



Continental Coal Ltd

ABN 13 009 125 651 ASX Code CCC

7 July 2011

Company Announcements Office
Australian Securities Exchange
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Via E Lodgement

SECONDARY SALE CLEANSING PROSPECTUS

Please find attached a secondary sale cleansing prospectus that is being issued in relation to the placement by the Company of 234,962,406 new shares at an issue price of A\$0.043 per share to raise US\$10 million (before issue costs) to Socius Capital Group.

Yours faithfully,

PETER LANDAU
Executive Director

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Executive Director Peter Landau **Executive Chairman** Andy Macaulay **Managing Director** Bruce Buthelezi

About Continental Coal Limited

Continental Coal Limited (ASX:CCC : US-OTCQX:CGFAY) is a South African thermal coal producer with a portfolio of producing and advanced coal projects located in South Africa's major coal fields. Continental currently has two operating mines, Vlakvarkfontein and Ferreira, producing 2Mtpa of thermal coal for the export and domestic markets. In 2011 Continental is set to commence development of the Penumbra Coal Mine and complete a Bankable Feasibility Study on the De Wittekrans Coal Project. The Company has concluded strategic off-take and funding agreements with EDF Trading for its export thermal coal production and recently signed a joint development agreement with KORES, Korea's state mining and exploration company.

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 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

ACN 009 125 651

PROSPECTUS

For the issue of up to 1,000 Shares at an issue price of \$0.04 per Share to raise up to \$40.

IMPORTANT NOTICE

This Prospectus has also been prepared for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 7 July 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and the ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Prospectus is a transaction specific prospectus for an offer to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

RISK FACTORS

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

Risks that investors should consider include (but are not limited to) the following:

- **South African Operations** - The Company's exploration activities, development projects and any future mining operations are subject to laws and regulations in South Africa governing the acquisition and retention of title to mineral rights, mine development, health and worker safety, employment standards, waste disposal, protection of the environment, and protection of endangered and protected species and other matters. It is possible that future changes in applicable laws, regulations and agreements, or changes in their enforcement, regulatory interpretation or application could result in changes to legal or practical requirements or the terms of existing permits, rights and agreements applicable to the Company or its projects, which could have a material and adverse impact on the Company's current exploration activities, planned development projects or future mining operations, including by requiring the Company to cease, materially delay or restrict exploration, development or mining operations.

- **Business Operations** - Factors that will determine the Company's future profitability are its ability to manage its costs, its ability to execute its development and growth strategies and the actions of competitors and regulatory developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted and may vary significantly from period to period.
- **Future Capital Needs** - The Company may require further funding in the future and there can be no assurance that further funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance.

For further information in relation to the risk factors of the Company please refer to Section 7 of this Prospectus.

2. TIMETABLE AND IMPORTANT DATES*

Lodgement of Prospectus with the ASIC and the ASX	7 July 2011
Closing Date	5.00 pm (WST) on 8 July 2011
Despatch of Holding Statements	12 July 2011

*The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

3. CORPORATE DIRECTORY

Directors

Mr Lodewyk 'Don' Turvey
(Chief Executive Officer)

Mr Andrew Macaulay

Mr Peter Landau

Mr Bruce Buthelezi

Mr Jason Brewer

Mr James Leahy

Share Registry*

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Telephone: 1300 850 505
Facsimile: +61 8 9323 2033

Company Secretaries

Ms Jane Flegg

Mr Mark Foster

Solicitors to the Company

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Registered Office

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WEST PERTH WA 6005

Telephone: +61 8 9488 5220
Facsimile: +61 8 9324 2400

Website: www.conticoal.com

ASX Code

CCC

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

4. DETAILS OF THE OFFER

4.1 Offer

Pursuant to the Offer, the Company invites applications for up to 1000 Shares at an issue price of \$0.04 per Share to raise up to \$40.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

4.2 Minimum subscription

There is no minimum subscription for the Offer.

4.3 Applications

Applications for Shares under the Offer must be made using the Application Form.

Applications under the Offer must be for a minimum of 1000 Shares and payment for the Shares must be made in full at the issue price of \$0.04 per Share.

The Directors reserve the right to issue Shares pursuant to the Offer at their absolute discretion. Accordingly, **do not submit an Application Form unless directed to do so by the Directors.**

Completed Application Forms and accompanying cheques, made payable to "**Continental Coal Ltd – Application Account**" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

Applicants should note the Directors may close the Offer early without notice or extend the Closing Date in their sole discretion.

4.4 ASX listing

Application for Official Quotation by the ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from the ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that the ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.5 Allotment

The Directors will determine the allottees of all the Shares the subject of the Offer in their sole discretion. The Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for. Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date.

Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed as soon as practicable after their issue.

4.6 Applicants outside Australia

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

The Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

4.7 Oversubscriptions

No oversubscriptions for the Offer will be accepted by the Company.

4.8 Not underwritten

The Offer is not underwritten.

4.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.10 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

4.11 Enquiries

Any questions concerning the Offer should be directed to Jane Flegg, Joint Company Secretary at the Company's office on +61 8 9488 5220.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to the Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

All of the funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 8.6 of this Prospectus for further details relating to the estimated expenses of the Offer.

5.2 Financial effect

After expenses of the Offer of approximately \$13,637, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$40.00) will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position, being receipt of funds of \$40.00 less costs of preparing the Prospectus of \$13,637.

5.3 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all Shares offered under the Prospectus are issued, is set out below.

Shares	Number
Shares currently on issue	3,427,602,815
Shares offered pursuant to the Offer	1000
Total Shares on issue after completion of the Offer¹	3,427,603,815

¹ As announced to ASX on 1 July 2011, the Company has completed an initial placement of 234,962,406 Shares to Socius Capital Group (**Socius**) to raise US\$10,000,000. In addition, Socius has agreed to subscribe, subject to Shareholder approval at the August General Meeting, for an additional US\$10,000,000 of Shares at an issue price to be determined at the time of issue. Further details of the placement agreement between Socius and the Company were announced to ASX on 4 July 2011.

Options	Number
Listed Options exercisable at 5 cents each on or before 13 February 2013	602,161,301
Class One Facilitation Options exercisable at 15 cents on or before 19 October 2011	60,000,000
Class Two Facilitation Options exercisable at 20 cents on or before 19 October 2011	60,000,000
Director Options exercisable at 7.5 cents each on or before 31 December 2013	110,000,000
EDF Options exercisable at 5 cents each on or before 16 July 2016	40,000,000

EDF Options exercisable at 10 cents each on or before 16 July 2016	40,000,000
Warrant Options exercisable at 6.4 cents each on or before 31 October 2015	16,275,486
Unlisted Warrant Options exercisable at 4.4 cents each on or before 1 July 2016	117,481,203
Total Options on issue after completion of the Offer¹	1,045,917,990

¹ Subject to Shareholder approval at the August General Meeting, pursuant to the placement agreement with Socius, the Company will issue further Options to Socius at the time the Shares pursuant to the second \$10,000,000 placement are issued. The number of Options to be issued is to be determined at the time of the placement, calculated on the basis of one Option for every 2 Shares issued. The exercise price of these Options will be at a 15% premium to the Share issue price for the second placement.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

6.2 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

6.3 Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

6.4 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he

considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

6.5 Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

6.6 Future Increase in Capital

The allotment and issue of any new shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue shares as they shall, in their absolute discretion, determine.

6.7 Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered speculative, and involve investors being exposed to risk. The Directors strongly recommend potential Applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Risks Specific to the Company

(a) International Operations

Any potential future South African operations of the Company's are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting rights and interest in assets;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

South Africa experiences economic, social and political volatility. As a result, the Company's future operations may be impacted by currency fluctuations, political reforms, changes in South African government policies and procedures, civil unrest, social and religious conflict and deteriorating economic conditions. The likelihood of any of these changes, and their possible effects, if any, cannot be determined by the Company with any clarity at the present time, but they may include disruption, increased costs and, in some cases, total inability to establish or to continue to operate mining exploration or development activities.

(b) Title

The acquisition and retention of title to mineral rights in South Africa is a detailed and time-consuming process. Title to, and the area of, mineral resource claims may be disputed or challenged. Although the Company believes it has taken and is taking reasonable measures to secure title to its projects, there is no guarantee that title to its projects

will be granted, that prospecting rights will be converted into mining rights or that title will not be challenged or impaired.

Any successful challenges to the title of the Company's projects could stop, materially delay or restrict the Company from proceeding with exploration activities, any development, or future mining operations.

Certain of the Company's mining rights and prospecting rights may from time to time have technical defects, errors or breaches, have not been registered with the applicable authority or may have consents or approvals outstanding. These include, for instance, outstanding consents (**Section 11 Consents**) in terms of section 11 of the Mineral and Petroleum Resources Development Act, 2002 (**MPRDA**) and/or outstanding registration of Section 11 Consents at the Mining and Petroleum Titles Registration Office established in terms of the Mining Titles Registration Act 1967, and/or discrepancies in related documentation.

(c) **Exploration**

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that these cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(d) **Operating**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(e) **Resource estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, either benefit or adversely affect the Company's operations.

(f) **Commodity price volatility and exchange rates**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(g) **Environment**

The operations and proposed activities of the Company are subject to laws and regulation concerning the environment applicable in the jurisdiction of those activities. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

7.3 General Risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;

- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

(d) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(e) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(f) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(g) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the securities in the Company.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify the ASX of information about specified events or matters as they arise for the purpose of the ASX making that information available to the stock market conducted by the ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to

in (i) and before the lodgement of this Prospectus with the ASIC;
and

- (iii) any continuous disclosure documents given by the Company to the ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged with the ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
4/07/2011	Becoming a substantial holder
1/07/2011	Appendix 3Y
1/07/2011	Moves to Acquire Balance of Mashala
29/06/2011	Results of General Meeting
29/06/2011	Improved Bank Funding Terms for Penumbra Development
29/06/2011	Landmark BEE Investment Agreement
21/06/2011	Lodgement of Open Briefing
15/06/2011	Coal Resources and Reserves Update
8/06/2011	Record Run of Mine Production
2/06/2011	Update Bank Financing to Fund Penumbra Mine Development
1/06/2011	Botswana Exploration Program Finalised
27/05/2011	Appointment of James Leahy to the Board
25/05/2011	Government Consent Received for Vlakplaats Coal Project Acqu
16/05/2011	Major US Investment Bank Initiates Coverage
13/05/2011	Continental Coal obtains quotation on OTCQX International
9/05/2011	Sale of Vanmag Finalised
2/05/2011	Revised Quarterly Report March 2011
2/05/2011	Quarterly Report for March 2011
20/04/2011	Successfully Commissions New Spiral Plant
19/04/2011	Appendix 3Y - Change of Director's Interest Notice
18/04/2011	Update on operations and new mine developments
4/04/2011	Continental to list on the AIM Market
1/04/2011	Settlement of Vlakplaats Coal Project Completed
23/03/2011	Edison Investment Reserach Report Released
23/03/2011	Company Presentation
22/03/2011	Updated Botswana Coal Projects Presentation
22/03/2011	Botswana Projects Update

18/03/2011	Amended Appendix 3Y - new format
18/03/2011	Appendix 3Y
14/03/2011	Completion of Project X and Vaalbank Acquisition
11/03/2011	Update on Exports
9/03/2011	Appendix 3X
9/03/2011	Appointment of Don Turvey to Continentals Board
4/03/2011	SandP Announces March SP/ASX Rebalance
28/02/2011	Interim Financial Report for the half year ended 31 Dec 2010
22/02/2011	Secondary Sale Cleansing Prospectus
15/02/2011	Updated Company Presentation
31/01/2011	Quarterly Report
27/01/2011	Continental in Kenya
20/01/2011	First Coal Shipped from Richards Bay
20/01/2011	Old Park Lane Capital Research Report Released
19/01/2011	Ceasing to be a substantial holder
18/01/2011	Company Presentation
29/12/2010	Company Securities Trading Policy
23/12/2010	Export Coal Sales - December Quarter Update
22/12/2010	Appendix 3Y - Jason Brewer
21/12/2010	Bank Feasibility Study Commences at De Wittekrans Project
20/12/2010	Penumbra Mine Development Commences
16/12/2010	MiningMaven Video Released
08/12/2010	Becoming a substantial holder
08/12/2010	Edison Investment Research Report Released
02/12/2010	GMP Updated Research Report following KORES JV
29/11/2010	Kores and CCC JV to fast track Vlakplaats Coal Project
25/11/2010	Second Tranche Equity Raising Completed
22/11/2010	Results of AGM and Company Presentation
18/11/2010	First Export Coal Sales to EDF Trading Completed
17/11/2010	Boardroom Radio Interview
16/11/2010	Continental Becomes South African Export Coal Producer
05/11/2010	Executive Management Team Strengthened
01/11/2010	Quarterly Activities Report
27/10/2010	Leading Investment Bank Initiates Research Coverage
26/10/2010	LRF: LinQ Announces Part Settlement of Loan Facility
26/10/2010	Tranche 1 Equity Raising Completed
21/10/2010	Annual Report and Notice of Annual General Meeting
19/10/2010	Reinstatement to Official Quotation
19/10/2010	Continental completes A\$61m Funding to Fast Track Development

18/10/2010	Suspension from Official Quotation
15/10/2010	Response to ASX Query Letter
14/10/2010	Trading Halt
13/10/2010	Final Government approval received for Mashala acquisition
12/10/2010	ASX Announcement - Company Presentation
4/10/2010	SARB Approval Obtained for Mashala Acquisition

The ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at the ASX during normal office hours.

The announcements are also available through the Company's website www.conticoal.com.au.

8.2 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Remuneration

The Constitution provides that the remuneration of Directors will be not more than the aggregate fixed sum initially set by the Constitution and subsequently varied by ordinary resolution of Shareholders in general meeting. The current aggregate fixed sum permitted as remuneration of Directors has been set at an amount not to exceed \$250,000 per annum.

In addition, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their

duties as Directors.

The Company paid to the Directors a total of \$1,145,800 the year ended 30 June 2010 and \$1,550,591 for the year ended 30 June 2011. These amounts are inclusive of salary, superannuation and associated benefits.

The total remuneration paid to each of the Directors in the financial year ended 30 June 2011 and the year ended 30 June 2010 is set out in the table below.

Director	Remuneration	
	Financial Year Ended 30 June 2011	Financial Year Ended 30 June 2010
Lodewyk 'Don' Turvey	\$510,340 ¹	\$74,484
Andrew Macaulay	\$380,835	\$348,625
Bruce Buthelezi	\$375,916	\$445,476
Peter Landau	\$163,500	\$164,863
Jason Brewer	\$50,000	\$20,000
Manuel Lambole	70,000	\$69,996
Simon Durak ²	Nil	\$22,356
James Leahy ³	Nil	Nil

Notes:

¹ Mr Turvey was appointed as Director on 9 March 2011. This remuneration figure is inclusive of the remuneration Mr Turvey received for his role as Chief Executive Officer for the financial year ended 30 June 2011.

² Mr Durak ceased to be a Director on 11 December 2009.

³ Mr Leahy was appointed as Director on 27 May 2011. Mr Leahy has not yet been remunerated for his services as Director.

The total remuneration paid to the Directors for the current financial year to date is \$31,211 (inclusive of salary, superannuation and associated benefits).

Security holdings

Directors are not required under the Constitution to hold any Shares, however, Directors' relevant interests in securities of the Company at the date of this Prospectus are set out in the table below.

Director	Shares	Options ¹
Lodewyk 'Don' Turvey	Nil	Nil
Andrew Macaulay	Nil	Nil
Bruce Buthelezi	Nil	Nil
Peter Landau	Nil	50,000,000
Jason Brewer	750,000	50,000,000
James Leahy	750,000	10,000,000

²¹The Director Options have an exercise price of \$0.075 and an expiry date of 31 December

2013.

8.3 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin acts as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 (excluding GST) for services in relation to this Prospectus. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$ 111,671.50 (excluding GST) for legal services provided to the Company.

8.4 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.5 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.6 Expenses of Offer

In the event that the Offer is fully subscribed, the total expenses of the Offer are estimated to be approximately \$13,637 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,137
ASX fees	1,500
Legal Fees	10,000
Total	13,637

8.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX.

The highest, lowest and last market sale prices of the Shares on the ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	6.3 cents	21 April 2011
Lowest	3.6 cents	21 June 2011
Last	4.1 cents	56 July 2011

8.8 Other information

Issue of Shares to Masawu Investments Limited

At the June General Meeting Shareholders approved the issue of 98,181,819 Shares to Masawu Investments Limited (**Masawu**) which is a related party of the Company by virtue of being a company controlled by Mr Bruce Buthelezi.

Mr Buthelezi is a director of Masawu, and as trustee of the Buthelezi Family Trust holds an interest of 50% of the issued share capital of the company. Mr Buthelezi's wife holds the remaining 50% interest in Masawu (as the joint trustee of Buthelezi Family Trust

To comply with South Africa's black economic empowerment (**BEE**) regulatory requirements 26% of the Company's South African subsidiary, Continental Coal Ltd (South Africa) (**CCL SA**), is owned by the Company's current BEE partner Masawu.

One of the capital raising initiatives the Company has been pursuing as part of its growth strategy has been the raising of funds through the part or whole sale of Masawu's 26% interest in CCL SA to another BEE entity. This strategy has the full support of Masawu given it provides Masawu with the equity the subject of this Resolution as well as providing the Company with funding of between \$20,000,000 and \$30,000,000 (which will be allocated to repayment of the current loan account between Masawu, the Company and CCL SA) (**the BEE Transaction**).

The BEE Transaction is conditional on and as part consideration for the transfer of some or all of the 26% BEE interest in CCL SA to the incoming BEE partner, the Company has agreed to issue to Masawu 98,181,819 Shares (**Masawu Shares**) on the basis the proposed BEE Transaction is completed. As set out in the Notice of Meeting the Company will allot these Shares prior to 29 July 2011.

Consolidation of Capital

As announced to ASX on 29 June 2011, the Company has obtained Shareholder approval to consolidate the Company's capital on a one (1) for ten (10) basis (**Consolidation**).

The number of Options on issue will also be consolidated in the same ratio as the Shares, and the exercise price of each Option amended in inverse proportion to that ratio (in accordance with the requirements of the ASX Listing Rules).

Details of Securities set out in this Prospectus have been included on a **pre-Consolidation basis**.

Trading of the Company's securities on a deferred settlement basis is expected to occur on or about 22 July 2011, and despatch of holding statements with post consolidation security holdings is expected to occur on or about 4 August 2011.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'JB', with a horizontal line extending to the right.

**Jason Brewer
Director
Signed for and on behalf of
CONTINENTAL COAL LIMITED**

10. DEFINITIONS

\$ means Australian dollars.

Applicant means a party who applies for Shares pursuant to the Offer.

Application Form means an application form in respect of the Offer either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rules means the Listing Rules of the ASX.

August General Meeting means the general meeting of Shareholders to be held on or before 12 August 2011.

Board means the board of Directors unless the context indicates otherwise.

Closing Date means the date set out in Section 1 of this Prospectus (unless extended or closed earlier).

Company means Continental Coal Ltd (ACN 009 125 651).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

June General Meeting means the general meeting of Shareholders held on 29 June 2011.

Notice of Meeting means notice to Shareholders of the June General Meeting dated 30 May 2011.

Offer means the offer pursuant to the Prospectus of 1000 Shares at an issue price of \$0.04 per Share to raise \$40.

Official Quotation means official quotation on the ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

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

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.