



Continental Coal Ltd

ABN 13 009 125 651 ASX Code CCC AIM Code COOL

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The Manager
Company Announcements
Australian Securities Exchange Limited
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By e-lodgement

FERREIRA COAL MINE EXCEEDS BUDGETED PRODUCTION LEVELS



Current opencast mining activities at the Ferreira Coal Mine

Continental Coal Limited (**ASX:CCC, AIM:COOL**) ("**Continental**" or "**Company**") the South African thermal coal production, development and exploration company, is pleased to announce that run-of-mine ("**ROM**") coal production at the Ferreira Coal Mine has exceeded budgeted levels in the December 2012 quarter, the first full quarter of operations in the recently acquired adjacent Prospecting Rights.

Run of mine coal production at the Ferreira Coal Mine for the December 2012 quarter totaled 152,280 tonnes. Quarter on quarter an increase of approx. 40% was achieved, from the 109,935 tonnes of ROM coal produced in the September 2012 quarter. Monthly ROM production has now increased for the past 5 consecutive months in FY 2013.

On 27 September 2012, the Company announced that approval had been received from the Department of Mineral Resources to extend the Ferreira Coal Mine opencast mining operations into adjacent and adjoining Prospecting Rights, that it had acquired in April and May 2012. Mining operations in the September 2012 quarter had previously been challenged with operations having reached the mining boundary and a resultant reduction in production.

During the December 2012 quarter, the Company and its mining contractors successfully completed the initial pre-stripping for the new opencast mining operations and moved approx 1.3 million BCM of material.

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

Opencast mining operations have advanced throughout the quarter, with ROM coal production increasing from approx. 38,700 tonnes in October 2012 to approx. 57,550 tonnes in December 2012. The run-of-mine coal production in December 2012, the highest monthly production to date in FY2013, was achieved despite the seasonal holidays.

Mining costs per tonne and total production costs per sales tonne have reduced over the December 2012 Quarter as the mine has moved towards steady state operations, with mining costs per tonne and total production costs per sales tonne reduced by over 30%. FY2013 year to date mining costs per tonne and total production costs per sales tonne at the Ferreira Coal Mine remain below budgeted levels.

The ROM coal production for the December 2012 quarter has exceeded the ramp up production profile advised in the September 2012 Quarterly Report, where 125,000 tonnes and 150,000 tonnes of ROM coal production were forecast for the December 2012 and March 2013 quarters respectively.

The Ferreira Coal Mine remains on track to achieve ROM coal production of approx. 600,000 tonnes and sales of approx. 420,000 tonnes of a high quality thermal coal forecast for FY 2013.

"Since the Company's Ferreira Coal Mine started export sales in November 2010, we have exported over 1.1Mt of a high quality thermal coal through the Richards Bay Coal Terminal. Our increasing production levels at the Ferreira Coal Mine and commencement of production at our newly developed Penumbra Coal Mine has been timely with record coal railings and investment by South Africa's rail operator Transnet into the dedicated Richards Bay Coal Line and coal exports at the Richards Bay Coal Terminal at its highest levels since 2006" Continental's CEO Don Turvey said.

In FY2013, the Company is forecasting total export thermal coal sales of 0.6Mt from the Ferreira and Penumbra Coal Mines and domestic thermal coal sales of 1.3Mt from the Vlakvarkfontein Coal Mine.

Detailed production and operation data will be included in the Company's Quarterly Operations Report to be released on or before 31 January 2013.

For and on behalf of the Board



Don Turvey
Chief Executive Officer

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC/AIM: COOL/US-OTCQX:CGFAY) is a South African thermal coal producer with a portfolio of projects located in South Africa's major coal fields including three operating mines, the Vlakvarkfontein, Ferreira and Penumbra Coal Mines, are set to produce at an annualised rate of 2.8Mtpa of thermal coal for the export and domestic markets. The Company's first underground mine, the Penumbra Coal Mine, commenced development in September 2011 and produced first coal in November 2012. In 2011, a Feasibility Study was also completed on a proposed fourth mine, the De Wittekrans Coal Project and further optimisation studies completed in 2012. The Company has further concluded strategic off-take and funding agreements with EDF Trading for its export thermal coal production, signed a joint development agreement with KORES, Korea Resources Corporation and secured debt funding from ABSA Capital to fund its growth.

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.

