

25 August 2011

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

By e-lodgement

NOTICE UNDER SECTION 708A AND APPENDIX 3B

South African focused thermal coal mining company Continental Coal Limited (ASX: CCC) ("**Continental**" or "**the Company**") is pleased to confirm that it has now finalised the 2nd tranche of funding with Socius CG II, completing the US\$10 million balance of the US\$20 million equity investment by Socius CG II in the Company.

As advised in the Company's announcement of 1 July 2011, the funds will be used to acquire the minority interests in Mashala Resources (Pty) Limited, which includes the underlying Ferreira Export Thermal Coal Mine, Delta Processing Operations and Penumbra and De Wittekrans Export Thermal Coal Projects,

Under the 2nd tranche of the placement the Company has issued 279,017,857 fully paid ordinary shares and 139,508,928 unlisted options (4.122 cents, 23 August 2016).

The placement was made pursuant to an offer made to professional and sophisticated investors (as described in Section 708 of the Corporations Act). The securities are part of a class of securities quoted on the Australian Securities Exchange. The Company gives this notice pursuant to Section 708A(5)(e) of the Corporations Act. The shares were issued in reliance on Section 708A(5) of the Corporations Act 2001.

As at the date of this notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
and
- (b) Section 674 of the Corporations Act.

There is no excluded information for the purposes of Sections 708A(7) and (8) of the Corporations Act.

Please find attached an Appendix 3B.

For and on behalf of the Board



Jason Brewer
Executive Director

For further information please contact:

Investors/ shareholders

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC : US-OTCOX: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.

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.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

CONTINENTAL COAL LIMITED

ABN

13 009 125 651

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	⁺ Class of ⁺ securities issued or to be issued	Ordinary Fully Paid Shares Unlisted Warrant Options
2	Number of ⁺ securities issued or to be issued (if known) or maximum number which may be issued	299,017,857 Ordinary Fully Paid Shares 139,508,928 Unlisted Warrant Options (4.122 cents, 23 August 2016)
3	Principal terms of the ⁺ securities (eg, if options, exercise price and expiry date; if partly paid ⁺ securities, the amount outstanding and due dates for payment; if ⁺ convertible securities, the conversion price and dates for conversion)	299,017,857 Ordinary Fully Paid Shares 139,508,928 Unlisted Warrant Options (4.122 cents, 23 August 2016)

⁺ See chapter 19 for defined terms.

4	<p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	<p>Yes – Ordinary Fully Paid Shares</p> <p>New Class Options Warrant Options (4.122 cents, 23 August 2016)</p>									
5	Issue price or consideration	<p>279,017,857 Ordinary Fully Paid Shares at 3.584 cents and 139,508,928 free attaching Unlisted Warrant Options exercisable at 4.122 cents on or before 23 August 2016 in a Placement to an Institutional Investor raising US \$10m before issue costs, towards funding the outstanding balance of the acquisition costs of Mashala as approved by Shareholders at the Company’s General Meeting on 18 August 2011.</p> <p>20,000,000 Ordinary Fully Paid Shares at 4 cents upon conversion of debt to equity.</p>									
6	<p>Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>279,017,857 Ordinary Fully Paid Shares at 3.584 cents and 139,508,928 free attaching Unlisted Warrant Options exercisable at 4.122 cents on or before 23 August 2016 in a Placement to an Institutional Investor raising US \$10m before issue costs, towards funding the outstanding balance of the acquisition costs of Mashala as approved by Shareholders at the Company’s General Meeting on 18 August 2011.</p> <p>20,000,000 Ordinary Fully Paid Shares at 4 cents upon conversion of debt to equity.</p>									
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	25/8/2011									
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>3,726,620,672</td><td>Ordinary fully paid shares</td></tr><tr><td>602,161,301</td><td>Options (5 cents, 13 February 2013)</td></tr><tr><td></td><td></td></tr></table>	Number	⁺ Class	3,726,620,672	Ordinary fully paid shares	602,161,301	Options (5 cents, 13 February 2013)			
Number	⁺ Class										
3,726,620,672	Ordinary fully paid shares										
602,161,301	Options (5 cents, 13 February 2013)										

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	60,000,000	Class One Facilitation Options (15 cents, 19 October 2011)
		60,000,000	Class Two Facilitation Options (20 cents, 19 October 2011)
		40,000,000	EDF Options (5 cents, 16 July 2016)
		40,000,000	EDF Options (10 cents, 16 July 2016)
		16,275,486	Warrant Options (6.4 cents, 31 October 2015)
		117,481,203	Warrant Options (4.4 cents, 1 July 2016)
		139,508,928	Warrant Options (4.122 cents, 23 August 2016)
		110,000,000	Director Options (7.5 cents, 31 December 2013)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

⁺ See chapter 19 for defined terms.

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

N/A

39 Class of +securities for which quotation is sought

N/A

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

N/A

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

N/A

+ See chapter 19 for defined terms.

42 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 38)

Number	⁺ Class
N/A	N/A

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the ⁺securities to be quoted, it has been provided at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 25 August 2011

Print name: Jane Flegg, Company Secretary

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