

CONTINENTAL COAL LIMITED

ACN 009 125 651

PROSPECTUS

For the offer of 1,000 Shares in the capital of the Company at an issue price of \$0.20 per Share to raise up to \$200.

This Prospectus has been prepared for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.



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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES*

Lodgement of Prospectus with the ASIC and ASX	10 October 2013
Opening Date	10 October 2013
Closing Date	5:00pm (WST) 11 October 2013
Expected date of Official Quotation of the Shares	14 October 2013

*The Company reserves the right to extend the Closing Date or close the Offer early without notice.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 10 October 2013 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX and their respective officers take no responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Shares will be issued on the basis of this Prospectus after the expiry date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

The Offer is only available to those who are personally invited to accept the Offer.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.conticoal.com. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

RISK FACTORS

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. For further information in relation to the risk factors of the Company please refer to Section 6 of this Prospectus.

2. CORPORATE DIRECTORY

Directors

Mike Kilbride (Non Executive Chairman)
Don Turvey (Chief Executive Officer)
Johan Bloemsmma (Non Executive Director)
Connie Molusi (Non Executive Director)
Bernard Swanepoel (Non Executive Director)
Jason Brewer (Non Executive Director)
Ron Chamberlain (Non Executive Director)

Registered Office

Ground Floor, 20 Kings Park Road
West Perth WA 6005

Telephone: + 61 8 9389 2111
Facsimile: +61 8 9389 2199

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

Joint Company Secretaries

Dennis Wilkins
John Ribbons

Share Registry*

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone: 1300 787 272

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

3. DETAILS OF THE OFFER

3.1 Offer

By this Prospectus, the Company invites investors identified by the Directors to apply for a total of 1,000 Shares in the capital of the Company at an issue price of \$0.20 per Share to raise up to \$200.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

3.2 Objectives

The Company is seeking to raise only a nominal amount of \$200 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to the Shares issued by the Company prior to the Closing Date.

Relevantly, Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body;
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.3 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be 10 October 2013 and the Closing Date will be 11 October 2013 at 5:00pm WST. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

3.4 Application for Shares

Applications for Shares must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to:

By Post or Hand

Ground Floor, 20 Kings Park Road
West Perth WA 6005

Cheques should be made payable to “**Continental Coal Limited - Share Offer Account**” and crossed “**Not Negotiable**”. Completed Application Forms must reach the address set out above by no later than the Closing Date.

3.5 Minimum Subscription

There is no minimum subscription to the Offer.

3.6 Issue of Shares

Issue of the Shares under the Offer will take place as soon as practicable after the Closing Date. Application moneys will be held in a separate subscription account until issue. This account will be established and kept by the Company in trust for each applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether the issue of the Shares takes place and each applicant waives the right to claim any interest.

The Directors will solely determine the recipients of all the Shares issued under the Offer. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for.

Where the number of Shares issued is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the Closing Date. Where no issue of Shares is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

3.7 Underwriter

The Offer is not underwritten.

3.8 ASX Listing

The Company will apply to ASX for Official Quotation of the Shares offered under this Prospectus within seven (7) days after the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus within 3 months after the date of this Prospectus (or such period as varied by the ASIC), all applications will be dealt with in accordance with the Corporations Act and applicants will be entitled to a refund of their application money, in accordance with section 724(2) of the Corporations Act.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

3.9 Restrictions on the Distribution of the Prospectus

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not, and is not intended to, constitute an offer in any place or

jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. No action has been taken to permit the Offer in any jurisdiction other than Australia.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHES for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with separate statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.11 Privacy Act

If you complete an Application Form for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of Shares, facilitate distribution payments and corporate communications to you as a holder of Shares and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

3.12 Enquiries

Any questions concerning the Offer should be directed to Dennis Wilkins or John Ribbons, Joint Company Secretaries, on 9389 2111.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus). All of the funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 7.6 of this Prospectus for further details relating to the estimated expenses of the Offer.

The effect of the Offer on the capital structure of the Company is set out below.

Shares

	Number
Shares currently on issue	684,104,446
Shares offered pursuant to the Offer	1,000
Total Shares on issue after completion of the Offer	684,105,446

Options

	Number
Options currently on issue:	
(Unquoted exercisable at \$0.75 on or before 31 December 2013)	11,000,000
(Quoted exercisable at \$0.50 on or before 30 June 2015)	65,679,134
(Unquoted exercisable at \$0.2216 on or before 15 May 2015)	12,500,000
(Unquoted exercisable at \$0.64 on or before 31 October 2015)	1,627,549
(Unquoted exercisable at \$0.368 on or before 23 August 2016)	13,950,893
(Unquoted exercisable at \$0.20 on or before 16 July 2016)	8,000,000
(Unquoted exercisable at \$0.057 on or before 6 December 2017)	6,000,000
(Unquoted exercisable at \$0.05382 on or before 18 December 2017)	5,000,000
Subtotal	123,757,576
Options offered pursuant to the Offer	nil
Total Options on issue after completion of the Offer	123,757,576

4.2 Financial effect

After expenses of the Offer of approximately \$13,800, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$200) will be met from the Company's existing cash reserves.

As such, the Offer will have an effect on the Company's financial position, being receipt of funds of \$200 less costs of preparing the Prospectus of \$13,800.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time

declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously

conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. RISK FACTORS

6.1 General

The Shares offered under this Prospectus should be considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company Specific Risks

(a) 'Going concern' risk

While completing the review of the Company's financial report for the financial year ended 30 June 2013, the Company's auditor, BDO Audit (WA) Pty Limited noted the following:

"the ability of the consolidated entity to continue as a going concern is dependent on the success of the negotiations with financiers and future successful raising of necessary funding through equity. These conditions, along with other matters, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business."

The ability of the Company to continue its normal business activities and continue as a going concern is dependent on the ongoing support of a number of the Company's creditors, successful negotiations with financiers and the Company raising additional working capital as and when required. It is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company.

(b) Additional requirements for capital

Depending on the Company's ability to generate income from its operations, the Company will require further financing as noted above. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(c) **Litigation**

All industries, including the mining industry, are subject to legal claims in the ordinary course of their corporate and operational activities. Such claims are both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have an adverse effect on the Company's future cash flow, results of operations or financial condition.

The Company is exposed to possible litigation risks including, but not limited to, tenure disputes, environmental claims, occupational health and safety claims and contractual claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

The Company is currently in dispute with a former shareholder in respect to a Share Subscription Agreement. Please refer to Section 7.1 of this Prospectus for further details of the dispute and of various other disputes involving subsidiaries of the Company.

(d) **International operations**

The Company's current assets are all located in South Africa. Any potential future South African operations of the Company's are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting rights and interest in assets;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

South Africa experiences economic, social and political volatility. As a result, the Company's future operations may be impacted by currency fluctuations, political reforms, changes in South African government policies and procedures, civil unrest, social and religious conflict and deteriorating economic conditions. The likelihood of any of these changes, and their possible effects, if any, cannot be determined by the Company with any clarity at the present time, but they may include disruption, increased costs and, in some cases, total inability to establish or to continue to operate mining exploration or development activities.

(e) **Title**

The acquisition and retention of title to mineral rights in South Africa is a detailed and time-consuming process. Title to, and the area of, mineral resource claims may be disputed or challenged. Although the

Company believes it has taken and is taking reasonable measures to secure title to its projects, there is no guarantee that title to its projects will be granted, that prospecting rights will be converted into mining rights or that title will not be challenged or impaired.

Any successful challenges to the title of the Company's projects could stop, materially delay or restrict the Company from proceeding with exploration activities, any development, or future mining operations.

Certain of the Company's mining rights and prospecting rights may from time to time have technical defects, errors or breaches, have not been registered with the applicable authority or may have consents or approvals outstanding. These include, for instance, outstanding consents (**Section 11 Consents**) in terms of section 11 of the Mineral and Petroleum Resources Development Act, 2002 (**MPRDA**) and/or outstanding registration of Section 11 Consents at the Mining and Petroleum Titles Registration Office established in terms of the Mining Titles Registration Act 1967, and/or discrepancies in related documentation.

(f) **Compliance Risk**

The Company is listed on the ASX and is subject to the requirements of the ASX Listing Rules, the Corporations Act and various other laws, rules and regulations in Australia and South Africa. A breach of any of these laws, rules or regulations by the Company may have a material adverse impact on the Company's business, results, operations and/or financial condition.

6.3 Industry Specific Risks

(a) **Exploration**

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that these cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) **Operating**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and

operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) **Resource estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, either benefit or adversely affect the Company's operations.

(d) **Commodity price volatility and exchange rates**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(e) **Environment**

The operations and proposed activities of the Company are subject to laws and regulation concerning the environment applicable in the jurisdiction of those activities. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

6.4 General Risks

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) Taxation

The acquisition and disposal of Shares and Options will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares and/or Options from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for New Listed Options under this Prospectus.

(e) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

6.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

A subsidiary of the Company has received a claim from the liquidators of a former mining service provider in the amount of ZAR 9,371,000 (approximately AUD \$1,035,000) in relation to services that the provider is alleging were rendered to the subsidiary. The subsidiary has lodged counterclaims totalling ZAR 58,306,288 (approximately AUD \$6,443,000) on the basis of the service provider's non-compliance with the mining agreement. At the date of this Prospectus, it is uncertain what amount, if any, the subsidiary of the Company may be obligated to pay or entitled to receive.

A subsidiary of the Company has received letters of demand from a service provider in the amount of ZAR 4,723,000 (approximately AUD \$522,000). The subsidiary has received no substantiation for the amount and is therefore of the opinion that this is an invalid claim. At the date of this Prospectus, it is uncertain what amount, if any, the subsidiary may be obligated to pay.

A subsidiary of the Company is in dispute with a service provider in regards to contract variation fees of ZAR 7,082,000 (AUD \$782,000) claimed by the service provider. At the date of this Prospectus, the subsidiary is in the process of negotiating a settlement with the service provider and is uncertain of the amount it will be obligated to pay.

The Company entered into legal proceedings with Crede CG II Ltd (**Crede**) during the year relating to a 2011 finance agreement whereby Crede subscribed for shares and options in the Company. Crede is claiming the ability to surrender the options in the Company it received as part of the financing for cash. Crede calculated the value of these options to be \$3.7 million. The Company is defending this claim on various grounds and the ultimate outcome of this matter remains uncertain.

7.2 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
07/10/2013	Initial Director's Interest Notice
04/10/2013	Appointment of Independent Non-Executive Director
01/10/2013	Operations Update and Investor Conference Call
01/10/2013	Competent Persons Report
30/09/2013	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed

companies. The Company's file is available for inspection at ASX during normal office hours.

7.3 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options
Mike Kilbride	613,000	nil
Don Turvey	3,258,175	nil
Johan Bloemsmma	nil	nil
Connie Molusi	nil	nil
Bernard Swanepoel	nil	nil
Jason Brewer	3,950,000 ¹	5,000,000 (unlisted, exercisable at \$0.75 on or before 31 December 2013) ¹
Ron Chamberlain	nil	nil

¹ 1,200,000 Shares and 5,000,000 Options held by Scooby Holdings Pty Ltd, a company of which Mr Brewer is a director and 2,750,000 Shares held by Sash MB Holdings Pty Ltd <Superfund A/C>, a company of which Mr Brewer is also a director.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The

total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2012	2013	2014 (proposed)
Mike Kilbride	\$54,672	\$135,750	\$101,813
Don Turvey	\$488,227 ¹	\$447,002 ¹	\$420,680
Johan Bloemsmma	\$41,103	\$86,062	\$53,438
Connie Molusi	\$22,978	\$86,958	\$53,438
Bernard Swanepoel	nil ²	\$11,250	\$53,438
Jason Brewer	\$150,000	\$150,000	\$53,438
Ron Chamberlain	nil ³	nil ³	\$54,750

¹ These figures are in respect of the guaranteed portion of Don Turvey's salary only.

² Appointed 14 May 2013.

³ Appointed 4 October 2013.

7.4 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;

- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$115,995 (excluding GST and disbursements) for legal services provided to the Company.

7.5 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.6 Estimated Expenses of Offer

The total expenses of the Offer are estimated to be approximately \$13,800 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,225
ASX fees	1,575
Legal fees	10,000
Total	13,800

7.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market prices of the Shares on ASX during the three

months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those prices were:

Highest	\$0.041	29 July 2013
Lowest	\$0.030	5 & 6 September 2013
Last	\$0.031	9 October 2013

7.8 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 8 9389 2111 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

7.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Mike Kilbride
Chairman
For and on behalf of
CONTINENTAL COAL LIMITED

9. **DEFINITIONS**

\$ means Australian dollars.

Applicant means an investor who applies for Shares pursuant to the Offer.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the Listing Rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a Business Day.

Closing Date means the date specified in Section 1 (unless extended or closed earlier).

Company means Continental Coal Limited (ACN 009 125 651).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Offer means the offer of Shares referred to in Section 3.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.