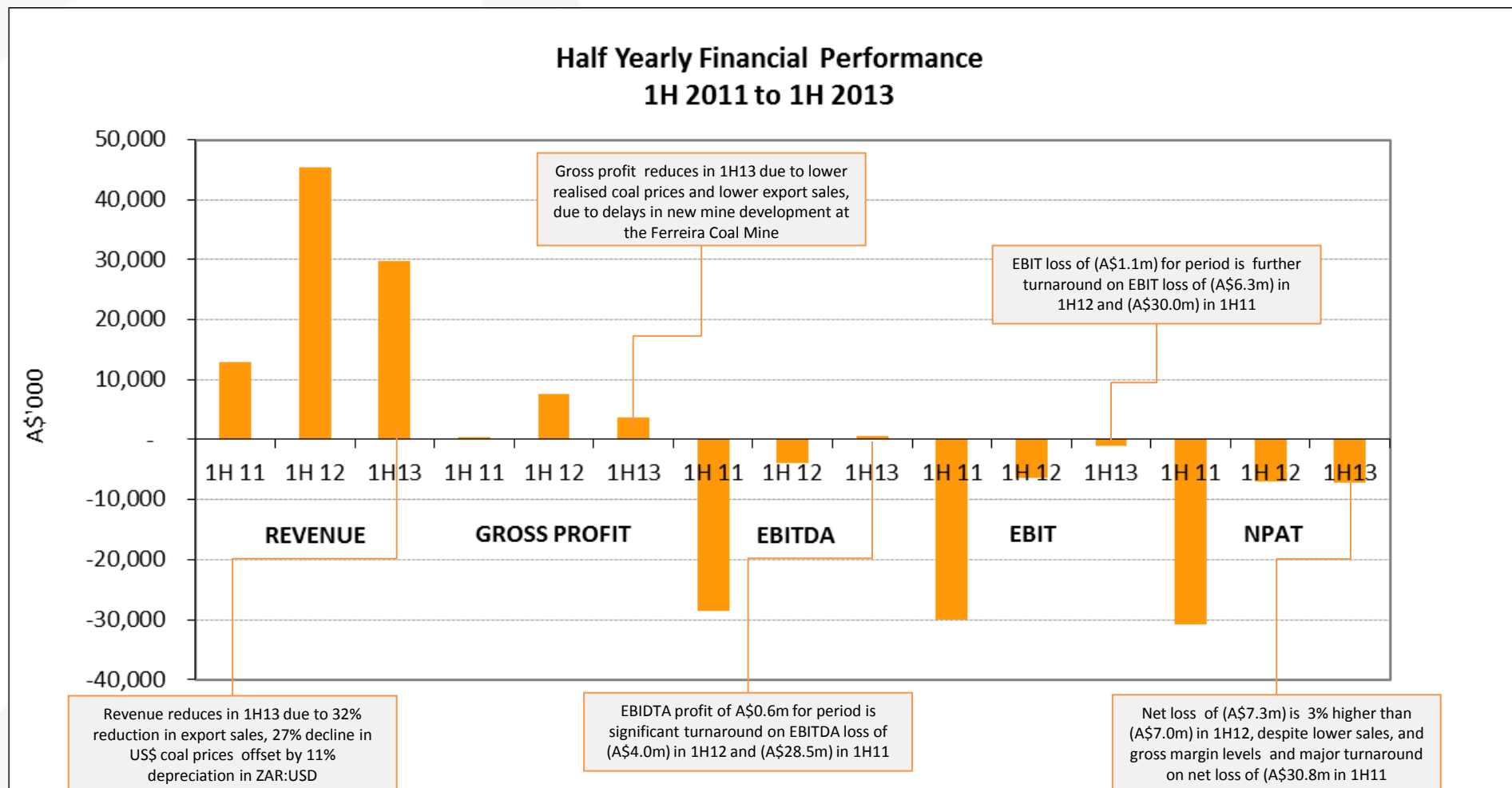
	HY 2013	HY 2012	(%)
ROM Production			
Vlakvarkfontein	735,748	579,796	+27%
Ferreira	258,037	357,668	-28%
Penumbra	2,694	0	n.a.
ROM Production	996,479	937,464	+6%
Feed to Plant			
Ferreira	323,253	523,003	-38%
Penumbra	3,260	0	n.a.
Total Plant Feed	326,513	523,003	-38%
Export Yields			
Ferreira	68.0%	58.6%	+16%
Penumbra	26.2%	0.0%	n.a.
Eskom Sales	540,328	512,940	+5%
Export Sales	209,750	309,445	-32%
Non-Select Sales	92,837	180,725	-49%
Other Sales	14,494	0	n.a.
Total Coal Sales	857,409	1,003,110	-15%

Financial Highlights

- Sales revenue of A\$29.7m impacted by softer export coal prices and delays in new mine development at Ferreira Mine
- Gross profit of A\$2.7m reported for the period
- EBITDA profit of A\$0.6m, a A\$4.6m turnaround on negative EBITDA of (A\$4.0m) in previous corresponding period
- Net Loss after Tax of (A\$7.3m), 3% higher than the previous (A\$7.0m) Net Loss after Tax due to lower export earnings
- Administration costs reduced by 59% and marketing/other expenses by 88%
- Finance expenses increased to A\$5.8m, and includes almost 50% of non-cash charges
- Drawdown of the ABSA Capital debt facilities
- Free cash balances reduced following funding of Penumbra Mine development and pay down of trade creditors
- Total liabilities increased by only A\$1.4m, despite approx. A\$15m drawing on the ABSA Capital debt facilities
- Net assets reduced by A\$5.0m, reflecting utilization of cash to fund Penumbra Mine development and unrealised foreign exchange losses arising from the translation of ZAR denominated assets



Half Yearly Financial Performance



Profitability

- Revenue of A\$29.7m declines by 35%, due to 32% fall in export coal sales, 27% decline in USD benchmark coal prices and marginally offset by 11% depreciation in ZAR:USD exchange rate
- Costs of sales decrease by 28%, due to reduced ROM production at Ferreira Mine
- Gross profit margin of 9.0%
- Gross profit of A\$2.7m
- EBITDA profit of A\$0.6m, a 115% improvement on EBITDA loss of (A\$4.0m) in HY 2012
- EBIT loss of (A\$1.1m), an 82% improvement on EBIT loss of (A\$6.3m) in HY 2012 and supports cost management initiatives
- Net Loss after Tax of (A\$7.3m), increases by 3% on Net Loss after Tax of (A\$7.0m) in HY 2012
- Administration expenses of (A\$4.5m) reduce by 59%
- Marketing and other expenses of (A\$0.6m) reduce by 87%
- Finance expenses of (A\$5.8m), includes A\$1.1m of non-cash charges associated with the classification of the Company's BEE partners investment in the Company's South African subsidiary, A\$1.1m of convertible non-cash convertible note interest accretion and A\$0.6m of a future royalty expensed

	HY 2013	HY 2012	(%)
A\$'000			
Sales Revenue	29,737	45,403	-35%
Cost of Sales	(27,053)	(37,759)	-28%
Gross Profit	2,684	7,644	-65%
Gross Profit Margin	9.0%	16.8%	-47%
EBITDA	603	(4,008)	+115%
EBIT	(1,134)	(6,300)	+82%
Net Profit After Tax	(7,291)	(7,046)	-3%

	HY 2013	HY 2012	(%)
A\$'000			
Admin Expenses	(4,461)	(11,011)	-59%
Finance Expenses	(5,772)	(1,445)	+299%
Marketing Expenses	(144)	(630)	-77%
Other Expenses	(433)	(3,607)	-88%
Total Expenses	(10,810)	(16,693)	-35%

Financial Position and Cash Flows

- Cash position reduced to A\$1.2m through funding commitment to the Penumbra Mine development, a secured cash deposit of A\$2.7m maintained as part of bank financing arrangements and major reduction in trade creditors
- Current assets of A\$23.5m
- Total assets of A\$200.6m
- Total assets reduce by 2%, primarily due to movement in foreign exchange rates on translation of ZAR denominated plant and equipment, development, and exploration expenditure
- Total liabilities increase by A\$1.4m, approx. 1%, despite A\$15m drawings made on the ABSA Capital debt facilities
- Total borrowings of A\$61.2m, comprised of A\$15m under ABSA Capital debt facilities, A\$14.5M convertible note facilities and A\$5.9m of other loans
- A\$25.8m of borrowings relates to investment made in the Group by SIOC-cdt, the Group's BEE Partner, which is repayable on a pro-rata with the intercompany loan payable to the Company (31 December 2012 A\$98.4m) and as such should not be viewed as a borrowing in the traditional sense from a third party financier
- Net asset backing of 12.74 cents per share

	HY 2013	HY 2012	(%)
A\$'000			
Free Cash	1,229	14,595	-92%
Total Current Assets	23,513	37,561	-37%
Total Assets	200,594	204,185	-2%
Current Liabilities	45,051	45,399	-1%
Total Liabilities	141,023	139,663	+1%
Net Assets	59,571	64,522	-8%
Net Assets (c/share)	12.74	14.98	-15%

	HY 2013	HY 2012	(%)
A\$'000			
Operating Cash flows	(2,223)	2,140	-203%
Investing Cash flows	(22,840)	(13,338)	+71%
Financing Cash flows	12,328	11,028	+12%
Change in Cash Held	(12,735)	(170)	-1798%
Closing Cash	1,229	11,251	-89%

Impact of Penumbra Mine in FY 2013

- First ROM production achieved in November 2012
- First export thermal coal sales achieved in December 2012
- Project development remains on schedule to be completed within approved ZAR328m budget with no cost overruns identified
- Outstanding mine development costs to be fully funded from ABSA Capital debt facilities
- Forecast ROM production for FY 2013 of 250,000t
- Coal processing through the Delta Processing Operations
- Forecast export thermal coal sales of up to 150,000t at total FOB costs of ZAR470/t
- Coal hedging program in place for approx. 646,000t at an average price of US\$123/t
- Forecast to double the Group's production and sales of high quality export thermal coal in FY2013
- Forecast to double the Group's earnings in the short to medium term



Strategic Focus For H2 FY 2013

- Maintain strong operational performance across the Group's three thermal coal mining operations
- Development decision on the De Wittekrans Coal Project - the Group's proposed 4th mining operation
- Strengthen balance sheet, increase working capital and reduce corporate debt
- Divestment of non-core assets
- Cost management initiatives to continue
- Cashflow from operations to fund principal activities
- Settlement of sale of shareholding in non-core VanMag Project
- Acquire outstanding minority interests in Mashala Resources
- Finalise strategic investment and long-term off-take agreement for De Wittekrans Coal Project
- Finalise joint venture and/or strategic investment in the Group's three prospecting licenses in Botswana

