

9 May 2011

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

By e-lodgement

### SALE OF VANMAG FINALISED

South African focused coal mining company Continental Coal Limited (**ASX: CCC**) ("**Continental**" or "**the Company**") is pleased to announce that it has finalised the sale of its shareholding in Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Limited ("**Vanmag**").

The sale of its shareholding in Vanmag will result in net proceeds of US\$10 million to be received by the Company. As a condition of the sale of its shares in Vanmag, Continental has received irrevocable bank guarantees from the purchasers' South African bank as security for the obligation of the purchaser to pay the acquisition price. The irrevocable bank guarantees are held by Continental's lawyers in South Africa.

Financial settlement of the sale now only remains subject to consent from the South African Department of Mineral Resources (DMR) for the acquisition and the transfer of the interest which is expected in the next 6-8 weeks.

For and on behalf of the Board

Regards



Jason Brewer  
Executive Director

Ends

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**About Continental Coal Limited**

Continental Coal Limited (ASX:CCC : US-OTC: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. In 2011 Continental is set to commence development of two further thermal coal mines. Continental is targeting a ROM production rate of 7Mtpa by the end of 2012. The Company has concluded strategic off-take and funding agreements with EDF Trading for its export thermal coal production and recently signed a joint development agreement with KORES, Korea's state mining and exploration company. Continental was formed to take advantage of the robust domestic and global demand for coal, with particular focus on Southern Africa.

**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.