

18 March 2013

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

By e-lodgement

AGREEMENT WITH VILLAGE MAIN REEF TO ACQUIRE SMALL SHAREHOLDINGS

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 it has entered into an agreement with JSE listed mining investment and production company Village Main Reef Limited ("**Village Main Reef**") and established a mechanism for the sale of parcels of shares with a market value of less than \$500 (being shareholdings less than a Minimum Shareholding as provided for in the Company's constitution), subject to the conditions set out in the attached notice.

As at the close of business on 11 March 2013 ("**Record Date**") the Company had 11,054 shareholders of which 5,614 held shareholdings less than a Minimum Shareholding and, as such, are described as 'Minority Members' in the Company's constitution. The holdings of the Minority Members totaled 19,352,630 shares.

Village Main Reef has entered into an agreement with the Company under which they have agreed to acquire all of the shares held by Minority Members (other than those held by Minority Members who elect to retain their shares in the Company) on the Record Date at a price per share that is equal to the minimum sale price in accordance with the Company's constitution of \$A0.0521, being the simple average of the last sale prices of Continental's shares quoted on ASX for each of the ten trading days prior to 11 March 2013, being the date the offer was received from Village Main Reef.

The total consideration for the purchase of the shareholdings less than a Minimum Shareholding will be transferred by Village Main Reef to the Company on the closing date of 29 April 2013, and the Company will then arrange for the proceeds to be distributed to Minority Members as soon as practicable. All Minority Members whose shares are sold will receive the same sale price per share and any brokerage or handling fees related to the sale will be paid by the Company.

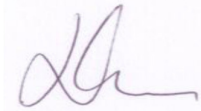
The Company has elected to proceed with the sale of the shareholdings less than a Minimum Shareholding as it expects to benefit from a reduction in administrative costs and an improvement in efficiencies with managing a smaller shareholder base. In addition it will give Minority Members, who may find it difficult or uneconomic to dispose of those shareholdings through the normal means, a cost effective and convenient way of selling their shareholdings without incurring brokerage fees.

Minority Members who do not wish to have their shares sold to Village Main Reef may elect to retain their shares by returning a signed copy of the Share Retention Form in accordance with the attached notice which will be sent to all Minority Members as at 11 March 2013.

South Africa	Australia
T +27 11 881 1420 F +27 11 881 1423 W www.conticoal.com	T +61 8 9488 5220 F +61 8 9324 2400 W www.conticoal.com
9th Floor Fredman Towers, 13 Fredman Drive, Sandton 2196	Ground Floor, 1 Havelock Street, West Perth, WA 6005
PO Box 787646, Sandton 2146	PO Box 684, West Perth WA 6872

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

For and on behalf of the Board,



Don Turvey
Chief Executive Officer
For further information please contact:

Investors/ shareholders

Jason Brewer
Finance Director
T: +61 8 9488 5220

Don Turvey
Chief Executive Officer
T: +27 11 881 1420

E: admin@conticoal.com
W: www.conticoal.com

Media (Australia)

David Tasker
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T: +61 8 9388 0944

Media (UK)

Mike Bartlett/ Jessica Fontaine/ Jos Simson
Tavistock Communications
T: +44 20 7920 3150

Nominated Advisor

Stuart Laing
RFC Ambrian Limited
T: +61 8 9480 2500

Broker

Mark Wellesley-Wood / Chris Sim
Investec Bank plc
T: +44 20 7597 4000

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.



Continental Coal Ltd

ABN 13 009 125 651 ASX Code CCC AIM Code COOL

18 March 2013

MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Dear Shareholder

SALE OF SMALL SHAREHOLDINGS

Continental Coal Limited ("**Continental**" or "**Company**") has 11,054 shareholders on its share register as at 11 March 2013.

Of these shareholders, 5,614 hold parcels of shares that have a value of less than \$500, based on the closing price of the Company's shares on the ASX on 11 March 2013 ("**Record Date**") of \$0.050 (being shareholdings of 9,999 shares or less). The Company's constitution provides that such holdings are less than "Minimum Shareholdings" in the Company.

Our records show that your holding of Continental shares, as detailed in the enclosed "Share Retention Form", had a value of less than \$500 as at the Record Date and, as such, your holding constitutes less than a Minimum Shareholding in the Company. A shareholder who holds less than a Minimum Shareholding is described as a 'Minority Member' in the Company's constitution.

ASX Listing Rule 15.13 and Rule 3 of Continental's constitution empower the Company to sell the shareholdings of Minority Members subject to complying with the terms of the Company's constitution and the ASX Listing Rules.

Unless you advise the Company that you wish to retain your shares by no later than 29 April 2013, the Company intends to sell your shares and the proceeds will be sent to you via cheque as soon as practicable.

The minimum sale price in accordance with the Company's constitution is \$A0.0521, being the simple average of the last sale prices of Continental's shares quoted on ASX for each of the ten trading days prior to 11 March 2013.

Please note that you are not obliged to sell your shares.

If you wish to sell your shares, no further action is required.

If you wish to retain your shares you must notify us by completing the enclosed 'Share Retention Form' and returning it in the enclosed self-addressed envelope so that it is received by the Company no later than 5.00pm (AWST) on 29 April 2013, which is the end of the required 6 week notice period under the Company's constitution.

South Africa	Australia
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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

The Company has elected to proceed with the sale of the shareholdings less than a Minimum Shareholding as it expects to benefit from a reduction in administrative costs and an improvement in efficiencies with managing a smaller shareholder base. In addition it will give Minority Members, who may find it difficult or uneconomic to dispose of those shareholdings through the normal means, a cost effective and convenient way of selling their shareholdings without incurring brokerage fees.

The Company will pay all brokerage and selling costs of the sale for Minority Members, however any tax consequences arising from the sale of the shares remain the shareholders' responsibility.

Sale of Small Shareholdings

The Company has determined that the minimum sale price for the sale of shareholdings less than a Minimum Shareholding, in accordance with the Company's constitution is \$A0.0521. This is the simple average of the last sale prices of Continental's shares quoted on ASX for each of the ten trading days prior to 11 March 2013, ("**Record Date**") being the date upon which an offer was received by the Company from Village Main Reef to acquire all of the shares in the Company held by Minority Members.

Continental has accepted this offer from Village Main Reef in accordance with its power to sell the shares held by Minority Members under its Constitution, subject to any Minority Member notifying the Company it wishes to retain its shareholding in the Company by 29 April 2013.

The total consideration for the purchase of shareholdings less than a Minimum Shareholding will be transferred by Village Main Reef to the Company on the Closing Date (detailed below), and the Company will then arrange for the proceeds to be distributed to Minority Members as soon as practicable.

If you do nothing (i.e., if you do not return a completed Share Retention Form), your shares will be sold to Village Main Reef as soon as practicable following the Closing Date. Computershare Investor Services Pty Limited ('**Computershare**') will manage the payment process.

All Minority Members whose shares are sold will receive the same sale price per share and any brokerage or handling fees related to the sale will be paid by the Company.

The sale consideration will be posted to Minority Members whose shares are sold as soon as practicable after the Closing Date by cheque in Australian dollars to the address recorded in the share register as at the Closing Date.

If you wish to update your registered address please contact the share registry, Computershare, by telephone on 1300 850 505 within Australia and +61 (03) 9415 4000 from overseas.

If you do not wish to have your shares to be sold to Village Main Reef, please notify us of your intention to opt out of the sale by returning a signed copy of the Share Retention Form in accordance with the procedure set out in this letter.

Timetable

The timetable for the sale of shareholdings less than a Minimum Shareholding is as follows:

Record Date	11 March 2013
Notice Date	18 March 2013
Closing Date	29 April 2013
Sale Consideration Distributed	As soon as practicable - expected by 10 May 2013

Please note that the above timetable may be amended at any time by the Company. The Company reserves the right, for any reason, to extend the Closing Date, or to terminate or suspend the arrangements outlined in this Notice. Any such changes will be notified by way of a market announcement on ASX. Information on the market price of the Company's shares is available from the ASX website www.asx.com.au under the code "CCC".

Authority for Sale of shareholdings less than a Minimum Shareholding

The Company's constitution authorises the sale of shares held by Minority Members using the process outlined in this Notice. In the event that a Minority Member does not elect to retain their shares in accordance with the procedures prescribed in this Notice or any subsequent notice, then on the expiry of the 6 week notice period (ending on 29 April 2013), the Company shall be deemed to have been appointed as the agent of each Minority Member to sell their shareholdings for a price not less than the minimum sale price detailed above and to receive and pay them their proportion of the total sale consideration.

Other important information

If you have any general questions regarding the sale of shareholdings less than a Minimum Shareholding, please contact the Company on +61 8 9488 5220.

However, neither Continental nor Computershare makes any recommendation or gives any advice to you regarding whether to retain your shares or permit them to be sold.

If you are in any doubt about the impact of this Notice, or if you require further information in relation to the possible taxation implications of your parcel of shares, please consult your legal, financial or taxation adviser.

For and on behalf of the Board,



Don Turvey
Chief Executive Officer
For further information please contact:

Investors/ shareholders

Jason Brewer
Finance Director
T: +61 8 9488 5220

E: admin@conticoal.com
W: www.conticoal.com

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Continental Coal Ltd

ABN 13 009 125 651

**Return your Form to the Company's
share registry:**



By Mail:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:

Phone:



(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 CCC
MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

SHARE RETENTION FORM

 **If you wish to retain your shares, your form must be received by no later than 5.00pm (AWST) on 29 April 2013**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Shareholder Details

Use this form if you wish to retain your shares in Continental Coal Limited. If you have recently bought or sold shares your holding may differ from that shown. If you have already sold all your shares in Continental Coal Limited, do not complete or return this form. If you have more than one holding on Continental Coal Limited's register and you do not sell your shares under the Small Shareholding Sale Facility, you should consider consolidating them. For further advice on how to do this, contact Computershare Investor Services Pty Limited ("CIS") on the number above.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect. If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Signing Instructions

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of the Death Certificate and Will must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form ➔

**THIS FORM MUST BE RECEIVED BY COMPUTERSHARE INVESTOR SERVICES PTY LIMITED
BY NO LATER THAN 5:00PM (AWST) ON THE 29 APRIL 2013**



SHARE RETENTION FORM

SRN WITHHELD I ND

STEP 1 Shareholder Details

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001



Change of Address
If incorrect, mark this box and
make the correction in the
space to the left.

Securities held as at:

2000

STEP 2 Signature of Shareholder(s) *This section must be completed.*

By signing and returning this form, I/we confirm that I/we understand that my/our shares will NOT be sold under the Small Shareholding Sale Facility

Individual or Securityholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact Name

Contact
Daytime
Telephone

Date / /

Email Address

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (CIS) as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS using the details provided above or email privacy@computershare.com.au



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