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Continental **Coal** Ltd
ABN 13 009 125 651 ASX Code CCC AIM Code COOL

10th January 2013

ASX Compliance Pty Limited
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6005

Attention: Dale Allen
Email: dale.allen@asx.com.au
Facsimile: 9221 2020

By email

RE: PRICE & VOLUME QUERY

I refer to your letter dated 9 January 2012 in relation to the recent change in price and increase in the volume of trading of the Company's securities and respond as follows in line with the number of your letter.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

   Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exception to listing rule 3.1 contained in listing rule 3.1A when answering this question.

   The Company is not aware of any information concerning it, that has not been announced and which, if known, could be an explanation for recent trading in the securities of the Company.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you needs to consider a trading halt (see below).

   Not applicable.

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

   No.

   The Company has provided a number of updates to shareholders over the past 2 months that have confirmed that it has achieved several major operational milestones at its 3 coal mining operations in South Africa, at its proposed 4th mine development and at its exploration projects in Botswana. These include:

   - *The Company now operating 3 thermal coal mining operations with a combined ROM production rate of 2.8Mtpa of thermal coal for sales into both the export and domestic markets*

South Africa
T +27 11 881 1420 F +27 11 881 1423 W www.conticoal.com
9th Floor Fredman Towers, 13 Fredman Drive, Sandton 2196
PO Box 787646, Sandton 2146

Australia
T +61 8 9488 5220 F +61 8 9324 2400 W www.conticoal.com
Ground Floor, 1 Havelock Street, West Perth, WA 6005
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

- *First coal production and first export thermal coal sales completed from the Company's 3rd mine, the Penumbra Coal Mine*
- *Mine development costs at the Penumbra Coal Mine fully funded and on budget*
- *Financial settlement during the December 2012 Quarter of the first Penumbra Coal Mine hedge contracts completed, and demonstrated the benefit of the Company's coal and foreign exchange hedging program that was implemented earlier this year (664,550 tonnes of coal at an average price of ZAR1,057/t (approx. US$123/t) to mitigate its exposure to a fall in US$ coal prices or appreciation of the ZAR:US$*
- *Confirmation by the Company of forecast sales of approx. 200,000t of a high-quality export thermal coal from the Penumbra Coal Mine in FY 2013 at total costs of approx. US$55/t FOB. With revenue forecast to rise to approx. US$45m in FY2014 on full year export thermal coal sales of 500,000 tonnes generating between US$15m and US$20m of forecast cashflow based on current export coal prices.*
- *Optimization work on the 2011 Feasibility Study on the De Wittekrans Coal Project, the Company's proposed 4th mine development, demonstrated the opportunity to enhance the projects technical and financial fundamentals with proposed exports of 2.4Mtpa of a thermal coal product, over an initial 30 year mine life generating an indicative Equity Project NPV_{10} in excess of US$110m and an IRR of +20%*
- *Renewal of the Company's* three coal Prospecting Licenses in Botswana, the *Serowe and Kweneng Coal Projects* by the Botswana Department of Mines for a further 2 years.

In addition the Company has also provided a number of updates to shareholders over the past 2 months that have confirmed that a number of corporate developments in respect to drawdown on its project debt facilities, divestment of non-core assets and negotiations over an acquisition and/or direct investment or joint venture into the Company's South African coal assets have been advanced. These include:

- *First drawdown of its secured debt project finance facility with ABSA Capital (a subsidiary of Barclays Capital) completed with the ZAR253m (approx. US$30m) seven year term loan facility and ZAR17.5m (approx. US$2.1m) standby facility to be used to fund the outstanding capital, mine equipment and working capital costs associated with the development and commissioning of the Penumbra Coal Mine.*
- *Settlement of the proposed US$10m sale of the Company's interest in its non-core VanMag Project proceeded with initial payment of approx. US$1m received with a final US$9m payment scheduled to be received in the current quarter.*
- *Proceeds from the sale of VanMag used towards acquisition of the minority shareholders in Mashala Resources with agreement reached to extend the final acquisition of the minority shareholders of Mashala Resources to 28 February 2013*
- *Further divestment of the Company's other non-core assets advanced with indicative proposals received and under review and with any sales proceeds to be used to reduce debt and meet ongoing working capital requirements*
- *Due diligence and bidding process completed with Indian based coal and power utility companies, major global commodity trading and private equity groups with offers received for the Company's interest in its South African business and for acquisition and/or joint venture of specific operating and development projects. Negotiations in respect to these offers are continuing and an update is planned to be made in the current quarter.*

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4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

   The Company confirms that it is in compliance with the ASX listing rules and, in particular listing rule 3.1.

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/ Lydia Eades/ Jos Simson
Tavistock Communications
T: +44 20 7920 3150

Nominated Advisor

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

Joint Brokers

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

Joint Brokers

Andrew Young
GMP Securities Europe LLP
T: +44 20 7647 2800

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. The Company operates three thermal coal mines, the Vlakvarkfontein, Ferreira and Penumbra Coal Mines, producing 2.8Mtpa of thermal coal for the export and domestic markets. The Company commenced development of its first underground mine, the Penumbra Coal Mine, in September 2011 and completed its first coal sales in December 2012. In 2011, a Feasibility Study was also completed on the Company's proposed fourth mine, the De Wittekrans Coal Project, with 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.

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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.

ASX Compliance Pty Limited
ABN 26 087 780 489
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square
NSW 1215

Telephone 61 2 9227 0125
Facsimile 61 2 9241 7620
www.asx.com.au

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9 January 2013

Jane Flegg
Company Secretary
Continental Coal Limited
Ground Floor, 1 Havelock Street
West Perth 6005

By Email

Dear Jane,

Continental Coal Limited (the "Company")

RE: PRICE AND VOLUME QUERY

We have noted a change in the price of the Company's securities from $0.045 on 8 January 2013 to an intra day high of $0.06 today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

   Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at **dale.allen@asx.com.au** or by facsimile on facsimile number **(08) 9221 2020**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 06:30am (W.S.T) 10 January 2013.**

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Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

[Sent electronically without signature]

Dale Allen
Adviser, Listings (Perth)

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