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The Manager
Company Announcements
Australian Securities Exchange Limited
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Sydney NSW 2000

By e-lodgement

**CONTINENTAL POISED TO COMMENCE PRODUCTION AT SOUTH AFRICAN COAL MINE AFTER
APPOINTMENT OF MINING CONTRACTOR**

Key Points:

- Experienced mining contractor appointed for development of Vlerkvarfontein Coal Mine
- Contractor to commence site works in approximately two weeks
- Mining contractor to deliver an initial 100,000 tonnes of -40mm crushed coal on a product stockpile per month according to an agreed mine plan and schedule
- Vlerkvarfontein to be the first of Continental Coal's South African coal projects in production, with the others to commence production within the next 6-18 months

South African focussed coal company Continental Coal Limited (**ASX: CCC**) ("**Continental**" or "**the Company**") will commence coal production from its *Vlerkvarfontein Coal Mine* during Q1 2010, following the appointment of highly experienced company Trollope Mining Services ("**TMS**") as mining contractor.

Under the terms of the initial 3 year contract mining agreement TMS will be responsible for management of the site and all mining and crushing activities, including the delivery of 100,000 tonnes of -40mm crushed coal per month.

Mr Bruce Buthelezi, Managing Director of Continental Coal Limited, said "We are delighted to have such a quality partner for the development of the Vlerkvarfontein coal mine."

"The Board of Continental believes it has appointed one of the most reputable and experienced coal mining contractors in South Africa and their support will be a key factor in the timely development of the Company's core near term production asset".

TMS has been operating since 1975, boasts a substantial fleet of equipment and has unparalleled experience in the coal mining industry, with its clients including Xstrata and Gold Fields of South Africa.

"The appointment of TMS as contract miner is the beginning of, what the Board believes will be a long term and fruitful relationship for both parties" Mr Buthelezi added.

TMS was selected following a highly competitive bid process, during which a number of major mining contractors submitted tenders for completing this work at Vlakvarkfontein.

The awarding of the mining contract follows a rigid selection and review process that was undertaken by external independent consultants on behalf of Continental. This review process included an assessment of the mining contractors' credentials, capabilities and equipment and labour availability as well as visits to a number of their existing contracting operations.

Given the existing infrastructure at Vlakvarkfontein and the pre-development works on the access road completed by the Company, TMS is expected to commence topsoil stripping at Vlakvarkfontein within the next two weeks, with the building of a workshop and offices as part of the site establishment.

Conventional open cast mining activities are forecast to commence in the later stages of Q1 2010. Annualised production of 1,000,000 tonnes of domestic quality thermal coal and 350,000 tonnes of export quality thermal coal are scheduled. Off take sales agreements, for the domestic and export coal product, are currently being finalised with South African power utility Eskom and a number of international coal trading houses respectively.

Yours faithfully



Peter Landau
Executive Director

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About Continental Coal

Continental Coal Limited (ASX:CCC) is a new Junior South African Coal exploration and development company with current SAMREC resources of over 300Mt which holds interests in a number of early stage and advanced stage exploration assets in various established South African Coal mining regions. Continental was formed to take advantage of the robust domestic and global demand for coal, with particular focus on South Africa, Botswana, Mozambique and Zimbabwe.

Website: www.conticoal.com

About Trollope Mining Services

Trollope Mining Services provides surface mining expertise and services to the mining industry. These include opencast mining, rehabilitation, bulk earthworks, plant hire and road construction.

The company has substantial operations on different mines in the coal, andalusite, platinum, fluorspar and gold industries. The company has been operating since 1975 and boasts a fleet of equipment well in excess of 250 machines, and staff of over 650 employees. Over the years the company has enjoyed a sound working relationship with several well-known companies including: Gold Fields of South Africa, JCI, Anglovaal, Iscor, Concor, Barplats (Impala Platinum), Harmony Gold, Heric Ferrochrome, Kumba Resources, Xstrata & Ingwe (BHP Billiton & Samancor).

Website: www.tmsgroup.co.za

