

8 March 2013

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

By e-lodgement

**SETTLEMENT OF VANMAG SALE COMPLETED
CONTINENTAL TO COMPLETE 100% ACQUISITION OF MASHALA RESOURCES**

Highlights:

- **Settlement of sale of shareholding in Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Limited has occurred,**
- **Continental Coal, via its 74% owned South African subsidiary, to proceed with the acquisition of the minority interest not already held by the subsidiary company in Mashala Resources,**
- **Subsidiary company to hold 100% interests in the operating Ferreira Coal Mine and the operating Penumbra Coal Mine, which both produce a high quality thermal coal.**

Continental Coal Limited (**ASX:CCC / AIM:COOL**) ("**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 been completed.

Total sale proceeds of approx. US\$10 million from the sale of its shareholding in VanMag are to now be used by the Company towards purchasing all the outstanding minority interests in Mashala Resources ("**Mashala**") not already held by the Company's principal and 74% owned subsidiary in South Africa (Continental Coal Limited ("**CCL**")).

Following the acquisition of the outstanding interests in Mashala which is scheduled to be completed over the coming days CCL will hold a 100% interest in the operating Ferreira Coal Mine and Penumbra Coal Mine. Both these mining operations produce a high quality thermal coal that is exported through the Richards Bay Coal Terminal and sold under existing off take agreement into predominantly the Asian markets. In addition, CCL will hold a 100% interest in the De Wittekrans Coal Project that is forecast to become the Company's fourth coal mine, and where the Company is in advanced negotiations in respect to a potential long-term off-take agreement, strategic partnership and stand alone funding agreement for its development.

"To be able to conclude the sale of one of the Company's non core assets and use the proceeds towards the finalization of acquiring the outstanding minority interests in Mashala, is a major positive for the Company and its thermal coal business in South Africa." 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 Bloemsma Peter Landau James Leahy Connie Molusi

"We have over the past 3 years invested heavily in establishing a South African thermal coal production, development and export business, that includes the Vlakvarkfontein and Ferreira Coal Mines and now following the commencement of mining activities at the Penumbra Coal Mine, we anticipate increased returns for our shareholders in the coming years" Mr Turvey added.

With settlement of the sale of the Company's interest in VanMag and the process towards acquiring via CCL, the remaining minority interests in Mashala underway, the Company looks forward towards further finalising its advanced negotiations with parties regarding the acquisition of an interest in its South African coal mining business and/or for the acquisition and/or joint venture of specific operating and development projects. While these negotiations are advanced, they remain confidential and incomplete and there is no guarantee that a transaction will be completed to the satisfaction of the Company.

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, 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.