

31 July 2015

REPORT FOR THE QUARTER ENDED 30 JUNE 2015

Continental Coal Limited ("Continental" or "the Company") provides its operations report for the quarter ended 30 June 2015.

1. OPERATIONS

1.1 Operational performance

Operational performance (tonnes)		
	Quarter ended 30 June 2015	Quarter ended 31 March 2015
Run of Mine (ROM) production		
Vlakovarkfontein	271,142	212,484
Penumbra	-	30,839
Total ROM production	271,142	243,323
Feed to plant		
Penumbra	-	31,329
Total feed to plant	-	31,329
Export yields		
Penumbra	N/A	N/A
Export coal buy-in	-	-
Domestic sales	230,149	162,293
Export sales	8,798	16,870
Total sales	238,947	179,163

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Interim Executive Chairman: Dr Paul D'Sylva Interim Executive Director: Mr Peter Landau

Non-Executive Directors: Dr Lars Schernikau and Bruce Buthelezi

1.2 Vlakvarkfontein Coal Mine

Vlakvarkfontein Coal Mine produced 271,142 ROM for the quarter.

Total thermal coal sales during the quarter from the Vlakvarkfontein Coal Mine were 230,149t and comprised 201,683t to Eskom and 28,466t of non-select coal.

An average strip ratio of 2.75 was achieved for the quarter.

Mining Costs at Vlakvarkfontein averaged ZAR 106.18/t (US\$8.78/t) ROM for the quarter.

1.3 Penumbra Coal Mine

There was no ROM coal production at the Penumbra Coal Mine for the Quarter. As set out in the last quarterly operations report, the Company decided due to the current depressed export coal prices and high production costs as a result of inefficiencies in using continuous miners with the geology being encountered, to place the mine on care and maintenance during the sale process and conserve cash. An alternative mine plan of converting the mine to three drill and blast sections (approximately Rand 35m) has been prepared and is financially viable (based on current prices) for both export and, more specifically, domestic sales where demand remains high and margins strong.

2. DEVELOPMENT PROJECT

De Wittekrans Coal Project

The project is in the process of being tendered for sale to reduce current debt levels owing to EDF and ABSA. Continental will take on an active role in either the formal process in introducing it to current partners or through its potential legal challenge of the activities of the current Business Rescue Practitioners.

3. NON-CORE ASSETS

The Company's non-core assets are being reviewed as part of the sales process.

4. CORPORATE

Key Updates

- the Company was advised by the Business Rescue Practitioners administering Continental Coal South Africa, that they have conditionally sold two of the Company's projects Vlakvarkfontein and Penumbra in potential satisfaction of existing debt within CCLSA. One key condition includes Regulatory Section 11 approval for the transfer of the interest;
- the Company is still waiting to be provided with a statement from the Business Rescue Practitioners as to how the sale impacts upon the current senior secured debt position of the two main creditors in South Africa in terms of reduction of amount owing, on going commitments and security position remaining;
- Continental has received legal advice that the conditional sale by the Business Rescue Practitioners is potentially voidable and will consider legal action given its

position with regards to other sale / refinancing alternatives including receipt of a USD\$55m bank guarantee as security to refinance its current 74% interest in Continental Coal South Africa;

- the Company's securities were voluntarily suspended on 9 June 2015 and will remain suspended until the matters referred to above are completed; and
- the Company will continue to update the market in respect of the matters referred to above.

For and on behalf of the Board.



Peter Landau
Executive Director

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC) is 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 Penumbra Coal Mines, producing approx. 2Mtpa of thermal coal for the export and domestic markets. A Feasibility Study was also completed on a proposed third mine, the De Wittekrans Coal Project with a mining right granted in September 2013.

Forward Looking Statement

This communication includes certain statements that may be deemed "forward-looking statements" and information. All statements in this communication, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects to take place in the future are forward-looking statements and information. Although the Company believes the expectations expressed in such forward-looking statements and information are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements and information. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, drilling and development results, production rates and operating costs, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those stated.