

22 June 2010

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

By e-lodgement

CONTINENTAL COMPLETES FIRST COAL SALES FOR VLAKVARKFONTEIN



Emerging South African focused coal company Continental Coal Limited (**ASX: CCC**) ("**Continental**" or "**the Company**") is pleased to announce that it has completed the first sale of its domestic quality coal from its Vlakvarkfontein Coal Mine in South Africa following execution of binding sales contracts with an existing established and nearby major coal mining operation.

On 21 June 2010, Continental signed its first coal sales agreement for the sale of run-of mine coal from its Vlakvarkfontein Coal Mine. The sales agreement covers up to 100,000 tonnes of coal which will be supplied to the domestic coal market in South Africa.

In addition, the Company is progressing with longer term off take arrangements pending final testwork and coal quality analyses results from the first bulk samples sent in May 2010.

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Executive Chairman Andy Macaulay

CEO Don Turvey

Executive Director Peter Landau

Executive Director Bruce Buthelezi

The key terms of the sales agreement are:

Material:	Run-of-Mine (ROM) Coal
Quantity:	Approximately 100,000mt
Delivery:	June-July 2010
Quality:	Typically on an ISO "air dry" basis:
	Calorific value 22MJ/kg min.
	Volatiles 20% min.
	Ash 27% max.

The coal will be sold free-on-truck and will be transported to the buyers nearby operations for final weight determination and sampling and analysis.

Under the sales agreement Continental will receive approximately ZAR9 million up front on the 100,000 tonnes and the balance due on subsequent deliveries.

Continental Coal Chief Executive Officer, Mr Don Turvey, is delighted to have completed the first coal sales with its first domestic sales offtake agreements.

"To have concluded our first sales contracts at Vlakvarkfontein is a great milestone for the Company. Since our first coal production blast at the end of May, we have received a tremendous amount of interest from several international and local parties seeking to secure a long-term supply of our domestic quality coal at Vlakvarkfontein. To have concluded the sales of the first 100,00t of run-of-mine coal is significant step forward for the Company"

'With the results pending from the 6,000t bulk sample that was sent for testing at various plant sites and laboratories, we anticipate concluding a long-term off-take agreement for Vlakvarkfontein's domestic coal product shortly. The benefits of this immediate sales agreement are significant with the coal being delivered straight from the mine as a ROM product , without any crushing, screening or washing. We currently have about 65,000t on the ROM stockpile and anticipate delivering the balance of the 100,000t over the next month'. Don Turvey added.

Ends

Yours faithfully



Peter Landau
Executive Director

For further information please contact:

Investors/ shareholders

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Continental Coal Limited (ASX:CCC) is a new Junior South African coal producer. Continental has a portfolio of producing and advanced coal projects located in South Africa's major coal fields. Following the commencement of production at its Vlakvarkfontein coal mine in May 2010, it expects production at its predominantly export thermal coal mines at Vaalbank, Project X and Vlakplaats to commence in 2011, at the rate of over 300,000 tonnes per month of export coal. Continental was formed to take advantage of the robust domestic and global demand for coal, with particular focus on South Africa, Botswana, Mozambique and Zimbabwe.

Website: www.conticoal.com

CONTINENTAL COAL LIMITED

ABN 13 009 125 651

NOTICE OF GENERAL MEETING

TIME: 12 Noon

DATE: 14 July 2010

PLACE: The University Club of Western Australia
Seminar Room 1
Hackett Drive, Crawley WA 6009

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9488 5220.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Continental Coal Limited to which this Notice of Meeting relates to will be held at **12 Noon on Wednesday 14 July 2010** at:

**The University Club of Western Australia
Seminar Room 1
Hackett Drive, Crawley WA 6009**

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by post to Continental Coal Limited, Level 3, 1 Havelock Street, West Perth, Western Australia 6005; or
- (b) send the proxy form by facsimile to the Company on facsimile number **(08) 9324 2400**,

so that it is received not later than **11 am Monday 12 July 2010**

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Continental Coal Limited will be held at **The University Club of Western Australia, Seminar Room 1, Hackett Drive, Crawley WA 6009** on **Wednesday 14 July 2010 at 12 Noon**.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at the opening of business on **Tuesday 13 July 2010**.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SECURITIES PURSUANT TO 2009 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 8,333,332 Shares and 4,166,666 Listed Options (exercisable at \$0.05 each on or before 13 February 2013) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue and associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES PURSUANT TO 2010 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 60,745,000 Shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue and associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 3 – APPROVAL OF ISSUE OF OPTIONS PURSUANT TO 2010 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 30,372,500 Listed Options (exercisable at \$0.05 each on or before 13 February 2013) on the

terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 – APPROVAL OF ISSUE OF SECURITIES PURSUANT TO CARMICHAEL PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 22,700,000 Shares and 11,350,000 Listed Options (exercisable at \$0.05 each on or before 13 February 2013) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES PURSUANT TO LOAN AGREEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 12,811,650 Shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue and associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 – APPROVAL OF ISSUE OF OPTIONS PURSUANT TO LOAN AGREEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 6,405,825 Listed Options (exercisable at \$0.05 each on or before 13 February 2013) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for

a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7 – APPROVAL OF ISSUE OF SECURITIES PURSUANT TO LOAN AGREEMENTS

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 92,525,826 Shares and 46,262,913 Listed Options (exercisable at \$0.05 each on or before 13 February 2013) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SHARES IN LIEU OF LOAN REPAYMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 30,000,000 Shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue and associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 9 – APPROVAL OF ISSUE OF OPTIONS IN LIEU OF LOAN REPAYMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 7,062,133 Listed Options (exercisable at \$0.05 each on or before 13 February 2013) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 10 – ISSUE OF OPTIONS IN LIEU OF FEES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 65,282,621 Listed Options to various consultants of the Company in lieu of fees owing for services, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED: 14 JUNE 2010

BY ORDER OF THE BOARD



**JANE FLEGG
COMPANY SECRETARY
CONTINENTAL COAL LIMITED**

NOTE:

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting of the Company to be held at **The University Club of Western Australia, Seminar Room 3, Hackett Drive, Crawley WA 6009** on **Wednesday 14 July 2010** at **12 Noon**

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolutions in the Notice of Meeting.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SECURITIES – DECEMBER 2009 PLACEMENT

1.1 Background

On 1 December 2009, the Company completed a placement of 8,333,332 Shares at an issue price \$0.06 per Share with one free attaching Listed Option for every two Shares issued (amounting to 4,166,666 Listed Options), to sophisticated and institutional investors to raise \$500,000 (**2009 Placement**) before issue costs.

Shareholder approval to ratify the Placement is required pursuant to ASX Listing Rule 7.4.

1.2 Shareholder approval

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

1.3 2009 Placement

By ratifying the 2009 Placement, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Pursuant to, and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the total number of Securities allotted was 8,333,332 Shares and 4,166,666 Listed Options;
- (b) the price at which the Shares were issued was \$0.06 each;
- (c) the Listed Options were issued for nil cash consideration, attaching to the Shares on a one for two basis;
- (a) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (b) the Listed Options were issued on the terms and conditions as outlined in Annexure A;
- (d) the Shares and Listed Options were issued to institutional and professional clients of Stonebridge Securities. None of the allottees were related parties or associates of the Company; and
- (e) funds raised from the issue of the Shares will be used to develop the Company's South African Coal Projects, working capital and issue costs.

2. RESOLUTIONS 2 AND 3 – RATIFICATION AND APPROVAL OF MAY 2010 PLACEMENT

2.1 Background

On 11 May 2010, the Company completed a placement of 60,745,000 Shares at an issue price \$0.05 per Share, to sophisticated and institutional investors to raise \$3,037,250 (**2010 Placement**) before issue costs.

The terms of the 2010 Placement included one free attaching Listed Option for every two Shares (being, 30,372,500 Listed Options). The free attaching Listed Options are subject to Shareholder approval and have not yet been issued. Approval for the issue of 30,372,500 Listed Options is the subject of Resolution 3.

Shareholder approval to ratify the 2010 Placement Shares is required pursuant to ASX Listing Rule 7.4. Approval to ratify issue of the 2010 Placement Shares is the subject of Resolution 2.

2.2 Resolution 2

A summary of Listing Rule 7.1 and 7.4 is set out in Section 1.2 above.

By ratifying the issue of the Shares under the 2010 Placement, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Pursuant to, and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) the total number of Securities allotted was 60,745,000 Shares;
- (b) the price at which the Shares were issued was \$0.05 each;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to institutional and professional clients of Stonebridge Securities, Macquarie, Patersons, Old Park Lane Capital;
- (e) None of the allottees were related parties or associates of the Company; and
- (f) funds raised from the issue of the Shares were used to develop the Company's South African Coal Projects, working capital and issue costs.

2.3 Resolution 3

The effect of Resolution 3 will be to allow the Directors to issue up to 30,372,500 Listed Options during the period of 3 months after the Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity under Listing Rule 7.1.

In compliance with the information requirements of ASX Listing Rule 7.3, Shareholders are advised of the following particulars in relation to the proposed issue pursuant to Resolution 3:

- (a) the maximum number of securities to be issued pursuant to Resolution 3 is 30,372,500 Listed Options;
- (b) the allottees of the securities are institutional and professional clients of the various brokers highlighted in Section 2.2 (d) above, with each allottee being a sophisticated investor pursuant to Section 708 of the Corporations Act.
- (c) None of the allottees are related parties or associates of the Company;
- (d) the Listed Options are issued on a free attaching basis for every 2 Shares subscribed for under the 2010 Placement and referred to in Section 2.1 above;
- (e) the Listed Options will be issued on the terms and conditions as outlined in Annexure A;
- (f) the securities will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date; and
- (g) funds raised by the issue of the Shares in the 2010 Placement will be used to develop the Company's South African Coal Projects, working capital and issue costs.

3. RESOLUTION 4 – APPROVAL OF ISSUE OF SECURITIES – CARMICHAEL PLACEMENT

3.1 Background

The Company has agreed to undertake a placement of 22,700,000 Shares at an issue price of \$0.05 per Share with one free attaching Listed Option for every two Shares issued (amounting to 11,350,000 Listed Options), to raise \$1,135,000 (**Carmichael Placement**).

Shareholder approval for the proposed issue is required pursuant to ASX Listing Rule 7.1.

3.2 Shareholder approval

A summary of ASX Listing Rule 7.1 is set out in section 1.2 above.

The effect of Resolution 4 will be to allow the Directors to issue up to 22,700,000 Shares and 11,350,000 Listed Options during the period of three months after the Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

In compliance with the information requirements of ASX Listing Rule 7.3, Shareholders are advised of the following particulars in relation to the proposed issue pursuant to Resolution 4:

- (a) the maximum number of securities to be issued pursuant to Resolution 4 is 22,700,000 Shares and 11,350,000 Listed Options;
- (b) the allottees of the Securities will be institutional and professional clients of DJ Carmichael and Intersuisse. None of the allottees of the Securities will be related parties or associates of the Company;
- (c) the issue price of the Shares will be \$0.05 each;

- (f) the Listed Options will be issued for nil cash consideration, attaching to the Shares on a one for two basis;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Listed Options will be issued on the terms and conditions as outlined in Annexure A;
- (f) the Securities will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date; and
- (g) funds raised by the issue of the Shares will be used to develop the Company's South African Coal Projects, working capital and issue costs.

4. RESOLUTIONS 5 AND 6 – RATIFICATION AND APPROVAL OF ISSUE OF SECURITIES PURSUANT TO LOAN AGREEMENT 1

4.1 Background

In February 2010, the Company entered into a loan agreement pursuant to which the Lenders advanced loans to the Company in the amount of \$500,000 with interest of 10%, repayable by the Company on or before 30 June 2010 (**Loan Agreement**).

The Loan Agreement provided that part or all of the outstanding principal and interest may be converted to Shares at a deemed issue price of \$0.04 per share with one free attaching Listed Option for every two Shares issued (amounting to 6,405,825 Listed Options) at the election of the Lenders, but subject to applicable ASX and Corporations Act provisions.

Shareholder approval to ratify the conversion of debt to equity is required pursuant to ASX Listing Rule 7.4. Approval to ratify the issue of 12,811,650 Shares is the subject of Resolution 5.

The attaching Listed Options for every two Shares issued pursuant to the Loan Agreement are subject to Shareholder approval and have not yet been issued. Approval for the issue of 6,405,825 Listed Options is the subject of Resolution 6.

4.2 Resolution 5

A summary of ASX Listing Rule 7.1 is set out in section 1.2 above.

By ratifying the conversion of debt to equity, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Pursuant to, and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) the total number of Shares allotted was 12,811,650;
- (b) the Securities were allotted and issued to clients of Max Capital Limited. None of the allottees of the Securities were related parties or associates of the Company;

- (c) the issue price of the Shares was \$0.04 per share and accordingly the issue of the Shares will satisfy the repayment of the debt;
- (d) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) the Company did not raise any funds from the issue as the Securities were issued in satisfaction of the debt.

4.3 Resolution 6

The effect of Resolution 6 will be to allow the Directors to issue up to 6,405,825 Listed Options during the period of 3 months after the Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity under Listing Rule 7.1.

In compliance with the information requirements of ASX Listing Rule 7.3, Shareholders are advised of the following particulars in relation to the proposed issue pursuant to Resolution 6:

- (a) the maximum number of securities to be issued pursuant to Resolution 6 is 6,405,825 Listed Options;
- (b) the allottees of the securities are institutional and professional clients of Max Capital Limited highlighted in Section 4.2(b) above, with each allottee being a sophisticated investor pursuant to Section 708 of the Corporations Act.
- (c) None of the allottees are related parties or associates of the Company;
- (d) the Listed Options are issued on a free attaching basis for every 2 Shares issued pursuant to the Loan Agreement;
- (e) the Listed Options will be issued on the terms and conditions as outlined in Annexure A;
- (f) the securities will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date; and
- (g) the Company did not raise any funds from the issue as the Shares and attaching Listed Options were issued to satisfy the terms of the Loan Agreement.

5. RESOLUTION 7 – APPROVAL OF ISSUE OF SECURITIES PURSUANT TO LOAN AGREEMENTS

5.1 Background

In February and May 2010, the Company entered into loan agreements pursuant to which clients of Oracle Securities (the **Lenders**) advanced loans to the Company in the amount of \$3,000,000 with interest of 10%, repayable by the Company on or before 30 June 2010.

The loan agreements provided that part or all of the outstanding principal and interest may be converted to Shares at a deemed price of \$0.04 per Share with one free

attaching Listed Option for every two Shares issued (amounting to 46,262,913 Listed Options) at the election of the Lenders but subject to all necessary approvals.

The Lenders have indicated that they wish to convert some or all of the loan and interest into equity. The Company seeks shareholder approval to issue up to 92,525,826 Shares and 46,262,913 Listed Options in satisfaction of the loans.

Shareholder approval for the proposed issue is required pursuant to ASX Listing Rule 7.1.

5.2 Resolution 7

A summary of Listing Rule 7.1 is set out in Section 1.2 above.

The effect of Resolution 7 will be to allow the Directors to issue up to 92,525,826 Shares and 46,262,913 Listed Options during the period of 3 months after the Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity under Listing Rule 7.1.

In compliance with the information requirements of ASX Listing Rule 7.3, Shareholders are advised of the following particulars in relation to the proposed issue pursuant to Resolution 7:

- (a) the maximum number of Securities to be issued pursuant to Resolution 6 is 92,525,826 Shares and 46,262,913 Listed Options;
- (b) the Securities will be allotted and issued to clients of Oracle Securities. None of the allottees of the Securities will be related parties or associates of the Company;
- (c) the deemed issue price of the shares will be \$0.04 each and accordingly the issue of the Shares will satisfy the repayment of the debt. The Listed Options will be issued for nil cash consideration in accordance with the terms of the loan agreements;
- (d) the Listed Options will be issued on the terms and conditions as outlined in Annexure A;
- (e) the Securities will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date; and
- (f) the Company will not raise any funds from the issue as the Securities will be issued in satisfaction of the debt.

6. RESOLUTIONS 8 AND 9 – ISSUE OF SECURITIES IN LIEU OF REPAYMENT OF LOAN

6.1 Background

In July 2007 the Company entered into a loan agreement with Findlay & Co Stockbrokers pursuant which a loan was advanced to the Company in the amount of \$1,500,000. In February 2010 the Company agreed with Findlay & Co Stockbrokers to issue 30,000,000 Shares and 7,062,133 Listed Options in full satisfaction of the total loan amount.

Shareholder approval to ratify the conversion of debt to equity is required pursuant to ASX Listing Rule 7.4. Approval to ratify the issue of 30,000,000 Shares is the subject of Resolution 8.

The Listed Options proposed to be issued are subject to Shareholder approval and have not yet been issued. Approval for the issue of 7,062,133 Listed Options is the subject of Resolution 9.

6.2 Resolution 8

A summary of ASX Listing Rule 7.1 is set out in section 1.2 above.

By ratifying the conversion of debt to equity, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Pursuant to, and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 8:

- (a) the total number of Shares allotted was 30,000,000;
- (b) the Securities were allotted and issued to clients of Findlay & Co Stockbroking. None of the allottees of the Securities were related parties or associates of the Company;
- (c) the issue price of the Shares was \$0.05 per Share and accordingly the issue of the Shares satisfied the repayment of the debt;
- (d) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) the Company did not raise any funds from the issue as the Securities were issued to settle and repay the loan from Findlay & Co Stockbrokers.

6.3 Resolution 9

The effect of Resolution 9 will be to allow the Directors to issue up to 7,062,133 Listed Options during the period of 3 months after the Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity under Listing Rule 7.1.

In compliance with the information requirements of ASX Listing Rule 7.3, Shareholders are advised of the following particulars in relation to the proposed issue pursuant to Resolution 9:

- (a) the maximum number of securities to be issued pursuant to Resolution 9 is 7,062,133 Listed Options;
- (b) the Listed Options will be allotted and issued to clients of Findlay & Co Stockbrokers;
- (c) the Listed Options will be issued for nil cash consideration;
- (d) None of the allottees are related party or associate of the Company;
- (e) the Listed Options will be issued on the terms and conditions as outlined in Annexure A;
- (f) the securities will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date; and

- (g) the Company did not raise any funds from the issue as the Shares and attaching Listed Options to settle and repay the loan from Findlay & Co Stockbrokers.

7. RESOLUTION 10 – APPROVAL OF ISSUE OF OPTIONS IN LIEU OF FEES

8.1 Background

During the 2010 year, various consultants provided services in respect of capital raising, project acquisition and promotion of the Company. The Consultants have indicated that they wish to convert some or all of their fees into equity in the Company. It is proposed to issue 65,282,621 Listed Options (in aggregate) to the consultants.

Shareholder approval for the proposed issue is pursuant to ASX Listing Rule 7.1.

8.2 Resolution 10

A summary of Listing Rule 7.1 is set out in Section 1.2 above.

The effect of Resolution 10 will be to allow the Directors to issue up to 65,282,621 Listed Options during the period of 3 months after the Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity under Listing Rule 7.1.

In compliance with the information requirements of ASX Listing Rule 7.3, Shareholders are advised of the following particulars in relation to the proposed issue pursuant to Resolution 10:

- (a) the maximum number of securities to be issued pursuant to Resolution 10 is 65,282,621 Listed Options;
- (b) the Securities will be allotted and issued to Max Capital Limited, Oracle Securities, Intuitive Pty Ltd, Pursuit Capital and Stonebridge Securities Limited.
- (c) the Listed Options will be issued for nil cash consideration as the issue is to satisfy part of the amount of fees owed by the Company to various consultants for services provided;
- (d) None of the allottees of the Securities will be related parties or associates of the Company;
- (e) the Listed Options will be issued on the terms and conditions as outlined in Annexure A;
- (f) the securities will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date; and
- (g) the Company did not raise any funds from the issue as Listed Options are in lieu of fees.

8. ENQUIRES

Shareholders are invited to contact the Company Secretaries, Ms Jane Flegg or Mr Anthony Eastman on **(08) 9488 5220** if they have any queries in respect to the matters set out in this Notice.

GLOSSARY

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the Board of Directors.

Company or **Continental Coal Limited** means Continental Coal Limited (ABN 13 009 125 651).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the General Meeting convened by the Notice.

Notice means the Notice of General Meeting.

Official Quotation means official quotation of the Company's securities on ASX.

Listed Optionholder means a holder of an Listed Option.

Listed Options means unlisted options having an exercise price of A\$0.05 and an expiry date of 13 February 2013.

Resolution means a resolution contained in the Notice.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Australian Western Standard Time.

ANNEXURE A – TERMS AND CONDITIONS OF LISTED OPTIONS

1. Each Listed Option entitles the holder to subscribe for 1 ordinary Share in Continental Capital Limited ACN 009 125 651 ("**Company**") upon the payment of A\$0.05.
2. The Listed Options will lapse at 5:00pm Western Standard Time on 13 February 2013 ("**Expiry Date**").
3. The Listed Options are transferable and will be listed for official quotation on the ASX upon meeting ASX Listing Rule criteria.
4. There are no participating rights or entitlements inherent in these options and holders of the Listed Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Listed Option.
5. Listed Optionholders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Listed Options, and will be granted a period of at least 10 business days before books closing date to exercise the Listed Options.
6. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Listed Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
7. The Listed Options shall be exercisable at any time before the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Listed Optionholder to exercise all or a specified number of Listed Options held by them accompanied by an Listed Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Listed Options shall not affect the rights by the Listed Optionholder to the balance of the Listed Options held by him.
8. The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Listed Options.
9. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary Shares of the Company in all respects.

PROXY FORM

**APPOINTMENT OF PROXY
CONTINENTAL COAL LIMITED
ABN 13 009 125 651**

GENERAL MEETING

I/We
of

being a member of Continental Coal Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 12.00nn (WST), on Wednesday 14 July 2010 at The University Club of Western Australia, Seminar Room 3, Hackett Drive, Crawley, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 10 and that votes cast by the Chair of the General Meeting for Resolutions 1 to 10 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1 to 10 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 10.

OR

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Ratification Prior Issue of Securities – 2009 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Ratification Prior Issue of Shares – 2010 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval Issue of Options – 2010 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of Issue of Securities – Carmichael Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Ratification Issue of Shares – Loan Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval of Issue of Options – Loan Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Approval Of Issue Of Securities Pursuant To Loan Agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Ratification Prior Issue of Shares in Lieu of Repayment of Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Approval of Issue in Lieu of Repayment of Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Approval of Issue of Options In Lieu of Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Signature of Member(s): _____

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ Contact Ph (daytime): _____

Instructions for Completing 'Appointment of Proxy' Form

1. A Shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a Shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - Directors of the company;
 - a Director and a company secretary of the company; or
 - for a proprietary company that has a sole Director who is also the sole company secretary – that Director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole Director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed and either:
 - (a) send the proxy form by post to Continental Coal Limited, Level 3, 1 Havelock Street, West Perth WA 6005; or
 - (b) send the proxy form by facsimile to the Company on facsimile number
(08) 9324 2400,

so that it is received not later than **11am Monday 12 July 2010.**

Proxy forms received later than this time will be invalid.