

6 December 2012

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

By e-lodgement

VANMAG SETTLEMENT PROCEEDS EXTENSION OF ACQUISITION OF MINORITY SHAREHOLDERS IN MASHALA RESOURCES

Key points:

- **Settlement of the sale of the Company's interest in VanMag proceeds with initial payment of approx. US\$1m already received**
- **Final US\$9m payment is scheduled to be received early in the March 2013 quarter, realizing total net proceeds of US\$10m for the Company from the sale of the non-core asset**
- **Initial proceeds used towards acquisition of the minority shareholders in Mashala Resources**
- **Agreement reached to extend the final acquisition of the minority shareholders of Mashala Resources to 28 February 2013**
- **Settlement of VanMag is a major milestone for the Company with the proceeds to be used to fund the acquisition of the outstanding minority interests in Mashala Resources and meet other working capital requirements**

Continental Coal Limited (ASX:CCC) ("Continental" or "Company") the South African thermal coal production, development and exploration company, is pleased to announce that settlement of the sale of its shareholding in Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Limited ("Vanmag") has proceeded with an initial non-refundable payment by the purchaser of approx. US\$1m. Final settlement of the US\$9m balance is to be made early in the March 2013 quarter.

The Company has used the approx. US\$1m proceeds received to meet part of the ZAR76m purchase price for the outstanding minority interests in Mashala Resources ("Mashala") not already held by the Company's principal subsidiary in South Africa (Continental Coal Limited ("CCL")).

In addition, the Company has reached agreement with the minority shareholders in Mashala to extend to 28 February 2013, the date by which the Company is required to acquire the outstanding interests in Mashala. Final payment of the outstanding interests is scheduled to be made from the US\$9m due from the final settlement of the VanMag transaction in the March 2013 quarter.

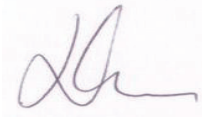
"Proceeding with the financial settlement of our shareholding in VanMag is a significant step forward for the Company. The shareholding is a non-core asset and it is extremely pleasing to have finally got there and to see settlement proceeding with US\$1m of the total net proceeds of US\$10m already received." Continental's Chief Executive Officer, Don Turvey said.

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Independent Non-Executive Chairman Mike Kilbride Chief Executive Officer Don Turvey Executive Director Jason Brewer
 Non-Executive Directors: Johan Bloemsmas Peter Landau James Leahy Connie Molusi

"The proceeds from the VanMag settlement will be used to fund the acquisition of the outstanding minority interests in Mashala and provide our principal subsidiary in South Africa with 100% interests in the operating Ferreira and Penumbra export thermal coal mines and the De Wittekrans Coal Project that is forecast to become the Company's fourth coal mine" Mr Turvey added.

For and on behalf of the Board,



Don Turvey
Chief Executive Officer

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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 three operating mines, the Vlakvarkfontein, Ferreira and Penumbra Coal Mines, and targeted production rates of 2.8Mtpa of ROM thermal coal for the export and domestic markets. The Company's first underground mine, the Penumbra Coal Mine, commenced development in September 2011 and produced first coal in November 2012. In 2011, a Feasibility Study was also completed on a proposed fourth mine, the De Wittekrans Coal Project with optimisation work completed in 2012. The Company has further 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.