Continental Coal Ltd

30 August 2013

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

By e-lodgement

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013 AND APPOINTMENT OF CHIEF FINANCIAL OFFICER

Continental Coal Limited (ASX: CCC) ("Continental" or "the Company") the South African thermal coal production, development and exploration company, announces the release of its preliminary final report for the year ended 30 June 2013 in accordance with ASX listing rule 4.3A. The final annual report will be released on 30 September 2013.

Operations review

Total Run of Mine ("ROM") production from the three operating mines increased 15% to 2.3Mt year on year.

Production from the Vlakvarkfontein mine increased 23% year on year and contributed 1.5Mt to total ROM production. Vlakvarkfontein mine exceeded planned production and also recorded free on truck ("FOT") costs of R140 (US$14) per tonne, which was 6% below planned costs, comparing well with the R131 (US$13.1) per tonne recorded for the 2012 financial year. Vlakvarkfontein mine has demonstrated its ability to consistently deliver and exceed planned production and is forecasted to deliver 1.3Mtonnes at a FOT cost of R152 (US$15.2) per tonne during the 2014 financial year.

An initial delay during the year in obtaining regulatory approval to expand the Ferreira mine was mitigated by good production results in the latter part of the financial year. 559,105 ROM tonnes were produced at a yield of 70.4% during the year, a significant improvement on the 60.1% yield achieved in the prior year. Free on Board ("FOB") costs of R662 (US$66.2) per tonne were recorded, below the South African inflation increase of 3% year on year. The Ferreira mine is nearing the end of its life and reserves are expected to be depleted by November 2013.

The Company achieved the commissioning of its third thermal coal mine during the year when it successfully delivered the Penumbra mine with production of first coal in November 2012. Both the continuous miners were commissioned during the year while the key focus up to August 2013 remained on the development and commissioning of the primary ventilation shaft. This project was completed during August 2013 and with the required ventilation now in place the focus has shifted to achieve the planned monthly production rate of 63,000 tonnes per month by October 2013. Notwithstanding the development activities during the year, the mine still managed to deliver 143,299 tonnes to the Delta processing facility. Penumbra is forecasting the delivery of 600,000 ROM tonnes during the 2014 financial year at a FOB cost of R530 (US$53) tonne.

The optimization work for the De Wittekrans project that was completed during the year has confirmed the potential to substantially improve the project economics and reduce the capital expenditure necessary to bring the De Wittekrans Coal Project into production. The work identified the opportunity to develop the De Wittekrans Coal Project to be a major opencast and underground thermal coal mining operation supplying domestic and international markets over an initial 30 year mine life. Annual production of 3.6 Mtpa is expected after the initial build-up phase. The Group has already submitted applications and all accompanying documentation for a New Order Mining Right and Integrated Water Use License for the De Wittekrans Coal Project. The New Order Mining Right is expected to be granted during Q3 2013. The project economic model is being updated to account for the changes proposed by the optimization study and is planned for completion in Q4 2013.

Financial results review

Sales of 1.8Mtonnes recorded for the year was only marginally lower than in the prior year, mainly as a result of over 250,000 tonnes of coal acquired from third parties included in the prior year sales. The decrease in global thermal coal prices as well as the impact of the devaluation of the South African Rand against the Australian ("A$") and United States ("US$") dollar impacted on the net revenue of A$62 million recorded. The Company's continued drive to reduce costs is delivering results with administration costs reducing by 38% and other expenses by 68%.

Current depressed thermal coal prices and the medium term forecast for thermal coal prices required the Company to review the carrying value of its operating, development and exploration projects in its financial records. No impairment was required for its operating and development assets with only its exploration assets subjected to an impairment charge. Environmental studies during the year at the Vlakplaats project highlighted the risk to extract the coal through surface mining operations, mainly due to wetlands identified in the proposed project area. The additional costs involved in building an underground mine as well as the forecasted return from saleable material impacts on the potential economic valuation of the project. The Group has therefore recognized an A$18 million impairment charge against this project to account for the potential decrease in value. A further A$8 million impairment charge was recognized against Project X and Wesselton II projects.

Appointment of CFO

Lou van Vuuren has been appointed as Chief Financial Officer ("CFO"), effective 2 September 2013, following the decision by current Executive Director Jason Brewer to step down so as to pursue other interests. Mr Brewer will remain on the board of Continental as a Non-Executive Director.

Mr Van Vuuren began his career with PricewaterhouseCoopers ("PwC") in 1999. He left PwC in 2008, as an Associate Director in their global mining department to take up the role as CFO and interim CEO of international gold mining company Great Basin Gold Limited (2008 – 2012). During this time, he was responsible for formulating and implementing funding strategies in excess of US$1 billion comprising various debt and equity structures, general corporate finance as well as business development and investor relations. Mr Van Vuuren, who will be based in South Africa, is a qualified chartered accountant and member of the South African Institute of Chartered Accountants with more than 14 years mining and financial experience.

Commenting on the preliminary final report, Continental Chief Executive Officer, Mr Don Turvey said:

"We achieved our goals set for the 2013 financial year of increasing production and reducing our cost base. This trend is set to continue during 2014 with our Penumbra mine building up to its planned production. The results of the optimisation studies for the De Wittekrans project are encouraging and the planned phased development approach significantly reduces the development capital required to commencement of production. Obtaining the mining right for De Wittekrans in the current quarter will allow the Board to review the planned development schedule."

Commenting on the appointment of the CFO, Continental Chief Executive Officer, Mr Don Turvey said:

"*I would like to express our warm welcome to Lou as he joins the Company at this exciting time. He comes with very strong credentials and will complement the existing Continental Coal executive team perfectly. On behalf of the board, I wish to express our sincere thanks to Jason for his commitment and contribution to the Company over the past four years and wish him well in the future."*

For and behalf of the Board

Don Turvey
Chief Executive Officer

For further information please contact:

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

Media (Australia)
David Tasker
Professional Public Relations
T: +61 8 9388 0944

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

Broker
Jeremy Wrathall / Chris Sim
Investec Bank plc
T: +44 20 7597 4000

Continental Coal Ltd

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 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 production in December 2012 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.

Continental Coal Ltd

ABN 13 009 125 651

Appendix 4E
Preliminary Final Report
For the year ended 30 June 2013

Results for announcement to market
in accordance with ASX Listing Rule 4.3A

CORPORATE DIRECTORY

Directors

Mike KILBRIDE
(Independent Non-Executive Chairman)

Don TURVEY
(Executive Director)

Jason BREWER
(Executive Director)

Johan BLOEMSMA
(Non-Executive Director)

Connie MOLUSI
(Non-Executive Director)

Bernard SWANEPOEL
(Non-Executive Director)

Company Secretary

Dennis WILKINS
(Joint Company Secretary)

John RIBBONS
(Joint Company Secretary)

Registered Office

Ground Floor
20 Kings Park Road
WEST PERTH WA 6005
Telephone: +61 8 9389 2111
Facsimile: +61 8 9389 2199

Principal Place of Business

9th Floor Fredman Towers
13 Fredman Drive
SANDTON SOUTH AFRICA 2196
Telephone: +27 11 881 1420
Facsimile: +27 11 881 1423

Email: admin@conticoal.com
Website: www.conticoal.com

Country of Incorporation

Australia

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008
Telephone: +61 8 6382 4600
Facsimile: +61 8 6382 4601

Share Registry

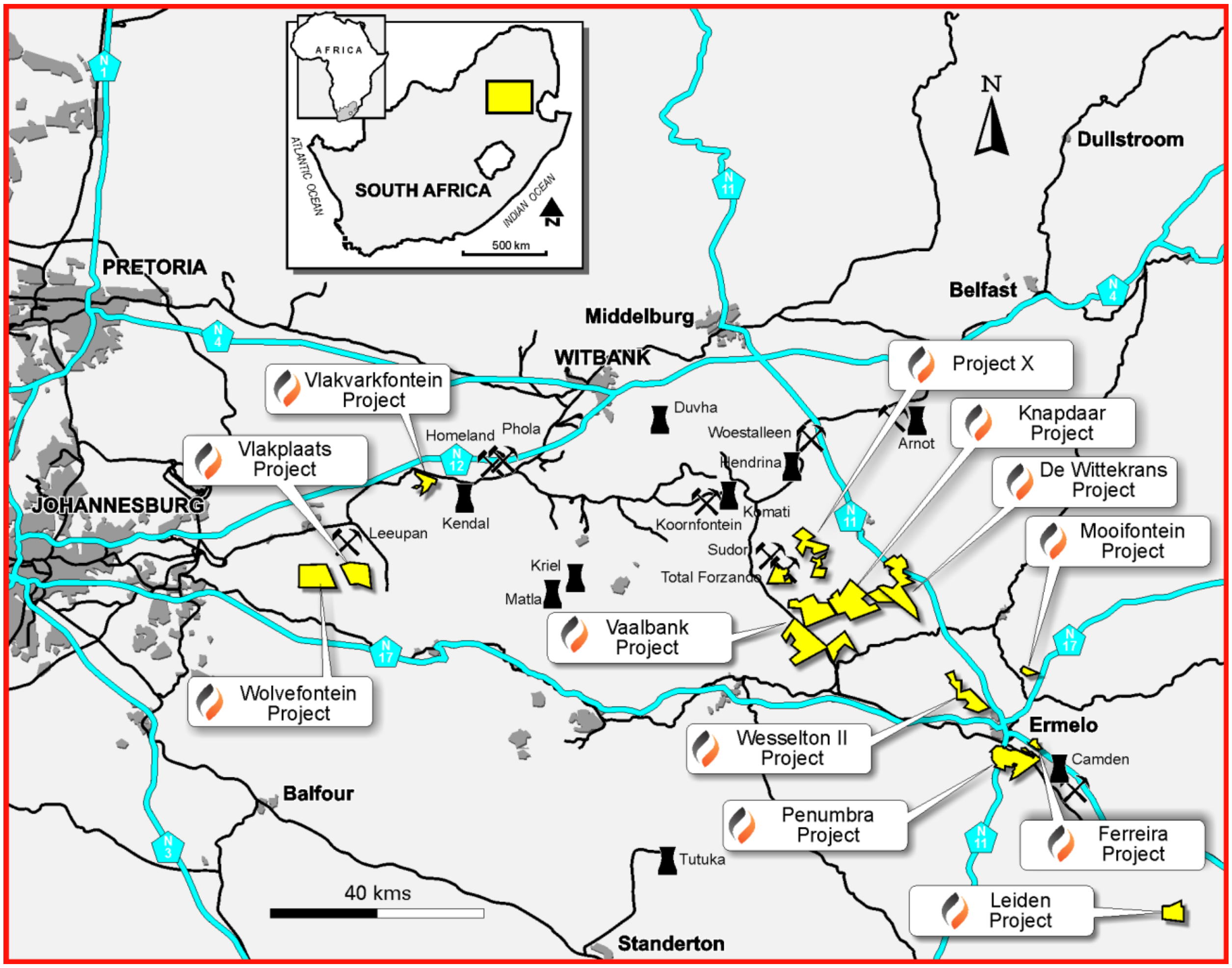
Computershare Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000
Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Home Exchange

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Code: CCC
AIM Code: COOL

PROJECT LOCATION MAP



ASX Preliminary Final Report
Appendix 4E

Name of Entity	Continental Coal Limited
ABN	13 009 125 651
Financial Year Ended	30 June 2013
Previous Corresponding Reporting Period	30 June 2012

Results for announcement to the market

		2012 $'000		2013 $'000	Variance %
Revenue from ordinary activities	down from	82,105	to	62,230	(24%)
Loss from continuing operations after tax attributable to members	down from	(53,026)	to	(34,573)	35%
Net loss attributable to members	down from	(53,026)	to	(35,720)	33%

Dividends

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-

NTA Backing

Net Tangible Asset Backing	30 June 2012	30 June 2013
Net tangible asset backing per share	$0.15	$0.04

Audit

This report is based on financial statements which are in the process of being audited.

Other significant information needed by an investor to make an informed assessment of the Group's Financial Performance and Financial Position

See attached preliminary final report.

Commentary on results for the period

A commentary on the results for the period is contained within the financial statements that accompany this announcement.

This information should be read in conjunction with Continental Coal's attached preliminary final report.

SUMMARISED OPERATIONS PERFORMANCE

OPERATIONS PERFORMANCE FOR THE YEAR ENDED 30 JUNE
(Tonnes)

	2013	2012	Change (%)
ROM Processed			
Vlakvarkfontein	1,526,469	1,238,669	+23%
Ferreira	559,107	691,270	-19%
Penumbra	143,299	-	n/a
Total ROM Processed	**2,228,875**	**1,929,939**	**+15%**
Feed to Plant			
Ferreira	627,329	685,176	-8%
Penumbra	143,299	-	n/a
Bought in coal	-	289,255	n/a
Total Plant Feed	**770,628**	**974,431**	**-20%**
Export Yields			
Ferreira	70.4%	60.1%	+17%
Penumbra	36.8%	-	n/a
Domestic Sales	1,315,701	1,274,709	**+3%**
Export Sales	453,582	581,285	**-22%**
Total Coal Sales	**1,769,283**	**1,855,994**	**-5%**

SUMMARISED FINANCIAL PERFORMANCE & POSITION

SUMMARY OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE

(A$'000)

	2013	2012	Change (%)
Sales Revenue	62,230	82,105	(24%)
Cost of Sales	(59,371)	(70,948)	16%
Gross Profit	2,859	11,157	(74%)
Adjusted EBITDA	(3,524)	(7,140)	51%
Adjusted EBIT	(7,930)	(10,490)	24%
Net Loss Tax	(49,488)	(49,862)	-%

SUMMARY OF FINANCIAL POSITION AT 30 JUNE

(A$'000)

	2013	2012	Change (%)
Cash at Bank	4,496	14,595	(69%)
Current Assets	17,102	36,471	(53%)
Total Assets	169,803	204,185	(17%)
Current Liabilities	45,880	45,399	1%
Total Liabilities	143,075	139,663	2%
Net Assets	26,728	64,522	(59%)
Net Assets (cents/share)	3.91	14.98	(74%)

REVIEW OF OPERATIONS

KEY ACHIEVEMENTS

Key achievements for the Group during the 2013 financial year included:

- Increased ROM coal production from the Group's thermal coal mines for FY2013
- Vlakvarkfontein Coal Mine achieved 3rd successive year of increased thermal coal production, thermal coal sales and earnings
- Ferreira Coal Mine ROM production exceeds budget for FY2013 with costs 8% below budget and export coal yields at 70.4%
- First production from the Penumbra Coal Mine achieved
- Underground development and geotechnical work completed at Penumbra Coal Mine to allow operation to move towards ramp up to full production in Q1 FY2014
- Completion of sale transaction of shareholding in Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Ltd
- Acquisition of the outstanding minority interests in Mashala Resources increases the Groups' interest in key mining operations and development projects
- Securing astrategic investment from diversified South African mining company, Village Main Reef Limited ("VMR") completed with A$8m in proceeds received at a significant premium to the prevailing share price

HEALTH AND SAFETY

The Group maintains a strong safety culture across all of its mine and coal processing operations, as well as its development and exploration projects throughout South Africa and Botswana. Management remain focused on continued improvement to its health and safety initiatives and policies across all its operations.

During the year, the Group reported five Lost Time Injuries, two at the Vlakvarkfontein Coal Mine and three at the Penumbra Coal Mine. The rolling 12 month Lost Time Injury Frequency Rate ("LTIFR") as at 30 June 2013 was 2.78(2012:0.68).

The Group's Ferreira Coal Mine and the Vlakvarkfontein Coal Mine were recognised during the year at the MineSAFE awards for their outstanding mine safety performance by the Southern African Institute of Mining and Metallurgy.

REVIEW OF OPERATIONS (CONT'D)

RESERVES AND RESOURCES

The JORC compliant saleable coal reserves comprise 46,7 Mt of proven reserves and 60,5 Mt of probable coal reserves.

GROSS PROJECT COAL RESERVES (June 2013)				
Project	**CCL Interest**	**Saleable Reserves (Mt)**		
		Proven	**Probable**	**Total**
Vlakvarkfontein	60%[1]	8,993,805	-	**8,993,805**
Ferreira	100%	114,664	-	**114,664**
Penumbra	100%	2,935,427	2,881,400	**5,816,827**
De Wittekrans	100%[2]	34,620,300	57,596,400	**92,216,700**
TOTAL		**46,664,196**	**60,477,800**	**107,141,996**

[1] CCL holds a 50% shareholding and a 60% economic interest
[2] Based on a 5,000kcal saleable product

CCC NET ATTRIBUTABLE COAL RESERVES (June 2013)				
Project	**CCC Interest**	**Saleable Reserves (Mt)**		
		Proven	**Probable**	**Total**
Vlakvarkfontein	44%[1]	3,957,274	-	**3,957,274**
Ferreira	74%	84,851	-	**84,851**
Penumbra	74%	2,172,216	2,132,236	**4,304,452**
De Wittekrans	74%[2]	25,619,022	42,621,336	**68,240,358**
TOTAL		**31,833,363**	**44,753,572**	**76,586,935**

[1] CCL holds a 50% shareholding and a 60% economic interest
[2]Based on a 5,000 kcal saleable product.

The saleable reserves disclosed in the tables above are derived from the January 2011 Resource and Reserve statement and adjusted for depletion. An updated Resource and Reserve statement will be completed in Q4 2013.

REVIEW OF OPERATIONS (CONT'D)

REVIEW OF COAL MINE AND PROCESSING OPERATIONS

A summary of operational results is provided below:

OPERATIONS PERFORMANCE (Tonnes)			
	FY 2013 (Actual)	**FY 2012 (Actual)**	**Change YR on YR**
ROM Production			
Vlakvarkfontein	1,526,469	1,238,669	+23%
Ferreira	559,107	691,270	-19%
Penumbra	143,299	-	n.a.
Total ROM Production	**2,228,875**	**1,929,939**	**+15%**
Feed to Plant			
Ferreira	627,329	685,176	-8%
Penumbra	143,299	-	n.a.
3rd Party Buy In Tonnes	-	289,255	n.a.
Total Plant Feed	**770,628**	**974,431**	**-20%**
Export Yields			
Ferreira	70.4%	60.1%	+17%
Penumbra	36.8%	-	n.a.
Domestic Sales	1,315,701	1,274,709	+3%
Export Sales	453,582	581,285	-22%
Total Coal Sales	**1,769,283**	**1,855,994**	**-5%**

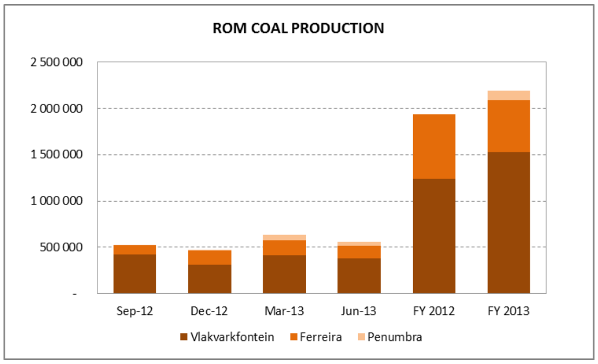
Total ROM coal production increased by 15% from 1,929,939t in 2012 to2,228,875t for the 2013 financial year.

Coal from own operations beneficiated through the Delta Processing facilityincreased by 12% from 685,176t in 2012 to 770,628t in 2013. No 3rdparty material was processed during 2013, impacting negatively on the total tonnes beneficiated.

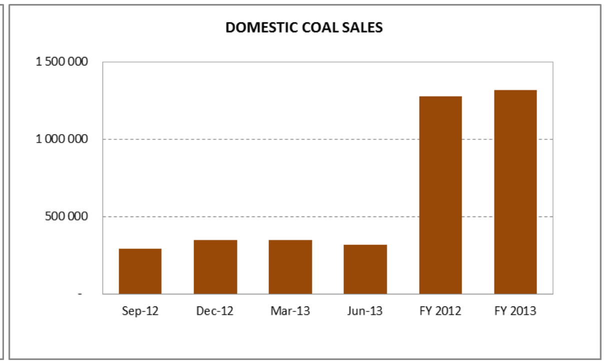
An export yield of 70.4% was achieved on tonnes processed from the Ferreira Coal Mine and a 36.8% yield achieved on tonnes processed from the Penumbra Coal Mine. The yield from Penumbra was affected by contamination during the early production build up phase. The export yield at Penumbra is expected to increase to the budgeted level of approximately 62% during H1 FY2014.

Total thermal coal sales of 1,769,283t achieved for the year includes domestic thermal coal sales of 1,315,701t. The decrease in export sales when compared to 2012 is attributable to the absence of coal purchased from 3rd parties as well as the decrease in production from Ferreira as a result of a delay during the year in obtaining the require approvals to minethe acquired extended area.

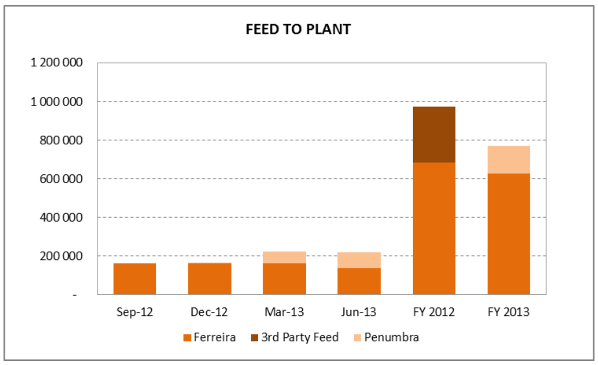
REVIEW OF OPERATIONS (CONT'D)



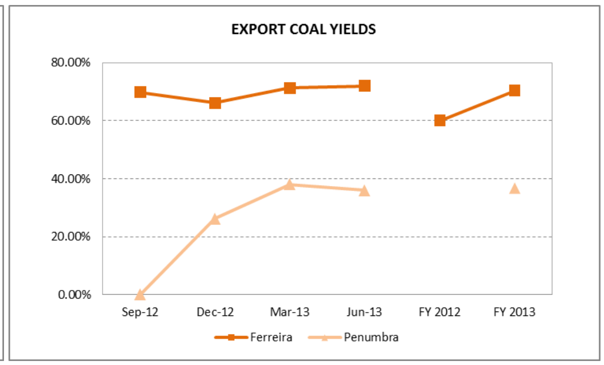
Annual ROM production in 2013



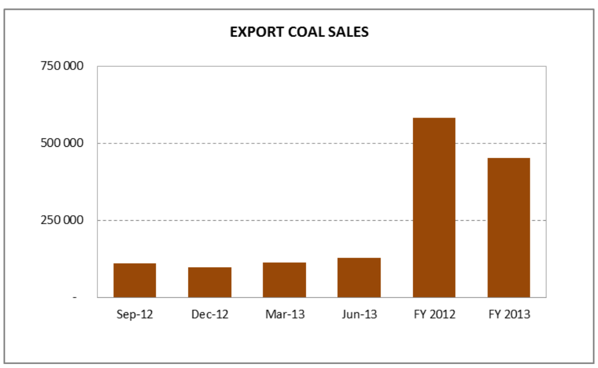
Annual domestic sales in 2013



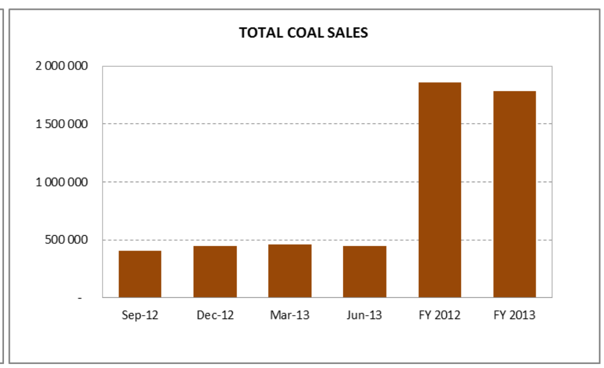
Feed from mines increases by 12% in 2013



Export yield of 70.4% at Ferreira



FY2013 export coal sales below FY2012



Total coal sales 4% lower than in FY2012

REVIEW OF OPERATIONS (CONT'D)

Ferreira Coal Mine

ROM coal production at the Ferreira Coal Mine for the year of 559,107t was achieved. Although ROM production was3% above budgeted levels, it represented a 19% reduction on ROM production of 691,270t achieved in 2012.

Mining Activities at the Ferreira Coal Mine

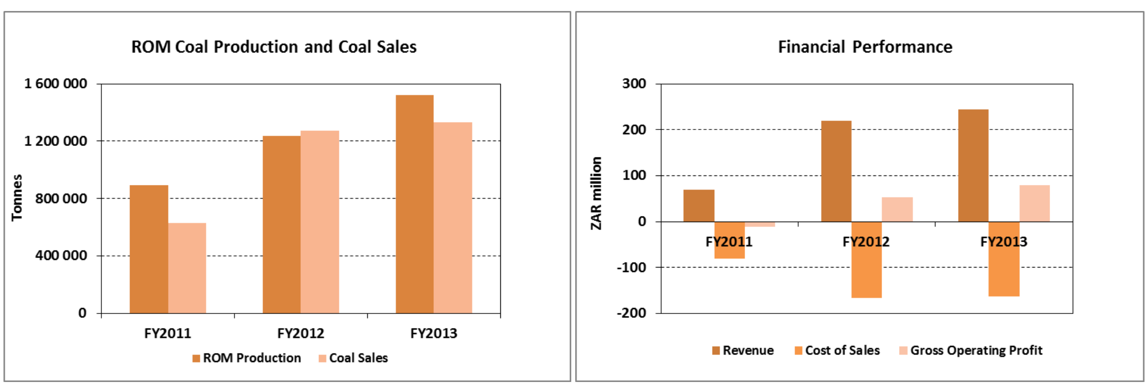
ROM production from the opencast operations in 2013 was impacted by the delay in receiving approval to extend the opencast mining operations into adjacent Prospecting Rights that the Group had acquired in April and May 2012.

The receipt of the approval in late September 2012 allowed the Group to immediately extend the opencast mining operations into the adjacent Prospecting Rights. ROM production in the subsequent three quarters of the year increased significantly with open cast mining operations performing above planned levels for the balance of the year, with mining costs 3% below budgeted levels and total Free on Board costs ("FOB") 8% below budget for the year.

The Ferreira Coal Mine is nearing the end of its mine life and is forecast to deplete its existing resources by November 2013.

Vlakvarkfontein Coal Mine

The Group's Vlakvarkfontein Coal Mine achieved its 3rd successive year of increased thermal coal production and sales.



Operating and Financial Performance at the Vlakvarkfontein Coal Mine 2011- 2013

ROM coal productionincreased by 23% to 1,526,470t for the 2013 year, building on the 38% production increase achieved in 2012.

REVIEW OF OPERATIONS (CONT'D)

The Vlakvarkfontein Coal Mine continued to outperform during the year, with ROM coal production 16% above budgeted levels, mining costs 21% below budget and total free on truck ("FOT") costs 6% below budgeted levels.

Open Cast Coal Mining Activities at the Vlakvarkfontein Coal Mine

The Vlakvarkfontein coal mine is forecast to produce 1,3Mtpa of ROM coal production over a remaining 8 year mine life at forecast average total costs of ZAR140/t of a thermal coal for the South African domestic market.

Penumbra Coal Mine

In November 2012, the Group commenced underground ROM coal production from the Penumbra Coal Mine, the Group's third coal mining operation.

Development of the Penumbra Coal Mine, which commenced in September 2011, advanced throughout the year with the twin declines advanced into a full face of the C-Lower Coal Seam, allowing coal mining operations to commence. All surface infrastructure was completed during the year and all underground production mining equipment was delivered to site, with both the 14HM15 Joy Continuous Miners successfully commissioned and in operation.

A14HM15 Joy Continuous Miner Underground at the Penumbra Coal Mine

First production coal of the C Lower Coal Seam was produced with the first Continuous Miner on 17 December 2012.

REVIEW OF OPERATIONS (CONT'D)

The main activities during the year at the Penumbra Coal Mine were focused towards underground mine development to allow for the planned production build up. The key focus was completing the development for the primary up-cast ventilation shaft and on geotechnical work to optimise the support of a sandstone band above the coal seam. These projects were completed subsequent to the year end and production is forecast to increase up to the planned 63,000t/month steady state production levels byOctober 2013.

The Penumbra Coal Mine is forecast to produce 750,000tpa of ROM coal production over a remaining 10 year mine life at forecast average total FOB costs of ZAR500/t of a high quality export thermal coal RB1 specification coal product.

Delta Processing Facility

During the year the coal processing plant at the Delta Processing Facility washed a total of 770,628t, a 20% reduction on the 974,431t of coal processed in 2012, mainly as a result of no coal being sourced from 3rd parties.

The plant feed tonnes comprised both ROM production from the Ferreira Coal Mine and from the Penumbra Coal Mine. ROM coal feed from the Ferreira Coal Mine of 627,329t represented an 8% reduction on 2012 ROM coal feed and represented 81% of the total feed to the Delta Processing Facility during the year. ROM coal feed of 143,299t from the Penumbra Coal Mine represented the remainder of total plant feed.

The Delta Processing Facility achieved anexport yield of 70.4% for the year for coal processed from the Ferreira Coal Mine. Export yields of only 36.8% were achieved for coal processed from the Penumbra Coal Mine as a result of the contamination of material mined during the early production build-up phase.

REVIEW OF DEVELOPMENT PROJECTS

De Wittekrans Coal Project

During the year, the Group completed preliminary optimisation work on the De Wittekrans Coal Project and the Feasibility Study that was completed in 2011. The optimisation study confirmed the economic and technical viability of the De Wittekrans Coal Project. This study identified the opportunity to potentially enhance the project returns through utilisation of existing coal wash plants and rail sidings in the vicinity of the De Wittekrans Coal Project.

The optimisation work completed during the year has confirmed the potential to improve the project economics and reduce the capital expenditure necessary to bring the De Wittekrans Coal Project into production. The work identified the opportunity to develop the De Wittekrans Coal Project to be a major opencast and underground thermal coal mining operation supplying domestic and international marketsover an initial 30 year mine life. Annual production of 3.6 Mtpa is expected after the initial build-up phase.

The optimization studies determined a phased development of the project with an initial 7 year opencast mining operation with underground development proposed to commence in the third production year with access from the highwall. Underground mining of a conventional bord and pillar operation is planned with six continuous miner sections.

The Group has already submitted applications and all accompanying documentation for a New Order Mining Right and Integrated Water Use License for the De Wittekrans Coal Project. The New Order Mining Right is expected to be granted during Q3 2013.

The project economic model is being updated to account for the changes proposed by the optimization study and is planned for completion in Q4 2013.

REVIEW OF OPERATIONS (CONT'D)

Leiden Coal Project

During the financial year the Group submitted a New Order Mining Right application for the Leiden Coal Project.

The Leiden Coal Project, located approximately 55km south of the Group's Ferreira and Penumbra Coal Mines and Delta Processing Facility has total JORC compliant resources of 18.4Mt (CCC attributable: 3.3Mt Measured, 1.5Mt Indicated and 8.9Mt Inferred).

Environmental scoping studies were completed during the financial year. The Leiden Coal Project is proposed to be developed as an open cast and underground mining operation with ROM coal transported to the Group's Delta Processing Facility.

Vaalbank Coal Project

During the financial year, the Group continued to await the approval from the Department of Mineral Resources for the Vaalbank Coal Project, to allow the commencement of its 50:50 joint exploration program with Forzando Coal, 74% owned by Total Coal South Africa, a subsidiary of international energy company, Total. Forzando Coal has been operating for more than 25 years in South Africa and currently produces over 4Mtpa of export quality thermal coal from the Dorstfontein Coal Mine, Forzando North and South Coal Mines and Tumelo Coal Mine.

Under the terms of the joint exploration program, the Group and Forzando Coal will commence a two phase exploration program comprisingof 20 exploration holes.

As at the end of the financial year the required approval remained outstanding and no exploration work had been completed on the project during the year.

REVIEW OF EXPLORATION ACTIVITIES

Vlakplaats Coal Project

During the financial year, the Group and its joint venture partner KORES completed the Phase 1 exploration drilling program on the northern portion of the Vlakplaats Coal Project. A total of 28 holes of 1,384m were drilled.

The No.2 Coal Seam was intersected by all boreholes drilled with the exception of two, where it was replaced by dolerite intrusions. The No.3 Coal Seam was intersected in nine boreholes. The No.4 Upper and Lower seams were intersected by all drilled boreholes except three where the seams were eroded away by incising topography. The No.5 Seam was only intersected in ten boreholes with thicknesses ranging from 0.2m to 1.4m, but was identified up in the weathered zones of various boreholes with the assistance of the geophysical down-hole surveys.

All 28 boreholes were surveyed by down-hole geophysics, confirming the intersected depths and thicknesses of the seams. In total, 114 samples were submitted to M&L Inspectorate, Middelburg, for analyses of the raw and wash coal qualities during the period.

The results of the raw and wash coal qualities for all of the 28 boreholes were received during the financial year and an updated geological model was completed by the Group's geological consultants. The updated geological model confirmed the historic resource data and raw and wash coal qualities.

Environmental studies were commissioned during the year as part of the projects pre-feasibility studies. The results from the environmental studies highlighted the riskof extracting the coal through surface mining operations, mainly due to wetlands identified in the proposed project area. The additional costs involved in building multiple underground mines as well as the forecasted return from saleable material impacts on the potential economic valuation of the project. The Group has therefore recognized an impairment charge against this project to account for the potential decrease in value.

REVIEW OF OPERATIONS (CONT'D)

Other South African Coal Project Exploration

No exploration work was completed on the Group's other South African based coal exploration projects. These projects include the Project X, Wesselton II, Wolvenfontein and Mooifontein Coal Projects. These early stage exploration projects are not considered by the Board to be in the short to medium term development pipeline and are designated as non-core assets. The Group is in discussions with a number of parties to sell its interests in these coal projects.

Botswana

The Group, through its wholly owned subsidiary Weldon Investment (Pty) Ltd, holds three coal prospecting licenses that cover an area of approximately 475km² in Botswana.

The Prospecting Licenses, PL339/2008 and PL340/2008 are together known as the Serowe Coal Project, whilst PL341/2008 is known as the Kweneng Coal Project.

The Group's licenses are considered very well located strategically, with the Serowe Coal Project located immediately north of Botswana's only major producing thermal coal mine, the Morupule Coal Mine, whilst the Kweneng Project is 25kms west of CIC Energy's Mmamabula Coal Project that was acquired during the year by Jindal Steel and Power Ltd of India for approximately US$116m.

In August 2012 following completion of a Phase 1 drilling program, the Group announced a maiden JORC Compliant Inferred Resource of 2.2 Billion Tonnes on the Kweneng Coal Project and a further Exploration Target in excess of 9 Billion Tonnes across both the Kweneng and Serowe Coal Projects.

In November 2012, the Group announced that the Botswana Department of Mines had approved the renewal of the three Prospecting Licenses for a further 2 years. The renewal of the Prospecting Licenses has allowed the Group to advance towards the next phase of its planned exploration activities targeting an increase in resources, an increase in the level of confidence in the extent, continuity and quality of the known resources as well as to convert a significant portion of the Exploration Target into JORC compliant resources.

The renewal of the Prospecting Licenses also allowed the Group to advance its discussions with several strategic parties that had expressed an interest in participating in the Group's exploration in Botswana. Whilst these discussions have continued, no major exploration expenditure has been incurred on the Prospecting Licenses.

REVIEW OF CORPORATE ACTIVITIES

Settlement of Vanmag and Acquisition of Minority Shareholders inMashala Resources

During the year, the Group completed the sale of its shareholding in Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Limited ("Vanmag") to a Chinese based group.

Proceeds from the sale of its shareholding in Vanmag were used towards part settlement ofthe outstanding minority interests in Mashala Resources ("Mashala") not already held by the Group's principal and 74% owned subsidiary in South Africa (Continental Coal Limited ("CCL")).

Following the acquisition of the outstanding interests in Mashala, CCL holds 100% interests in the operating Ferreira Coal Mine and the operating Penumbra Coal Mine as well as the De Wittekrans Coal Project that is forecast to become the Group's fourth coal mine.

REVIEW OF OPERATIONS (CONT'D)

ABSA Capital Debt Facilities
The Group completed the first drawdown of its project finance facility, secured over the Penumbra mine, with ABSA Capital during the year.

The ZAR253m (approximately US$25.3m) seven year term loan facility and ZAR17.5m (approximately US$1.8m) standby facility are limited recourse debt facilities that are 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.

An initial drawing of ZAR132m was made, with subsequent drawings totalling ZAR85.5m beingmade during the year.

Repayment of the term loan facility is scheduled to commence in August 2014, with subsequent quarterly repayments averaging US$1.8m to be made from operating project cashflow up to November 2019. As part of the ABSA Capital Debt Facilities the Company has implemented a coal and foreign exchange hedging program to mitigate its exposure to a sustained fall in US$ coal prices or an appreciation of the ZAR:US$. The hedging program comprised 664,550t of coal over the life of the term loan facility at an average price of ZAR1,057/t. As at the end of the year, the Group had 625,846t of coal hedging contracts in place at an average price of ZAR1063/t (approx. US$107/t) that was ZAR19m (US$1.9m) in-the-money.

Strategic Finance Transaction with JSE Listed Village Main Reef
During the year the Group entered into binding funding agreements with Village Main Reef Limited (JSE: VIL) ("VMR"), a South African-based diversified mining company.

The Group believes that the transaction will further strengthen its growth strategy and operating credentials in South Africa.

Funds raised under the transaction were used by the Group towards debt reduction, working capital and overall strengthening of the Group's balance sheet.

Under the terms of the funding agreements, VMR has agreed to acquire a maximum of 19.9% strategic cornerstone interest in the Company through a three tranche financing arrangement.

A$8m Private Placement
VMR has entered into a private placement transaction under which it subscribed for 100 million ordinary shares in the Company at an issue price of A$0.08 per share, raising a total of A$8.0m.

The A$0.08 per share issue price represents a premium to the Company's last traded share price on the ASX and a premium to the Company's 90 Day VWAP share price.

As part of the placement, VMR was issued with a further 25m unlisted options with an exercise price of A$0.10 per option and an expiry date of 31 March 2016. The placement received shareholder approval at the General Meeting on 28 March 2013 and the full A$8.0m was received prior to year end.

Sale of Small Shareholdings
In addition to the placement, VMR has also acquired 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).

As at the close of business on 11 March 2013 the Company had 11,054 shareholders of which 5,614 held shareholdings less than a Minimum Shareholding and, as such, are described as 'Minority Members' in the Company's constitution. The holdings of the Minority Members totalled 19,352,630 shares.

Under the terms of the agreement VMR has acquired all of the shares held by Minority Members (other than those held by Minority Members who elected to retain their shares in the Company) on the Record Date at a price per share that is equal to the minimum sale price in accordance with the Company's constitution of $0.0521. The minimum sale price is equal to the simple average of the last sale prices of the Company's shares quoted on ASX for each of the ten trading days prior to 11 March 2013, being the date the offer was received from VMR.

REVIEW OF OPERATIONS (CONT'D)

The Group elected to proceed with the sale of the shareholdings as it benefits from a reduction in administrative costs and an improvement in efficiencies by managing a smaller shareholder base. In addition it gave Minority Members, who may find it difficult or uneconomic to dispose of those shareholdings through normal means, a cost effective and convenient way of selling their shareholdings without incurring brokerage fees. The Closing Date of the Sale of Small Shareholdings was on 29 April 2013.

VMR acquired 11,752,818 ordinary shares under the Sale of Small Shareholdings Facility.

On-Market Share Purchases
In addition to the placement and sale of small shareholdings, VMR has also indicated its intention to hold a 19.9% interest in the issued share capital of the Company and will seek to acquire further shares in the Company through on market purchases.

Sale of Exploration projects
During the year the Groupcontinued its discussions and negotiations regarding the sale of certain exploration projects within its thermal coal mining portfolio in South Africa and Botswana. Although some expression of interest was received, negotiations are continuing as at the end of the financial year.

Acquisition and Direct Investment in the Group's South African Coal Assets
During the year the Group formalised a due diligence and bidding process with its advisors in South Africa after it had received several approaches from Indian based coal and power utility companies, as well as major global commodity trading and private equity groups, seeking to acquire all or part of the Group's South African thermal coal mining business and/or to joint venture specific operating and development projects. The detailed due diligence and bidding process was completed during the period and negotiations with the short listed parties continue.

Following the Group's announcement of the positive optimisation study on the De Wittekrans Coal Project in November 2012, a number of further interested parties approached the Group in regards to a potential long-term off-take agreement, strategic partnership and funding and/or joint venture arrangement on the project.

The Group has been encouraged by the high level of interest in the De Wittekrans Coal Project from these parties and given the level and quantum of interest is currently focussing its discussions and negotiations with these parties. Negotiations wereongoing at the end of the year.

Refinancing of Convertible Notes and Standby Funding
The Group progressed a number of debt refinancing, rescheduling and new debt and convertible debt financings during the period as part of its focus to strengthen its balance sheet and ensure that the Group has sufficient working capital available at all times.During the period the Group negotiated a refinancing of the outstanding amount under the A$5m Convertible Note Facility entered into in May 2012 and also negotiated an A$15m standby line of equity funding. Negotiations in respect to a refinancing of the Group's existing indebtedness including the convertible note facilities and ABSA Capital Debt Facilities are continuing.

The Group expects to be able to finance its working capital requirements from existing cash balances, finance facilities, sales of non-core assets and cash flows from operations.

Restructuring of the Board of Directors
South African mining executive Bernard Swanepoel was appointed to the Board as a Non-Executive Director during the year. The appointment of Mr Swanepoel followed completion and financial settlement of the Group's strategic financing transaction with VMR, where he held the position of CEO until August 2013. Mr Swanepoel now holds the position as Chairman of VMR and is also a Non-Executive Director of Sanlam Life Insurance and African Rainbow Minerals and a partner of To The Point Growth Specialists. Following the appointment of Mr Swanepoel, founding Director Peter Landau resigned from the Board.

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 at the De Wittekransor Leiden projects, 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.

Competent Persons Statement

The information in this report that relates to the Coal Resources and Reserves has been prepared in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee (JORC Code). The Australasian Joint Ore Reserves Committee (JORC) and the JORC Code requires that Competent Persons must belong to the Australasian Institute of Mining and Metallurgy (AusIMM), or the Australian Institute of Geoscientists (AIG), or a Recognized Overseas Professional Organisation (ROPO). ROPOs are professional organisations that the ASX, acting on advice from JORC and its parent organisations, accepts as bodies to which Competent Persons may belong to for the purpose of preparing documentation on Exploration Results and Mineral Resources, on which reports to the ASX are based. The South African Council for Natural Scientific Professions (SACNASP) as well as the Geological Society of South Africa are considered as ROPOs by JORC.

The information in this report that relates to Coal Resources on Vlakvarkfontein and Vlakplaats is based on resource estimates completed by Dr. Philip John Hancox. Dr. Hancox is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400224/04) as well as a Member and Fellow of the Geological Society of South Africa. He is also a member of the Fossil Fuel Foundation, the Geostatistical Association of South Africa, the Society of Economic Geologists, and a Core Member of the Prospectors and Developer Association of Canada. Dr. Hancox has more than 12 years' experience in the South African Coal and Minerals industries, holds a Ph.D from the University of the Witwatersrand (South Africa), and has authored a number of published and unpublished academic articles on the Karoo Basin and its contained coal, as well as over 50 peer reviewed scientific papers on various aspects of sedimentary geology and palaeontology. Dr. Hancox has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and the Ore reserves. Within the constraints mentioned above, all work undertaken by Dr. Hancox and related to the resource estimate was carried out following industry best practice standards using the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code, 2007) in conjunction with the South African guide to the systematic evaluation of coal resources and coal reserves (SANS 10320:2004) as a basis. As such the resource statements contained in this report may be considered compliant with the JORC Code. Dr. Hancox consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Coal Resources and Reserves on Penumbra, Ferreira, De Wittekrans, Knapdaar, Project X, Vaalbank, Leiden and Wesselton II is based on coal resource estimates completed by Mr. Nico Denner, a full time employee of Gemecs (Pty) Ltd. Mr. Denner is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400060/98) as well as a Member and Fellow of the Geological Society of South Africa. He has more than 15 years' experience in the South African Coal and Minerals industries. Mr. Denner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and the Ore reserves. Within the constraints mentioned above, all work undertaken by Mr. Denner and related to the resource estimate was carried out following industry best practice standards using the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code, 2007) in conjunction with the South African guide to the systematic evaluation of coal resources and coal reserves (SANS 10320:2004) as a basis. As such the resource statements contained in this report may be considered compliant with the JORC Code. Mr. Denner consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

PRINCIPAL ACTIVITIES

Continental Coal Ltd ("Company") is a limited company incorporated in Australia whose shares are listed on the ASX and the AIM. The principal activities of the Group are the acquisition, exploration, development, and operation of coal projects primarily in South Africa and Botswana.

DIVIDENDS PAID OR RECOMMENDED

The directors recommend that no dividend be paid for the year ended 30 June 2013 nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Contributed equity increased by $16,017,000 (from $220,015,000to $236,032,000) primarily as a result of a private placement of 100,000,000 shares to VMRat an issue price of $0.08 as approved by shareholders in March 2013 and on conversions of debt to equity.

The Group increased annual ROM production from 1.9Mt in 2012 to 2.3Mt in 2013 with the commencement of mining at the Group's third mine, Penumbra, and record production levels achieved at Vlakvarkfontein.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years except as follows:-

- To enable a Board restructure, Mr James Leahy resigned as non-executive director on 31 July 2013; and
- Non-executive Directors agreed to an immediate 25% reduction in fees and, subject to shareholder approval, potentially up to 100% of fees may be settled in equity rather than cash.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

To further improve the Group's performance and maximise shareholders' wealth, the following developments are intended to be implemented in the near future:

(i) The Group is in the process of listing on the Johannesburg Stock Exchange, with an expected listing date during Q4 2013 (subject to the release of an Independent Competent Person's Report on the Group's mines and development assets that is being prepared and receipt of the requisite regulatory approvals);

(ii) Discussions and negotiations are continuing to finalise a long-term off-take agreement, strategic partnership, and stand-alone funding agreement for the De Wittekrans Coal Project aimed at accelerating the development of an initial 7 year open cast mine and subsequent development of a forecast 30 year, 3.6 Mtpa underground mine;

(iii) Upon receipt of Section 11 approval for the Group's Vaalbank Coal Project, the Group will commence a 50:50 joint exploration program with Forzando Coal, 74% owned by Total Coal South Africa, a subsidiary of international energy company Total;

(iv) The Leiden Coal Project, which has total JORC compliant resources of 18.4Mt, can be developed as a conventional open cast mining operation with ROM coal production transported to the Group's Delta Processing Operations once the required regulatory approvals have been received;

(v) The Group is continuing to pursue the sale of non-core coal assets with a view to realise value from the Group's early stage exploration projects that are not currently in the short to medium term development pipeline; and

(vi) The Group remains in discussions with a number of parties relating to various fund raising and debt restructuring initiatives to ensure the Group has adequate funds or access to funds to meet its operating commitments and project development schedule.

These investment opportunities, together with the current strategy of continuous improvement and an adherence to quality control in existing markets, are expected to assist in the achievement of the Group's medium-term goal of investing in highly prospective coal resources in South Africa, with early cash flow to fund ongoing financial requirements and minimum equity dilution.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated	
		2013 $'000	2012 $'000
Operating sales revenue	2	62,230	82,105
Operating expenses		(55,181)	(67,195)
Depreciation & amortisation		(4,190)	(3,753)
Cost of sales	3	(59,371)	(70,948)
Gross profit		**2,859**	**11,157**
Other income	2	4,130	6,106
Administration expenses	3	(11,533)	(18,543)
Finance expenses	3	(13,888)	(20,128)
Impairment expenses	3	(28,126)	(19,775)
Marketing expenses		(266)	(1,690)
Other expenses	3	(2,618)	(8,305)
Loss before income tax		**(49,442)**	**(51,178)**
Income tax benefit		1,101	1,316
Loss after income tax from continuing operations		**(48,341)**	**(49,862)**
Loss from discontinued operation	7	(1,147)	-
Loss for the year		**(49,488)**	**(49,862)**
Net profit/(loss) is attributable to:			
Owners of Continental Coal Limited		(35,720)	(53,026)
Non-controlling interests		(13,768)	3,164
		(49,488)	**(49,862)**
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents per share)	4	(6.56)	(13.40)
Diluted loss per share (cents per share)	4	(6.56)	(13.40)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents per share)	4	(6.78)	(13.40)
Diluted loss per share (cents per share)	4	(6.78)	(13.40)

The above Consolidated Income Statement should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Loss for the year		**(49,488)**	**(49,862)**
Other Comprehensive Income/(Loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(6,052)	(11,872)
Changes in the fair value of cashflow hedges, net of tax		3,087	(687)
Other comprehensive loss for the year, net of tax		**(2,965)**	**(12,559)**
Total comprehensive loss for the year		**(52,453)**	**(62,421)**
Total comprehensive loss is attributable to:			
Owners of Continental Coal Limited		(38,177)	(64,075)
Non-controlling interests		(14,276)	1,654
		(52,453)	**(62,421)**
Total comprehensive loss for the period attributable to owners of Continental Coal Ltd arising from:			
Continuing operations		(37,030)	(64,075)
Discontinued operations		(1,147)	-
		(38,177)	**(64,075)**

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATEDSTATEMENT OF FINANCIAL POSITION
AS AT

	Note	Consolidated	
		30 June 2013 $'000	30 June 2012 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,496	14,595
Trade and other receivables	6	7,744	7,871
Inventories		4,862	4,161
		17,102	26,627
Non-current assets classified as held for sale	7	-	9,844
TOTAL CURRENT ASSETS		**17,102**	**36,471**
NON-CURRENT ASSETS			
Trade and other receivables	6	2,981	4,184
Other assets	8	1,658	1,090
Derivative financial instruments	9	2,400	-
Exploration expenditure	11	54,363	86,314
Development expenditure	12	76,344	65,843
Property, plant and equipment	13	11,933	7,937
Deferred tax assets		3,022	2,346
TOTAL NON-CURRENT ASSETS		**152,701**	**167,714**
TOTAL ASSETS		**169,803**	**204,185**
CURRENT LIABILITIES			
Trade and other payables	14	12,459	27,077
Deferred revenue	15	5,859	5,552
Income tax payable		1,115	525
Provision for employee benefits		296	400
Borrowings	16	18,531	6,844
Derivative financial instruments	9	228	1,547
Other financial liabilities	17	3,633	3,454
Provision for rehabilitation		3,759	-
TOTAL CURRENT LIABILITIES		**45,880**	**45,399**
NON-CURRENT LIABILITIES			
Trade and other payables	14	-	398
Deferred revenue	15	5,467	9,351
Borrowings	16	52,141	39,468
Derivative financial instruments	9	-	717
Other financial liabilities	17	6,984	5,207
Deferred tax liability		23,009	26,838
Provision for rehabilitation		9,594	12,285
TOTAL NON-CURRENT LIABILITIES		**97,195**	**94,264**
TOTAL LIABILITIES		**143,075**	**139,663**
NET ASSETS		**26,728**	**64,522**
EQUITY			
Issued capital	18	236,032	220,015
Reserves		(2,838)	1,157
Accumulated losses		(198,987)	(164,739)
Capital and reserves attributable to owners of Continental Coal Ltd		34,207	56,433
Amounts attributable to non-controlling interests		(7,479)	8,089
TOTAL EQUITY		**26,728**	**64,522**

The above Consolidated Statement of Financial Position should be read in conjunction with the notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Share Capital Ordinary	Accumulated losses	Foreign Currency Translation Reserve	Other Reserve	Hedging Reserve	Option Reserve	Share Based Payment Reserve	Shares and Options to be Issued	Total	Non-Controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2011	**190,068**	**(113,158)**	**(8,650)**	**-**	**-**	**653**	**31,147**	**14,380**	**114,440**	**(4,312)**	**110,128**
Profit/(Loss) for the year	-	(53,026)	-	-	-	-	-	-	(53,026)	3,164	(49,862)
Exchange differences on translation of foreign operations	-	-	(10,540)	-	-	-	-	-	(10,540)	(1,332)	(11,872)
Cashflow hedge, net of tax			-	-	(508)	-	-	-	(508)	(179)	(687)
Total comprehensive income/(loss) for the year	-	(53,026)	(10,540)	-	(508)	-	-	-	(64,075)	1,654	(62,421)
Transactions with owners in their capacity as owners:											
Shares issued during the year	11,711	-	-	-	-	-	-	-	11,711	-	11,711
Transaction costs	3,856	-	-	-	-	-	-	-	3,856	-	3,856
Options issued	-	-	-	-	-	-	445	-	445	-	445
Transfers	14,380	1,445	-	-	-	(653)	(794)	(14,380)	-	-	-
Transactions with non-controlling interests	-	-	-	(9,944)	-	-	-	-	(9,944)	10,747	803
Balance at 30 June 2012	**220,015**	**(164,739)**	**(19,190)**	**(9,944)**	**(508)**	**-**	**30,798**	**-**	**56,433**	**8,089**	**64,522**
Profit/(Loss) for the year	-	(35,720)	-	-	-	-	-	-	(35,720)	(13,768)	(49,488)
Exchange differences on translation of foreign operations	-	-	(4,741)	-	-	-	-	-	(4,741)	(1,311)	(6,052)
Cashflow hedges, net of tax	-	-	-	-	2,284	-	-	-	2,284	803	3,087
Total comprehensive income/(loss) for the year	-	(35,720)	(4,741)	-	2,284	-	-	-	(38,177)	(14,276)	(52,453)
Transactions with owners in their capacity as owners:											
Shares issued during the year	16,117	-	-	-	-	-	-	-	16,117	-	16,117
Transaction costs	(100)	-	-	-	-	-	-	-	(100)	-	(100)
Options issued	-	-	-	-	-	-	701	-	701	-	701
Transfers	-	1,472	-	(1,472)	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	(766)	-	-	-	-	(766)	(1,026)	(1,792)
Dividends paid	-	-	-	-	-	-	-	-	-	(266)	(266)
Balance at 30 June 2013	**236,032**	**(198,987)**	**(23,931)**	**(12,182)**	**1,776**	**-**	**31,499**	**-**	**34,207**	**(7,479)**	**26,728**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE

	Note	Consolidated	
		2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		58,505	79,978
Deferred income		-	4,790
Payments to suppliers and employees		(70,488)	(80,017)
Interest received		249	531
Other income		2,196	219
Proceeds on settlement of commodity hedges	9	336	-
Income tax paid		(1,080)	(504)
Net cash (used in)/provided by operating activities		**(10,282)**	**4,997**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for additional ownership interest in subsidiary		(8,839)	(8,455)
Exploration expenditure		(660)	(6,327)
Development costs		(20,393)	(5,114)
Purchase of property, plant and equipment		(6,675)	(3,107)
Proceeds on disposal of property, plant and equipment		1,092	-
Payments in relation to SIOC transaction		(331)	(6,049)
Proceeds from sale of Vanmag	7	8,696	-
Payments for purchase of other assets		(642)	-
Net cash used in investing activities		**(27,752)**	**(29,052)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs		8,597	9,476
Interest and borrowing costs		(1,227)	(5,380)
Proceeds from borrowings		26,890	23,870
Repayment of borrowings		(3,537)	(665)
Payment to fund Penumbra standby facility		(1,930)	-
Payment of finance related royalty		(533)	-
Dividends paid		(266)	-
Net cash provided by financing activities		**27,994**	**27,301**
Net (decrease)/increase in cash held		(10,040)	3,246
Effect of the exchange rate changes on the balance of cash held in foreign currencies at the beginning of the financial year		(1,042)	(701)
Cash at beginning of financial year		14,595	12,050
Cash at end of financial year	5	**3,513**	**14,595**

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Note 1: Basis of the Preparation of the Preliminary Final Report

The preliminary final report has been prepared in accordance with the ASX Listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

As such this preliminary final report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2013, and with any public announcements made by Continental Coal Limited during the reporting period in accordance with the disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied, unless otherwise stated.

The preliminary report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Note 2: Revenue and other income

	Consolidated	
	2013 $'000	**2012 $'000**
Revenue from continuing operations		
- Export coal sales	35,508	55,424
- Eskom coal sales	25,941	22,543
- Other coal sales	781	4,138
Total revenue from continuing operations	62,230	82,105
Other income		
- Foreign exchange gain	200	32
- Recovery of costs	2,196	184
- Interest received	502	531
- Net gain on fair values of derivative financial instruments	777	4,853
- Realised gains on commodity hedges	336	-
- Gain on debt settlement	119	-
- Miscellaneous income	-	219
- Reversal of previous impairment	-	287
Total other income	4,130	6,106

Note 3: Expenses

(a) Loss before income tax includes the following specific expenses:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cost of sales		
- Mining	36,173	37,229
- Export costs	6,405	8,491
- Processing	5,265	8,683
- Materials handling	3,813	1,186
- Indirect costs	3,324	2,137
- Mining royalties	1,153	187
- Depreciation & amortisation	4,190	3,753
- Stock on hand movement	(952)	-
- Bought in coal	-	9,282
Total cost of sales	59,371	70,948
Finance costs		
- Interest and borrowing costs	4,546	5,154
- Royalty expense	3,639	8,662
- Convertible note interest accretion	2,047	2,789
- Convertible note implementation costs	1,712	501
- SIOC interest accrued	1,321	331
- EDF interest settled in coal	623	2,427
- Options issued in respect of EDFT coal loan (i)	-	264
Total finance costs	13,888	20,128
Impairment		
- Impairment of exploration expenditure (ii)	26,661	19,775
- Impairment of other assets	1,465	-
Total impairment	28,126	19,775

Notes to the Preliminary Final Report
For the Year Ended 30 June 2013

Note 3: Expenses (cont'd)

	Consolidated	
	2013 **$'000**	**2012** **$'000**
Included in Administration & Other Expenses :		
- Employee related costs	3,769	3,852
- Directors' fees – cash component	1,380	1,026
- Directors' fees – share based payments	163	180
- Directors' fees – cash termination payments	-	1,696
- Directors' fees – share based termination payments	-	2,602
- Consultants – cash component	2,083	1,840
- Consultants – share based payments	429	1,508
- Loss on debt settlement	626	-
- Legal fees	582	595
- Occupancy	276	442
- Foreign exchange loss	1,122	1,868
- Depreciation	216	913
- Audit fees	566	508

(i) No new options were issued to EDF, the additional expense recognised in the year ended 30 June 2012 relates to an amendment to the exercise price of options issued in a prior financial year.

(ii) The impairment charge of $26,661,000 recognised in the year ended 30 June 2013 relates tothe carrying values of Project X, Vlakplaats, and Wesselton 2.

The impairment charge of $19,775,000 recognised in the year ended 30 June 2012 related to the acquisition costs of the Project X, Vaalbank, and Lemoenfontein coal projects as a result of an internal review and change in the Group's strategy regarding these assets.

Note 4: Loss per Share

		Consolidated 2013 $'000	2012 $'000
(a)	**Basic loss per share**		
	From continuing operations attributable to owners of Continental Coal Ltd	(6.56)	(13.40)
	From discontinued operation attributable to owners of Continental Coal Ltd	(0.22)	-
		(6.78)	(13.40)
(b)	**Reconciliation of loss used in calculating loss per share**		
	Loss for the year from continuing operations attributable to owners of Continental Coal Ltd	(34,573)	(53,026)
	From discontinued operation attributable to owners of Continental Coal Ltd	(1,147)	-
	Loss used to calculate basic EPS	(35,720)	(53,026)
	Loss used in the calculation of dilutive EPS	(35,720)	(53,026)

		No.	No.
(c)	**Weighted average number of shares used as the denominator**		
	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	526,964,473	395,841,571
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	526,964,473	395,841,571

(d) Diluted loss per share

The Group's potential ordinary shares were not considered dilutive, and as a result, diluted LPS is the same as basic LPS.

(e)	**Potential ordinary shares that could dilute LPS in the future**		
	Weighted average number of ordinary shares (basic)	526,964,473	395,841,571
	Effect of share options on issue	162,130,027	122,304,630
	Effect of consultants shares issued post year end	-	-
	Effect of conversion of debt to equity shares issued post year end	-	15,151,648
	Effect of placement shares issued post year end	-	-
	Weighted average number of ordinary shares (diluted) at 30 June	689,094,500	533,297,849

The Company completed a 10 for 1 equity consolidation effective 9 September 2011. Earnings per share for the year ended 30 June 2012has been calculated as if the equity consolidation occurred on 1 July 2011.

Note 5: Cash and Cash Equivalents

	Consolidated	
	2013 **$'000**	**2012** **$'000**
Cash at bank and in hand(i)	4,496	14,595
	4,496	14,595

Reconciliation of cash

Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

	2013	2012
Cash and cash equivalents	4,496	14,595
Bank overdrafts (note 16)	(983)	-
	3,513	14,595

(i) Includes cash restricted under guarantees in the amount of nil (30 June 2012: $831,000).

Note 6: Trade and Other Receivables

	Consolidated	
	2013 **$'000**	**2012** **$'000**
CURRENT		
Trade receivables (a)	4,588	6,781
Restricted cash (b)	1,993	-
Other receivables (c)	1,012	958
Prepayments	151	132
Total current receivables	7,744	7,871
NON-CURRENT		
Other receivables (d)	2,981	4,184
Total non-current receivables	2,981	4,184

(a) The Group's trade receivables are generally settled within 30 days. No interest is charged on outstanding balances.

(b) The majority of the restricted cash balance relates to the Penumbra standby facility of ZAR 17.5m ($1.93m) funded by the Group.

(c) The majority of other receivables relates to VAT recoverable by the South African subsidiary and deposits.

(d) As part of the transaction to secure SIOC as the Group's BEE partner during the 2012 year, the Group transferred ZAR 75m (approximately $9.18m) of its intercompany loan balance to the new BEE partner. The effect of this transfer was to increase the Group's external receivables and borrowings by the same amount. The receivable balance at year end is inclusive of principal and accrued interest at 3% per annum. It is denominated in South African Rand, and its fair value has been determined using a 16.5% discount rate and a repayment date of 30 June 2022 (2012: 16.6% discount rate and repayment date of 30 June 2017).

Note 7: Non-Current Assets Classified as Held-for-Sale and Discontinued Operations

The Group announced the completion of the sale of its investment in Vanmag on 8 March 2013 for proceeds of approximately US$10m. The disposal is reported in these financial statements as a discontinued operation.

(a) Assets classified as held for sale

	Consolidated	
	2013 **$'000**	**2012** **$'000**
Investment in Vanmag	-	9,844
	-	9,844

During the 2009 year, the Group acquired 49% of the issued capital of Vanadium and Magnetite Exploration Development Co (SA) "Vanmag" instead of a direct interest in the area of interest and as a result the investment should be equity accounted for in accordance with AASB 128, *Investments in Associates.* In accordance with the requirements of AASB 128, The Grouphas not equity accounted Vanmag during the years ended 30 June 2013 and 30 June 2012due to the investment being classified as held for sale in accordance with AASB 5.

(b) Discontinued operation

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance and cashflow information

	Consolidated	
	2013 **$'000**	**2012** **$'000**
Loss on disposal of Vanmag investment	(1,147)	-
Loss from discontinued operation	**(1,147)**	**-**
Net cashflow from operating activities	-	-
Net cash inflow from investing activities (proceeds from sale of Vanmag investment)	8,696	-
Net cashflow from financing activities	-	-
Net cash generated from the disposal of Vanmag	**8,696**	**-**

Details of the sale

Cash consideration received	8,696	-
Carrying value of Vanmag investment at disposal date	9,843	
Loss on disposal	**(1,147)**	**-**

The $1,147,000 loss on disposal represents foreign exchange losses realised on the transaction.

Note 8: Other Assets

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Mining rehabilitation fund	1,658	1,090
	1,658	1,090

Amounts in the fund are held as security for a maximum guarantee facility of ZAR 34m ($4.037m) provided to the Group by Lombard Insurance Company Ltd. Of the available ZAR 34m, a total of ZAR 34m was used at 30 June 2013 (2012: ZAR 22.035m ($2.616m)) to provide guarantees to the Department of Minerals, Richards Bay Coal Terminal and Transnet Ltd.

Note 9: Derivative Financial Instruments

The Group has the following derivative financial instruments:

	Consolidated	
	2013 $'000	2012 $'000
NON-CURRENT ASSETS		
Forward rand coal swap – cash flow hedge (a)	2,084	-
Interest rate swaps – cash flow hedge (b)	316	
	2,400	-
CURRENT LIABILITIES		
Derivative liabilities from convertible notes (c)	99	882
Option and share repricing derivative liability (d)	129	665
	228	1,547
NON-CURRENT LIABILITIES		
Forward rand coal swap – cash flow hedge (a)	-	687
Derivative liabilities from convertible notes (a)	-	30
	-	717

(a) Forward rand coal swap – cash flow hedge

The Group is exposed to price risk on coal sales through fluctuations in global prices. To minimise the risk of an adverse effect on current or future earnings, the Group has entered into commodity hedges in order to protect itself against the impact of falling USD coal prices and/or an unfavourable movement in the ZAR:USD exchange rate. The hedgesimplemented ensure a minimum price to cover non-discretionary operating expenses, repayments due under the Group's financing facilities, and to sustain capital.

The commodity hedges entered into are in respect of coal produced from the Group's Penumbra mine. The commodity hedges are forward rand coal swaps which are settled against the prevailing API4 cash rate for each month. The pricing basis of the hedge mirrors the pricing basis for the physical coal produced by Penumbra; the hedge is therefore considered to be 100% effective and has been accounted for through other comprehensive income and deferred in equity in the hedging reserve in accordance with the Group's accounting policy.

The hedged item is the highly probable forecast coal production from the Penumbra mine, based on expected production within the hedging limits specified in the Group's Treasury Policy.

The Group's coal swaps commenced in September 2012 and expire on various dates through August 2018, and cover 8% - 35% of monthly Penumbra production.At 30 June 2013 hedge contracts with a weighted average price of ZAR1,063/tare in place for 625,846t of coal.

Realised gains for the year of $336,000 have been recognised within other income (2012: nil), representing the financial settlement of 37,688t of coal hedge contracts. Unrealised gains have been recognised within other comprehensive income.

Note 9: Derivative Financial Instruments (cont'd)

(b) Interest rate swap – cash flow hedge

The Group is exposed to interest rate risk on its Penumbra project finance facility with ABSA Capital, which bears interest at JIBAR (the Johannesburg InterBank Acceptance Rate) at the date of drawdown. In order to minimise its exposure to increasing interest rates, the Group intends to enter into an interest rate swap in respect ofapproximately 50% of the total Penumbra project finance facility available to the Group by entering into interest rate swaps for approximately 50% of each drawdown at the time of drawing.

As of 30 June 2013, the Group had drawn a total of ZAR 217.5mof the available ZAR 253m facility. Accordingly, the Group has entered into interest rate swaps in respect of ZAR 102.25m.Swaps entered into during the period oblige the Group to receive interest at variable rates and pay interest at fixed rates.

There are two swaps entered into in respect of approximately 50% of each individual drawdown. The first swap covers the amount of the principal drawn down for the period between drawdown date and repayment commencement date. The second swap is effective from the repayment commencement date and covers the principal drawn down plus accrued interest capitalised against the facilitysince drawdown date; the second swap terminates on the final principal repayment date.

Fixed interest rates range between 5.21%and6.81% and the variable rates are between 4.98%and6.49%. Net settlement of interest payable/receivable is due to occur the second month of each quarter commencing November 2014 and concluding November 2019. The settlement dates coincide with the dates on which interest is payable on the underlying debt.No principal or interest repayments are due before August 2014.

The hedged item is the highly probable forecast interest payments on the ABSA Capital Penumbra project finance facility.

The gain or loss from re-measuring the interest rate swaps at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into profit or loss when the hedged interest expense is recognised. There was no hedge ineffectiveness during the year to 30June 2013.Accordingly there was no loss recognised during the year.

Unrealised losses have been recognised within other comprehensive income.

(c) Derivative liabilities from convertible notes

Pursuant to the accounting standards the option component of each convertible note is classified as a liability. The values of the derivatives fluctuate with the Company's underlying share price, volatility of the Company share price, and the time to expiry. The change in value of the derivatives between inception date and 30 June due to the difference in the Company's share price between inception date and 30 June is recognised as an unrealised loss in the Consolidated Income Statement.

(d) Option and share repricing derivative liability

During the year ended 30 June 2012 the Group entered into an equity subscription agreement with SOCIUS CG II which stipulates the number of shares and options to be issued for the subscribed amount of $20,000,000 is dependent on share price movements, therefore making the ultimate number of shares and options to be issued a variable number and giving rise to a derivative financial instrument. The difference between the subscribed amount and the recognition of the derivative liability is recognised as the value of equity to be issued in accordance with the equity subscription agreement.

At 30 June 2012, $6,391,000 of this derivative was settled by the issuance of shares to SOCIUS under the Subscription Agreement. The liability outstanding of $129,000 (2012: $665,000) relates to the fair value of the option derivative.

Note 9: Derivative Financial Instruments (cont'd)

A Monte Carlo simulation in conjunction with the Black Scholes model was used to calculate the fair value of inception and at each reporting period, which takes into account the Company's share price, volatility, and time to expiry. The value of the derivative liability therefore fluctuates based on these inputs.

(e) Consolidated Income Statement impact

Both the convertible note derivative liabilities and the option and share repricing derivative liability do not qualify for hedge accounting, resulting in movements in the fair value of the liabilities being recognised within other income or other expenses in the Consolidated Income Statement at each reporting period.

A net unrealised gain of $777,000 was recognised in other income during the year (2012: net unrealised gain of $4,853,000).

The $777,000 comprises an unrealised gain of $535,000 related to the option and share repricing derivative liability and an unrealised gain of $242,000 related to derivative liabilities from convertible notes.

The $4,853,000 comprises an unrealised gain of $989,000 related to the option and share repricing derivative liability and an unrealised gain of $3,864,000 related to derivative liabilities from convertible notes.

Note 10: Controlled Entities

The consolidated financial statements include the assets, liabilities and results of the following subsidiaries.

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)*	
		30 June 2013	30 June 2012
Subsidiaries of Continental Coal Limited ("CCC"):			
Continental Coal Ltd("CCL SA")	South Africa	74	74
Subsidiaries of Continental Coal Ltd			
Tsimpilo Trading 45 (Pty) Limited	South Africa	100	100
AyobaTaboo Trading 137 (Pty) Ltd	South Africa	100	100
Idada Trading 310 (Pty) Ltd	South Africa	70	70
Kebragen (Pty) Ltd	South Africa	75	75
City Square Trading 437 (Pty) Ltd	South Africa	100	100
Ntshovelo Mining Resources (Pty) Ltd *(i)*	South Africa	50	50
Ultimatum Challenge Trading (Pty) Ltd *(ii)*	South Africa	50	50
Mashala Resources (Pty) Ltd	South Africa	100	86
Subsidiaries of Mashala Resources (Pty) Ltd			
Namib Drilling (Pty) Ltd	South Africa	100	86
Wessleton Opencast (Pty) Ltd	South Africa	100	86
BW Mining (Pty) Ltd	South Africa	100	86
Copper Sunset Trading 148 (Pty) Ltd	South Africa	100	86
Mandla Coal Resources (Pty) Ltd	South Africa	100	86
Penumbra Coal Mining (Pty) Ltd	South Africa	100	86
MashalaHendrina Coal Pty Ltd (Pty) Ltd)	South Africa	100	86
Weldon Investments (Pty) Ltd	Botswana	100	86

** Percentage of voting power is in proportion to ownership*
(i) Ntshovelo – 60% economic interest even though 50% equity interest.
(j) Ultimatum Challenge Trading – 63% economic interest and 50% equity interest.

Note 11: Exploration Expenditure

	Consolidated	
	2013 $'000	2012 $'000
NON-CURRENT		
Exploration expenditure capitalised		
- Exploration and evaluation phases – direct	45,957	74,716
- Exploration and evaluation phases – indirect	8,406	11,598
Total exploration expenditure	54,363	86,314

Note 12: Development Expenditure

	Consolidated 2013 $'000	Consolidated 2012 $'000
NON-CURRENT		
- Development expenditure at cost	89,903	77,896
- Accumulated depreciation	(13,559)	(12,053)
Total development expenditure	76,344	65,843

The Development expenditure relates mainly to the mining infrastructure assets and the environmental assets for closure costs in relation to the Penumbra, Vlakvarkfontein, and Ferreira mines.

Note 13: Property, Plant & Equipment

	Consolidated 2013 $'000	Consolidated 2012 $'000
PLANT AND EQUIPMENT		
Plant and equipment at cost	14,251	10,624
Accumulated depreciation	(2,318)	(2,687)
Net book amount	11,933	7,937

Note 14: Trade and Other Payables

	Consolidated 2013 $'000	Consolidated 2012 $'000
CURRENT		
Unsecured liabilities		
Trade payables	8,997	14,041
Sundry payables and accrued expenses	2,670	4,143
Deferred purchase liability – (i)	-	8,200
Accrued interest	792	693
	12,459	27,077
NON-CURRENT		
Unsecured liabilities		
Deferred purchase liability – (ii)	-	398
	-	398

(i) Relates to the balance of the acquisition cost of Mashala.
(ii) Relates to the balance of the acquisition cost of Ultimatum Challenge Trading.

Note 15: Deferred Revenue

Deferred revenue relates to the prepayment by EDF Trading of a Coal Supply Agreement (secured by a session of shares over the Company's South African Mining interests apart from Penumbra) relating to the Mashala entity. In accordance with the Agreement, the Group is required to deliver 314,000 metric tonnes of coal to EDF. In return, EDF has agreed to provide the Group with USD $20,000,000 of the sales proceeds in advance of the delivery of coal. Accordingly, USD $15,000,000 was received in the year ended 30 June 2011 and USD $5,000,000 was received in the year ended 30 June 2012.

During the 2013 year, approximately USD $5,065,000of the deferredrevenue balance was earned and recognised on the delivery of coal to EDF Trading (2012: USD $5,000,000).

The instalments received in advance bear interest at an effective interest rate of 7.75% per annum. Interest is payable through the delivery of coal.

	Consolidated	
	2013 $'000	2012 $'000
Current		
Deferred revenue	5,859	5,552
	5,859	5,552
Non-current	5,467	9,351
Deferred revenue	5,467	9,351

Note 16: Borrowings

	Consolidated	
	2013	**2012**
	$'000	**$'000**
CURRENT		
Bank overdraft – secured	983	-
Convertible Note – unsecured (a)	-	1,802
Convertible Note – unsecured (b)	932	-
Convertible Note – unsecured (c)	100	-
Convertible Note – unsecured (d)	4,510	-
Convertible Note – unsecured (e)	9,589	-
Related party loans – unsecured (f)	-	2,115
Other loans – unsecured (g)	2,160	2,584
Related party working capital facility (h)	257	277
Other facilities	-	66
	18,531	6,844
NON-CURRENT		
Bank debt – secured (i)	25,034	-
Convertible Note – unsecured (b)	-	737
Convertible Note – unsecured (c)	-	100
Convertible Note – unsecured (d)	-	3,554
Convertible Note – unsecured (e)	-	8,963
Related party loans – unsecured (j)	26,856	25,844
Other facilities	251	270
	52,141	39,468

(a) The parent entity issued $2,500,000 of convertible notes on 16 May 2012. The convertible notes may be converted at the option of the holder at either: 90% of the average 5 day VWAP during the 20 trading days immediately prior to the relevant Conversion Notice Date or 130% of the average daily VWAP during the 20 trading days immediately prior to the Execution Date (execution date is 15 May 2012). The investor may not elect the 2nd option once it has been utilised in relation to the conversion of, in aggregate, AUD $1,500,000 of the face value of the convertible securities. The notes do not bear interest. Any amount that has not been converted by 16 May 2013 is to be repaid in cash. 9,723,977 shares and 12,500,000 unlisted options exercisable at $0.2216 on or before 15 May 2015 were issued in accordance with the convertible note agreement. These shares and options have not been treated as share based payments; rather their value has been taken into consideration when calculating the derivative arising on these convertible notes.

(b) The parent entity issued $1,000,000 of convertible notes on 5 November 2010. The notes are convertible at the option of the holder based upon the share price at the time of conversion. At inception, the conversion rate was $0.80. On 5 November 2011 the conversion rate was reset to the higher of $0.60 or the 15 day VWAP prior to the first anniversary date. On 5 November 2012 the conversion rate was reset to the higher of $0.55 or the 15 day VWAP prior to the first anniversary date. On 5 November 2013 the conversion rate will reset to the higher of $0.55 or the 15 day VWAP prior to first anniversary date. Interest is payable bi-annually at a rate of 10% per annum either in cash or in shares at a 5% discount to the 30 day VWAP at the option of the holder. All stated conversion rates have been adjusted for the 10:1 equity consolidation that occurred on 26 August 2011. The maturity date of the convertible notes is 5 November 2013.

(c) The parent entity issued $100,000 of convertible notes on 26 November 2010. The notes are convertible at the option of the holder based upon the share price at the time of conversion. Interest is payable bi-annually at a rate of 10% per annum. The maturity date of the convertible notes is 26 November 2013.

Note 16: Borrowings (cont'd)

(d) The parent entity issued $4,900,000 of convertible notes on 26 November 2010. At inception, the conversion rate was $0.80. On 26 November 2011 the conversion rate was reset to the higher of $0.60 or the 15 day VWAP prior to the first anniversary date. On 26 November 2012 the conversion rate was reset to the higher of $0.55 or the 15 day VWAP prior to the first anniversary date. On 26 November 2013 the conversion rate will reset to the higher of $0.55 or the 15 day VWAP prior to first anniversary date. Interest is payable bi-annually at a rate of 10% per annum either in cash or in shares at a 5% discount to the 30 day VWAP at the option of the holder. The notes are convertible at the option of the holder based upon the share price at the time of conversion. All stated conversion rates have been adjusted for the 10:1 equity consolidation that occurred on 26 August 2011. The maturity date of the convertible notes is 26 November 2013.

(e) The parent entity issued $10,000,000 of convertible notes on 25 February 2011. The notes are convertible at a fixed rate of $0.80 at the option of the holder. Interest is payable bi-annually at a rate of 10% per annum either in cash or in shares at a 5% discount to the 30 day VWAP at the option of the holder. The maturity date of the convertible notes is 25 February 2014.

(f) Loan is interest bearing at 10% per annum.

(g) Loan is interest bearing at 10% per annum.

(h) The working capital facility has been provided by Stonebridge Trading 36 Pty Ltd, a company with a non-controlling interest in the Group. The facility is interest free with no set term of repayment.

(i) The Group's initial drawdown of the ABSA Capital project finance facility occurred 12 December 2012 with additional amounts drawn down between 1 January – 31 May 2013, providing the Group with funding to meet outstanding capital development costs and underground mine equipment costs. Of the ZAR 253,000,000 (AUD $27,964,000) facility available, ZAR 217,500,000 (AUD $25,034,000) had been drawn down as of 30 June 2013. The ABSA Capital facility is denominated in South African Rand and is repayable in escalating amounts during the second month of each quarter commencing August 2014 and concluding November 2019. The percentage of the facility to be repaid each calendar year is as follows: 2014 – 2%; 2015 – 11.28%; 2016 – 15.64%; 2017 – 21.32%; 2018 – 24.88%; and 2019 – 24.88%. The facility is secured over all assets of Penumbra Coal Mining (Pty) Ltd ("Penumbra"), including project bank accounts, trade and other debtors, property and equipment, contractual rights to licence/permits, and Witbank farms. The facility is guaranteed by Continental Coal Ltd ("CCC"), the Group's South African subsidiary Continental Coal Ltd ("CCL"), and Mashala Resources (Pty) Ltd. Additionally, Mashala has provided its shareholding in Penumbra and its inter-company loan receivable from Penumbra as security for the facility. Approximately half of each drawdown bears interest at JIBAR at drawdown date, the remaining half is fixed with interest rate swaps as disclosed at note 9b.

(j) Related party borrowings of $26,856,000 relate to ZAR 140,000,000 received from SIOC-cdt, the Group's South African BEE partner during the year, and ZAR 75,000,000 transferred from the Group's inter-company loan to SIOC-cdt during the 2012 year. The loan is interest bearing at the South African Prime Rate, which is 8.5% at 30 June 2013 (30 June 2012: 9%), and repayable (pro-rata with the intercompany loan payable to the parent entity) as and when the company has the necessary cash available having regard to the foreseeable cash flow requirements of the company with reference to its budgeted expenditure requirements. In effect, while classified as a liability the SIOC financing would be paid pro-rata from distributions to the parent entity (74%)and SIOC (26%) and should not be viewed as a borrowing in the traditional sense from a third party financier.

Note 16: Borrowings (cont'd)

Face values of convertible notes outstanding at year end is as follows:

CURRENT	16,000	2,500
NON-CURRENT	-	16,000
	16,000	18,500

Note 17: Other Financial Liabilities

During the year ended 30 June 2012, the Group recorded a royalty liability in relation to a USD $1 per tonne royalty payable on all coal produced by the Group's South African mining operations, capped at 15,000,000 tonnes.

The royalty is payable based on coal produced attributable to the parent company.Therefore the royalty is only payable on 74% of total coal produced based on the parent company's shareholding in Continental Coal Ltd South Africa.

The royalty arises from a financing arrangement entered into in a prior financial year.Accordingly, the expense in relation to the royalty of $3,639,000 (2012: $8,662,000)is considered to be a financing cost and is included within financing expenses in the Consolidated Income Statement.

	Consolidated	
	2013 $'000	**2012 $'000**
Current		
Royalty liability	3,633	3,454
	3,633	3,454
Non-current		
Royalty liability	6,984	5,207
	6,984	5,207

Note 18: Issued capital

	Consolidated 2013 $'000	Consolidated 2012 $'000
684,104,446 (2012: 430,742,398) fully paid ordinary shares	236,032	220,015
	236,032	220,015

(a) Movement 2013

Balance at 1 July 2012	430,742,398	220,015
02/07/12 – Conversion of debt to equity	6,038,647	398
09/07/12 – Conversion of debt to equity	9,113,001	963
03/09/12 – Conversion of debt to equity	10,000,000	309
20/09/12 – Conversion of debt to equity	8,370,540	335
05/10/12 – Conversion of debt to equity	7,259,390	360
18/10/12 – To convertible note holder as upfront coupon payment in relation to new convertible note provided to the Group	1,537,796	60
02/11/12 – Conversion of debt to equity	6,830,602	335
02/11/12 – To convertible note holder as upfront coupon payment in relation to new convertible note provided to the Group	409,837	20
22/11/12 – Conversion of debt to equity	9,213,762	335
22/11/12 – To convertible note holder as upfront coupon payment in relation to new convertible note provided to the Group	552,826	20
30/11/12 – To consultants as consideration for corporate advisory services provided to the Group	1,000,000	45
06/12/12 – To consultants as consideration for corporate advisory services provided to the Group	273,771	22
06/12/12 – To lender as consideration for new borrowings facility provided to the Group	2,000,000	88
06/12/12 – To the investor as consideration for finance facility provided to the Group	6,741,573	297
07/12/12 – Conversion of debt to equity	8,581,237	335
07/12/12 – To consultants as consideration for capital raising services provided to the Group	514,875	20
07/12/12 – To consultants as consideration for corporate advisory services provided to the Group	1,000,000	43
18/12/12 – To convertible note holder as upfront coupon payment in relation to new convertible note provided to the Group	939,346	35
10/01/13 – To convertible note holder as consideration for convertible note facility provided to the Group	939,346	35
10/01/13 – Conversion of debt to equity	8,575,006	557
24/01/13 – Placement	7,500,000	440
22/02/13 – Conversion of debt to equity	10,000,000	570
01/03/13 – Conversion of debt to equity	5,000,000	250
06/03/13 – Placement	10,000,000	486
15/03/13 – Royalty settlement	5,603,666	288
21/03/13 – Conversion of debt to equity	5,681,818	250
25/03/13–To consultants as consideration for corporate advisory services provided to the Group	2,000,000	130
09/04/13 – Placement	5,000,000	233
15/04/13 – Royalty settlement	6,199,228	265
29/04/13 – Conversion of outstanding directors' fees to equity	5,485,781	548
01/05/13 – To director in accordance with employment contract	1,000,000	45
08/05/13 – Placement	100,000,000	8,000
Share issue costs including valuation of derivatives	-	(100)
Balance at 30 June 2013	**684,104,446**	**236,032**

Note 18: Issued capital (cont'd)

(b)	**Movement 2012**	**No.**	**$'000**
	Balance at 1 July 2011	3,192,640,409	190,068
	Shares issued during year:		
	01/07/11 – Tranche 1 Placement with institutional investor SOCIUS at 4.3 cents per ordinary fully paid share (i)	234,962,406	4,633
	22/07/11 – To consultants as consideration for services provide to the Group	20,000,000	800
	23/08/11 – Tranche 2 Placement with institutional investor SOCIUS at 3.584 cents per ordinary fully paid share (i)	279,017,857	7,321
	26/8/11 Share Consolidation Balance	**372,662,067**	
	18/11/11 – Upon consolidation repricing and exercise of options (i)	27,172,459	6,391
	18/11/11 – For strategic acquisition of Wolvenfontein coal project	5,414,520	1,256
	02/12/11 – To consultants as consideration for services provided to the Group	3,666,667	708
	02/03/12 – In lieu of cash payment of convertible note interest	2,284,527	501
	02/03/12 –To former BEE partner Masawu Investments Ltd as part of the appointment of SIOC-cdt	9,818,181	2,602
	16/05/12 – In relation to new convertible note facility	9,723,977	-
	30/06/2012 – Recognition of equity component of compound financial instrument (ii)	-	1,878
	Share issue costs including valuation of derivative (iii)	-	3,857
	Balance at 30 June 2012	430,742,398	220,015

(i) During the 2012 year, the Group entered into a $20,000,000 equity subscription agreement with SOCIUS.

(ii) The Group has a convertible note with a face value of $10,000,000, of which the equity component is $1,878,000.

(iii) The increase in share capital due to a decrease in share issue costs arises as a result of the valuation of a derivative contained within the SOCIUS Subscription Agreement.Fair value of the equity component was determined using a Black-Scholes option pricing model, resulting in $4,462,000being recognised as an increase in share issue costs at inception and an unrealised gain of $989,000 being recognised from the period between inception and 30 June 2012.

Notes to the Preliminary Final Report
For the Year Ended 30 June 2013

Note 18: Issued capital (cont'd)

(d) Options

Information relating to share options outstanding at the end of the financial year is as follows:

Grant Date	Date of Expiry	Exercise Price	Number of Options
17/12/2010	31/12/2013	$0.75	10,000,000
01/07/2011	31/12/2013	$0.75	1,000,000
24/06/2013	30/06/2015	$0.50	65,679,134
16/05/2012	15/05/2015	$0.2216	12,500,000
08/05/2013	31/03/2016	$0.10	25,000,000
15/03/2013	15/05/2016	$0.06	15,000,000
16/05/2012	16/07/2016	$0.20	8,000,000
18/11/2011	23/08/2016	$0.368	13,950,893
06/12/2012	06/12/2017	$0.057	6,000,000
18/12/2012	18/12/2017	$0.05382	5,000,000
			162,130,027

Note 19: Segment Reporting

(a) Description of segments

Management has determined that the operating segments are based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from both a commodity type and geographical perspective and has identified three reportable segments.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments is as follows:

2013	Coal SA	Coal Botswana	Vanadium & Magnetite SA	Corporate Costs	Consolidated
	$'000	$'000	$'000	$'000	$'000
Total segment revenue and other income	65,010	-	-	1,350	66,360
Segment gross profit	2,859	-	-	-	2,859
Adjusted EBITDA	2,320	-	-	(5,844)	(3,524)
Depreciation	4,406	-	-	-	4,406
Impairment	28,126	-	-	-	28,126
Total segment assets at 30 June 2013	163,828	1,200	-	4,775	169,803
Total segment liabilities at 30 June 2013	106,448	-	-	36,627	143,075

Note 19: Segment Reporting (cont'd)

2012	Coal SA	Coal Botswana	Vanadium & Magnetite SA	Corporate Costs	Consolidated
	$'000	$'000	$'000	$'000	$'000
Total segment revenue and other income	83,324	-	-	4,887	88,211
Segment gross profit	11,157	-	-	-	11,157
Adjusted EBITDA	32,147	-	(343)	(38,944)	(7,140)
Depreciation	4,666	-	-	-	4,666
Impairment	19,775	-	-	-	19,775
Total segment assetsat 30 June 2012	188,847	1,171	9,844	4,323	204,185
Total segment liabilitiesat 30 June 2012	102,159	-	-	37,504	139,663

Accounting Policies
Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, plant and equipment and exploration and development expenditure. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers
Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at arms' length. These transfers are eliminated on consolidation.

(i) **Adjusted EBITDA**

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of equity-settled share-based payments and unrealised gains/(losses) on financial instruments.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the consolidated entity.

The reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	Consolidated	
	2013 $'000	2012 $'000
Adjusted EBITDA	(3,524)	(7,140)
Interest revenue	502	531
Finance costs	(13,888)	(20,128)
Depreciation	(4,406)	(4,666)
Impairment	(28,126)	(19,775)
Loss before income tax from continuing operations	(49,442)	(51,178)

Compliance Statement:

1. This report is based on the financial statements to which one of the following applies:

☐	The financial statements have been audited.	☐	The financial statements have been supplied to review.
☒	The financial statements are in the process of being audited or subject to review.	☐	The financial statements have not yet been audited or reviewed.

2. The entity has a formally constituted audit committee.

DON TURVEY
Chief Executive Officer

Date: 30 August 2013