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

By e-lodgement

AGREEMENT EXECUTED WITH BROAD BASED BLACK ECONOMIC EMPOWERMENT PARTNER WITH INITIAL ZAR140M CAPITAL INVESTMENT INTO SOUTH AFRICAN MINING OPERATIONS

Key points:

- **Sishen Iron Ore Company Community Development Trust ("SIOC-cdt") executes Subscription and Shareholder Agreements to become Continental's new Broad Based Black Economic Empowerment partner in South Africa**
- **SIOC-cdt subscribes for 26% interest in Continental's South African subsidiary**
- **SIOC-cdt's initial investment of ZAR140 million to be received upon final regulatory consent**
- **Transaction with SIOC-cdt positions Continental for significant growth and enhanced opportunities in South Africa**

African focused coal mining investment and production company Continental Coal Limited (**ASX: CCC/AIM:COOL**) ("**Continental**" or the "**Company**") is pleased to confirm that established and highly successful Broad Based Black Economic Empowerment Company, the Sishen Iron Ore Company Community Development Trust ("**SIOC-cdt**") and the Company's South African subsidiary, Continental Coal Limited (South Africa) ("**CCL**") have formally executed Subscription and Shareholder Agreements under which SIOC-cdt has become the Company's new partner in South Africa.

Continental Coal's Chief Executive Officer, Don Turvey, said: *"Our partnership with the Sishen Iron Ore Company Community Development Trust is a landmark agreement for us and will transform the Company's business activities and opportunities in South Africa. We welcome SIOC-cdt as our partners and believe together we will grow this business significantly in the coming years for all stakeholders"*.

Under the terms of the agreement (refer ASX announcement dated 3 August 2011) SIOC-cdt has acquired a 26% interest in CCL. The ZAR215 million loan advances made by the Company on behalf of its previous partner will be satisfied under the terms of the agreement with SIOC-cdt advancing up-front ZAR140 million to CCL. These funds will be used to further fund the growth and development of CCL's thermal coal mining business in South Africa. SIOC-cdt will further assume ZAR75 million of the loan account against CCL that was accrued on behalf of its previous partner.

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Executive Chairman Andy Macaulay **Executive Director** Peter Landau **Executive Director** Jason Brewer
Non Executive Director James Leahy **Chief Executive Officer** Don Turvey

The transaction has now been completed with all relevant documentation in relation to the acquisition of the 26% interest by SIOC-cdt now executed by all parties. Administrative matters are now underway to complete the conditions precedent that are standard for an acquisition of this nature to ensure the expedited settlement of the initial ZAR140 million advance.

Following completion of the transaction, the Company has invited SIOC-cdt to appoint one director to its board and further have two directors, including the chairmanship of the board of CCL.



Mr Connie Molusi, Chairperson of the SIOC-cdt Board said of the investment into CCL:

"We see this investment in Continental Coal as key to our involvement in participating in and developing key South African natural resources."

"SIOC-cdt is well placed in partnering Continental in its development of its attractive portfolio of thermal coal projects in South Africa to generate significant returns for our community members and Continental's shareholders," Mr. Molusi added.

SIOC Community Development Trust (SIOC-cdt)

SIOC-cdt was established in 2006 as a broad based socio-economic empowerment ownership initiative as part of Anglo American PLC's unbundling of South African-based mining group Kumba Resources into two companies: Exxaro Resources and Kumba Iron Ore. Kumba Iron Ore is a 74% shareholder and the manager of the Sishen Iron Ore Company ("**SIOC**"). SIOC is the operator of the Sishen, Sishen South and Thabazimbi iron ore mines, Africa's largest iron ore mining operations. The 26% BEE partners in SIOC are made up of Exxaro (20%), SIOC-cdt (3%) and an employee trust (3%).

The value of SIOC-cdt's shareholding in SIOC is valued at approx. ZAR6.5 billion (approx. US\$0.8 billion). For the 6 months to 30 June 2011, SIOC-cdt received an interim cash dividend of ZAR284 million.

SIOC-cdt, also known as the "Super Trust" is the sole beneficiary of 3% of the ordinary shares of SIOC through a Special Purpose Vehicle established to hold the shares on its behalf. Historically Disadvantaged South African communities around the Sishen, Sishen South and Thabazimbi iron ore mines in the Northern Cape and Limpopo Provinces, through their nominated Beneficiary Trust's, are the eligible beneficiaries for support from the Super Trust.

As a broad based socio-economic empowerment ownership initiative SIOC-cdt strives to fund education, skills development, infrastructure projects and other initiatives that benefit its community members. In addition to public benefit type investments, in and around the beneficiary communities.

SIOC-cdt has identified its investment in CCL and partnership with Continental as signaling SIOC-cdt's intention of growing the Super Trust's balance sheet within the next 7 to 10 years and taking a more active role in investing in key South African natural resources to generate significant additional returns for its community members.

For and on behalf of the Board.

Regards



Jason Brewer
Executive Director

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC/AIM: COOL/US-OTCQX:CGFAY) is a coal mining investment and production company. Its principal investment is a 74% interest in a South African thermal coal producer with a portfolio of projects located in South Africa's major coal fields including two operating mines, the Vlakvarkfontein and Ferreira Coal Mines, producing 2Mtpa of thermal coal for the export and domestic markets. A third mine, the Penumbra Coal Mine, commenced development in September 2011 and a Bankable Feasibility Study was also completed on a proposed fourth mine, the De Wittekrans Coal Project. Run of mine production of 7Mtpa is targeted in 2013. The Company has concluded strategic off-take and funding agreements with EDF Trading for its export thermal coal production, signed a joint development agreement with KORES, Korea Resources Corporation and secured debt funding from ABSA Capital to fund its growth.

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 the 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.