



Continental Coal Ltd

ABN 13 009 125 651 ASX Code CCC

21 September 2011

Mauro Piccini
Adviser, Listings (Perth)
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

By e-mail

RE: PRICE QUERY

I refer to your letter dated 20 September 2011 in relation to the recent change in price of the Company's securities and respond as follows in line with the number of your letter.

1. The Company is not aware of any information concerning it, that has not been announced and which, if known, could be an explanation for recent trading in the securities of the Company;
2. Not applicable;
3. The Company is not aware of any other explanation for the adverse price change in the securities of the Company particularly given the following information that has been included in positive price sensitive announcements that have been made by the Company in recent months:
 - Record coal sales from the Vlakvarkfontein Coal Mine made over the months of July and August 2011 and ZAR12.2m (US\$1.6m) of net cashflow from operations generated;
 - Final credit approval received and documentation and satisfaction of conditions precedent being finalised for US\$65m of bank funding negotiated with ABSA Capital, one of South Africa's largest financial institutions;
 - Construction commenced at the Company's third mining operation, the Penumbra Coal Mine on 7 September 2011;
 - Agreement reached with Broad Based Black Economic Empowerment Group to acquire the existing 26% BEE interest in the Company's South African subsidiary with approx. US\$20m to be injected by them back into the Company for financing operations;
 - Exploration commenced at the Company's Botswana Coal projects;
 - Fifth successive quarterly increase and record run-of-mine thermal coal production achieved at the Ferreira and Vlakvarkfontein Coal Mines in the June 2011 quarter;

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Executive Chairman Andy Macaulay CEO Don Turvey Executive Director Peter Landau Executive Director Bruce Buthelezi

**Continental Coal Ltd**

- Initial JORC compliant coal reserves of 43.8Mt established at the De Wittekrans Coal Project and 19.9Mt established at the Ferreira and Vlakvarkfontein Coal Mines, and the Penumbra Coal Project;
- Strengthened the Board of the Company with the appointment of Mr. James Leahy, a highly experienced London based, senior mining and finance executive
- Financial settlement and South African government approvals received for the acquisition of the Vlakplaats Coal Project by the Company and its joint venture partner KORES (who have invested over US\$2 billion in Australia's coal mining sector); and
- Listing on London Stock Exchange's AIM Market completed.

However, the Company notes that following its own recent investigations, it has become aware that a "quantitative analysis" focused fund using computer based high frequency algorithm driven trading has been an active trader of the Company's securities. On many days this computer based trading may have accounted for more than 30% of all trading in the Company's securities and significantly increased the volatility in the Company's share price. The effect of this on the price of the Company's securities could have been further magnified by the recent uncertainty in global financial markets.

The Company continues to progress and add value to its coal projects and promote the Company so as to attract long term investors and ultimately mitigate the price volatility caused by such short term share trading activity.

4. I further confirm that the Company is in compliance with the ASX Listing Rules and, in particular, Listing Rule 3.1.

Ends

Regards

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-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. Continental commenced development of the Penumbra Coal Mine in September 2011 and completed 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 signed a joint development agreement with KORES, Korea Resources Corporation.

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.



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20 September 2011

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Jane Flegg
Company Secretary
Continental Coal Limited
Ground Floor, 1 Havelock Street
West Perth 6005

By Email

Dear Jane,

Continental Coal Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from an open of \$0.265 on 14 September 2011 to an intra day low of \$0.225 today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at mauro.piccini@asx.com.au or by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 05:00pm (W.S.T) today.**



Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

[Sent electronically without signature]

Mauro Piccini
Adviser, Listings (Perth)