

23 December 2010

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

By e-lodgement

EXPORT COAL SALES UPDATE

Key points

- Export thermal coal sales through Richards Bay Coal Terminal of 56,410t since acquisition of Mashala Resources
- A further 16,600t planned sales in the remainder of December will increase total tonnage delivered to Richards Bay Coal Terminal to approx. 73,000 t for the quarter
- Export sales exceeds previous Company forecast in November 2010
- Average gross export sales price received of US\$106/t
- Targeted export sales production of 120,000t for March quarter 2011

South African focused thermal coal mining producer Continental Coal Limited (**ASX: CCC**) ("**Continental**" or "**the Company**") is pleased to announce that production from its Ferreira Coal Mine and Delta Processing Operations are exceeding the previously advised target of production of export thermal coal for the December 2010 quarter. A revised target of 73,000t is now forecast, with over 56,000t delivered to Richards Bay Coal Terminal to date and a further two trains (approx. 16,600t) planned over the next 5 days.

Continental acquired the Ferreira Coal Mine and Delta Processing Operations in early November 2010 following completion of the acquisition of Mashala Resources. Since the first train of export coal from the Ferreira and Delta Processing Operations was loaded from the Anthra rail siding on 2 November 2010 after the acquisition, the Company has loaded a further six trains, with each 100 wagon train having a capacity of approx. 8,300t.

Export Thermal Coal Sales		
Train Load-Out Date	Tonnes	Gross Sales Price (US\$/t)
2 November	8,207	100.44
14 November	7,715	102.71
22 November	8,146	105.82
27 November	7,807	103.32
4 December	8,145	107.14
11 December	8,090	110.05
17 December	8,300	112.28
* 24 December	8,300	TBC
* 30 December	8,300	TBC
Total	73,010	106.01**

* Trains scheduled for load-out at Anthra siding.

** Gross weighted average sales price received to date

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

Mr. Don Turvey, Continental's CEO commented, *"Our sales of export thermal coal through Richards Bay Coal Terminal in this our first quarter of export operations is very pleasing and exceeded our earlier expectations. The increased export sales have come at a time of significant increases in export thermal coal demand and prices. Export sales will be over our targets for the quarter and export sales to date have already achieved an average price of over US\$106 per tonne with the most recent sales achieving US\$112/tonne. The impact on our revenue and earnings for the quarter will be positive and come at a time when we are looking to improve our margins with the appointment of a new mining contractor."*

The Ferreira Coal Mine and Delta Processing Operations are located in the Ermelo coalfield, just south of the town of Ermelo in Mpumalanga Province, South Africa. The Ferreira mine is located 2km from the Company's Delta Processing Operations and the adjacent Anthra railway siding on the coal-line to Richards Bay, and less than 3km from Continental's planned Penumbra Coal Project.

The Ferreira Coal Mine is a conventional truck and shovel open cast coal mining operation. Mining of the southern pit ceased in December 2010. Mining of the northern pit commenced in early October 2010 following construction of the box cut by the newly appointed mining contractor Stefanutti Stocks. Mining in the northern pit is forecast to continue through to the end of 2012.

Since the acquisition of Mashala Resources in November 2010, a strategic decision by Mashala to introduce a new onsite mining contractor to develop and mine the northern pit over the remaining 2 year mine life has already resulted in positive results with the introduction of new mining equipment, improved productivity and a reduction in mine operating costs expected to continue throughout 2011.

At Ferreira, coal is mined from the B-lower, C-upper and C-lower coal seams at depths of not more than 30m. The cut-off stripping ratio is a maximum 7.5:1, with an average of approximately 6:1 forecast for mining in the northern pit. The run-of-mine coal produced is beneficiated in the existing 300tph coal processing plant at the Delta Processing Operations and load out facility located alongside the Anthra railway siding.

Ferreira is forecast to produce 480,000tpa of a primary export thermal coal product (27.5MJ/kg) and 120,000tpa of a secondary domestic quality thermal coal product (minimum 20MJ/kg). The primary export thermal coal product comprises two revenue streams: a standard API4 export coal product that is sold to EDF Trading under the current offtake agreement that was finalised in November 2010; and a higher sulphur product that is sold under contract to a major South African mining house for blending with its own export production. The overall yield is 65%.

Yours faithfully



Peter Landau
Executive Director

For further information please contact:

Investors/ shareholders

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

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

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

Media

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

E: david.tasker@ppr.com.au

Continental Coal Limited (ASX:CCC : US-OTC:CGFAY) is a South African thermal coal producer. Continental has a portfolio of producing and advanced coal projects located in South Africa's major coal fields. Following the commencement of production at the Vlakvarkfontein coal mine in May 2010, and its acquisition of Mashala Resources in October 2010, Continental is targeting production from its portfolio of predominantly export thermal coal mines of 7Mtpa ROM by 2012. Continental was formed to take advantage of the robust domestic and global demand for coal, with particular focus on Southern Africa.