



Continental Coal Ltd

ABN 13 009 125 651 ASX Code CCC

8 September 2011

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

By e-lodgement

SITE WORKS COMMENCE AT PENUMBRA COAL PROJECT



The Team at the Penumbra Project Site Ahead of Breaking Ground

Key Points:

- Mine development activities at the Penumbra Coal Project have commenced
- Mobilisation of key civil contractors to the Penumbra site completed
- Site establishment works underway with civil and earthworks associated with the initial box-cut excavation, terracing and pollution control works to be completed over the next 3 months
- Activities at the Penumbra Coal Project site to increase over the remainder of 2011 with decline development forecast to commence in late December 2011
- Penumbra to be the Company's third thermal coal mining operation in South Africa producing 500,000 tonnes per annum of a high quality export thermal coal product

South African focused thermal coal mining and production company Continental Coal Limited (ASX: CCC) ("Continental" or "the Company") is pleased to announce that development activities for the construction of the Penumbra Coal Project have now commenced. Key contractors appointed to complete the civil portion of the ZAR284m (approx. US\$40m) development of the underground coal mining operation have now mobilised to site and civil and construction works are underway and set to intensify over the balance of 2011.

South Africa
T +27 11 881 1420 **F** +27 11 881 1423 **W** www.conticoal.com
9th Floor Fredman Towers, 13 Fredman Drive, Sandton 2196
P.O. Box 787646, Sandton 2146

Australia
T +61 8 9488 5220 **F** +61 8 9324 2400 **W** www.conticoal.com
Level 3, 1 Havelock Street, West Perth, WA 6005
P.O. Box 684, West Perth WA 6872

Executive Chairman Andy Macaulay

CEO Don Turvey

Executive Director Peter Landau

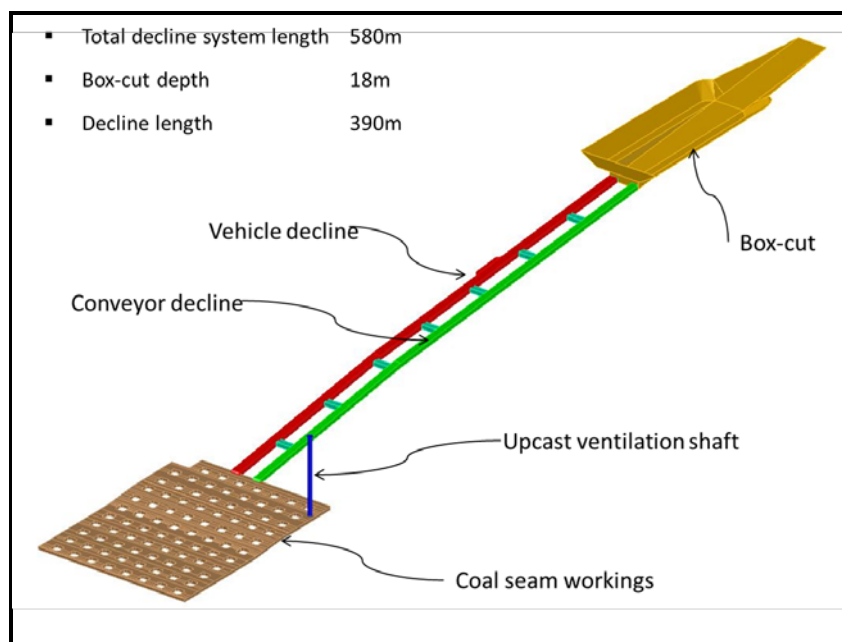
Executive Director Bruce Buthelezi

Continental's Chief Executive Officer, Mr Don Turvey, said the commencement of development at the Penumbra Coal Project was another fantastic milestone for the Company.

"Development at the Penumbra Coal Project has now finally commenced and all involved with the Company are looking forward to working towards a successful project development with our contractors TWP Projects and Leomat. Although delayed by several months, we have completed a detailed review of the bankable feasibility study, announced our first reserves for the Project and completed several optimisation studies that will have a significant impact on extending and enhancing coal mining operations". Mr Turvey said.

"It hard to believe that less than 18 months ago the Company was announcing the commencement of mine development activities at its first coal mine in South Africa, the Vlakvarkfontein Coal Mine, and we are now on track with our third coal mining operation all within 3 years of first acquiring coal projects in South Africa – an outstanding achievement," Mr Turvey added.

Activities at the Penumbra Coal Project site are now scheduled to increase significantly over the rest of the year as major civil and development works are progressed on site.



The Penumbra Coal Project Underground Schematic Layout

First production from the Penumbra Coal Project development is forecast to commence late Q1 2012/early Q2 2012 with full production achieved in the third quarter of 2012. Production of 750,000t of ROM coal production annually is forecast. The run-of-mine coal produced at Penumbra will be beneficiated through the existing Delta Processing Operations which comprises a 300tph coal processing plant and the 1.2Mtpa Anthra Rail Siding. Production of 500,000tpa of a primary export thermal coal product is forecasted. The export thermal coal product will be railed through to RBCT under existing rail contracts and sold to EDF Trading and other export Off-take agreements.

Ends

For and on behalf of the Board

Regards



Jason Brewer
Executive Director

For further information please contact:

Investors/ shareholders

Jason Brewer / Peter Landau
Executive Directors
T: +61 8 9488 5220

Don Turvey
Chief Executive Officer
T: +27 11 881 1420

Media

David Tasker
Professional Public Relations
T: +61 8 9388 0944

E: admin@conticoal.com
W: www.conticoal.com

E: david.tasker@ppr.com.au

About Continental Coal Limited

Continental Coal Limited (ASX:CCC : US-OTCQX:CGFAY) is a South African thermal coal producer with a portfolio of producing and advanced coal projects located in South Africa's major coal fields. Continental currently has two operating mines, Vlakvarkfontein and Ferreira, producing 2Mtpa of thermal coal for the export and domestic markets. In 2011 Continental is set to commence development of the Penumbra Coal Mine and complete a Bankable Feasibility Study on 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 recently signed a joint development agreement with KORES.

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 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.