

14th August 2012

ASX Compliance Pty Limited
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6005

Attention: Mauro Piccini
Email: Mauro.piccini@asx.com.au
Facsimile: 9221 2020

By Email

RE: PRICE & VOLUME QUERY

I refer to your letter dated 14 August 2012 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. 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 exception to listing rule 3.1 contained in listing rule 3.1A when answering this question.

No

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).

Not applicable.

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?

No.

The Company provided an update to shareholders in an Open Briefing (refer ASX Announcement dated 10 August 2012). The update confirmed that the Company was continuing with the development of its flagship project, the Penumbra Coal Mine, which is fully funded to production and is set to become the Company's third thermal coal mining operation in South Africa with planned annual sales of 500,000tpa to commence in Q4 2012. The update further confirmed that the Company's two other coal mining operations, the Vlakvarkfontein and Ferreira Coal Mines were performing and collectively "our mining operations have been generating positive operational profits and that is budgeted to continue in FY2013".

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As announced, the Company had achieved record coal production and sales in FY2012. The Vlakvarkfontein Mine was reported as achieving a record year in terms of thermal coal production, sales, revenues, earnings and profits, whilst the Ferreira Mine had secured two mine life extensions with mine development into adjoining prospecting licenses now only subject to regulatory approval.

The Company has further adopted a prudent plan (as announced) to look at strengthening its balance sheet with an injection of capital from the sale of non-core assets, the settlement of the sale of its interest in VanMag and a strategic investment in its South African and/or Botswana businesses by established industry partners to meet its targets and consolidate its interests in projects and subsidiary companies. The Company can confirm that each of these processes are well advanced and it has further received several non-binding expressions of interests from established industry groups seeking an investment in the Company's business activities. Regular updates on the status of these processes will be made by the Company.

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

The Company confirms that it is in compliance with the ASX listing rules.

For and on behalf of the Board.



Don Turvey
Chief Executive Officer

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 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 rate 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.



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14 August 2012

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 AND VOLUME QUERY

We have noted a change in the price of the Company's securities from \$0.073 on 13 August 2012 to an intra day low of \$0.061 today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, 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 07:45am (W.S.T) tomorrow.**



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)