



31 October 2011
Via electronic lodgement

ACTIVITIES UPDATE QUARTER ENDED 30 SEPTEMBER 2011

- **C @ signs Share Sale Agreement to acquire 8 coal licences covering ~625km² located in the Ovorhangay and South Gobi provinces. Region characterised by a number of recent major black coal discoveries on the doorstep of expanding Chinese steel and energy markets**
- **Company to raise majority of funds via institutional placement, in conjunction with a priority share issue being offered to existing eligible shareholders**
- **Shareholders to vote on proposals at Annual General Meeting to be held on 30 November 2011**
- **Phase II of the exploration program planned to commence immediately following completion of acquisition, which will include geophysics and further drilling**

MONGOLIAN UPDATE

C @ Limited (ASX: CEO, "C @" or "Company") is pleased to announce that it has signed a conditional Share Sale Agreement whereby C @ will acquire all of the issued capital of BDBL LLC ("BDBL"), a subsidiary of Peabody-Winsway Resources LLC, as detailed in the announcement released on 27 October 2011.

At completion of the acquisition, C @ will own eight coal licences in Mongolia. Recent test work identified high quality coal with coking properties both near surface and at moderate depth, following C @'s due diligence drilling campaign midyear on some of the Ovorhangay province licences.

Four of the licences are located in the Ongi River Basin in the Ovorhangay province and four are located in the South Gobi Basin, South Gobi province. The licences cover a total area of approximately 625km². All of the licences have had limited exploration but offer considerable potential.

In order to acquire the licences, further exploration work, continue project evaluation, fund future opportunities and for working capital purposes the Company intends to undertake a capital raising of up to A\$28 million. The capital raising will include an A\$3 million priority issue

to existing eligible shareholders. Further details will be set out in the prospectus which the Company expects to lodge on or around 7 November 2011.

C @ plans to commence Phase II of its exploration program immediately upon completion of the acquisition. This program will include geophysics and a substantial drilling program, with priority being given to the Teeg licence located in Ovorhangay, which intersected two significant coal seams during the Company's Phase I exploration program.

The drilling program will be designed to define an initial JORC compliant resource. If the drilling program and initial JORC resource meet Company expectations, scoping study work will follow immediately.

The proposed acquisition of BDBL constitutes a significant change in the nature and scale of the Company's activities as defined under Chapter 11 of the ASX Listing Rules. To proceed with the acquisition of BDBL various aspects of the transaction will need to be approved by Shareholders and the requirements of Chapters 1 and 2 of the Listing Rules will need to be complied with.

The Company has convened a meeting of shareholders to approve the necessary aspects of the transaction, as announced earlier today. The Annual General Meeting will be held at 9.30am (WST) on 30 November 2011 at Pan Pacific Perth, 207 Adelaide Terrace, Perth WA.

INDONESIAN UPDATE

C @'s local Indonesian partner Ethica Trade Cermelang has identified a number of coking and high energy thermal coal project opportunities located in Indonesia. These and other projects are currently under review by the Company.

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For further information, please contact:

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About C @ Limited

C @ Limited is an ASX-listed company currently engaged in supplying wholesale optical frames and lenses to opticians. During 2010 it announced that it would search for opportunities in the coal resources sector and attempt to build shareholder value by changing sectors. In September 2010, C @ appointed international coal veteran Mark Earley as Managing Director. Mark has over 30 years experience in the coal industry in the key areas of operations, project development, mine management and senior advisory roles. He has also been involved in green field mine developments in both Australia and Indonesia, has advised on several successful start-up projects and holds a masters degree in mining engineering. Most recently Mark held the position of Executive Director of Barlow Jonker Pty Ltd, one of the world's leading coal advisory and research firms.

Competent Persons Statement

The information provided in this report that relates to exploration results is based on information provided by Mr Wade Robinson, who is a member of the American Institute of Professional Geologists (8018) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Robinson is an independent Consulting Coal Geologist and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Robinson has over 30 years' experience in exploration and mining of coal and industrial mineral deposits.