29 February 2012

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

By e-lodgement

HALF-YEAR RESULTS

African focused coal mining investment and production company Continental Coal Limited ("**Continental**" or the "**Company**") is pleased to announce its Interim Financial Report and consolidated operating and financial results for the six months ended 31 December 2011.

Please find attached the following:

1. Appendix 4D – Half-Year Report
2. Half-Year Report incorporating the Directors' Report and the Consolidated Financial Report

For and on behalf of the Board.

Regards

Jason Brewer
Executive Director

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC/AIM: COOL/US-OTCQX:CGFAY) is a coal mining investment and production company. Its principal investment is a 74% interest in a South African thermal coal producer with a portfolio of projects located in South Africa's major coal fields including two operating mines, the Vlakvarkfontein and Ferreira Coal Mines, producing 2Mtpa of thermal coal for the export and domestic markets. A third mine, the Penumbra Coal Mine, commenced development in September 2011 and a Bankable Feasibility Study was also completed on a proposed fourth mine, the De Wittekrans Coal Project. Run of mine production of 7Mtpa is targeted in 2013. The Company has 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.

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.

Continental Coal Ltd

ACN 009 125 651

AND CONTROLLED ENTITIES

APPENDIX 4D
FOR THE HALF-YEAR ENDED

31 DECEMBER 2011

GIVEN IN ACCORDANCE WITH ASX LISTING RULE 4.2A.

CONTINENTAL COAL LIMITED
ACN 009 125 651
AND CONTROLLED ENTITIES

For the half-year ended 31 December 2011

Results for Announcement to Market

SUMMARY RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2011

The following is a summary of the financial results for the period ended 31 December 2011 (previous corresponding period 31 December 2010).

	Increase/ (Decrease) %	Six months ended 31 December 2011 $	Six months ended 31 December 2010 $
Revenue from ordinary activities	+284%	49,899,603	12,982,898
Profit/(Loss) before Interest and Tax **(EBIT)** from ordinary activities	+105%	1,446,706	(29,814,171)
Income tax benefit	-	-	-
Profit /(Loss) for the period attributable to members (**NPAT)**	+100%	1,991	(30,804,800)

Brief Explanation of above figures
Refer to the Review of Operations on page 3 of the attached Half Yearly Report for the period ended 31 December 2011.

Dividends
There were no dividends declared or paid during the period and the directors do not recommend that any dividend be paid.

Earnings Result

The net profit/(loss) of Continental Coal Limited for the year ended 31 December 2011 after providing for income tax was $1,991 (31 December 2010:($30,804,800)).

Earnings Per Share (EPS)	31 December 2011 Cents	31 December 2010 Cents
Basic profit/(loss) per share (cents per share)	0.83	(1.51)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	372,312,235 Post share consolidation	2,018,937,400 Pre share consolidation

The amount used as the numerator in calculating basic EPS is the same as the net profit/(loss) reported in the consolidated statement of comprehensive income.

Net Tangible Asset (NTA) Backing Per Share	31 December 2011 Cents	31 December 2010 Cents
Net assets backing per share (cents per share)	27.41	Pre Share Consolidation 3.58 Post Share Consolidation 35.80

JASON BREWER
Executive Director

Dated this 29th day of February 2012

Continental Coal Ltd

ACN 009 125 651

AND CONTROLLED ENTITIES

INTERIM FINACIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2011

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Continental Coal Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*

CONTENTS

C O R P O R A T E   D I R E C T O R Y

Directors

Mike KILBRIDE
(Non-Executive Chairman) – appointed 23 February 2012

Jason BREWER
(Executive Director)

Don TURVEY
(Executive Director)

Peter LANDAU
(Executive Director)

Connie MOLUSI – appointed 27 February 2012
(Non-Executive Director)

Andrew MACAULAY
(Non-Executive Director)

James LEAHY
(Non-Executive Director)

Bruce BUTHELEZI - resigned 19 September 2011
(Executive Director)

Company Secretary

Anthony EASTMAN
(Joint Company Secretary)

Jane FLEGG
(Joint Company Secretary)

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Country of Incorporation

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Facsimile: (08) 6382 6401

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PERTH WA 6000

ASX Code: CCC
AIM Code: COOL
OTCQX Code: CGFAY

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2011.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year:

Mike KILBRIDE (appointed 23 February 2012)	(Non-Executive Chairman)
Jason BREWER	(Executive Director)
Don TURVEY	(Executive Director)
Peter LANDAU	(Executive Director)
Connie MOLUSI (appointed 27 February 2012)	(Non-Executive Director)
Andrew MACAULAY	(Non-Executive Director)
James LEAHEY	(Non-Executive Director)
Bruce BUTHELEZI (Resigned 19 September 2011)	(Executive Director)

RESULTS

The consolidated entity incurred an operating profit/(loss) after tax of $1,991 (31 December 2010: ($30,804,800)).

The consolidated entity reported net cash flows from operating activities of $2,139,994 for the period (31 December 2010: $3,133,461) from its Vlakvarkfontein and Ferreira operating thermal coal mines.

The net assets of the group have increased by $5,781,523 in the 6 month reporting period from $105,907,420 at 30 June 2011 to $111,688,943 as at 31 December 2011.

FINANCIAL PERFORMANCE

RESULTS SUMMARY			
	Dec 2011	Dec 2010	**Change (%)**
Total Revenue (A$'000)	**49,890**	12,983	**+284%**
Gross Profit (A$'000)	**14,173**	394	**+3497%**
EBITDA (A$'000)	**2,992**	(28,495)	**+111%**
EBIT (A$'000)	**1,447**	(29,814)	**+105%**
Net Profit after Tax (A$'000)	**2**	(30,805)	**+100%**
Earnings Per Share (cents/share)	**0**	(1.51)	**+100%**

Consolidated total revenue for the half year increased by 284% to A$49.9m. Costs of sales increased by 184% to A$35.7m reflecting a full six months of operations at the Ferreira Coal Mine and Delta Processing Operations. Gross profit increased to A$14.1m from A$0.4m in the previous corresponding period.

Other costs and other expenses were reduced significantly over the period, with finance costs reduced by 82% to A$1.4m, consultants fees were reduced by 78% to A$2.2m and other expenses were reduced by 38% to A$7m with the majority of these costs associated with employee related costs, pre-feasibility and feasibility costs of the company's growth projects and capital raising fees.

Positive EBITDA of A$3.0m for the period was a A$31.5m turnaround on the negative EBITDA of (A$28.5m) in the previous corresponding period. EBIT of A$1.4m was achieved for the period compared to EBIT of (A$29.8m) previously.

A Net Profit of A$0.0m after minorities was achieved for the period, a 100% improvement and A$30.8m turnaround on the Net Loss of A$30.8m incurred in the previous corresponding period.

DIRECTORS' REPORT (cont'd)

Earnings per share improved by 100% during the 6 month period to 0.00cps from negative (1.51cps) in the previous corresponding period.

BALANCE SHEET SUMMARY			
	Dec 2011	Jun 2011	**Change (%)**
Cash at Bank (A$'000)	**11,251**	12,050	**-7%**
Current Assets (A$'000)	**33,339**	35,050	**-5%**
Total Assets (A$'000)	**179,060**	179,581	**-0%**
Current Liabilities (A$'000)	**43,273**	35,475	**+22%**
Total Liabilities (A$'000)	**67,371**	73,674	**-9%**
Net Assets (A$'000)	**111,689**	105,907	**+5%**
Net Assets (cents/share)	**27.41**	3.58	**+766%**

Cash at bank on 31 December 2011 totalled A$11.2m. The reduction in current assets is due primarily to reducing the lower value "non-select" coal product stockpiled at the Vlakvarkfontein Coal Mine. Total liabilities reduced by A$6.3m, primarily due to a revaluation of the EDF Trading coal prepayment and the amortisation profile.

Net assets increased by A$5.8m over the period to A$111.7m as at 31 December 2011 with net asset backing per share of 27.4 cents per share.

OPERATING PERFORMANCE

Health and Safety

For the 6 months ended 31 December 2011 no Lost Time Injuries were reported at the mining and processing operations conducted at the Ferreira and Vlakvarkfontein Coal Mines, the Delta Processing Operations or at the development and construction activities conducted at the Penumbra Coal Mine.

The rolling 12 month Lost Time Injury Frequency Rate for both the Ferreira Coal Mine and Delta Processing Operations remains at zero. The Ferreira Coal Mine and Delta Processing Operations achieved 831 and 1,080 calendar days without Lost Time Injury as at 31 December 2011. The Vlakvarkfontein Coal Mine has only had one Lost Time Injury since development activities commenced in February 2010. The current Lost Time Injury Frequency rate is 2.90. The Penumbra Coal Mine has not reported any Lost Time Injuries since development activities commenced on 3 September 2011.

Mine Operations – Vlakvarkfontein and Ferreira Coal Mines and Delta Processing Operations

OPERATIONS PERFORMANCE FOR 6 MONTHS TO DECEMBER 2011					
	Vlakvarkfontein	**Ferreira**	**Dec 2011**	**Dec 2010**	**DIFF (%)**
ROM Production	579,796	357,668	**937,464**	**441,234**	**+112%**
Coal Purchases	-	183,285	**183,285**	**43,005**	**+226%**
Coal Processed	-	523,003	**523,003**	**115,676**	**+352%**
Yield	100%	58.6%	**80.1%**	**96.0%**	**-17%**
Coal Produced	579,796	303,490	**883,286**	**466,753**	**+89%**
Export Coal	-	290,760	**290,760**	**62,333**	**+366%**
Domestic Coal	579,796	12,730	**592,526**	**404,420**	**+47%**
Coal Sales	693,665	309,445	**1,003,110**	**271,794**	**+269%**
Export Sales	-	309,445	**309,445**	**64,516**	**+380%**
Domestic Sales	693,665	-	**693,665**	**207,011**	**+235%**

DIRECTORS' REPORT (cont'd)

Run-of-mine coal production increased by 112% from both the Vlakvarkfontein and Ferreira Coal Mines over the period. Record run-of-mine production was achieved over the period primarily as a result of a full 6 months of production from the Ferreira Coal Mine where production increased by 502% and production at the Vlakvarkfontein Coal Mine increased by 32%.

Coal processed through the Delta Processing Operations was a record 532,003t for the period, a 352% increase on the 115,676t in the previous corresponding period. Coal produced for the period totalled 883,286t, an 89% increase on the previous corresponding period of 466,753t. Record production of 592,526t of a domestic thermal coal product and 309,445t of a high grade export thermal coal product was achieved.

Total coal sales of 1.0Mt, a 269% increase on the previous corresponding period comprised 309,445t of a high grade export thermal coal product, a 380% increase and 693,665t of a domestic thermal coal product, a 235% increase.

Development Projects - Penumbra Coal Mine

Development activities at the Company's proposed third thermal coal mining operation, the Penumbra Coal Mine, commenced during the reporting period. The mobilisation of contractors commenced in September 2011 and was achieved 18 months after the Company mobilised contractors to its first mine development, the Vlakvarkfontein Coal Mine, in February 2010.

The Penumbra Coal Mine is being developed as a conventional underground, room and pillar coal mining operation. Access is from twin declines developed at a 1:7 inclination from the high-wall of an 18m deep box-cut to mine the C-Lower coal seam. The declines will have a length of approx. 390m. One will be equipped with a conveyor and the second serving as a trackless equipment travelling route. Two mechanised coal production sections are planned, each with a Joy continuous miner. Run-of-mine production of 0.84Mtpa will be beneficiated through the Delta Processing Operations. Sales of 0.5Mtpa of a high quality export thermal coal product are forecast. The export thermal coal product will be railed through to the Richards Bay Coal Terminal under existing rail contracts and sold to EDF Trading and to other parties under export off-take agreements. At forecast average total costs of ZAR490/t FOB (May 2011 terms), the Penumbra Coal Mine is forecast to generate annual free cashflow of A$22m based on current exchange rates and export thermal coal prices.

During the six month period ended 31 December 2011, under the management of CCL's Owners Team and TWP Projects, as the appointed EPCM contractor for the Penumbra Coal Mine, the principal earth works contractor, Leomat (Pty) Limited ("Leomat') completed development of the box-cut ahead of schedule and on budget. Leomat also completed the civil construction for all site development works and surface coal handling facilities, as well as earth works for the pollution control dam, the security berm around the site and terrace for the site buildings, as well as the access roads and associated stormwater drainage. Also during the period Murray & Roberts, South Africa's leading engineering, contracting and construction services company were awarded the ZAR96m contract to complete development of the twin declines. Murray & Roberts successfully mobilised to site at the Penumbra Coal Mine in December 2011.

The Company also advanced the awarding of the contracts for the construction of the power line from the sub-station at the Delta Processing Operations to the Penumbra Coal Mine site and for the construction of the base for the co-disposal dam for the discard material from the wash plant. In addition the underground mining equipment tenders were finalised by the Company and TWP Projects, for the ZAR116m equipping of the two production sections with continuous miners and shuttle cars. To date over 60% of the development capital has now received firmed quotes from the preferred contractors, construction companies and suppliers that are in line with the Company's budget of approx. US$40m. All current development activities are proceeding in line with this budget and are slightly ahead of schedule.

First production from the development of the underground mining operation at the Penumbra Coal Mine is forecast to commence in Q3 2012 with full production rate targeted to be achieved in 6 months.

Development Projects - De Wittekrans Coal Project

During the six months period ended 31 December 2011, the Company completed its review of the preliminary draft of the Bankable Feasibility Study on the De Wittekrans Coal Project completed by study managers TWP Projects. The study demonstrated to the Company that the De Wittekrans Coal Project is both a technically and economically viable project and has the potential to generate significant returns for shareholders.

DIRECTORS' REPORT (cont'd)

The preliminary draft of the Bankable Feasibility Report proposes that the De Wittekrans Coal Project is developed as a conventional opencast and underground mine. Opencast mining is proposed initially at a rate of 100,000t/month over a five year period. Underground development is proposed to commence in the second production year. Underground mining is proposed to utilise six continuous miner sections with production forecast to continue for +30 years. Planned processing of the 3.6Mtpa ROM production will be through a new 600t/hour dense medium separation wash plant.

Production of 1.7Mtpa of a domestic thermal coal product and a further 0.8Mt of a high quality export thermal coal product is forecast to be railed from a new rail siding and sold FOB at the Richards Bay Coal Terminal.

The key findings of the preliminary Bankable Feasibility Study Results are summarised below:

DE WITTEKRANS COAL PROJECT PRELIMINARY RESULTS OF THE BANKABLE FEASIBILITY STUDY (July 2011 terms)	
Reserves and Mine Life	
Mine Life	33 years
Saleable Reserves	43.8Mt
Gross In Situ Resources	167.0 Mt
Run of Mine (ROM) Production	
Annual ROM Production	3.6 Mt
Total Open Pit ROM Production	6.1 Mt
Total Underground ROM Production	110.0 Mt
Coal Sales	
Annual Domestic Coal Sales	1.7 Mt (20.0MJ/kg Eskom Product)
Annual Export Coal Sales	0.8 Mt (27.5MJ/kg RB1 Export Product)
Forecast Sales Revenue	
Annual Domestic Coal Sales	ZAR308m (A$36m)
Annual Export Coal Sales	ZAR724m (A$89m)
Estimated Operating Expenses	
Annual Operating Expenses	ZAR486m (A$60m)
Average Unit Operating Expenses	ZAR140/t ROM (A$17/t ROM)
Average Operating Expenses	ZAR428/t Export (A$52/t Export)
Estimated Up-Front Capital Costs	
Surface Infrastructure and Siding[1]	ZAR554m (A$68m)
Coal Wash Plant[1]	ZAR308m (A$38m)
Underground Development	ZAR838m (A$103m)
Forecast Cashflow	
Annual Free Cashflow After Tax	ZAR270m (A$34m)

Assumes ZAR:USD of 7.75:1, A$:USD of 1.05:1, domestic coal sales at ZAR9.00/GJ and API4 Coal Price of US$110/t.

[1] If developed and funded 100% by the Company and ignoring Coal Wash Plant BOOM, Toll Treat and Joint Venture Options that have the potential to reduce up-front capital commitments by approx. ZAR468m and accelerate project development and first coal production

The De Wittekrans Coal Project is forecast to have total operating costs (July 2011 terms) of ZAR449/t of export coal. Total up-front capital to be spent over the initial three years for the De Wittekrans Coal Project of ZAR1.7bn, comprises ZAR394m of surface infrastructure, ZAR308m for the coal wash plant, ZAR160m for offsite infrastructure and rail siding construction and ZAR838m f underground mine development. The up-front capital is offset over this period by approx. ZAR254m of operating cashflow from the initial three years of open cast operations.

Exploration Projects - Vlakplaats Coal Project

During the six months period ended 31 December 2011, the Company and its joint venture partners, KORES and Masawu Investments (Pty) Ltd ("Masawu") continued exploration and development work on the Vlakplaats Coal Project. A ZAR32.5m budget has been approved to take the project through to completion of a Bankable Feasibility Study.

DIRECTORS' REPORT (cont'd)

The Vlakplaats Coal Project is located 80km east of Johannesburg and 25km southwest of the Vlakvarkfontein Coal Mine. The Vlakplaats Coal Project has a JORC compliant inferred resource of 187.7Mt. Preliminary development studies of the Vlakplaats Coal Project have indicated that the project has the potential to be developed as an initial open cast operation followed by a bord and pillar underground operation mining both the 2 and 4 coal seams and producing up to 150,000 tpm of ROM coal for sales to the export and domestic market.

Exploration work during the period was concentrated on the potential open cast area in the northwest of the project, with additional work focused on the environmental management plan.

The Company believes that the joint venture with KORES on the Vlakplaats Coal project is of particular strategic importance given it is KORES' first investment in South Africa's coal sector and follows substantial investment by KORES in coal projects worldwide, including interests in 10 coal mines in Australia producing in excess of 25Mtpa.

Exploration Projects - Wolvenfontein Coal Project

During the six months period ended 31 December 2011, the Company completed the acquisition of the Wolvenfontein Coal Project for total consideration of ZAR10.4m that was paid in equity.

The Wolvenfontein Coal Project is located less than 5km to the west of the Vlakplaats Coal Project and its acquisition further consolidated the Company's position in the Delmas area and around the Vlakplaats Coal Project. The Wolvenfontein Coal Project has a JORC compliant inferred resource of 36.7Mt, a valid Prospecting Right and in addition to its proximity to infrastructure, it is bordered by four operating collieries and a number of advanced projects.

Exploration Projects – Botswana

The Company through its Botswana subsidiary, Weldon Investment (Pty) Ltd, holds three prospecting licenses covering an area of 964km² in Botswana. The licenses, PL339/2008 and PL340/2008 are known as the Serowe Project, and PL341/2008 is known as the Kweneng Project.

During the six months period ended 31 December 2011 the Company commenced an initial two phase diamond drilling exploration program. The Company appointed Analytika Holdings (Pty) Ltd ("Analytika") as its in-country Project Managers. Analytika is a highly experienced geological and mine consultancy group based in Gaborone, Botswana, that has both completed and is currently conducting several exploration drilling programs in Botswana. The Company also appointed independent Botswana based exploration drilling company Discovery Drilling Contractors Africa (Pty) Ltd ("Discovery Drilling") to complete the diamond drilling program.

Discovery Drilling operated three drill rigs across the two project sites during the half year period with a total of ten diamond drill holes completed on each of PL340/2008 and PL339/2008 at the Serowe Project. Drilling at the Kweneng Project on PL341/2008 commenced in late November 2011 with just two holes completed prior to drilling works being stopped on 9 December 2011. A further 8 holes were completed subsequent to the reporting date in the March 2012 Quarter.

The drilling program of wide spaced (4km) boreholes at the Serowe Project on PL339/2008 and Pl340/2008 has defined the presence of major coal bearing carbonaceous zones in the central and northern portions of PL339/2008 and in the western and northern portions of PL340/2008. These zones correlate to the main Tshimoyapula and Lechana Coal Basins and to a lesser extent to the Morupule Coalfield area. A number of diamond holes were also drilled in the central and southern parts of PL339/2008 and eastern part of PL340/2008 as part of the Company's requirement to relinquished part of the landholding as part of the renewal of the licenses.

The drilling program at the Kweneng Project PL341/2008 commenced late in the Quarter, with two rigs on site in late November. Drilling of KW07 and KW08 were completed during the Quarter before drilling works were stopped on 9 December, core logging and sampling continued until 15 December and sample despatch until 22 December.

Preliminary results from the exploration program have indicated that the diamond drilling has intersected major coal bearing carbonaceous zones. Drilling on PL340/2008 on the north-western boundary of the license has indicated a coal mineralised strike length of approx. 20km and confirms previous historical results from exploration programs completed in the 1980s.

DIRECTORS' REPORT (cont'd)

Drilling on PL339/2008 on the north-eastern boundary, closest to PL340/2008 has further intersected major coal horizons and indicated a continuation of the identified coal horizons across from PL340/2008.

Boreholes across PL339/2008 and PL340/2008 with coal were geophysically logged by Poseidon Geophysics and the following parameters recorded: natural gamma, density and calliper. Samples have been taken from all the major coal horizons including inter-bedded coals and carbonaceous mudstones. Individual seams >1.0m thickness were sampled separately and sent to an accredited laboratory in South Africa for quality determination. Analytical results, originally due in January 2012, have been delayed and are expected to be received by the Company in the March 2012 Quarter.

Exploration Projects – Other

During the six months period ended 31 December 2011, the Company submitted a proposal to the Kenyan Government to participate in exploration and feasibility work on one of four concession blocks within the Mui Coal Basin covering 490km^2 and situated in the Mutitu, Mwingi East and Mwingi Central Districts of Kenya. The Company was advised that Chinese company Fenxy Mining Industry had been successful in its tender for one of the four concession blocks. The Company has continued to express its interest in one the other 3 concession blocks.

The Company continued its review of advanced and producing thermal and coking coal assets in Southern Africa, North America, Australia and Colombia. In addition several early stage exploration opportunities were reviewed. No firm decisions or commitments by the Company were made on these opportunities during the reporting period.

CORPORATE PERFORMANCE

Broad Based Black Economic Empowerment Investment in Continental

In November 2011 the Company and the Sishen Iron Ore Company Community Development Trust ("SIOC-cdt") executed Subscription and Shareholder Agreements under which SIOC-cdt has become the Company's new partner in South Africa.

The partnership with SIOC-cdt is considered by the Company to be a landmark agreement and will likely have a major impact on its business activities and opportunities in South Africa.

SIOC-cdt is an established and highly successful Broad Based Black Economic Empowerment Company that holds a 3% interest in Sishen Iron Ore Company ("SIOC"), the operator of the Sishen, Sishen South and Thabazimbi iron ore mines, Africa's largest iron ore mining operations.

SIOC-cdt was established in 2006 as a broad based socio-economic empowerment ownership initiative as part of Anglo American PLC's unbundling of South African-based mining group Kumba Resources into two companies: Exxaro Resources and Kumba Iron Ore. Kumba Iron Ore is a 74% shareholder and the manager of SIOC. The 26% BEE partners in SIOC are made up of Exxaro (20%), SIOC-cdt (3%) and an employee trust (3%). SIOC is the operator of the Sishen, Sishen South and Thabazimbi iron ore mines. The value of SIOC-cdt's shareholding in SIOC is valued at approx. ZAR6.5 billion (approx. US$0.8 billion). For the 6 months to 30 June 2011, SIOC-cdt received an interim cash dividend of ZAR284 million from Kumba.

Under the terms of the agreement, SIOC-cdt has agreed to acquire the 26% interest in the Company's subsidiary in South Africa, currently held by Masawu. SIOC-cdt will assume the ZAR215m intercompany loan that has accrued between CCL and Masawu since October 2008 and has further agreed to repay to the Company ZAR140m upon settlement of the transaction. The Company will re-invest the approx. A$20m loan repayment directly back into its South African business.

During the period the Company and CCL continued to progress the various administrative matters necessary to satisfy the conditions precedent to allow settlement of the transaction to proceed. Subsequent to the end of the period the Company advised that it had satisfied all the key conditions precedent and was in the process of finalising the few remaining conditions precedent with settlement of the transaction scheduled to take place in the March 2012 Quarter, with the ZAR140m to be advanced to the Company.

Following completion of the transaction, SIOC-cdt has the right to appoint one director to the Company's Board and further have two directors, including the chairmanship of the board of the Company's subsidiary in South Africa.

DIRECTORS' REPORT (cont'd)

ABSA Capital Debt Funding

The Company has executed secured loan documented with ABSA Capital. ABSA Capital has committed secured aggregate debt facilities of approx. US$65m. ABSA Capital is a division of Absa Bank Limited, one of South Africa's largest financial service providers and a subsidiary of Barclays Bank PLC.

The Company believes that the finalisation of the loan financing agreements with ABSA Capital, is a further key milestone in the growth of the Company and a major sign of support for our coal mining strategy in South Africa.

Documentation has been completed to allow the Company to proceed to draw down on the US$35m term loan facility to meet the Penumbra Coal Mine development costs. During the reporting period the Company continued to satisfy conditions precedent that is standard for a facility of this nature. No drawings were made as at 31 December 2011.

The Company will proceed to drawdown the US$35m tranche that is to be used to fund the development costs of the Penumbra Coal Mine, only when required, and in line with the project's current development schedule. The drawdown will follow CCL's expending its balance up-front of the projects development costs not met from the US$35m from its existing cashflow and upon fulfilment of all remaining conditions precedent.

The Company is currently anticipating to draw on the US$35m tranche late in the March 2012 quarter and is currently not proposing to utilise any of the other tranches of funding.

As part of the debt funding with ABSA Capital, a coal and foreign exchange hedging program has been established to mitigate its exposure to a sustained fall in US$ coal prices or an appreciation of the ZAR:US$.

Total hedging of 664,550t of coal over the life of the term loan facility, representing only 12% of the JORC compliant reserves at the Penumbra Coal Mine, has been committed at an average price of ZAR1,057/t. The hedging has been achieved at a +50% premium to the average 3 and 5 year prices of approx. ZAR690/t. The average hedged coal price is at a premium to the highest coal price of ZAR983/t seen over the past 3 years and is forecast to provide robust margins to the Penumbra Coal Mine's forecast total FOB costs of ZAR490/t (May 2010 terms).

Sale of Vanmag and Magnetite Exploration and Development Co (SA) (Pty) Limited

The Company progressed the sale of its shareholding in Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Limited ("Vanmag") during the reporting period. The sale, when completed will result in net proceeds of approx. US$10m to be received by the Company.

The Company received all the outstanding necessary approvals for the sale of its interest in Vanmag to a Chinese based steel manufacturer. Conclusion of the transaction is now just dependent upon financial settlement by the buyer. The Company has worked closely with the buyer whilst it sought approval for the remittance of funds from China to South Africa. Settlement was delayed during the period as a result of these outstanding approvals of the buyer. The Company has committed to working with the buyer as it now looks to obtain the approvals necessary to complete settlement of the acquisition of Vanmag over the March 2012 Quarter.

Moves to Acquire 100% of Mashala Resources (Pty) Limited

During the reporting period documentation for the acquisition by CCL of the outstanding minority interests in Mashala Resources was completed and settlement is scheduled to take place in the March 2012.

As at 31 December 2011, CCL held a 83% interest in Mashala Resources and its subsidiaries.

EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Group.

DIRECTORS' REPORT (cont'd)

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 11 for the half-year ended 31 December 2011.

This report is made in accordance with a resolution of the Board of Directors.

JASON BREWER
Executive Director

Dated this 29th day of February 2012

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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

29 February 2012

Board of Directors
Continental Coal Limited
Ground Floor
1 Havelock Street
WEST PERTH WA 6008

Dear Sirs,

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF CONTINENTAL COAL LIMITED

As lead auditor for the review of Continental Coal Limited for the half-year ended 31st December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Continental Coal Limited and the entities it controlled during the period.

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR the Half-Year ended 31 DECEMBER 2011

	Note	Consolidated 31 December 2011 $	Consolidated 31 December 2010 $
Revenue from continuing operations	2	45,403,709	12,276,552
Interest Income		292,253	202,525
Other income	2	4,203,641	503,821
Cost of sales	3	(35,726,503)	(12,588,400)
Employee benefits expense	3	(1,683,100)	(1,521,660)
Depreciation expense	3	(1,837,909)	(181,541)
Finance Costs	3	(1,444,715)	(8,049,016)
Consulting costs	3	(2,198,412)	(10,116,186)
Other expenses	3	(7,006,973)	(11,330,895)
Profit/(Loss) before income tax		**1,991**	**(30,804,800)**
Income tax expense		-	-
Profit/(Loss) from continuing operations		1,991	(30,804,800)
Profit/(Loss) for the year		**1,991**	**(30,804,800)**
Other Comprehensive Income/(Loss)			
Exchange differences on translation of foreign operations		(20,349,356)	(2,834,650)
Other comprehensive income/(loss) for the year, net of tax		(20,349,356)	(2,834,650)
Total comprehensive income/(loss) for the year		**(20,347,365)**	**(33,639,450)**
Net profit/(loss) is attributable to:			
Owners of Continental Coal Limited		3,104,182	(28,111,311)
Non-controlling interests		(3,102,191)	(2,693,489)
		1,991	**(30,804,800)**
Total comprehensive loss is attributable to:			
Owners of Continental Coal Limited		(10,928,711)	(30,297,743)
Non-controlling interests		(9,418,654)	(3,341,707)
		(20,347,365)	**(33,639,450)**
Earnings/(loss) per share for loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings/(loss) per share (cents per share)		0.83	(1.51)
Diluted loss per share (cents per share)		-	-

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		11,250,882	12,050,227
Trade and other receivables		8,720,244	7,969,914
Prepaid borrowing costs		18,070	-
Inventories		3,163,302	4,963,316
		23,152,498	24,983,457
Non-current assets classified as held for sale		10,186,727	10,066,136
TOTAL CURRENT ASSETS		33,339,225	35,049,593
NON-CURRENT ASSETS			
Exploration expenditure	**5**	99,234,053	121,732,226
Development expenditure	**6**	41,135,475	16,498,373
Property, plant and equipment	**7**	5,351,532	6,301,138
TOTAL NON-CURRENT ASSETS		145,721,060	144,531,737
TOTAL ASSETS		179,060,285	179,581,330
CURRENT LIABILITIES			
Trade and other payables		39,823,419	34,890,904
Deferred revenue		48,280	193,060
Borrowings	**8**	3,067,030	-
Provisions		334,349	391,188
TOTAL CURRENT LIABILITIES		43,273,078	35,475,152
NON-CURRENT LIABILITIES			
Deferred revenue		-	14,212,160
Provision for rehabilitation		8,098,265	7,986,599
Borrowings		16,000,000	16,000,000
TOTAL NON-CURRENT LIABILITIES		24,098,265	38,198,759
TOTAL LIABILITIES		67,371,343	73,673,910
NET ASSETS		**111,688,942**	**105,907,420**
EQUITY			
Issued capital	**9**	214,734,570	190,068,112
Shares and options to be issued		-	14,380,121
Reserves		9,273,312	23,074,635
Accumulated losses		(108,371,982)	(111,476,164)
Capital and reserves attributable to owners of Continental Coal Limited		115,635,900	116,046,704
Less: Amounts attributable to non-controlling interests		(3,946,958)	(10,139,284)
TOTAL EQUITY		**111,688,942**	**105,907,420**

The above Consolidated Statement of Financial Position should be read in conjunction with the notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Share Capital Ordinary	Accumulated losses	Foreign Currency Translation Reserve	Option Reserve	Share Based Payment Reserve	Shares and Options to be Issued	Total	Non-Controlling Interest	Total
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2010	**100,829,337**	**(77,106,580)**	**207,388**	**652,602**	**18,167,393**	**90,000**	**42,840,140**	**(2,614,968)**	**40,225,172**
Loss for the period	-	(28,111,311)	-	-	-	-	(28,111,311)	(2,693,489)	(30,804,800)
Exchange differences on translation of foreign operations	-	-	(2,186,432)	-	-	-	(2,186,432)	(648,218)	(2,834,650)
Total comprehensive income/(loss) for the year	-	(28,111,311)	(2,186,432)	-	-	-	(30,297,743)	(3,341,707)	(33,639,450)
Transactions with owners in their capacity as owners:									
Shares issued during the period	99,315,305	-	-	-	-	-	99,315,305	-	99,315,305
Transaction costs	(4,786,116)	-	-	-	-	-	(4,786,116)	-	(4,786,116)
Un-issued shares/options	-	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Transfers to and from reserve									
- share based payment reserve	-	-	-	-	8,775,867	-	8,775,867	-	8,775,867
Balance at 31 December 2010	**195,358,526**	**(105,217,891)**	**(1,979,044)**	**652,602**	**26,943,260**	**-**	**115,757,453**	**(5,956,675)**	**109,800,778**
Balance at 1 July 2011	**190,068,112**	**(111,476,164)**	**(8,724,550)**	**652,602**	**31,146,583**	**14,380,121**	**116,046,704**	**(10,139,284)**	**105,907,420**
Profit for the half year	-	3,104,182	-	-	-	-	3,104,182	(3,102,191)	1,991
Exchange differences on translation of foreign operations	-	-	(14,032,893)	-	-	-	(14,032,893)	(6,316,463)	(20,349,356)
Total comprehensive income/(loss) for the half year	-	3,104,182	(14,032,893)	-	-	-	(10,928,711)	(9,418,654)	(20,347,365)
Transactions with owners in their capacity as owners:									
Shares issued during the half year	25,266,458	-	-	-	-	-	25,266,458	-	25,266,458
Transaction costs	(600,000)	-	-	-	-	-	(600,000)	-	(600,000)
Un-issued shares/options	-	-	-	-	-	(14,380,121)	(14,380,121)	-	(14,380,121)
Transactions with non-controlling interests	-	-	-	-	-	-	-	15,610,980	15,610,980
Transfers to and from reserve									
- option reserve	-	-	-	-	-	-	-	-	-
- share based payment reserve	-	-	-	-	231,570	-	231,570	-	231,570
Balance at 31 December 2011	**214,734,570**	**(108,371,982)**	**(22,757,443)**	**652,602**	**31,378,153**	**-**	**115,635,900**	**(3,946,958)**	**111,688,942**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	31 December 2011 $	31 December 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	45,573,574	22,252,229
Interest received	292,253	202,525
Payments to suppliers and employees	(43,725,833)	(19,321,293)
Net cash (used in) operating activities	2,139,994	3,133,461
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(623,474)	(12,623,410)
Development costs	(12,714,536)	(2,192,939)
Payment for acquisition of subsidiary net of cash acquired	-	(45,595,797)
Net cash provided by / (used in) investing activities	(13,338,010)	(60,412,146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of transaction costs	9,400,000	73,723,591
Finance costs	(1,439,055)	(6,375,990)
Proceeds from borrowings	3,067,029	5,900,000
Repayment of borrowings	-	(6,813,229)
Net cash provided by financing activities	11,027,974	66,434,372
Net increase/(decrease) in cash held	(170,042)	9,155,686
Effect of the exchange rate changes on the balance of cash held in foreign currencies at the beginning of the financial year	(629,303)	-
Cash at beginning of the half year	12,050,227	39,822
Cash at end of the half year	11,250,882	9,195,508

The above Consolidated Statement of Cashflows should be read in conjunction with the Notes to the Financial Statements.

Note 1: Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting.

The half year financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Continental Coal Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Reporting Basis and Conventions
The half-year financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Note 2: Revenue and other income

	Consolidated 31 December 2011 $	Consolidated 31 December 2010 $
Revenue from Continuing operations		
- Export coal sales	31,541,711	9,676,560
- Eskom coal sales	12,357,234	522,402
- Other coal sales	1,504,763	2,077,590
Total revenue from continuing operations	45,403,709	12,276,552
Other income		
- Foreign exchange gain on revaluation of USD and ZAR loans	-	485,258
- Net gain on sale of assets	46,714	18,563
- Recovery of costs	463,458	-
- Other income	3,693,469	
Total other income	4,203,641	503,821

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Note 3: Profit/(loss) for the year

	Consolidated 31 December 2011 $	Consolidated 31 December 2010 $
(a) Loss before income tax includes the following specific expenses:		
Cost of sales		
- Mining	16,955,262	7,888,982
- Processing	4,266,928	1,135,625
- Materials handling	693,601	607,406
- Indirect costs	1,643,369	316,201
- Export costs	4,662,325	1,476,891
- Bought in coal	5,715,944	241,157
- Administration costs	390,465	212,407
- Mining Royalties	142,709	14,369
- Stock on hand movement	1,255,900	(3,566,989)
Total cost of sales	35,726,503	12,588,400
Finance costs		
- Interest and finance charges	1,205,445	990,630
- Options issued in respect of EDFT coal loan	-	4,288,880
- Unwinding of prepaid borrowing costs	-	1,532,229
- Other borrowing costs	239,270	1,237,276
Total finance costs	1,444,715	8,049,015
Depreciation	1,837,909	181,541

Note 3: Profit/(loss) for the year (cont'd)

	Consolidated	
	31 December 2011 $	**31 December 2010 $**
Other Expenses:		
- Employee related costs	1,683,100	1,521,660
- Key Management Personnel ***(i)***	1,503,847	4,841,456
- Pre feasibility costs in relation to other projects	1,410,026	2,946,988
- Consultants (including share based payments) facilitation & capital raising	2,198,412	10,116,186
- Legal fees	360,826	481,351
- Occupancy	128,531	343,337
- Other expenses	3,553,743	3,236,089

(i) **31 Dec 2011** – Includes an amount of $231,570 for the issue of 1,000,000 (post share consolidation) Unlisted Director Options exercisable at $0.75 cents on or before 31 December 2013 as approved by shareholders at the Company's Annual General Meeting on 29 June 2011.

31 Dec 2010 - Includes a valuation at time of issue on 20 December 2010 of $3,544,064 for the issue of 10,000,000 (post share consolidation) Unlisted Director Options exercisable at $0.75 cents on or before 31 December 2013. At 30 June 2011 the company had assessed the fair value of the Directors options to be $297,196.

Note 4: Controlled Entities

The consolidated financial statements include the assets, liabilities and results of the following subsidiaries

Controlled Entities Consolidated	**Country of Incorporation**	**Percentage Owned (%)***	
		31 December 2011	**30 June 2011**
Subsidiaries of Continental Coal Limited:			
Continental Coal Ltd	South Africa	74	74
Subsidiaries of Continental Coal Ltd			
Tsimpilo Trading 45 (Pty) Limited	South Africa	100	100
Taboo Trading 137 (Pty) Ltd	South Africa	100	100
Idada Trading 310 (Pty) Ltd	South Africa	70	70
Kebragen (Pty) Ltd	South Africa	75	75
Ntshovelo Mining Resources (Pty) Ltd *(i)*	South Africa	50	50
Ultimatum Challenge Trading (Pty) Ltd	South Africa	50	50
Mashala Resources (Pty) Ltd	South Africa	83	64.1
Subsidiaries of Mashala Resources (Pty) Ltd			
Namib Drilling (Pty) Ltd	South Africa	83	64.1
Wessleton opencast (Pty) Ltd	South Africa	83	64.1
BW Mining (Pty) Ltd	South Africa	83	64.1
Copper Sunset Trading 148 (Pty) Ltd	South Africa	83	64.1
Mandla Coal Resources (Pty) Ltd	South Africa	83	64.1
Penumbra Coal Mining (Pty) Ltd	South Africa	83	64.1

** Percentage of voting power is in proportion to ownership*
(i) Ntshovelo – 60% economic interest even though 50% equity interest.

Note 5: Exploration Expenditure

	Consolidated	
	31 December 2011 $	**30 June 2011 $**
NON-CURRENT		
Exploration expenditure capitalised		
- Exploration and evaluation phases – direct	87,444,279	108,262,385
- Exploration and evaluation phases – in direct (i)	11,789,774	13,469,841
Total exploration expenditure	99,234,053	121,732,226

(a) Movements in carrying amounts

	Consolidated	
	31 December 2011 $	**30 June 2011 $**
Balance at beginning of period	121,732,226	47,588,978
On 64.1% acquisition of Mashala in South Africa	-	67,916,854
Exploration expenditure capitalised	630,716	20,827,452
Exploration expenditure impaired (i)	-	(11,855,895)
Transfers to development expenditure	(10,044,963)	-
Accumulated depreciation for the period	(1,566)	-
Impacts of movements in foreign exchange rates on non AUD balances	(13,082,360)	(2,745,163)
Carrying amount at end of period	99,234,053	121,732,226

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploration or sale of the respective mining permits. Amortisation of costs carried forward for the development phase is not being charged pending the commencement of production.

30 June 2011

(i) During the 30 June 2011 financial year the updated JORC compliant Coal Resource statement and assessment, review and audit of the Company's South African thermal coal projects resulted in a reduction in total resources and measured resources for both the Vaalbank and Project X Coal Projects. The Company is concerned with the discrepancies from earlier independent resource statements and is completing a review of the previous work undertaken by the Company's geological consultants. As a result of these discrepancies the Company has adopted a prudent approach to its valuation of its Coal Projects resulting in an impairment charge of $11,855,895 (Project X $10,955,583, Vaalbank $771,275 and Lemoenfontein $129,037)

Note 5: Exploration Expenditure (cont'd)

(b) Mineral rights held by South African subsidiary

Project name	Prospecting or mining right reference	Current holder of mining or prospecting right	Holder of mining right once transaction is completed
Vlakvarkfontein	MP 300 MR	Ntshovelo Mining Resources (Pty) Ltd	Ntshovelo Mining Resources (Pty) Ltd
Vaalbank	MP 1689 PR	Misty Sea Trading 262 (Pty) Ltd	Kebragen (Pty) Ltd
Project X	MP 1640 PR	Misty Sea Trading 262 (Pty) Ltd	Idada Trading 310 (Pty) Ltd
Vlakplaats	MP 1520 PR	Ultimatum Challenge Trading (Pty) Ltd	Ultimatum Challenge Trading (Pty) Ltd
Lemoenfontein	MP 1442 PR	Xivono Mining (Pty) Ltd	City Square Trading 437 (Pty) Ltd
Ferreira	MP 345 MR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd
Knapdaar	MP 1494 PR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd
Leiden	MP 401 PR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd
Mooifontein Ptn 13	MP 713 PR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd
Mooifontein Ptn 16	MP 353 PR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd
Wesselton II	MP 231 MR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd
Penumbra	MP 247 MR	Penumbra Coal Mining (Pty) Ltd	Penumbra Coal Mining (Pty) Ltd
De Wittekrans	MP 97 PR MP 365 MR	Mashala Hendrina Coal (Pty) Ltd	Mashala Hendrina Coal (Pty) Ltd

(c) Exploration and Evaluation phases indirectly held through 49% holding in Misty Sea 262 (Pty) Ltd

Consolidated

Name of company	Listed/ Unlisted	Country of Incorporation	31 December 2011	30 June 2011	31 December 2011	30 June 2011
			Percentage owned		Carrying amount	
			%	%	$	$
Misty Sea 262 (Pty) Ltd	Unlisted	South Africa	49	49	11,789,758	13,469,825
City Square – Trading 437 (Pty) Limited	Unlisted	South Africa	50	50	8	8
Idada Trading 310 (Pty) Limited	Unlisted	South Africa	70	50	8	8
					11,789,774	13,469,841

The company has completed the purchase agreement with Misty Sea (Pty) Ltd relating to the purchase of the prospecting rights for Project X & Vaalbank. The company is awaiting section 11 approval of the transfer of the rights to Idada Trading (Pty) Ltd and Kebragen (Pty) Ltd where the company would have a 70% and 75% shareholding respectively.

Note 6: Development Expenditure

	Consolidated	
	31 December 2011 $	**30 June 2011 $**
NON-CURRENT		
- Development expenditure at cost	41,135,475	16,498,373
Total development expenditure	41,135,475	16,498,373

(a) Movements in carrying amounts

Balance at beginning of period	16,498,373	9,059,226
Acquired development assets	-	8,835,750
On 64.1% acquisition of Mashala in South Africa	-	8,868,827
Development expenditure capitalised	26,958,425	
Accumulated depreciation on acquisition	-	(3,880,040)
Accumulated depreciation for the period	(240,429)	(3,595,345)
Transfers from exploration expenditure	10,044,963	-
Impacts of movements in foreign exchange rates on non AUD balances	(12,125,857)	(2,790,045)
Carrying amount at end of period	41,135,475	16,498,373

The Development expenditure relates mainly to the mining infrastructure assets under construction and the environmental assets for closure costs.

Recoverability of the carrying amount of development assets is dependent on the successful development and commercial exploration or sale of the respective mining permits. Amortisation of costs carried forward for the development phase is not being charged pending the commencement of commercial production.

Note 7: Property, Plant & Equipment

	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
PROPERTY, PLANT AND EQUIPMENT		
Opening net book amount	6,301,138	353,010
On 64.1% acquisition of Mashala in South Africa	-	6,805,380
Additions	97,338	1,362,090
Accumulated depreciation on acquisition	-	(1,969,416)
Accumulated depreciation for the year	(262,573)	(314,708)
Impacts of movements in foreign exchange rates on non AUD balances	(784,371)	64,782
Total Property, Plant & Equipment	5,351,532	6,301,138

(a) **Movements in Carrying Amounts**

	Plant and Equipment $	Land and Buildings $	Total $
Consolidated Group:			
Balance at 1 July 2010	353,010	-	353,010
On 64.1% acquisition of Mashala in South Africa	4,302,468	2,502,912	6,805,380
Additions	38,250	1,323,840	1,362,090
Accumulated depreciation on acquisition	(1,969,416)	-	(1,969,416)
Accumulated depreciation for the year	(314,708)	-	(314,708)
Impacts of movements in foreign exchange rates on non AUD balances	64,782	-	64,782
Balance at 30 June 2011	2,474,386	3,826,752	6,301,138
Additions	36,988	60,350	97,338
Accumulated depreciation for the period	(262,573)	-	(262,573)
Impacts of movements in foreign exchange rates on non AUD balances	(307,069)	(477,302)	(784,371)
Balance at 31 December 2011	1,941,732	3,409,800	5,351,532

Note 8: Borrowings

	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
CURRENT		
Unsecured loans from related parties (i)	2,115,210	-
Unsecured loans other (ii)	951,820	-
	3,067,030	-

(i) Loan is interest bearing at 10% per annum and repayable on or before 30 June 2012 in AUD
(ii) Loan is interest bearing at 10% per annum and repayable on or before 30 June 2012 in AUD

Note 8: Borrowings (cont'd)

NON-CURRENT		
Convertible Note – unsecured	16,000,000	16,000,000
	16,000,000	16,000,000

The convertible notes have a maturity date of three years from the drawdown date and interest is payable bi-annually in arrears at a rate of 10% per annum. Conversion of the notes is at the rights of the holders.

Note 9: Issued capital

		Consolidated	
		31 December 2011 $	**30 June 2011 $**
407,415,713 post consolidation (2011: 3,192,640,409 pre consolidation) fully paid ordinary shares		214,734,570	190,068,112
		214,734,570	190,068,112
(b)	**Movement to 31 December 2011**	**No.**	**$**
	Balance at 1 July 2011	3,192,640,409	190,068,112
	Shares issued during the period:		
	01/07/11 – Tranche 1 Placement with institutional investor SOCIUS at 4.3 cents per ordinary fully paid share (i)	234,962,406	4,633,424
	22/07/11– Issue of ordinary fully paid shares to consultants as consideration for services provided to the Company	20,000,000	800,000
	23/08/11 – Tranche 2 Placement with institutional investor SOCIUS at 3.584 cents per ordinary fully paid share (i)	279,017,857	7,321,429
	19/09/11 Share Consolidation Balance	**372,662,067**	
	18/11/11 - Issue of ordinary fully paid shares upon consolidation re-pricing and exercise of options	27,172,459	6,391,156
	18/11/11 – Issue of ordinary fully paid shares for Strategic acquisition of Wolvenfontein Coal project	5,414,520	1,255,514
	02/12/11 – Issue of ordinary fully paid shares to consultants as consideration for services provided to the Company	2,166,667	402,708
	Less share issue costs (ii)	-	3,862,227
	Balance at 31 December 2011	407,415,713	214,734,570

(i) During the half year, the Group offered various placements to institutional and sophisticated investors to secure and develop the Group's South African Coal assets, increase Mashala acquisition to 83% and working capital.

(ii) Share issue cost liabilities accrued at 30 June 2011 have in the half year been subsequently reduced resulting in a gain in the current period.

Note 9: Issued capital (cont'd)

(b)	**Movement to 30 June 2011**	**No.**	**$**
	Balance at 1 July 2010	1,376,191,741	100,829,337
	Shares issued during year:		
	06/08/10 – Prior year Placement with institutional and sophisticated investors at 5 cents per ordinary fully paid share (i)	10,333,434	-
	10/08/10 – Tranche 1 Placement with institutional and sophisticated investors at 5.5 cents per ordinary fully paid share (i)	200,000,000	11,000,000
	10/09/10 – Tranche 2 Placement with institutional and sophisticated investors at 5.5 cents per ordinary fully paid share (i)	200,000,000	11,000,000
	20/09/10 – issued pursuant to Share Purchase Plan at 5.5 cents per ordinary fully paid share (ii)	290,909,090	16,000,000
	26/10/10 – Tranche 1 Placement with institutional and sophisticated investors at 6.4 cents per ordinary fully paid share (i)	200,000,000	12,280,000
	19/11/10 – Tranche 2 Placement with institutional and sophisticated investors at 6.4 cents per ordinary fully paid share (i)	275,950,000	17,660,800
	20/12/10 – conversion of debt to equity to related parties at 5.5 cents per ordinary fully paid share (iii)	77,090,996	4,240,005
	20/12/10 – conversion of debt to equity at an average of 5.25 cents per ordinary fully paid share (iii)	110,789,171	5,617,114
	20/12/10 – introduction and capital raising fees at an average of 7.4 cents per ordinary fully paid share (*iv*)	92,213,796	5,323,123
	20/12/10 – issued to consultants at 6.4 cents per ordinary fully paid share (*v*)	11,868,125	759,560
	24/12/10 – Facilitation fee for coal project funding at 5.8 cents per ordinary share (vi)	60,000,000	3,500,000
	26/10/10, 20/12/10 and 19/01/10 – Conversion of $11.35m debt facility at 5 cents per ordinary share (vii)	227,000,000	11,350,000
	20/12/10 – Conversion of $4.8m convertible note at 8 cents per ordinary share (viii)	60,000,000	4,800,000
	10/12/10 and 20/12/10– Issue of ordinary fully paid shares on exercise of options	294,056	14,702
	Less share issue costs	-	(14,826,529)
	Balance at 30 June 2011	3,192,640,409	190,068,112

(iii) During the year, the Group offered various placements to institutional and sophisticated investors to secure and develop the Group's South African Coal assets, acquire 64.1% of Mashala and working capital.

(iv) As approved by shareholders at the Group's General Meeting on 10 September 2010, 290,909,090 ordinary fully paid shares were issued pursuant to the Group's Share Purchase Plan

(v) During the year, the Group extinguished several loans by means of conversion of debt to equity

(vi) During the year, the Group issued ordinary fully paid shares in lieu of introduction and capital raising fees.

(vii) During the year, the Group issued ordinary fully paid shares as consideration for services provided to the Group.

(viii) As approved by shareholders at the Group's General Meeting on 29 June 2011, 60,000,000 ordinary fully paid shares were issued pursuant to a facilitation agreement.

(ix) During the year, the Group converted the balance of its debt facility by issue of ordinary fully paid shares at the election of the instrument holder

(x) As approved by shareholders at the Group's Annual General Meeting on 10 September 2010, the Group converted part of its convertible note facility.

Note 9: Issued capital (cont'd)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting of the Group, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options
Information relating to share options on hand at the half year are detailed below.

Expiry Date	Exercise Price	Number of Options
13/02/2013	$0.50	76,853,740
16/07/2016	$0.50	4,000,000
10/07/2016	$1.00	4,000,000
16/07/2016	$0.64	1,627,549
23/08/2016	$0.368	13,950,893
31/12/2013	$0.75	11,000,000
TOTAL		**111,432,182**

Note 10: Contingent Liabilities and Contingent Assets

The Group is not aware of any material change in the contingent liabilities of contingent assets from those reported in the annual report for the year ended 30 June 2011.

Note 11: Segment Reporting

(a) Description of segments

Management has determined that the operating segments are based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors are as disclosed in the Directors Report.

The Board of Directors considers the business from both a commodity type and geographical perspective and has identified three reportable segments.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the half year ended 31 December 2011 is as follows:-

31 December 2011	Coal SA	Vanadium & Magnetite SA	Corporate Costs	Consolidated
	$	$	$	$
Total segment revenue	49,899,382	-	221	49,899,603
EBITDA	6,011,577	-	(3,019,215)	2,992,362
Total segment assets as at 31 December 2011	167,579,406	10,186,727	1,294,152	179,060,285
Total segment liabilities as at 31 December 2011	45,514,070	-	21,857,273	67,371,343

Note 11: Segment Reporting (cont'd)

	Coal SA	Vanadium & Magnetite SA	Corporate Costs	Consolidated
	$	$	$	$
Total segment revenue				
- 31 December 2010	12,391,547	-	597,352	12,982,899
EBITDA				
- 31 December 2010	(9,625,646)	-	(18,869,389)	(28,495,035)
Total segment assets as at 30 June 2011	162,118,254	10,066,136	7,066,010	179,581,330
Total segment liabilities as at 30 June 2011	55,791,097	-	17,822,813	73,673,910

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, plant and equipment and exploration and development expenditure. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arms length. These transfers are eliminated on consolidation.

(ii) Adjusted EBITDA

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of equity-settled share-based payments and unrealised gains/ (losses) on financial instruments.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the consolidated entity.

The reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	Consolidated	
	31 December 2011	31 December 2010
	$	$
Adjusted EBITDA	2,992,362	(28,495,035)
Interest revenue	292,253	202,525
Finance costs	(1,444,715)	(990,630)
Depreciation	(1,837,909)	(1,521,660)
Profit/(Loss) before income tax from continuing operations	1,991	(30,804,800)

Note 12: Events occurring after the reporting date

No matter or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Group.

Note 13: Related Party Transactions

During the period 1,000,000 (Post share consolidation) Directors options exercisable at $0.75 on or before 31 December 2013 were issued to Non-executive Director James Leahy.

During the period, Continental Coal Limited entered into a loan agreement with Range Resources Limited, a company which Peter Landau is a Director, in which $2,115,210 was advanced to Continental. The loan is interest bearing and repayable in Australian dollars on or before 30 June 2012.

Note 14: Share-based Payments

The following share-based payment transactions occurred during the period:

Quantity	Security	$ Value	Purpose
1,000,000	$0.75 unlisted director options (31 December 2013)	231,569	Director incentive options

The fair value at grant date of the unlisted options is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the listed options was determined as the market price of the listed options at the time the services were provided to the Group.

DIRECTORS DECLARATION

The directors of the Group declare that:

1. the financial statements comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.

2. In the director's opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Jason Brewer
Executive Director

Dated this 29th day of February 2012

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Australia

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CONTINENTAL COAL LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Continental Coal Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Continental Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Continental Coal Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Continental Coal Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien
Director

Perth, Western Australia
Dated this 29th day of February 2012