30 April 2012

REPORT FOR THE QUARTER ENDING 31 MARCH 2012

Continental Coal Limited ("**Continental**" or "**the Company**") is pleased to provide its operations report for the quarter ended 31 March 2012.

COMPANY HIGHLIGHTS

- **Total run-of-mine thermal coal production for the Quarter of 479,003 tonnes at the Ferreira and Vlakvarkfontein Coal Mines up from 474,934 tonnes in previous quarter**
- **Thermal coal sales for the Quarter from the Ferreira Coal Mine, Delta Processing Operations and Vlakvarkfontein Coal Mines of 424,040 tonnes a decrease from the 487,672 tonnes in the previous quarter**
- **Development of the Penumbra Coal Mine continued during the Quarter with the twin declines significantly advanced and key underground mining equipment ordered with first coal production scheduled for September 2012**
- **Consultants commissioned to complete optimisation study on the De Wittekrans Coal Project with focus on process plant, rail siding and associated infrastructures**
- **Satisfaction of all outstanding conditions for settlement of the Company's Broad Based Black Economic Empowerment transaction with Sishen Iron Ore Company Community Development Trust ("SIOC-cdt") and initial settlement of ZAR40m completed subsequent to the Quarter's end with the ZAR100m balance due in May 2012**
- **Coal supply agreement for the Vlakvarkfontein Coal Mine executed with South Africa's state utility company, Eskom, with thermal coal sales commenced in the Quarter**
- **Strengthening of the Board with the appointment of Mike Kilbride, Johan Bloemsma and Connie Molusi as non-executive directors of the Company**
- **Company reports unaudited revenue of A$20m, gross profit from operations of A$4m and EBITDA of A$1.6m for the Quarter**

The third quarter of the 2011/12 financial year saw the Company's South African thermal coal mining business continue to perform strongly with production and sales from the Ferreira and Vlakvarkfontein Coal Mines and Delta Processing in line with budgets. In addition development of the Company's third mine, the Penumbra Coal Mine, continued, with the current focus on the advance of the twin declines by the decline development contractor, Murray & Roberts.

The Company reported unaudited consolidated sales revenue of A$20m, gross profit from operations of A$4m and EBITDA of A$1.6m for the Quarter. As at 31 March 2012, the Company had cash balances of A$6.6m (excluding the ZAR40m proceeds received from SIOC-cdt subsequent to the Quarter's end, the ZAR100m balance due on 4 May 2012 and undrawn ABSA Capital project finance debt facilities of US$35m for the Penumbra Coal Mine development).

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OPERATIONS

Health and Safety

The rolling 12 month Lost Time Injury Frequency Rate ("LTIFR") for both the Ferreira Coal Mine and Delta Processing Operations remains at zero. The Vlakvarkfontein Coal Mine also reported no Lost Time Injuries for the Quarter with the current LTIFR at 2.88.

During the Quarter the Ferreira Coal Mine was recognised by the Chief Inspectorate of Mines and Department of Mineral Resources for achieving 3,000 fatality free production shifts. The Ferreira Mine was further recognised with a third prize award at the Coal Safe 2012 Annual Colliery HSEC Campaign Performance Awards for achieving a zero LTIFR.

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

OPERATIONS PERFORMANCE FOR 3 MONTHS TO MARCH 2012					
	Vlakvarkfontein	**Ferreira**	**Mar 2012**	**Dec 2011**	**DIFF (%)**
ROM Production	317,515	161,488	**479,003**	**474,934**	**+1%**
Coal Purchases	-	65,661	**65,661**	**86,078**	**-24%**
Coal Processed	-	257,711	**257,711**	**261,990**	**-2%**
Yield	100%	60.4%	**60.4%**	**55.6%**	**+9%**
Coal Produced	317,515	155,855	**473 370**	**442,757**	**+7%**
Export Coal	-	155,855	**155,855**	**145,697**	**+7%**
Domestic Coal	317,515	-	**328,082**	**297,060**	**+10%**
Coal Sales	278,284	145,756	**424,040**	**487,672**	**-13%**
Export Sales	-	145,756	**145,756**	**178,450**	**-18%**
Domestic Sales	278,284	-	**278,284**	**309,222**	**-10%**

Run-of-mine coal production of 479,003t from both the Vlakvarkfontein and Ferreira Coal Mines over the Quarter was 1% above the previous quarter's production of 474,934t.

Production from the Ferreira Coal Mine was 161,488t ROM against a budget of 148,955t. This was 9% below the 177,833t ROM achieved in the previous quarter. A total of 257,711t was processed through the Delta Processing Operations, 27% above the budgeted 203,402t, and 2% below the record 261,990t processed in the previous quarter. A primary yield of 60.4% was achieved for the Quarter a 9% increase on the 55.6% primary yield achieved in the previous quarter. Buy-in coal for the Quarter was 65,661t, a 24% reduction on the previous quarter and reflected the availability of supply from nearby mining operations that have no washing or logistics access.

The Vlakvarkfontein Coal Mine produced 317,515t ROM, 7% above the 297,060t ROM achieved in the previous quarter.

Total thermal coal sales during the Quarter of 424,040t were achieved, a 13% reduction on the previous quarter and due to lower railings of export thermal coal to the Richards Bay Coal Terminal. Export thermal coal sales of 145,756t of a high quality export thermal coal was railed and sold FOB Richards Bay Coal Terminal. Domestic thermal coal sales of 278,284t were achieved in the Quarter, of which 262,893t were delivered to Eskom. From 1 March 2012, direct deliveries to Eskom from the Vlakvarkfontein Coal Mine commenced, following execution of a Coal Supply Agreement during the Quarter. The Vlakvarkfontein Coal Mine is one of only 25 direct suppliers of coal to Eskom in South Africa.

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DEVELOPMENT PROJECTS

Penumbra Coal Project

Development activities at the Penumbra Coal Mine continued throughout the Quarter. The majority of the civil work on site was completed during the Quarter. This included the pollution control dam, silt traps and storm water channels. In addition, installation of the 22kV power line from the sub-station at the Delta Processing Operations to the mine site was completed, with Eskom power of 3.5MVA available on site from the beginning of March 2012.

The advance of the twin declines by the decline development contractor, Murray & Roberts commenced during the Quarter. Construction of the site office laydown area with the necessary concrete slabs, offices, change house and workshops was completed early in the Quarter. Preparation of the twin declines, being the belt and the travelling roads, was also completed in February 2012. First development blast in the twin declines took place on 6 February 2012.

Decline development at the Penumbra Coal Mine

The twin declines will have a final length of 390m, with one of the declines equipped with a conveyor and the second as a trackless equipment travelling route. As at the end of the Quarter the conveyor road had been developed 61.4m and the travelling road developed 16m.

During the Quarter the Company placed orders for all key underground mining equipment, with Joy Mining Machinery for two 14HM15 Continuous Miners and four 10SC32 Shuttlecars; and with Rham Equipment for two Front End Loaders and two Roofbolters. In addition, a temporary shaft conveyor system was installed and was commissioned subsequent to the Quarter's end. Tenders for the orders for the permanent conveyor structure, shaft gantry and drives are currently being finalised by the Company and will be awarded in the current quarter.

To date approximately 50% of the Penumbra Coal Mine 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 approximately US$40m. All current development activities are proceeding in line with this budget with first coal production from the C-lower seam scheduled in September 2012. Coal from the A-seam was mined during the Quarter but is not proposed to be processed through the adjacent Delta Processing Operations.

The Penumbra Coal Mine is set to become the Company's third thermal coal mining operation in South Africa. Planned production of 750,000 tonnes per annum of ROM coal from the Penumbra Coal Mine will be beneficiated through the adjacent Delta Processing Operations. Sales of 500,000tpa of a high quality export thermal coal product are forecast and will be railed and sold FOB Richards Bay Coal Terminal under existing rail and off-take contracts. At forecast average total costs of ZAR490/t FOB (May 2011 terms), the Penumbra Coal Mine is forecast to generate annual free cashflow of approximately US$23m based on current export thermal coal prices.

Ferreira Coal Mine Extension

During the Quarter the Company continued with its negotiations to extend the operating mine life at the Ferreira Coal Mine, through the acquisition and development of Prospecting Rights that are located immediately adjacent to and adjoining the current open cast mining activities.

The Company is already the owner of surface rights of a number of the Prospecting Rights and is finalising its negotiations with the holders of the Prospecting Rights to allow the Company to potentially extend mining operations at the Ferreira Coal Mine by up to a further 18 months.

Mine planning work on one of the Prospecting Rights commenced during the Quarter to incorporate it into the existing mine plan. A 15 hole exploration and resource confirmation drill program has been finalised and as at the end of the Quarter, 5 of the 15 holes had been completed. The Company lodged a Section 102 Application with the Department of Minerals and Resources in September 2011 to allow it to conduct mining activities on the Prospecting Right. Subsequent to the Quarter's end the Company announced that it had reached agreement with Misty Sea Trading (Pty) Limited, to develop the Prospecting Right comprising Portion 25 of the farm Witbank 262 IT. Finalisation of negotiations with the holders of additional Prospecting Rights and the Section 102 approval is forecast to be completed this quarter.

De Wittekrans Coal Project

During the Quarter the Company appointed ECMA Consulting ("ECMA") to complete an optimisation study and update the De Wittekrans Coal Project Feasibility Study based upon utilisation of existing coal wash plants and rail sidings in the vicinity of the De Wittekrans Coal Project. The Company, ECMA and Railway and Civil Engineering Consultants are currently reviewing four options that are available to the Company and that have the potential to both reduce the up-front capital commitments, accelerate project development and first coal production.

A Feasibility Study, completed in the previous quarter, proposed the development of a conventional opencast and underground thermal coal mine with ROM production of 3.6Mtpa over an initial +30 year mine life. Production of 1.7Mtpa of a domestic thermal coal product and 0.8Mt of a high quality export thermal coal product is forecast.

The De Wittekrans Coal Project is proposed to be the Company's fourth thermal coal mine to be developed in South Africa. A development decision by the Board is forecast in 2H 2012 following completion of the optimisation study and receipt of a New Order Mining Right from the Department of Minerals and Resources.

EXPLORATION

Vlakplaats Coal Project

During the Quarter, the Company's South African subsidiary, CCL and its joint venture partner KORES approved the exploration and feasibility budget for the 2012/13 year.

Drilling activities during the Quarter were focused on the north-west portion of the project, in what is considered the first potential opencast mining area. Further negotiations with landowners continued during, and subsequent to the Quarter's end in respect to the start of drilling on other areas of the project area. The awarding of the baseline environmental study work was completed subsequent to the Quarter's end. Further exploration drilling and resource modelling work is planned to continue through 2012. Subsequent to the end of the Quarter, the Company lodged its application to renew the Prospecting Right for a further 5 years.

Botswana

During the Quarter the Company and its drilling contractors, Discovery Drilling, completed a Phase 1 drilling program on the three prospecting licenses in Botswana - PL339/2008 and PL340/2008 together the Serowe Project, and PL341/2008, the Kweneng Project.

Preliminary results 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 an extended coal mineralised strike length of approximately 20km and confirms previous historical results. 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. Drilling on PL341/2008 has indicated that the coal seams are better developed, although much deeper than in PL339/2008 and PL340/2008.

The Company is still waiting to receive the results of the coal samples submitted in the previous quarter to the laboratory in South Africa. These results have been delayed given the backlog of work in the laboratory. During the Quarter, the Company's geological consultants Gemecs completed the GBiS database. Once the sample analyses are received, Gemecs will finalise a geological report and assessment of the resources across the Company's three license areas. This report will be completed in the current quarter.

In accordance with its requirements, the Company submitted Relinquishment Reports to the Geological Survey Department of Botswana for 50% of the prospecting license areas. The areas relinquished by the Company across its prospecting rights were based on the preliminary results received from the Phase 1 drilling program. In addition the Company submitted its Renewal Applications for the areas that were not relinquished. The Company is awaiting confirmation from the Geological Survey Department of Botswana on both the Relinquishment and Renewal Report prior to the planned commencement of its Phase 2 drilling program.

CORPORATE

Broad Based Black Economic Empowerment Investment in Continental

During the Quarter all outstanding conditions for the ZAR140m settlement of its new Broad Based Black Economic Empowerment partnership in South Africa, with SIOC-cdt, were satisfied. Settlement of the transaction is to be completed in two tranches. ZAR40m was received subsequent to the Quarter's end and the ZAR100m balance is due to be received on 4 May 2012. These funds will be used to further fund the Company's South African thermal coal development and exploration projects.

In accordance with the terms of the transaction, the Company has appointed SIOC-cdt nominated directors, one director has been appointed to the Company's Board and two directors, including the chairmanship, have been appointed to the Board of CCL.

New Board Appointments

During the Quarter the Company strengthened its Board with the appointments of Mike Kilbride as independent non-executive Chairman and Johan Bloemsma and Connie Molusi as non-executive directors of the Company.

Mr Kilbride has more than 35 years of mining experience, including senior management positions in charge of world-class mines. His experiences as the former Executive Director and Chief Operating Officer of South Africa's largest empowered resource company Exxaro Resources, and as the former Chairman of Sishen Iron Ore Company, Kumba Coal and Exxaro Coal during significant phases of major growth and expansion are considered highly valuable attributes that will greatly benefit the Company in the future.

Mr Bloemsma has more than 41 years' experience in the coal mining industry, including senior executive positions with Anglo Coal, where as a Member of Anglo Coal's Executive Committee he undertook the role of Head of Special Projects and Head of Business Development. His roles in the acquisition of international coal assets for Anglo Coal in Colombia, Australia, and the USA and his recent experience in two South African mid-tier coal companies, Optimum Coal and Umcebo Mining are considered to be of great benefit to the Company in its drive to grow organically both in South Africa and internationally.

Mr Molusi has more than 25 years' experience across a broad range of Africa's major industries and is a leading and highly respected figure in South Africa's business and philanthropic community. He is currently Chairperson of SIOC-cdt, the Company's Broad Based BEE partner in South Africa.

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

During the Quarter the Company continued to work towards financial settlement with a Chinese steel manufacturer for the sale of its shareholding in Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Limited ("Vanmag").

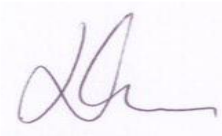
The Company was advised subsequent to the Quarter's end that the buyer had received all necessary approvals for the remittance of funds from China to South Africa. The Company is pleased with this progress and is now awaiting confirmation of settlement from its lawyers. The Company and Vanmag remains committed to working with the buyer to complete settlement of the acquisition.

FINANCIAL PERFORMANCE

Summary consolidation financial and operating results for the Company, based upon unaudited management accounts for the 3 months to 31 March 2012 and the half yearly results to 31 December 2011 are provided below.

KEY FINANCIAL AND OPERATIONAL DATA			
	3 Mths to Mar 2012	6 Mths to Dec 2011	YTD
ROM Production (tonnes)	479,003	937,464	1,416,467
Export Sales (tonnes)	145,756	309,445	455,201
Domestic Sales (tonnes)	278,284	693,665	971,949
Total Revenue (A$'000)	20,018	49,890	69,908
Gross Profit (A$'000)	3,995	14,173	18,169
EBITDA (A$'000)	1,533	2,992	4,525
	As at Mar 2012	As at Dec 2011	Change (%)
Cash at Bank (A$'000)	6,609	11,251	-42%
Total Assets (A$'000)	182,227	179,060	+2%
Total Liabilities (A$'000)	69,995	67,371	+3%
Net Assets (A$'000)	112,231	111,689	+0%
	3 Mths to Mar 2012	6 Mths to Dec 2011	YTD
Cashflow from Operations (A$'000)	316	2,140	2,456
Cashflow from Investing (A$'000)	(7,928)	(13,388)	(21,316)
Cashflow from Financing (A$'000)	2,391	11,028	13,419

By order of the Board



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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. Continental commenced development of the Penumbra Coal Mine in September 2011 and completed 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 signed a joint development agreement with KORES, Korea Resources Corporation.

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.