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

By e-lodgement

### **OPERATIONAL IMPROVEMENTS AT PENUMBRA COAL MINE**



*Penumbra Coal mine main ventilation shaft*

Continental Coal Limited (ASX: CCC) ("Continental" or "the Company") the South African thermal coal production, development and exploration company, is pleased to announce various operational improvements at its recently commissioned Penumbra Coal mine ("Penumbra").

Production build-up at Penumbra is on target to achieve its design capacity of 63,000 tonnes run-of mine ("ROM") per month by November 2013. ROM production for July and August 2013 increased to an average of 26,787 tonnes per month, a 35% improvement over the average monthly production of 19,895 tonnes per month achieved in Q2 2013.

The commissioning of the permanent ventilation shaft in August 2013 was the last remaining infrastructure required to reach the design capacity of 63,000 tonnes per month. With adequate ventilation in place since early September 2013 both continuous miner sections were fully operational and able to establish the planned mining outlay of 9 road production sections. ROM production for September 2013 already exceeds 20,000 tonnes and is trending towards the planned 40,000 tonnes for the month. Achieving the planned production for September 2013 will also alleviate logistical congestion around the main conveyor and lay a sound foundation for the planned 50,000 ROM tonnes planned for October 2013.

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Another positive development is the improvement in the yield as the mining sections are being established. The average yield for the month-to-date September 2013 is approximately 59%, a marked improvement on the average yield of 44% achieved in July and August 2013 and the average yield of 37% achieved in Q2 2013.

A drill-and-blast section will be added to the two continuous miner sections during November 2013 which will add additional flexibility to maintain the planned production rate. Each continuous miner section currently has two shuttle cars with the third cars expected in December 2013, creating further flexibility for steady state production.

All required surface infrastructure have been completed and the installation of the underground substations is now in progress. The installation of the substations has no impact on the planned production rate.

Commenting on progress made at Penumbra, Continental Chief Executive Officer, Mr Don Turvey said:

*"We are delighted with the significant progress made at Penumbra in such a short time. We had to hold back on production due to ventilation constraints up to the end of August 2013 but the successful commissioning of the ventilation shaft will now allow us to move towards full design capacity. The team has already taken the production step change now that they have been unleashed and will reach steady state production by November 2013. The Penumbra project is further establishing itself as a model project from design, through development and now aiming for steady state production. Experience gained during the Penumbra project execution will stand us in good use when we commence development of De Wittekrans in the near future."*

For and behalf of the Board



Don Turvey

Chief Executive Officer

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC/AIM: COOL) 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, producing approx. 2.8Mtpa of thermal coal for the export and domestic markets. A 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 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 De Wittekrans project, 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.