

21 November 2011

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

By e-lodgement

UPDATE ON OPERATIONS AND NEW COAL PROJECT ACQUISITION

Key points:

- Run-of-mine thermal coal production of 172,024 tonnes achieved at the Ferreira and Vlakovarkfontein Coal Mines for the month of October 2011 in line with annual target of 2Mtpa
- Ferreira Mine and Delta Processing Operations achieve record monthly run-of mine coal production and record high quality export thermal coal sales for the month of October
- Ferreira and Vlakovarkfontein Coal Mines generate unaudited aggregate EBITDA of ZAR10.1m for the month of October and ZAR38.9m for the first 4 months of the financial year
- Acquisition of the Wolvenfontein Coal Project, which has a JORC compliant resource of 36.7Mt and is strategically located to the east of the Company's Vlakovarks Coal Project

African focused coal mining investment and production company Continental Coal Limited ("Continental" or the "Company") is pleased to provide an update on operating and financial performance at its thermal coal mining and processing operations in South Africa and background on the strategic acquisition of the Wolvenfontein Coal Project.

Ferreira Coal Mine and Delta Processing Operations

During the month of October 2011, ROM coal production of 69,228 tonnes at the Ferreira Mine was achieved, 13% above the average monthly ROM production in the previous quarter. The Delta Processing Operations washed a total of 81,642 tonnes for the month.

Railings to the Richards Bay Coal Terminal ("RBCT") from the Company's Anthra Rail Siding for the month totalled 64,191 tonnes of high quality export thermal coal. This represents a 47% increase on the average monthly tonnes railed to RBCT during the previous 2011 quarter.

Vlakovarkfontein Coal Mine

During the month of October 2011, the Vlakovarkfontein Coal Mine achieved ROM coal production of 102,796 tonnes a 9% increase on the average monthly tonnes of ROM production in the September 2011.

Thermal coal sales from the Vlakovarkfontein Coal Mine to the South African domestic market of 117,122 tonnes of thermal coal were made during the month. This was approx. 9% below the record average monthly sales of 128,148 tonnes of domestic sales achieved in the previous quarter.

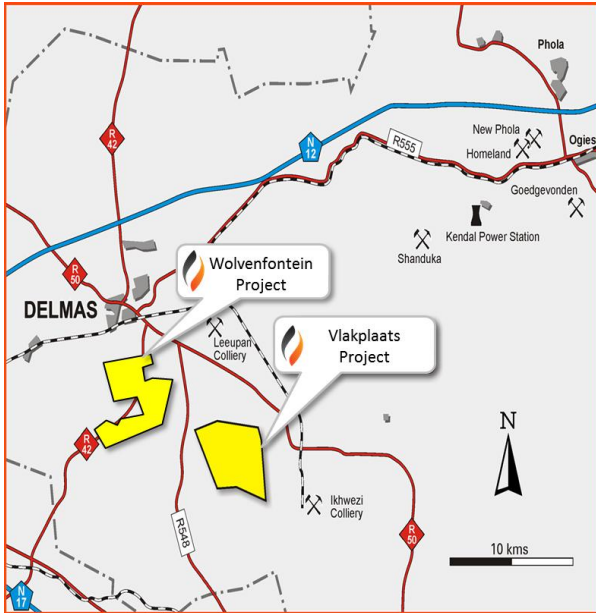
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Executive Chairman Andy Macaulay Executive Director Peter Landau Executive Director Jason Brewer
 Non Executive Director James Leahy Chief Executive Officer Don Turvey

Wolvenfontein Coal Project

The Company's South African subsidiary Continental Coal Limited (South Africa) ("CCL") has executed a Sale Agreement with South African based Universal Pulse Trading (Pty) Limited and completed the acquisition of a 100% interest in the Wolvenfontein Coal Project for total consideration of ZAR10.4m (approx. A\$1.3m) payable in equity.

The Wolvenfontein Coal Project is located approx. 80km east of Johannesburg and 4km south of the town of Delmas in the Nkangala District Municipality, Mpumalanga Province. The Company's Vlakplaats Coal Project, which has total JORC compliant resources of 187.7Mt, is located less than 5km to the east.



The Wolvenfontein Coal Project lies at the western extent of the Witbank Coal Field and is well situated in respect of roads and rail infrastructure.

The Wolvenfontein Coal Project extends over Portions 4, 5, 6 and the Remaining Extent (REM) of the farm Wolvenfontein 244IR ('the Property') and has a valid Prospecting Right MP 30/5/1/1/2/1520 PR.

In addition to its proximity to infrastructure the Wolvenfontein Coal Project is bordered by four operating collieries and a number of advanced coal projects including Exxaro's Leeuwan Mine, the Stuart, Delmas and Ikhwezi Collieries and Total's Eloff Project, Homeland Energy's Delmas Project and Universal Coal's Kangala Project.

The Company has completed the acquisition of the Wolvenfontein Coal Project to further consolidate its position in the Delmas area and around its Vlakplaats Coal Project, where the Company in joint venture with KORES, is looking to develop a significant low cost and initially open cast mining operation.

The Company believes that the Joint Development Agreement completed with KORES earlier this year on the Vlakplaats Coal Project is of particular importance given it is KORES' first investment in South Africa's coal sector and follows substantial investment in excess of US\$2 billion by KORES in coal projects worldwide, including interests in 10 coal mines in Australia producing in excess of 25Mtpa. The 54% increase in total inferred resources for the Vlakplaats Coal Project, to 187.7Mt up from the previous 122Mt in June 2011, has further confirmed the strategic importance of the asset to the Company. The acquisition of the nearby Wolvenfontein Coal Project further enhances the Company's resources in the area.

Commenting on the acquisition, Continental's CEO, Don Turvey stated: *"The acquisition of the Wolvenfontein Coal Project is an opportunistic acquisition and strategically important to the Company given its proximity to the Vlakplaats Coal Project that we have in joint venture with KORES. These two coal projects now have in excess of 220Mt of resources that we will be looking to advance through feasibility studies and towards development in the coming 18 to 24 months"*

CCIC Coal (Pty) Ltd, an independent geological consultant, was retained by the Company to complete an updated resource assessment of the Wolvenfontein Coal Project within the southernmost portion, Portion 6.

A summary of the JORC compliant inferred resource as determined by CCIC is provided below.

WOLVENFOTEIN COAL PROJECT - INFERRED RESOURCE STATEMENT				
Seam	Cut-Off Parameters	Avg. Seam Thickness (m)	Volume (m³)	Tonnage (GTIS)¹
No. 4 Seam	None	0.52	249,494	374,241
No. 2 Seam	None	9.17	30,387,865	53,646,076
Total 2+4 Seam	None		30,637,358	54,020,317
No. 4 Seam	Thickness>0.5m,	0.55	109,508	164,262
No. 2 Seam	DAFVOL>24%	9.17	30,387,865	53,646,076
Total 2+4 Seam	Thickness>0.5m, DAFVOL>24%		30,497,393	53,810,338
No. 4 Seam - Central	Thickness>0.5m, DAFVOL>24%, Excludes Wetland Areas	0.55	109,490	
No. 2 Seam - West		8.20	1,586,469	
No. 2 Seam - Central		9.40	17,400,445	
No. 2 Seam - East		5.72	1,683,919	
TOTAL 2 SEAM	Thickness>0.5m, DAFVOL>24%, Excludes Wetland Areas		20,670,833	36,560,884
TOTAL 2+4 SEAM			20,780,322	36,725,119

¹Global tonnes in situ

Cut offs applied included seam thicknesses less than 0.5m and/or dry ash-free volatile matter (DAFVOL) of less than 24%. In addition wetlands areas on the Wolvenfontein Coal Project were also excluded. For the tonnage calculations the average raw relative densities were used.

A JORC compliant inferred resource of 36.7Mt has been determined of which the majority is contained within the No. 2 Seam. The average reported depth to the top of the No. 2 Seam is 28m and the average thickness is 9.0m.

The raw coal qualities are summarised in the table below.

WOLVENFOTEIN COAL PROJECT – AVERAGE RAW COAL QUALITIES									
Seam	Cut-Off Parameters	RD (g/cm³)	IM (%)	AS (%)	VM (%)	FC (%)	TS (%)	CV (MJ/kg)	DAFVOL (%)
No. 4 Seam	None	1.50	1.30	20.96	17.30	60.44	4.84	26.65	22.36
No. 2 Seam	None	1.77	3.38						35.39
Total 2+4 Seam	None								
No. 4 Seam	Thickness>0.5m,	1.50	1.16	21.68	19.31	57.85	5.02	26.33	25.07
No. 2 Seam	DAFVOL>24%	1.77	3.38	39.40	18.70	38.51	0.90	16.42	35.39
Total 2+4 Seam	Thickness>0.5m, DAFVOL>24%								
No. 4 Seam - Central	Thickness>0.5m, DAFVOL>24%, Excludes Wetland Areas	1.50	1.16	21.68	19.31	57.85	5.02	26.33	25.07
No. 2 Seam - West		1.78	3.35	39.51	18.59	38.55	0.66	16.32	34.84
No. 2 Seam - Central		1.77	3.28	40.22	17.94	38.56	0.89	16.19	33.75
No. 2 Seam - East		1.70	3.98	35.27	21.34	39.40	1.33	17.78	41.52

The acquisition of the Wolvenfontein Coal Project from Universal Pulse Trading (Pty) Limited has already been completed and Ministerial consent from the South African Department of Minerals and Resources (transfer of the prospecting right) has been received for the Company to complete the acquisition. In accordance with the Sale Agreement, the Company has had to settle the transaction through the issuance of ordinary shares, and accordingly 5,414,520 shares based on a volume weighted share price over the 30 days preceding the acquisition have been issued.

An updated Appendix 3B is attached for the issuance of shares in respect of the Wolvenfontein Coal Project acquisition and the early redemption of options issued to Socius CG II.

For and on behalf of the Board.

Regards



Jason Brewer
Executive Director

For further information please contact:

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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.

Competent Person Statement

The information in this report that relates to Coal Resources on the Vlakplaats Coal Project and Wolvenfontein Coal Project is based on resource estimates completed by Dr. Philip John Hancox. Dr. Hancox is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400224/04) as well as a Member and Fellow of the Geological Society of South Africa. He is also a member of the Fossil Fuel Foundation, the Geostatistical Association of South Africa, the Society of Economic Geologists, and a Core Member of the Prospectors and Developer Association of Canada. Dr. Hancox has more than 12 years' experience in the South African Coal and Minerals industries, holds a Ph.D from the University of the Witwatersrand (South Africa), and has authored a number of published and unpublished academic articles on the Karoo Basin and its contained coal, as well as over 50 peer reviewed scientific papers on various aspects of sedimentary geology and palaeontology. Dr. Hancox has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and the Ore reserves. Within the constraints mentioned above, all work undertaken by Dr. Hancox and related to the resource estimate was carried out following industry best practice standards using the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code, 2007) in conjunction with the South African guide to the systematic evaluation of coal resources and coal reserves (SANS 10320:2004) as a basis. As such the resource statements contained in this report may be considered compliant with the JORC Code. Dr. Hancox consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

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.

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	26,561,137 Ordinary Fully Paid Shares 13,950,893 Unlisted Warrant Options (\$0.368, 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)	26,561,137 Ordinary Fully Paid Shares 13,950,893 Unlisted Warrant Options (\$0.368, 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 (\$0.368, 23 August 2016)</p>							
5	Issue price or consideration	<p><u>Re-pricing of SOCIUS Placement as per Agreement</u> Cancellation of 13,950,893 Unlisted Warrant Options (\$0.4122, 23 August 2016) Issue of 13,950,893 Unlisted Warrant Options (\$0.368, 23 August 2016) Cancellation of 11,748,121 Unlisted Warrant Options (\$0.444, 1 July 2016) Issue of 14,880,953 Unlisted Warrant Options (\$0.345, 1 July 2016) Issue of 6,264,664 Ordinary Fully Paid Shares <u>Exercise of Unlisted Warrant Options</u> Issue of 14,880,953 Ordinary Fully Paid Shares upon exercise of Unlisted Warrant Options ((\$0.345, 1 July 2016) <u>Strategic Acquisition</u> Issue of 5,414,520 Ordinary Fully Paid Shares for the Acquisition of Wollenfontein Coal Project</p>							
6	<p>Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p><u>Re-pricing of SOCIUS Placement as per Agreement</u> Cancellation of 13,950,893 Unlisted Warrant Options (\$0.4122, 23 August 2016) Issue of 13,950,893 Unlisted Warrant Options (\$0.368, 23 August 2016) Cancellation of 11,748,121 Unlisted Warrant Options (\$0.444, 1 July 2016) Issue of 14,880,953 Unlisted Warrant Options (\$0.345, 1 July 2016) Issue of 6,264,664 Ordinary Fully Paid Shares <u>Exercise of Unlisted Warrant Options</u> Issue of 14,880,953 Ordinary Fully Paid Shares upon exercise of Unlisted Warrant Options ((\$0.345, 1 July 2016) <u>Strategic Acquisition</u> Issue of 5,414,520 Ordinary Fully Paid Shares for the Acquisition of Wollenfontein Coal Project</p>							
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	18/11/2011							
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>399,223,204</td><td>Ordinary fully paid shares</td></tr><tr><td>60,161,301</td><td>Options (\$0.50, 13 February 2013)</td></tr></table>	Number	⁺ Class	399,223,204	Ordinary fully paid shares	60,161,301	Options (\$0.50, 13 February 2013)	
Number	⁺ Class								
399,223,204	Ordinary fully paid shares								
60,161,301	Options (\$0.50, 13 February 2013)								

- 9 Number and ⁺class of all ⁺securities not quoted on ASX (including the securities in clause 2 if applicable)

4,000,000	EDF Options (\$0.50, 16 July 2016)
4,000,000	EDF Options (\$1.00, 16 July 2016)
1,627,549	Warrant Options (\$0.64, 31 October 2015)
13,950,893	Warrant Options (\$0.368, 23 August 2016)
11,000,000	Director Options (\$0.75, 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
- 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

⁺ See chapter 19 for defined terms.

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?
- 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
- | |
|-----|
| N/A |
|-----|
- 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 |
|-----|
- 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.

+ See chapter 19 for defined terms.

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: 21 November 2011

Print name: Jane Flegg, Company Secretary

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