

9 October 2012

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

By e-lodgement

CORPORATE UPDATE

ACQUISITION OF AND/OR DIRECT INVESTMENT IN THE COMPANY'S SOUTH AFRICAN COAL ASSETS

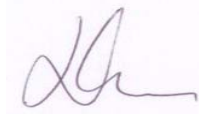
Continental Coal Limited (ASX: CCC/ AIM: COOL) ("**Continental**" or "**the Company**") the South African thermal coal production, development and exploration company, is pleased to provide an update on the status of the formal process (as advised in the ASX Announcement dated 10 September 2012) that is currently underway in respect of a significant direct investment and/or acquisition of one or more of its African thermal coal mining assets by a number of short-listed parties.

As previously advised the Company has received several approaches from Indian based coal and power utility companies, as well as major global commodity trading and private equity groups, looking to acquire all or part of the Company's South African thermal coal mining business. Based on these approaches, the Company formalised a due diligence and bidding process with its advisors in South Africa and a final short-list of parties were pre-qualified to complete final due diligence and submit final binding and committed offers.

The Company can confirm that it has received requests from a number of these parties to extend the timetable by which final binding offers are due. Given the nature of these bids, the Company has now agreed to extend the Final Bid Deadline from 28 September to 15 October 2012.

The Company anticipates that upon receipt of these bids and following a detailed review of them by the Board and its advisors, an update to the market will then be made.

For and on behalf of the Board,



Don Turvey
Chief Executive Officer

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC/AIM:COOL/US-OTCQX:CGFAY) is a South African thermal coal producer with a portfolio of projects located in South Africa's major coal fields including two operating mines, the Vlakvarkfontein and Ferreira Coal Mines, producing 2Mtpa of thermal coal for the export and domestic markets. A third mine, the Penumbra Coal Mine, commenced development in September 2011 and a Bankable Feasibility Study was also completed on a proposed fourth mine, the De Wittekrans Coal Project. The Company has concluded strategic off-take and funding agreements with EDF Trading for its export thermal coal production, signed a joint development agreement with KORES, Korea Resources Corporation and secured debt funding from ABSA Capital to fund its growth.

Forward Looking Statement

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the coal mining industry, expectations regarding coal prices, production, cash costs and other operating results, growth prospects and the outlook of Continental's operations including the likely commencement of commercial operations of the Penumbra and De Wittekrans, its liquidity and the capital resources and expenditure, contain or comprise certain forward-looking statements regarding Company's development and exploration operations, economic performance and financial condition.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in coal prices and exchange rates and business and operational risk management. For a discussion of such factors, refer to the Company's most recent annual report and half year report. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.