



Continental Coal Ltd

ABN 13 009 125 651 ASX Code CCC AIM Code COOL

8 May 2013

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

By e-lodgement

SETTLEMENT OF VILLAGE MAIN REEF TRANSACTION

Highlights:

- **Continental Coal and Village Main Reef complete strategic financing transaction**
- **A\$8 million placement, of 100 million ordinary Continental Coal shares at an issue price of A\$0.08 per share, has been completed with all funds received and shares issued for trading on the ASX and AIM**
- **Sale of Small Shareholdings completed, with Village Main Reef acquiring a total of 11,752,818 shares at a price of A\$0.0521 per share**
- **Village Main Reef now holds an interest in Continental Coal of 16.34%**

Continental Coal Limited (**ASX: CCC AIM: COOL**) ("**Continental**" or "**the Company**") the South African thermal coal production, development and exploration company, is pleased to advise that completion and financial settlement of the strategic financing transaction with South African based diversified mining company Village Main Reef Limited (**JSE: VIL**) ("**VMR**") has now occurred.

As previously announced (refer ASX/AIM announcement dated 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

Continental can confirm that monies due under the Placement have been received and the application has been made for the new shares to be admitted to trading on the ASX and AIM markets. Trading is expected to commence on AIM on or around 10 May 2013.

South Africa Australia
T +27 11 881 1420 F +27 11 881 1423 W www.conticoal.com T +61 8 9488 5220 F +61 8 9324 2400 W www.conticoal.com
9th Floor Fredman Towers, 13 Fredman Drive, Sandton 2196 Ground Floor, 1 Havelock Street, West Perth, WA 6005
PO Box 787646, Sandton 2146 PO Box 684, West Perth WA 6872

Independent Non-Executive Chairman Mike Kilbride **Chief Executive Officer** Don Turvey **Executive Director** Jason Brewer
Non-Executive Directors: Johan Bloemsma Peter Landau James Leahy Connie Molusi

Monies raised from the Placement will be applied to debt reduction, working capital requirements and overall strengthening of the Company's balance sheet.

In addition, the Company can confirm that under the Sale of Small Shareholdings facility, 3,560 Minority Members elected not to retain their shareholdings and VMR have acquired 11,752,818 shares at the minimum sale price in accordance with the Company's constitution of \$A0.0521. Minority Members will shortly receive the sale consideration by way of cheque in Australian dollars to the address recorded in the share register as at the Closing Date.

Following completion of the Placement and Sale of Small Shareholdings, VMR now holds an interest of 16.34% in the issued share capital of the Company.

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

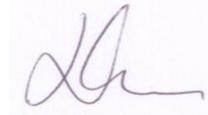
"As a result of this transaction Continental has significantly enhanced its balance sheet, streamlined its capital structure and strengthened the Company's growth strategy and operating credentials in South Africa, with a major, well credentialed partner."

"We welcome Village Main Reef as our committed strategic partner, a group that shares our vision of growing our coal assets in South Africa." Mr Turvey added.

As a result of the completion and financial settlement of this transaction VMR have the right to appoint a representative to the Continental board, which it will do in the coming weeks.

Please find attached an updated Appendix 3B.

For and on behalf of the Board,



Don Turvey
Chief Executive Officer
For further information please contact:

Investors/ shareholders

Jason Brewer
Finance Director
T: +61 8 9488 5220

E: admin@conticoal.com
W: www.conticoal.com

Don Turvey
Chief Executive Officer
T: +27 11 881 1420

Media (Australia)

David Tasker
Professional Public Relations
T: +61 8 9388 0944

Media (UK)

Mike Bartlett/ Jessica Fontaine/ Jos Simson
Tavistock Communications
T: +44 20 7920 3150

Nominated Advisor

Stuart Laing
RFC Ambrian Limited
T: +61 8 9480 2500

Broker

Mark Wellesley-Wood / Chris Sim
Investec Bank plc
T: +44 20 7597 4000

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 and continuation 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.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

CONTINENTAL COAL LTD

ABN

13 009 125 651

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary Fully Paid Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 146,302,894 Ordinary Fully Paid Shares

25,000,000 unlisted options exercisable at \$0.10 on or before 31 March 2016 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 146,302,894 Ordinary Fully Paid Shares

25,000,000 unlisted options exercisable at \$0.10 on or before 31 March 2016 |

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Ordinary Fully Paid Shares – Yes</p> <p>25,000,000 unlisted options exercisable at \$0.10 on or before 31 March 2016 – new class of options</p>
<p>5 Issue price or consideration</p>	<p>100,000,000 Ordinary Fully Paid Shares and 25,000,000 unlisted options issued to raise gross proceeds of A\$8 million</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>100,000,000 Ordinary Fully Paid Shares and 25,000,000 unlisted options exercisable at \$0.10 on or before 31 March 2016 in respect of Village Main Reef transaction</p> <p>42,102,894 Ordinary Fully Paid Shares issued on the conversion of debt and accrued interest and fees to equity</p> <p>4,200,000 Ordinary Fully Paid Shares issued to settle royalty liabilities</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>N/A</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of securities issued under an exception in rule 7.2	N/A
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	8 May 2013

8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		684,104,446	Ordinary Fully Paid Shares

	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	12,500,000	Options (\$0.2216; 15 May 2015)
		8,000,000	EDF Options (\$0.20; 16 July 2016)
		1,627,549	Warrant Options (\$0.64; 31 October 2015)
		13,950,893	Warrant Options (\$0.368; 23 August 2016)
		11,000,000	Director Options (\$0.75; 31 December 2013)
		6,000,000	Options (\$0.057; 6 December 2017)
		5,000,000	Options (\$0.05382; 18 December 2017)
		25,000,000	Village Main Reef Options (\$0.10; 31 March 2016)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A

+ See chapter 19 for defined terms.

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A

28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

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39 Class of +securities for which quotation is sought

--

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Company secretary)

Date: 8 May 2013

Print name:Jane Flegg.....

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>	
<i>Insert</i> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	
<i>Add</i> the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
<i>Subtract</i> the number of fully paid ordinary securities cancelled during that 12 month period	
“A”	

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.15] – “C”	<i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
<p>“A” x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p>Subtract “E”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	
<p>Total [“A” x 0.10] – “E”</p>	<p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

+ See chapter 19 for defined terms.