

19 February 2013

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

By e-lodgement

CORPORATE UPDATE

Key points:

- Settlement of VanMag transaction on track for later this month with a further approx. US\$3m received by the Company and the balance scheduled to be received by the end of February 2013
- Refinancing of convertible note facility and establishment of standby line of funding to provide additional standby working capital for the Company
- Discussions further advanced in regards to a stand alone funding package for the De Wittekrans Coal Project

Continental Coal Limited (**ASX:CCC / AIM:COOL**) ("**Continental**" or "**Company**") the South African thermal coal production, development and exploration company, is pleased to provide an update on the status of its sale of its shareholding in Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Limited ("**VanMag**"), a refinancing of existing convertible note facilities and its discussions regarding a potential long-term strategic off-take and stand alone funding agreement for the De Wittekrans Coal Project.

US\$10m Sale of VanMag Shareholding

The Company has received confirmation from its lawyers that a further approx. US\$3m of the US\$10m total sale proceeds due from the purchaser has been received. Settlement of the sale of the Company's shareholding in VanMag remains on track for settlement later this month.

In December 2012, the Company confirmed that it had received an initial non-refundable payment by the purchaser of approx. US\$1m (refer ASX Announcement dated 6 December 2012).

The outstanding amount now due on the sale of VanMag of approx. US\$6m is scheduled to be received from the Chinese purchaser later this month upon execution and handover of the final settlement documentation and share transfer deeds.

The proceeds from the sale of the Company's shareholding in VanMag are to be used to fund all remaining amounts due for the outstanding minority interests in Mashala Resources not already held by the Company's principal subsidiary in South Africa.

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

Refinancing of Convertible Notes and Standby Funding

Continental has completed a refinancing of the outstanding amount under the A\$5m Convertible Note Facility entered into in May 2012 (refer ASX announcement dated 17 May 2012) and has further established a A\$15m standby line of funding.

The Company has negotiated the refinancing of the principal amount outstanding under the A\$5m Convertible Note Facility entered into in May 2012. The refinancing has been completed with funding provided by Baycrest Capital LLC (a subsidiary of Dutchess Capital Ltd) and Oracle Securities.

In addition, A\$1.25m of the Company's existing indebtedness has been converted to equity by the lenders. The Company is also continuing in its discussion with the lenders of its other convertible note facilities in respect to a long-term refinancing of the aggregate A\$16m facilities. Discussions have progressed significantly over the past 4 weeks and a detailed update to shareholders on this will be provided later this quarter.

The Company has also executed a 3 year, A\$15m Standby Line of Funding with Baycrest Capital. Under the terms of the Standby Line of Funding, Baycrest Capital has committed to invest up to A\$15m into the Company over a 3 year period. There is no obligation for the Company to utilise this facility during the 3 years of availability, nor does it prevent the Company from undertaking any other capital raisings. The facility does not have any penalties for non-usage or termination, and utilisation of the facility is entirely at the Company's discretion.

De Wittekrans Long-term Strategic Partnership, Off-take and Funding Agreement

The Company is also pleased to confirm that its discussions and negotiations in respect to a potential long-term off-take agreement, strategic partnership and stand alone funding agreement for the De Wittekrans Coal Project have advanced significantly over the past 2 months.


Following the Company's announcement of the positive optimisation study on the De Wittekrans Coal Project in November 2012 (refer ASX Announcement dated 21 November 2012), discussions with parties, who had previously submitted indicative funding and off-take proposals have intensified. Discussions with Indian based coal and power utility companies and major global commodity trading groups have focused on finalisation of a partnership and funding arrangement that will allow the Company to both fully fund the planned initial 7 year open cast mine into development, provide a major portion of the funding required for the subsequent forecast 30 year underground mine development and secure a long-term strategic off-take partner for the planned exports of a thermal coal product ideally suited for the Asian markets.

Discussions on the stand alone funding and off-take financing are currently being advanced with 5 parties.

A further update on the progress of these negotiations and the status of the Company's discussions with parties that have submitted offers for the Company's interest in its South African business and for the acquisition and/or joint venture of specific operating and development projects, will be made in the current quarter.

Please find attached an updated Appendix 3B.

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 three operating mines, the Vlakvarkfontein, Ferreira and Penumbra Coal Mines, are set to produce at an annualised rate of 2.8Mtpa of 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 and further optimisation studies 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.

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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

CONTINENTAL COAL LTD

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 Options (\$0.057; 6 December 2017) Unlisted Options (\$0.05382; 18 December 2017)
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	47,572,181 Ordinary Fully Paid Shares 6,000,000 Unlisted Options (\$0.057; 6 December 2017) 5,000,000 Unlisted Options (\$0.05382; 18 December 2017)

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)	<p>47,572,181 Ordinary Fully Paid Shares</p> <p>6,000,000 Unlisted Options (\$0.057; 6 December 2017)</p> <p>5,000,000 Unlisted Options (\$0.05382; 18 December 2017)</p>
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>Ordinary Fully Paid Shares – Yes</p> <p>Unlisted Options – New Class of Options</p>
5	Issue price or consideration	<p>33,200,607 Ordinary Fully Paid Shares on conversion of debt to equity</p> <p>14,371,574 Ordinary Fully Paid Shares and 11,000,000 Unlisted Options issued to corporate brokers in respect to establishment fees, interest and termination payments on convertible note facilities and for capital raising fees for new facilities.</p>
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>33,200,607 Ordinary Fully Paid Shares on conversion of debt to equity</p> <p>14,371,574 Ordinary Fully Paid Shares and 11,000,000 Unlisted Options to corporate brokers in respect to establishment fees, interest and termination payments on convertible note facilities and for capital raising fees for new facilities.</p>

+ See chapter 19 for defined terms.

6a	Is the entity an *eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the *securities the subject of this Appendix 3B</i> , and comply with section 6i	N/A
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of *securities issued without security holder approval under rule 7.1	N/A
6d	Number of *securities issued with security holder approval under rule 7.1A	N/A
6e	Number of *securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of securities issued under an exception in rule 7.2	N/A
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A

7	Dates of entering +securities into uncertificated holdings or despatch of certificates	18 January 2013
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8	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>520,633,953</td><td>Ordinary Fully Paid Shares</td></tr></table>	Number	+Class	520,633,953	Ordinary Fully Paid Shares
Number	+Class					
520,633,953	Ordinary Fully Paid Shares					

9	Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in section 2 if applicable)	Number	+Class
		12,500,000	Options (\$0.2216; 15 May 2015)
		8,000,000	EDF Options (\$0.20; 16 July 2016)
		1,627,549	Warrant Options (\$0.64; 31 October 2015)
		11,000,000	Director Options (\$0.75; 31 December 2013)
		6,000,000	Options (\$0.057; 6 December 2017)
		5,000,000	Options (\$0.05382; 18 December 2017)

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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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

+ See chapter 19 for defined terms.

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 <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
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

⁺ See chapter 19 for defined terms.

- 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					
39	Class of +securities for which quotation is sought					
40	<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 					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>					
42	<p>Number and +class of all +securities quoted on ASX (including the securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr style="height: 100px;"> <td></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

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.
- 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: 19 February 2013
(Company secretary)

Print name:Jane Flegg.....

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	
Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	
“A”	

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	
Total [“A” x 0.15] – “C”	<i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.