
REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

Continental Coal Limited ("Continental" or "the Company") is pleased to provide its operations report for the quarter ended 30 September 2013.

COMPANY HIGHLIGHTS

- **Operations**
 - ROM thermal coal production of 650,867t, a 20% increase on 2012
 - Sales of 563,220t, a 38% increase on 2012
 - 38% increase in export sales
 - 54% increase in plant feed
 - Penumbra production build-up on track to achieve design capacity in November 2013
 - Penumbra export yield improving to 61% (just below plan of 62%)
 - Vlakvarkfontein on track to meet production and cost guidance
- **Development project**
 - De Wittekrans mining right awarded
 - Optimization study substantially improved project economics with a 26% reduction in start-up capital and peak funding requirement decreasing to US\$35 million
- **Exploration projects**
 - Vaalbank receives approval for transfer of prospecting right
 - Earn-in agreement negotiated on certain Botswana exploration licences
- **Independent Competent Persons Report (CPR), prepared by Venmyn Deloitte, on all operating, development and exploration projects**
 - 252 million Total Tonnes in Situ (TTIS) Resources (inclusive of Reserves) attributable to Continental
 - 37 million marketable tonnes Reserves attributable to Continental
 - Attributable project valuation of ZAR1.1 billion (A\$114 million)
 - Penumbra reserves increased by approximately 33%
- **Corporate**
 - Advancing discussions to refinance/restructure convertible debentures
 - Restructuring of EDF loan to improve near term cash flow
 - Proposed listing on the Johannesburg Stock Exchange
 - Appointment of experienced Non-Executive Director and Chief Financial Officer

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Independent Non-Executive Chairman Mike Kilbride Chief Executive Officer Don Turvey Chief Financial Officer Lou van Vuuren
Non-Executive Directors: Johan Bloemsma Jason Brewer Ron Chamberlain Connie Molusi Bernard Swanepoel

1. OPERATIONS

1.1 Health and Safety

During the Quarter, three Dressing Station Case ("DSC") accidents were reported at the Company's mining and processing operations – two DSC accidents were reported at the Penumbra Underground Mine and one at the Vlakvarkfontein Mine. One reportable methane related incident has also occurred at the Penumbra Underground Mine during the quarter under review.

1.2 Operational performance

Operational performance (tonnes)			
	Quarter ended 30 September 2013	Quarter ended 30 September 2012	Change
Run of Mine (ROM) production			
Vlakvarkfontein	419,889	435,487	-4%
Ferreira	136,422	105,757	+29%
Penumbra	94,556	-	+100%
Total ROM production	650,867	541,244	+20%
Feed to plant			
Ferreira	153,234	161,648	-5%
Penumbra	95,529	-	+100%
Total feed to plant	248,763	161,648	+54%
Export yields			
Ferreira	73.8%	69.8%	+6%
Penumbra	51.5%	-	+100%
Domestic sales	407,948	296,395	+38%
Export sales	155,272	111,811	+39%
Total sales	563,220	408,206	+38%

Total ROM coal production for the Quarter of 650,867t was achieved from the Vlakvarkfontein, Ferreira and Penumbra Coal Mines. Total ROM production increased by 20% from the comparable quarter in 2012 and was 10% higher than the average quarterly ROM production of 593,044 achieved in the 2013 financial year.

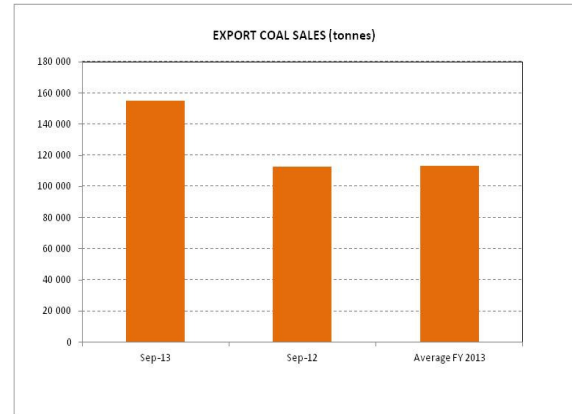
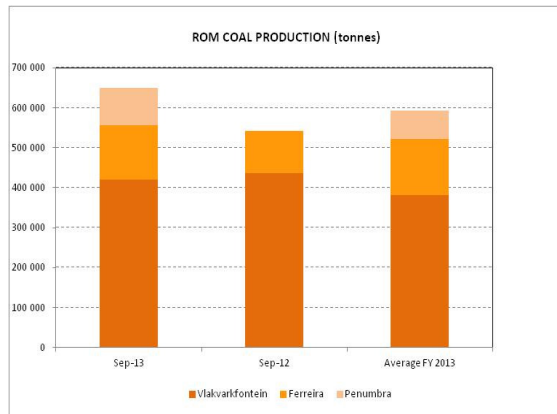
Feed to the Delta Processing Operations for the Quarter of 248,763t, represented a 54% increase to the comparable quarter in 2012.

Export yields for Ferreira increased to 73.8% during the quarter, a 6% improvement on the comparable quarter in 2012 and a 5% improvement on the export yield achieved during the 2013 financial year.

Export yields at Penumbra have shown a steady increase during the quarter with the average yield of 51.5% recorded a 40% improvement on the 36.4% yield achieved during

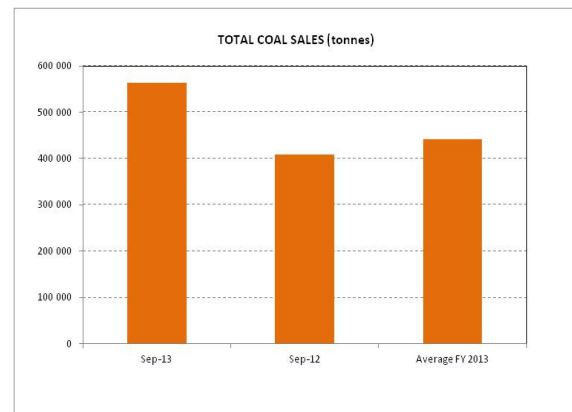
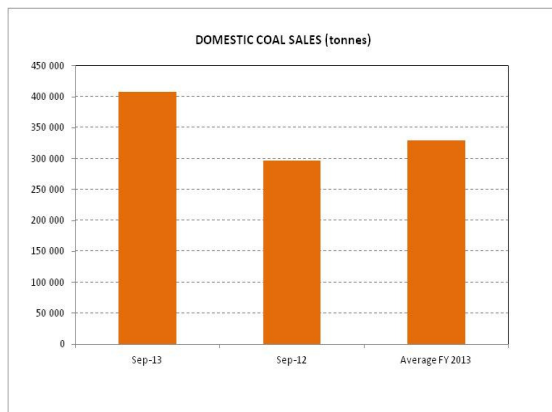
the 2013 financial year. The yield for September 2013 has increased to 61% which is just below the planned operating yield of 62%.

Increased total thermal coal sales of 563,220t were achieved for the Quarter, a 38% increase on the comparable quarter in 2012 and a 27% increase over the average quarterly sales for the 2013 financial year.



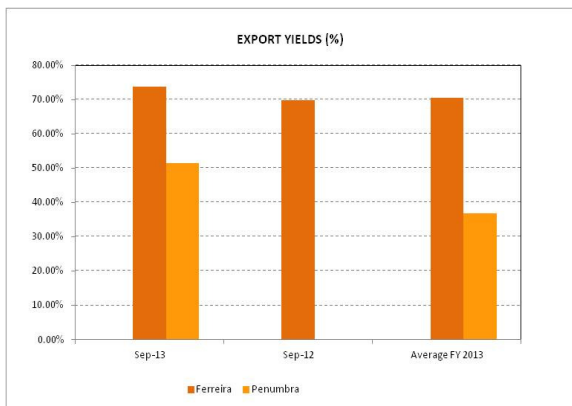
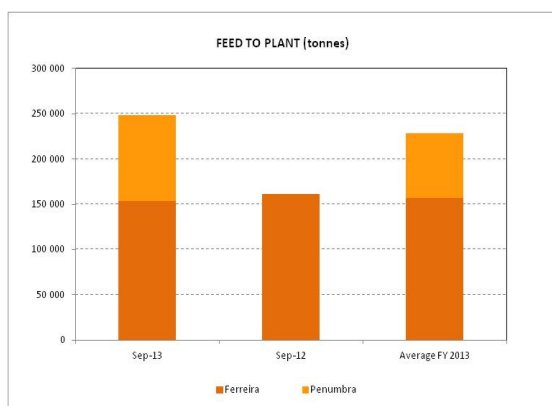
- 20% increase in ROM production

- 38% increase in export sales



- 38% increase in domestic sales

- 39% increase in total sales



- 54% increase in plant feed

- Significant improvement in Penumbra yield

1.3 Vlakvarkfontein Coal Mine

Vlakvarkfontein Coal Mine produced 419,889t ROM for the Quarter, which was 4% lower than the comparable quarter in 2012 and 10% above the average quarterly production achieved in the 2013 financial year. ROM production for the Quarter exceeded the budget of 346,125t by 21%. An average strip ratio of 2.1:1 was achieved for the Quarter.

Total thermal coal sales during the Quarter from the Vlakvarkfontein Coal Mine were 407,948t, a 38% improvement over the comparable quarter's sales of 296,395t and 24% above the average quarterly sales recorded for the 2013 financial year.

Sales during the quarter comprised 313,383t for Eskom and a further 94,565t of non-select coal sales.

Free-on-Truck (FOT) costs for the quarter were ZAR148/t (US\$14.80) which was 3% lower than the budgeted cost of ZAR152/t (US\$15.20).

Vlakvarkfontein is on target to achieve its planned production of 1.3 Mt ROM at a cost of ZAR152/t (US\$15.20) for FY2014.

1.4 Ferreira Coal Mine

ROM coal production at the Ferreira Coal Mine for the Quarter totaled 136,422t, a 29% increase on the 105,575t ROM mined in the comparable quarter in 2012 and 2% lower than the average quarterly Rom production in the 2013 financial year. An average strip ratio of 5.6:1 was achieved for the Quarter.

Export yields for Ferreira increased to 73.8% during the quarter, a 6% improvement on the comparable quarter in 2012 and a 5% improvement on the export yield achieved during the 2013 financial year.

Mining costs of ZAR225/t (US\$22.50) ROM with Free-on-Board (FOB) costs of ZAR655/t (US\$65.50) were recorded for the quarter which were in line with the ZAR662/t (US\$66.2) recorded for the 2013 financial year.

Ferreira is nearing its end of life and is forecasted to deplete its resource by November 2013.

1.5 Penumbra Coal Mine

The commissioning of the permanent ventilation shaft in August 2013 was the last remaining infrastructure item 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 be deployed in the planned mining outlay of 9 road production sections.

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 each with the third shuttle 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.

As a result of the inclusion of the South East block and upgrade of resources to reserves, the Penumbra Coal Mine reserves have increased by approximately 33% from 6.70Mt to 8.92Mt.

ROM coal production at the Penumbra Coal Mine for the Quarter totaled 94,556t. ROM production of 41,000t for September 2013 exceeded forecast and was a 53% increase over the average of 26,787t ROM per month reported for July and August 2013. Production build-up at Penumbra is on target to achieve its design capacity of 63,000t ROM per month by November 2013.

Export yields at Penumbra have shown a steady increase during the quarter with the average yield of 51.5% recorded a 40% improvement on the 36.4% yield achieved during the 2013 financial year. The yield for September 2013 has increased to 61% which is just below the planned operating yield of 62%.

Mining costs of ZAR159/t (US\$15.90) ROM with FOB costs of ZAR711/t (US\$71.10) were recorded for the quarter which were in line with the budget during the production build-up phase. The increase in ROM production and export yield achieved during September 2013 had a positive impact on costs with mining costs of ZAR125/t (US\$12.50) ROM and FOB costs of ZAR590/t (US\$59) recorded for the month.

Penumbra is on track to deliver 600,000t ROM during the 2014 financial year at a FOB cost of R530 (US\$53) per sales tonne.

2. DEVELOPMENT PROJECT

2.1 De Wittekrans Coal Project

Optimization work for De Wittekrans completed during the quarter has substantially improved the project economics and reduced the capital expenditure necessary to bring De Wittekrans into production. The start-up capital requirement has been reduced from US\$34 million to US\$25 million with a peak funding requirement of US\$35 million. Total project capital has been reduced from US\$180 million to US\$106 million.

The current mine plan includes only the B and C seams and entails a gradual ramp up of production over six years. It is anticipated that these two coal seams will be mined using an underground bord and pillar mining layout. Initially (first four years) only conventional (drill and blast) mining methods will be used with four continuous miners sections added from year five with steady state production reached in year six.

It is envisaged that the coal mined in the first four years be processed to produce an Eskom coal quality product only, using dry beneficiation x-ray sorting technology (contractor operated) to upgrade the raw ROM coal to Eskom quality specification. Further beneficiation tests will be performed at the Delta plant during the initial years of mining to optimize the plant design to produce an export product. Commencing in year four, a new wash plant (build, owned, operated and maintained by a contractor) will be constructed at De Wittekrans to be operational in year five. It is envisaged that a 26.5MJ/kg primary product for the Export market and 29.5% ash secondary product will be produced by this plant for the domestic power generation market.

The Mining Right for De Wittekrans was granted in September 2013 and the Company expects the Integrated Water Use License (IWUL) to be granted in Q2 2014. The South African Department of Mineral Resources (DMR) has recently informed the Company that they received an appeal in terms of Section 96 of the Mineral and Petroleum Resource

Development Act (MPRDA) to the Mining Right that has been awarded for De Wittekrans. Section 96 of the MPRDA allows interested and affected parties to appeal against an approved mining right on various grounds and also sets out the appeal process. The appeal was lodged by the Federation for a Sustainable Environment on behalf of surface right owners over which area the mining right was granted. They are appealing the process followed in application and awarding of the mining right as well as the ability of the proposed mining activity to comply with certain environmental and socio-economic requirements within the MPRDA and approved Environmental Management Program (EMPR). The Company, through its legal counsel, is responding to the appeal in terms of the process set out in Section 96 of the MPRDA. The IWUL application will continue while this appeal is being opposed. The funding strategy for De Wittekrans will be finalized in Q1 2014.

3. EXPLORATION PROJECTS

3.1 Vaalbank Coal Project

The South African Department of Mineral Resources ("DMR") has granted their consent for the transfer of the prospecting right during the quarter.

The Vaalbank coal exploration project is located adjacent to Total Coal's Forzando Colliery. This exploration project consists of a 50:50 joint exploration program with Forzando Coal, 74% owned by Total Coal South Africa, a subsidiary of international energy company, Total. Forzando Coal has been operating for more than 25 years in South Africa and currently produces over 4Mtpa of export quality thermal coal from the Dorstfontein Coal Mine, Forzando North and South Coal Mines and Tumelo Coal Mine. Under the terms of the joint exploration program, the Group and Forzando Coal will commence a two phase exploration program comprising of 20 exploration holes upon approval by both companies.

3.2 Botswana Coal Projects

During the Quarter, the Company continued in its discussions with several strategic parties in respect to potential joint ventures for the Company's three coal prospecting licenses in Botswana. The Company announced that it has entered into a term sheet with a third party to earn into certain of the Company's Botswana prospecting licences.

Subject to the completion of confirmatory due diligence on the licence areas, the funding party will obtain the option to earn into a maximum of 80% of Prospecting licences 339/2008 and 341/2008 by assuming exploration activities and costs up to November 2014. Continental will therefore retain a free-carry interest of 20% up to the completion of a Bankable feasibility study, subject to the right for the funder to acquire Continental's residual interest at an agreed price or its fair market value as determined by an independent valuer at that time.

The Company anticipates finalising of the earn-in agreement during Q4 2013 and also progress discussions on joint venture agreements on PL340.

4. COMPETENTS PERSONS REPORT

The Company released an independent Competent Persons Report (CPR), prepared by Venmyn Deloitte, on all of its operating, development and exploration projects during the quarter.

The CPR serves the purpose of identifying the current value of the Company's mineral assets and describes each of these mineral assets in terms of its historical and recent

exploration and mining data, which would have a bearing on the techno-economic value of the assets.

The CPR can be accessed on the Company's website www.conticoal.com.

4.1 Resource statement (inclusive of Reserves) as at 31 July 2013

	RESOURCE CATEGORY	PROJECT GROSS TONNES IN SITU (GTIS) (t)	TOTAL PROJECT TONNES IN SITU (TTIS) (t)	CONTINENTAL'S ATTRIBUTABLE INTEREST	ATTRIBUTABLE TTIS (t)
Vlakkvarkfontein	Measured	8 703 480	8 268 200	44%	3 638 008
Penumbra		8 421 911	7 579 700	74%	5 608 978
De Wittekrans		52 330 387	47 097 100	74%	34 851 854
Wesselton II		4 201 199	3 570 800	74%	2 642 392
Leiden		4 309 133	3 862 500	74%	2 858 250
TOTAL MEASURED		77 966 110	70 378 300		49 599 482
Vlakkplaats	Indicated	38 176 346	34 258 000	37%	12 675 460
Project X		2 969 951	2 672 000	56%	1 496 320
Penumbra		6 725 373	6 052 000	74%	4 478 480
De Wittekrans		73 733 941	66 358 000	74%	49 104 920
Vaalbank		8 809 511	7 928 000	52%	4 122 560
Wesselton II		5 112 340	4 344 000	74%	3 214 560
Leiden		1 996 754	1 794 500	74%	1 327 930
TOTAL INDICATED		137 524 217	123 406 500		76 420 230
Vlakkplaats	Inferred	16 276 680	12 190 000	37%	4 510 300
Wolvenfontein		36 725 119	31 200 000	74%	23 088 000
Project X		11 687 034	10 517 000	56%	5 889 520
De Wittekrans		66 618 671	59 940 000	74%	44 355 600
Knapdaar		42 064 528	35 750 000	74%	26 455 000
Vaalbank		13 937 555	12 540 000	52%	6 520 800
Wesselton II		8 648 522	7 330 000	74%	5 424 200
Mooifontein		3 092 970	2 620 000	74%	1 938 800
Leiden		12 057 828	10 851 400	74%	8 030 036
TOTAL INFERRED		211 108 906	182 938 400		126 212 256
GRAND TOTAL RESOURCES		426 599 233	376 723 200		252 231 968

4.2 Reserve statement as at 31 July 2013

PROJECT	RESERVE CATEGORY	MINEABLE TONNES IN SITU (MTIS) (t)	ROM TONNAGE (t)	PRIMARY MARKETABLE RESERVE (t)	SECONDARY MARKETABLE RESERVE (t)	CONTINENTAL'S ATTRIBUTABLE INTEREST	ATTRIBUTABLE MARKETABLE RESERVE (t)
Vlakovarkfontein	Proven	8 113 190	7 706 000	7 706 000	-	44%	3 390 640
Penumbra		4 950 810	3 506 000	1 699 000	986 000	74%	1 986 900
TOTAL PROVED		13 064 000	11 212 000	9 405 000	986 000	74%	5 377 540
Penumbra	Probable	7 676 668	5 411 000	2 955 000	1 052 000		2 965 180
De Wittekrans*		105 766 813	70 865 000	19 052 000	19 395 000		28 450 780
TOTAL PROBABLE		113 443 481	76 276 000	22 007 000	20 447 000		31 415 960
GRAND TOTAL RESERVES		126 507 482	87 488 000	31 412 000	21 433 000		36 793 500

Notes:

* The primary and secondary marketable coal reserves are subject to change in line with results from the coal revenue optimisation exercise that is currently being undertaken.

These coal resources and coal reserves have been defined in accordance with the 2007 South African Code for Reporting of Mineral Resources and Mineral Reserves Code (SAMREC Code). The SAMREC Code requires the use of the South African National Standard: South African Guide to the Systematic Evaluation of Coal Resources and Coal Reserves (SANS10320:2004) when classifying and reporting coal resources and reserves. SANS10320:2004 uses the principle of relative distances from boreholes with quality data for the classification of coal resources. This standard was utilised by the Company's consultants in calculating the project resources.

The above coal resource and coal reserve estimates are also in compliance with and to the extent required by the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves published by the Joint Ore Reserves Committee of The Australasian Institute of Mining, Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC Code). Similarly to the SAMREC Code, the JORC Code uses the principle of relative distances from boreholes with quality data for the classification of coal resources. The SAMREC Code distances are narrower than those required by the JORC Code, and hence, by reporting to SAMREC, the requirements of the JORC Code have also been met.

4.3 Economic assessment

The valuation depends principally on the stage at which the project has been developed, the geological confidence and the potential of the asset to demonstrate reasonable and realistic prospects for eventual economic extraction.

South African exploration and advance exploration assets were valued at the median of the cost approach (based on the historical cost incurred to date) and the market approach (based on recent transactions for similar assets). The Botswana exploration projects (Serowe and Kweneng prospecting licences) were valued using the cost approach.

Vlakkvarkfontein and Penumbra was valued on their Discounted Cash Flow (DCF) derived from the Life of Mine (LOM) models for these assets. The LOM models are based on current planned production rates, market consensus thermal coal prices over the LOM (average of US\$82 per tonne) and exchange rates (average of US\$1 = ZAR10) and future estimated operating costs and capital requirements. A discount rate reflective of the project risk has been used to determine the DCF value (12.1% – 12.6%). Due to Penumbra being still in its production build-up phase at the time of the valuation the preferred value was obtained as the median between the market approach and the DCF value calculated. The preferred value for De Wittekrans is based on the market approach due to the pre-development status of the project. A DCF value has however been calculated for De Wittekrans that indicates the potential DCF value of the project.

Summary of Results from Economic Assessments of Mineral Assets as at 31st July 2013

PROJECT	COST APPROACH (ZARm)	MARKET APPROACH (ZARm)	CASH FLOW APPROACH (ZARm)	PREFERRED VALUE (ZARm)	CONTINENTALS ATTRIBUTABLE INTEREST	CONTINENTAL'S ATTRIBUTABLE VALUE (ZARm)
Vlakkvarkfontein	N/A	239.35	312.76	312.76	44%	138.87
Penumbra	N/A	349.30	682.85	516.08	74%	381.90
De Wittekrans	N/A	599.18	935.57	599.18	74%	443.39
Ferreira*	N/A	N/A	0.00	0.00	74%	0.00
Vlakkplaats	2.48	10.20	N/A	6.34	37%	2.35
Wolvenfontein	10.00	11.02	N/A	10.51	74%	7.78
Project X	8.52	1.21	N/A	4.86	56%	2.70
Knapdaar	3.91	12.62	N/A	8.27	74%	6.12
Vaalbank	144.42	41.98	N/A	93.20	52%	48.28
Wesselton II	2.68	4.35	N/A	3.52	74%	2.60
Mooifontein	5.84	2.47	N/A	4.16	74%	3.08
Leiden	19.34	40.34	N/A	29.84	74%	22.08
Serowe	10.96	N/A	N/A	10.96	100%	10.96
Kweneng	5.48	N/A	N/A	5.48	100%	5.48
TOTAL	213.62	1 312.01	1 931.19	1 605.15	1 447.70	1 075.57

Notes:

(1) CCL holds a 50% shareholding and 60% economic interest.

* Ferreira will be mined out by November 2013.

5. CORPORATE

5.1 Convertible debentures

The Company is advancing discussions with a number of potential funders to refinance/restructure the convertible debentures that matures from November 2013 to February 2014 and expects to make further details available during November 2013.

5.2 EDF Loan restructure

The prepayment by EDF Trading of a Coal supply Agreement in 2011 has been restructured into a financial loan repayable through 24 monthly instalments commencing in July 2014. The loan bears interest at 10% per annum and interest will be capitalized until June 2014.

5.3 Proposed listing on the Johannesburg Stock Exchange

Continental Coal is pursuing the admission of its shares on the Main Board of the securities exchange of the JSE Limited. Investec Bank Limited has been appointed as sponsor and financial advisor for the proposed listing. The completion of the CPR during the quarter was a key requirement for the proposed listing. The Company and Investec are finalising the Pre-listing statement that will be presented to the JSE for review during Q4 2013.

5.4 Appointment of Non-Executive Director and Chief Financial Officer

Mr. Chamberlain, who joined the Company effective 4 October 2013, was appointed a Non-Executive Director. He is an experienced finance executive with 24 years' experience focussed on the resources industry. He brings a wealth of experience with Australian listed as well as private companies to the Board. Mr. Chamberlain is currently the Chief Financial Officer of Gunson Resources Ltd and held numerous executive and senior management positions in the resources industry in the past. During his career he has been involved with the successful development of numerous global resource projects. Mr. Chamberlain, who lives in Perth, Australia, holds a Bachelor in Commerce from the University of Western Australia and is a fellow of the Institute of Chartered Accountants in Australia.

Lou van Vuuren has been appointed as Chief Financial Officer ("CFO"), effective 2 September 2013, following the decision by Jason Brewer to step down so as to pursue other interests. Mr Brewer will remain on the board of Continental as a Non-Executive Director. Mr Van Vuuren began his career with PricewaterhouseCoopers ("PwC") in 1999. He left PwC in 2008, as an Associate Director in their global mining department to take up the role as Chief Financial Officer and later on interim Chief Executive Officer of international gold mining company Great Basin Gold Limited (2008 – 2012). During this time, he was responsible for formulating and implementing funding strategies in excess of US\$1 billion comprising various debt and equity structures, general corporate finance as well as business development and investor relations. Mr Van Vuuren, who is based in South Africa, is a qualified chartered accountant and member of the South African Institute of Chartered Accountants with more than 14 years mining and financial experience.

5.5 Appointment of RFC Ambrian as Joint Broker

The Company is pleased to announce that it has appointed RFC Ambrian Ltd ("RFC Ambrian") as a joint AIM broker to the Company, working alongside Investec, the Company's existing AIM broker. RFC Ambrian is the Company's nominated adviser in relation to its listing on the AIM market of the London Stock Exchange and is a well respected specialist advisory and broking group to the natural resources sector

Yours faithfully



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.

Competent Persons Statement

The information in this release that relates to Coal Resources on Vlakvarkfontein, Vlakplaats and Wolvenfontein 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 and holds a Ph.D from the University of the Witwatersrand (South Africa).

The information in this release that relates to Coal Resources on Penumbra, De Wittekrans, Knapdaar, 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.

The information in this release that relates to Coal Resources on Project X and Vaalbank is based on coal resource estimates completed by Mr. Coenraad van Niekerk, a full time employee of Gemecs (Pty) Ltd. Mr. van Niekerk is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400066/98) as well as a Member and Fellow of the Geological Society of South Africa. He has more than 38 years' experience in the South African Coal and Minerals industries.

The information in this release that relates to Coal Resources on Mooifontein is based on coal resource estimates completed by Mr. Dawie van Wyk, a full time employee of Geocoal services (Pty) Ltd. Mr. van Wyk is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 401964/83) as well as a Member and Fellow of the Geological Society of South Africa. He has more than 30 years' experience in the South African Coal and Minerals industries.

The Coal Reserves on Vlakvarkfontein, De Wittekrans and Penumbra is based on reserve estimates completed by Eugène de Villiers. Mr. de Villiers is a graduated mining engineer (B.Eng) Mining from the University of Pretoria and is professionally registered with the Engineering Council of South Africa (Pr.eng no – 20080066). He is also a member of the South African Institute of Mining and Metallurgy (SAIMM Membership no. 700348) and the South African Coal Managers Association (SACMA Membership no. 1742). Mr. de Villiers has been working in the coal industry since 1993 and has a vast amount of production and mine management as well as project related experience.

Forward Looking Statement

This document includes certain statements that may be deemed "forward-looking statements" and information. All statements in this document, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects to take place in the future are forward-looking statements and information. Although the Company believes the expectations expressed in such forward-looking statements and information are based on reasonable assumptions, such statements are not guarantees of future

performance and actual results or developments may differ materially from those in the forward-looking statements and information. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, drilling and development results, production rates and operating costs, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those stated.