

29 June 2011

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

By e-lodgement

IMPROVED BANK FUNDING TERMS RECEIVED FOR PENUMBRA MINE DEVELOPMENT

South African focused coal mining company Continental Coal Limited (ASX: CCC) ("**Continental**" or "**the Company**") is pleased to provide an update on its proposed debt funding and related coal, foreign exchange and interest risk management facilities (the "Facility") that will be used for the development of the Penumbra Coal Project.

As previously announced on 2 June 2011, the Company has received a committed offer of a 4 year, US\$25 million secured project loan facility to be used to fund the construction of the Penumbra Coal Project and associated risk management facilities to hedge the Company's US\$:ZAR exposure and the risk of a sustained fall in thermal coal prices.

The Company is also now pleased to advise that it has received a further offer of financing that it believes is on potentially more attractive terms for the Company and its shareholders, and will allow the development of the Penumbra Mine, the Company's third thermal coal mining operation, to be completed in a more capital efficient manner.

The offer of finance has been received from ABSA Capital, a division of ABSA Bank Limited, one of South Africa's largest financial service providers and a subsidiary of Barclays Bank PLC. The offer of finance comprises:

1. A secured 7 year term loan facility of US\$35 million to be made available to fund the development of the Penumbra Mine
2. A secured 3 year term loan facility of US\$15 million to be made available to refinance existing secured indebtedness under the EDF Trading Coal Prepayment
3. A secured annually renewable working capital facility of ZAR100 million (approx. US\$15 million) to fund general corporate working capital requirements

In addition ABSA Capital will provide risk management facilities to allow the Company and its subsidiaries to hedge a portion of its exposure to thermal coal prices and interest rate fluctuations. The facilities have received in-principle credit approval and drawdown of the facility is subject to completion of all necessary due diligences, conclusion of legal documentation and fulfilment of conditions precedent that are standard for facilities of this nature. Legal documentation and satisfaction of the outstanding due diligence sign offs is advanced and scheduled for completion by 31 July 2011.

ABSA Capital is a division of ABSA Bank Limited and is mandated within the Barclays Group to lead corporate and investment banking activity in Sub-Saharan Africa. ABSA Capital has a fully local, fully global investment banking model. ABSA Capital's domestic expertise and network taps into Barclays Capital's global capabilities and product knowledge providing its clients with tailored financing and risk management solutions across Africa.

"The Company will continue to look at ways to optimise its ongoing funding arrangements to meet the aggressive mine development schedule that we have set ourselves. The management team in South Africa has worked closely with ABSA Capital and continues to make good progress with all the material aspects of the financing having been agreed and approved. The loan documentation process is well advanced and we look forward to bringing this rigorous process to a close next month" commented Continental Coal Executive Director Jason Brewer.

"This financing with ABSA Capital and the additional committed offer of debt funding not only demonstrates our ability as an emerging junior mining company to raise debt on attractive terms, but also provides a completely independent third party validation of the technical fundamentals of Continental and our Penumbra Mine development." Mr Brewer added.

Key financing terms of the facilities are summarised below. The facilities have been structured to reduce dilution to existing shareholders and importantly there no share or option equity participation rights under the facility terms

1. US\$35 million Secured Term Loan Facility

Borrower:	Penumbra Coal Mining Pty Limited
Guarantor:	Continental Coal Limited (Australia)
Purpose:	To fund construction of the Penumbra Coal Mine
Term:	7 years
Repayments:	Quarterly repayments commencing after 12 months
Interest Rate:	LIBOR + 4.61% p.a (pre-completion) LIBOR + 4.11% p.a (post-completion)
Hedging:	Approx. 30% of export thermal coal production over the facility term Approx. 50% of the interest rate exposure

2. US\$15 million Secured Term Loan Facility

Borrower:	Continental Coal Limited (South Africa)
Guarantor:	Continental Coal Limited (Australia)
Purpose:	To refinance existing secured indebtedness
Term:	3 years
Repayments:	Quarterly repayments commencing after 12 months
Interest Rate:	LIBOR + 4.61% p.a (pre-completion) LIBOR + 4.11% p.a (pre-completion)

3. ZAR 100 million Secured Working Capital Facility

Borrower:	Continental Coal Limited (South Africa)
Guarantor:	Continental Coal Limited (Australia)

Purpose: To fund general corporate working capital requirements
Term: Annually renewable
Repayments: Revolving credit facility settled on maturity date or renewed annually
Interest Rate: Absa's Prime Overdraft Lending rate p.a. (currently 9.00% p.a.)

The Company will look to finalise its debt funding arrangements for the Penumbra Mine with the final selection of its preferred financier and a drawdown of finance in the September 2011 quarter following finalisation of documentation and satisfaction of all conditions precedent.

For and on behalf of the Board

Regards



Jason Brewer
Executive Director

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About ABSA Bank

ABSA Bank Limited is one of South Africa's largest financial service providers. It became a subsidiary of Barclays Bank PLC in July 2005. ABSA Capital is a division of ABSA Bank Limited and is mandated within the Barclays Group to lead corporate and investment banking activity in Sub-Saharan Africa. As such ABSA Capital has a fully local, fully global investment banking model. ABSA Capital's domestic expertise and network taps into Barclays Capital's global capabilities and product knowledge providing Clients with tailored financing and risk management solutions across the African continent.

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. In 2011 Continental is set to commence development of the Penumbra Coal Mine and complete 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 recently signed a joint development agreement with KORES, Korea's state mining and exploration company.

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.