

3 May 2013

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

By e-lodgement

VILLAGE MAIN REEF TRANSACTION RECEIVES FINAL APPROVAL AND SET TO COMPLETE NEXT WEEK

Continental Coal Limited (**ASX: CCC AIM: COOL**) ("**Continental**" or "**the Company**") the South African thermal coal production, development and exploration company, is pleased to announce that South African based diversified mining company Village Main Reef Limited (**JSE: VIL**) ("**VMR**") has received South Africa Reserve Bank approval, the only outstanding condition to its proposed strategic financing transaction with the Company.

As previously announced (refer ASX/AIM announcement date 18 March 2013), Continental and VMR had entered into binding financing agreements, whereby VMR would:

- subscribe for 100 million ordinary shares in Continental at an issue price of **A\$0.08 per share**, raising a total of A\$8.0m ("**Placement**");
- establish and fund a mechanism for the sale of parcels of shares held by shareholders with a market value of less than \$500 (being shareholdings less than a Minimum Shareholding as provided for in the Company's constitution); and
- acquire on a discretionary basis further Continental shares on market at a price of up to **A\$0.10 per share**, thereby increasing VMR's shareholding in the Company to 19.9% of the issued share capital of the Company.

With the final approval now received, the Company looks forward to completion and financial settlement of the Placement next week and issuance of shares to VMR.

In addition, the Company can also advise that the Closing Date for the Sale of Small Shareholdings has now passed and Minority Members who did not elect to retain their shareholdings will receive the sale consideration in accordance with the Timetable and by way of cheque in Australian dollars to the address recorded in the share register as at the Closing Date.

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) 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, are set to produce at an annualised rate of 2.8Mtpa of thermal coal for the export and domestic markets. The Company's first underground mine, the Penumbra Coal Mine, commenced development in September 2011 and produced first coal in November 2012. In 2011, a Feasibility Study was also completed on a proposed fourth mine, the De Wittekrans Coal Project and further optimisation studies completed in 2012. The Company has further 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.