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

By e-lodgement

FINANCIAL SETTLEMENT OF VLAKPLAATS COAL PROJECT COMPLETED

South African focused coal mining company Continental Coal Limited (ASX: CCC) ("Continental" or "the Company") is pleased to announce that the Company's South African subsidiary Continental Coal Limited ("CCL"), Korea's State Mining and Exploration Company ("KORES") and the Company's Black Economic Empowerment partner, Masawu Investments (Pty) Ltd ("Masawu") have now completed financial settlement for the acquisition of the Vlakplaats Coal Project.

On November 29, the Company announced the signing of a landmark Joint Development and Shareholders Agreement with KORES that provided the opportunity to fast track a bankable feasibility study on the Vlakplaats Coal Project and accelerate development of an export focussed thermal coal mining operation. The agreements remained subject to financial settlement of the outstanding ZAR130m acquisition price, as set out under the Prospecting Right Acquisition Agreement, as well as consent from the South African Department of Mineral Resources (DMR) for the acquisition and the transfer of the prospecting right.

The Company is now pleased to confirm that the outstanding ZAR130m acquisition price has been paid into the project vendors escrow account, pending receipt of the approvals from the DMR which are expected in the next 2 months.

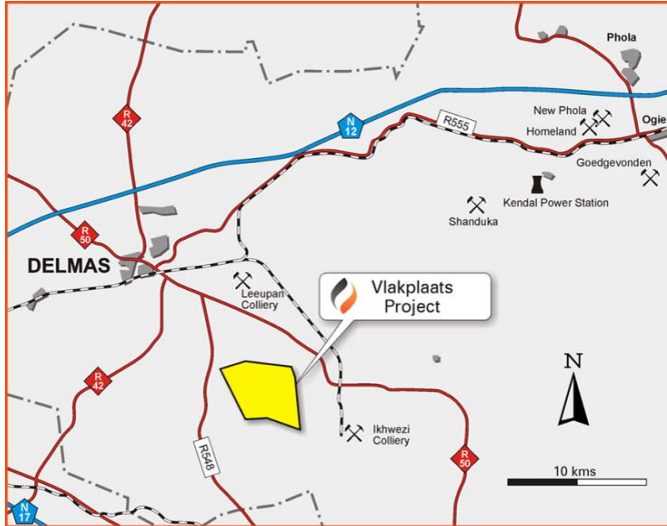
Under the project acquisition agreements, CCL will hold a 50% interest in the Vlakplaats Coal Project with KORES holding a 37% interest and CCL's BEE partner Masawu, holding a 13% interest, secured under its current financing arrangements with CCL.

With financial settlement completed, the Company has now commenced work on the exploration and development work necessary to take the project through to completion of the Bankable Feasibility Study. Over the next 9 months, as Project Manager, CCL will be completing additional exploration drilling and resource modelling to both increase and upgrade the resource category at the Vlakplaats Coal project, as well commencing the Pre-Feasibility Study and associated mine design, infrastructure and environmental studies. The Company also anticipates producing an updated JORC Compliant Resource Statement in 2Q 2011, included in Competent Persons Reports currently being prepared as part of the Company's proposed listing of its shares on the AIM Market of the London Stock Exchange later this year.

The Vlakplaats Coal Project

The Vlakplaats Coal Project is located approximately 80km east of Johannesburg in the Delmas District, Mpumalanga Province. The nearest towns are Delmas, Devon and Leandra.

The project is located 25km southwest of the Company's operating Vlakvarkfontein Coal Mine. It is well serviced by railways and roads and power lines cross from west to east on the southern portion of the project.



The Project has a valid New Order Prospecting Right issued in 2008.

The Project is located on the western edge of the Witbank Coalfield.

The Witbank Coalfield is currently the most important coalfield in South Africa supplying more than 50% of South Africa's coal sales for the export and local markets and hosts most of the major coal-fired power stations in South Africa to which it supplies low grade coal.

There are a number of major operational coal mines in the Delmas area and within a radius of approximately 5-10 km from the Vlakplaats Coal Project area including Kuyasa Coal's Delmas Colliery, Exxaro's Leeuwpán Mine, Shanduka Coal's Bankfontein Mine and Stuart Coal's Stuart Colliery, the last three of which are currently mining the No. 2 and No. 4 coal seams by opencast methods.

Historical drilling on the Vlakplaats Coal Project has indicated the opportunity to develop both the No. 4 and No. 2 coal seams through conventional open cast and underground mining methods. The No. 2 seam is considered best developed in the central northern portion of the project area, where it has been determined to reach a maximum thickness of approx. 5.5m. Along the northern and eastern areas of the project area the No. 2 seam is considered amenable to open cast mining. The No. 4 seam varies from 0.6m to 8.7m in thickness, with an average of +4.0m. It occurs at depths below surface of between 15-68m, with an average depth of 43m.

The Vlakplaats Coal Project resource has been based on historical drilling and drilling completed by the Company in 2009. The resource estimate has been completed in accordance with the JORC Code (2004) and is summarised in the table below.

Vlakplaats Coal Project JORC Inferred Resource Statement							
Block	Area (m ²)	Volume (m ³)	Relative Density	Global In-Situ Tonnes	Geological Losses	Mining Losses	Mineable In-Situ Tonnes
4 SEAM	11,151,289	48,416,094	1.66	80,370,716	30%	10%	48,222,429
2 SEAM	5,951,271	23,368,598	1.80	42,063,475	30%	10%	25,238,085
TOTAL				122,434,192			73,460,514

Coal qualities have been determined based on wash test simulations of borehole cores. From the analyses the coal qualities at the Vlakplaats Coal project are considered suitable for both a primary export product and an acceptable domestic Eskom coal product out of the middling coal produced.

Preliminary development studies have indicated that the Vlakplaats Coal project has the potential to be developed as an initial open cast operation with a later bord and pillar underground operation mining both the No.2 and No. 4 coal seams and producing up to 150,000tpm of ROM coal for sales to the export and domestic market.

For and on behalf of the Board

Regards



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About Continental Coal Limited

Continental Coal Limited (ASX:CCC : US-OTC:CGFAY) is a new Junior South African 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 10Mtpa ROM by 2015. Continental was formed to take advantage of the robust domestic and global demand for coal, with particular focus on Southern Africa.

Competent Persons Statement

The information in this report that relates to the Mineral Resources on Vlakplaats is based on a resource estimates completed David le Roux van Wyk who is a professional geologist with over 25 years of experience in the South African Mining Industry and sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and the Ore reserves. David le Roux van Wyk is a member of South African Council for Natural Scientific Professions and consents to the inclusion of this information in the form and context in which it appears in this report.

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.