

21 March 2013

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

**By e-lodgement**

**PENUMBRA COAL MINE RAMP UP IN PRODUCTION CONTINUES  
 FERREIRA AND VLAKVARKFONTEIN MINES CONTINUE TO OUTPERFORM**



*Underground Mining Activities at the Penumbra Coal Mine*

**Key points:**

- Run of Mine ('ROM') thermal coal production at Penumbra Coal Mine increases by 81% month-on-month as ramp up to steady state production by June 2013 remains on track
- Monthly underground production at Penumbra in February 2013 exceeds previous forecasts
- Second Joy 14HM15 Continuous Miner successfully commissioned underground and in full operation in February 2013 and further set to increase production in March 2013
- Export thermal coal sales from Penumbra Coal Mine increases by 75% month-on-month
- Ferreira Coal Mine ROM production in February 2013 of 63,456t exceeds budgeted ROM production for the month of 46,171t by 37%
- Vlakvarkfontein Coal Mine ROM production in February 2013 of 143,872t exceeds budgeted ROM production for the month of 109,459t by 31%

Continental Coal Limited (ASX:CCC/AIM:COOL) ("Continental" or "Company") the South African thermal coal production, development and exploration company, is pleased to provide an update on the Company's third operating coal mine, the Penumbra Coal Mine and an update on the

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Independent Non-Executive Chairman Mike Kilbride Chief Executive Officer Don Turvey Executive Director Jason Brewer  
 Non-Executive Directors: Johan Bloemsma Peter Landau James Leahy Connie Molusi

continued strong operating performance at the Company's Vlakvarkfontein and Ferreira Coal Mines and Delta Processing Operations in South Africa.

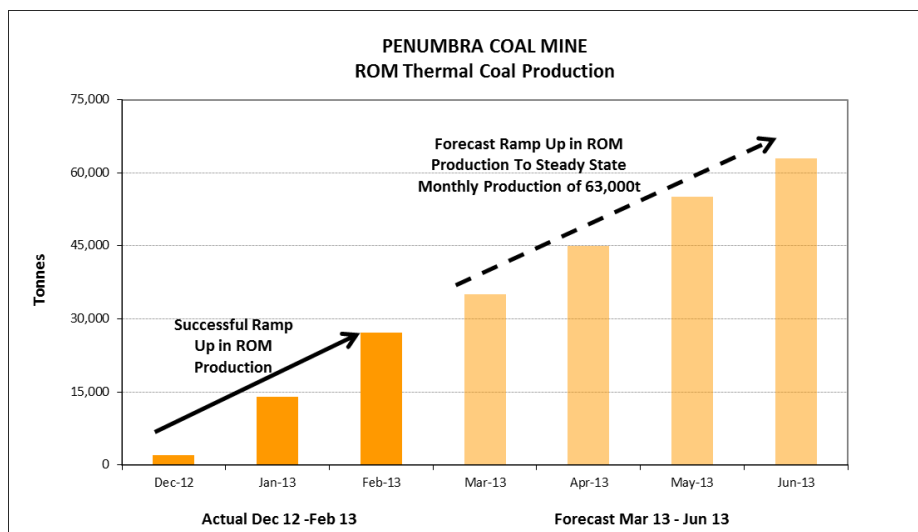
### Penumbra Coal Mine

Underground coal mining activities at the Penumbra Coal Mine continued to accelerate in February 2013 as the Company increased monthly ROM production, following the commissioning of the second Joy 14HM15 Continuous Miner underground on 18 February 2013 and as more coal panels were developed.



*Underground mining activities at the Penumbra Coal Mine*

Underground production in February 2013 was approx. 27,311t, a 93% increase on January 2013 monthly underground production of 14,031t. ROM coal production of 19,352t was achieved for the month, an 81% increase on ROM coal production of 10,716t achieved in January 2013. Production increased during the month as more panels were developed in the bord and pillar underground operations and following the commissioning of the second Joy 14HM15 Continuous Miner in the second section.



Underground ROM production in February 2013 was in line with the Company's previous forecast of 20,000-25,000t. Underground production of 35,000-40,000t is forecast for March 2013 with both Continuous Miners in full operation. ROM production for Q3 2013 of 75,000-80,000t is forecast with monthly budgeted ROM production of approx. 63,000t scheduled to be achieved by June 2013.

ROM coal from the Penumbra Coal Mine continues to be processed through the Company's Delta Processing Operations located 3km away and railed through to RBCT from the adjacent Anthra Rail

Siding. Primary export yields of 47.2% were achieved in February 2013, an increase on the 37.2% primary export yield achieved in January 2013. Primary export yields of approx. 67% are forecast to be achieved once the Penumbra Mine has achieved steady state operating levels by June 2013.

Export thermal coal sales from the Penumbra Coal Mine of 9,131t in February 2013 represents a 75% increase on the 5,212t of export thermal coal sales in January 2013.

The Company remains focused on completion of the outstanding mine development and construction work. With over 90% of development activities now completed, the remaining work is largely associated with construction of the main ventilation shaft, where pre-cementation work commenced during the month. All mine construction activities are scheduled to be completed by April 2013 and funded from the drawings under the ABSA Capital Debt Facilities.

The Penumbra Coal Mine has JORC compliant proven and probable reserves of 5.44Mt and total JORC compliant measured, indicated and inferred resources of 68.3Mt. The underground mining operation is forecast to produce 750,000 tonnes per annum of ROM coal over an initial 10 year mine life at forecast average total FOB costs of ZAR490/t (May 2011 terms), approx. USD\$57/t. The ROM production will be beneficiated through the existing and nearby Delta Processing Operations, which comprises a 1.8Mtpa coal processing plant and the 1.2Mtpa Anthra Rail Siding. Sales of 500,000tpa of a high quality export thermal coal RB1 specification coal product are forecast.

#### **Ferreira Coal Mine**

Mine operations at the Ferreira Coal Mine have continued to perform strongly in February 2013 following on from the establishment of the new opencast mining operations in the adjacent and adjoining Prospecting Rights in the December 2012 quarter.

In February 2013, monthly ROM coal production of 63,456t was achieved, 37% above budget and 12% above January 2013 ROM coal production of 56,886t. ROM coal production for the March 2013 quarter of 170,000t is now forecast which will exceed budget. Year to date total FOR costs have continued to remain below budget and have averaged ZAR556/sales tonne.

#### **Vlakovarkfontein Coal Mine**

The Vlakovarkfontein Coal Mine continues to outperform. ROM production in February 2013 of 143,872t, exceeded budget by 31% and was a 39% month on month increase on ROM coal production in January 2013 of 103,751t.

Total thermal coal sales of 140,244t exceeded budget, with 113,487t for Eskom and 26,757t of non-select coal sales. Monthly sales in February 2013 were a 25% month on month increase on total thermal coal sales of 111,992t achieved in January 2013. The Vlakovarkfontein Coal Mine is still forecast to exceed budgeted ROM production and thermal coal sales for FY2013.

Year to date mining costs at the Vlakovarkfontein Coal have averaged ZAR80/t ROM (approx. 20% below budget). Total FOT costs year to date have averaged ZAR134/sales tonne (approx. 10% below budget). Average sales price received year to date was ZAR193/t.

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 three operating mines, the Vlakvarkfontein, Ferreira and Penumbra Coal Mines, are set to produce at an annualised rate of 2.8Mtpa of thermal coal for the export and domestic markets. The Company's first underground mine, the Penumbra Coal Mine, commenced development in September 2011 and produced first coal in November 2012. In 2011, a Feasibility Study was also completed on a proposed fourth mine, the De Wittekrans Coal Project and further optimisation studies completed in 2012. The Company has further 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 Person 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 Coal Resources and Reserves on Penumbra 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.

### **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.