

18 September 2013

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

By e-lodgement

CONTINENTAL COAL ENTERS INTO BINDING TERM SHEET ON ITS BOTSWANA PROJECTS

Continental Coal Limited (ASX:CCC) ("Continental" or "the Company") the South African thermal coal production, development and exploration company, is pleased to announce that it has entered into a binding term sheet with a third party to earn into certain of the Company's Botswana prospecting licences.

Subject to the completion of confirmatory due diligence on the licence areas, the funding party will obtain the option to earn into a maximum of 80% of Prospecting licences 339/2008 and 341/2008 by assuming exploration activities and costs up to November 2014. Continental will therefore retain a free-carry interest of 20% up to the completion of a Bankable feasibility study, subject to the right for the funder to acquire Continental's residual interest at an agreed price or its fair market value as determined by an independent valuer at that time.

Commenting on the proposed transaction, Continental Chief Executive Officer, Mr Don Turvey said:

"This transaction will allow us to retain an interest in the prospecting licences while focussing our resources on the development of our De Wittekrans project. We remain optimistic about the potential of our Botswana projects and believe bringing in a funding partner is the best approach to enhance the value of these projects."

The Company will keep shareholders apprised of significant developments as this transaction progresses.

For and behalf of the Board



Don Turvey

Chief Executive Officer

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC/AIM: COOL) is a South African thermal coal producer with a portfolio of projects located in South Africa's major coal fields including three operating mines, the Vlakvarkfontein, Ferreira and Penumbra Coal Mines, producing approx. 2.8Mtpa of thermal coal for the export and domestic markets. A 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 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 De Wittekrans project, 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.