

28 August 2014

Company Announcements Office
Australian Securities Exchange
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Via E Lodgement

UNDERWRITTEN ENTITLEMENT ISSUE PROSPECTUS AND APPENDIX 3B

Please see attached Continental Coal Limited ("**CCC**" or the "**Company**") Entitlement Issue Prospectus for a non-renounceable entitlement issue as announced on 5 August 2014, to raise approximately A\$35.1m by way of the issue of up to 7,035,234,408 new shares ("**Entitlement Issue**").

Shareholders will be entitled to acquire 9 new shares ("**New Shares**") for every 1 existing CCC share held at the record date (being 4 September), at an offer price of A\$0.005 per new share.

Please find attached the Appendix 3B.

For and on behalf of the Board



Peter Landau
Executive Director

South Africa	Australia
T +27 11 881 1420 F +27 862064487 W www.conticoal.com	T +61 8 9488 5220 F +61 8 9324 3400 W www.conticoal.com
9th Floor Fredman Towers, 13 Fredman Drive, Sandton 2196	Ground Floor, 1 Havelock Street, West Perth, WA 6005
PO Box 787646, Sandton 2146	PO Box 684, West Perth, WA 6872

Interim Executive Chairman: Dr Paul D'Sylva **Interim Executive Director:** Mr Peter Landau

Non-Executive Directors: Mr Connie Molusi and Dr Lars Schernikau

For further information please contact:

Investors | Shareholders

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC/AIM: COOL) is a South African thermal coal producer with a portfolio of projects located in South Africa's major coal fields including two operating mines, the Vlakvarkfontein and Penumbra Coal Mines, producing approx. 2Mtpa of thermal coal for the export and domestic markets. A Feasibility Study was also completed on a proposed third mine, the De Wittekrans Coal Project with a mining right granted in September 2013.

Forward Looking Statement

This communication includes certain statements that may be deemed "forward-looking statements" and information. All statements in this communication, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects to take place in the future are forward-looking statements and information. Although the Company believes the expectations expressed in such forward-looking statements and information are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements and information. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, drilling and development results, production rates and operating costs, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those stated.

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Interim Executive Chairman: Dr Paul D'Sylva **Interim Executive Director:** Mr Peter Landau

Non-Executive Directors: Mr Connie Molusi and Dr Lars Schernikau

Appendix 3B

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

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

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

Name of entity

CONTINENTAL COAL LTD

ABN

13 009 125 651

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary Fully Paid Shares
Unlisted Options (\$0.015: 30 June 2017) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 7,071,234,408 Fully Paid Ordinary Shares
36,000,000 Unlisted Options (\$0.015: 30 June 2017) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 36,000,000 Fully Paid Ordinary Shares and
36,000,000 Unlisted Options (\$0.015: 30 June 2017)
Issued in lieu of financing costs
7,035,234,408 Fully Paid Ordinary Shares
To be issued pursuant to a non-renounceable rights issue to eligible shareholders on the basis of 9 new shares issued for every 1 share held at record date |

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Fully Paid Ordinary Shares - Yes</p> <p>Options will rank equally on conversion into fully paid ordinary shares</p>
5	Issue price or consideration	<p>36,000,000 Fully Paid Ordinary Shares and 36,000,000 Unlisted Options (\$0.015: 30 June 2017) issued in lieu of financing costs.</p> <p>7,035,234,408 Fully Paid Ordinary Shares at \$0.005</p>
6	<p>Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>36,000,000 Fully Paid Ordinary Shares and 36,000,000 Unlisted Options (\$0.015: 30 June 2017) issued in lieu of financing costs.</p> <p>7,035,234,408 Fully Paid Ordinary Shares to be issued pursuant to a non-renounceable rights issue to eligible shareholders on the basis of 9 new shares issued for every 1 share held at record date</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	No
6b	The date the security holder resolution under rule 7.1A was passed	N/A

6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of securities issued under an exception in rule 7.2	N/A
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	10 July 2014 - 36,000,000 Fully Paid Ordinary Shares and 36,000,000 Unlisted Options (\$0.015: 30 June 2017) Expected 1 October 2014 - 7,035,234,408 Fully Paid Ordinary Shares to be issued pursuant to a non-renounceable rights issue

+ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in section 2 if applicable)	Number	⁺ Class
		7,816,927,120	Ordinary fully paid shares
		65,679,134	Listed options exercisable at \$0.50 on or before 30/06/2015

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in section 2 if applicable)	Number	⁺ Class
		12,500,000	Unlisted options (exercisable at \$0.2216 on or before 15 May 2015)
		8,000,000	Unlisted options (exercisable at \$0.20 on or before 16 July 2016)
		13,950,893	Unlisted warrant options (exercisable at \$0.368 on or before 23 August 2016)
		6,000,000	Unlisted options (exercisable at \$0.057 on or before 6 December 2017)
		5,000,000	Unlisted options (exercisable at \$0.05382 on or before 18 December 2017)
		15,000,000	Unlisted options (exercisable at \$0.06 on or before 15 May 2016)
		36,000,000	Unlisted options (exercisable at \$0.015 on or before 30 June 2017)

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	YES
12	Is the issue renounceable or non-renounceable?	NON-RENOUNCEABLE
13	Ratio in which the ⁺ securities will be offered	9 FOR 1
14	⁺ Class of ⁺ securities to which the offer relates	ORDINARY FULLY PAID SHARES
15	⁺ Record date to determine entitlements	4 SEPTEMBER 2014
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	AGGREGATED
17	Policy for deciding entitlements in relation to fractions	ROUNDING UP
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	ALL COUNTRIES OTHER THAN AUSTRALIA, NEW ZEALAND AND THE UK
19	Closing date for receipt of acceptances or renunciations	25 SEPTEMBER 2014
20	Names of any underwriters	PATERSONS SECURITIES LIMITED
21	Amount of any underwriting fee or commission	5% OF AMOUNT UNDERWRITTEN PLUS CORPORATE ADVISORY FEE OF \$300,000
22	Names of any brokers to the issue	PATERSONS SECURITIES LIMITED
23	Fee or commission payable to the broker to the issue	1% OF AMOUNT UNDERWRITTEN

⁺ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	24 SEPTEMBER 2014
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	9 SEPTEMBER 2014
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	28 AUGUST 2014
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	1 OCTOBER 2014

Part 3 - Quotation of securities

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

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

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

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

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

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

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

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

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

+ See chapter 19 for defined terms.

<p>40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
<p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>					
<p>42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)</p>	<table border="1"> <thead> <tr> <th data-bbox="710 1120 1015 1198">Number</th> <th data-bbox="1015 1120 1305 1198">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="710 1198 1015 1424"></td> <td data-bbox="1015 1198 1305 1424"></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class				

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



28/08/2014

Sign here:Date:
(Company Secretary)

Print name: Jane Flegg
.....
== == == == ==

+ See chapter 19 for defined terms.

CONTINENTAL COAL LIMITED

ACN 009 125 651

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 9 Shares for every 1 Share held by those Shareholders registered at the Record Date at an issue price of \$0.005 per Share to raise up to \$35,176,172 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by Patersons Securities Limited (**Underwriter**). Refer to Section 8.5 for details regarding the terms of the Underwriting Agreement.

The Offer is sub-underwritten by ISSAR Global (**ISSAR**) and Komodo Capital Pty Ltd (**Komodo**). Refer to Section 4.8 for details regarding the sub-underwriting arrangements and the effect the sub-underwriting has on the control of the Company.

The Offer is conditional upon Shareholders approving the Offer at the General Meeting to be held on or around 24 September 2014. No Shares will be issued pursuant to this Prospectus until such Shareholder approval is obtained by the Company. Please refer to Section 4.2 of this Prospectus for further details.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities 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.

This Prospectus may be not released or distributed in the United States or any country where it may be unlawful.

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1. CORPORATE DIRECTORY

Directors

Paul D'Sylva (Executive Chairman)
Connie Molusi (Non Executive Director)
Peter Landau (Executive Director)
Lars Schernikau (Non Executive Director)

Company Secretary

Jane Flegg

Registered Office

Ground Floor
1 Havelock Street
West Perth, WA 6005

Telephone: + 61 8 9488 5220
Facsimile: +61 8 9324 2400

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

Share Registry*

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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

Underwriter, Corporate Advisor and Lead Manager

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
PERTH WA 6000

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

2. TIMETABLE

Announcement of Offer	6 August 2014
Notice of General Meeting sent to Shareholders	25 August 2014
Lodgement of Prospectus with the ASIC and ASX, lodgement of Appendix 3B with ASX and notice sent to Optionholders	28 August 2014
Notice sent to Shareholders	29 August 2014
Ex date	2 September 2014
Record Date for determining Entitlements	4 September 2014
Prospectus sent out to Shareholders & Company announces this has been completed	9 September 2014
General Meeting held	24 September 2014
Closing Date*	25 September 2014
Shares quoted on a deferred settlement basis	26 September 2014
ASX and Underwriter notified of under subscriptions	30 September 2014
Issue date/Shares entered into Shareholders' security holdings	1 October 2014
Anticipated lifting of suspension of Company's Securities and Quotation of Shares issued under the Offer*	2 October 2014

*The Directors may extend the Closing Date by giving at least 3 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 28 August 2014 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

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 certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

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.

It is not practicable for the Company to comply generally with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is only being extended to Shareholders with a registered address in Australia, New Zealand or the United Kingdom, unless the Board determines that making the Offer in other jurisdictions will not breach any relevant securities laws. For further information, please see section 4.13 of this Prospectus.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.2 Conditional Offer and Notice of Meeting

The Offer is conditional upon Shareholders approving the Offer at the General Meeting to be held on 24 September 2014.

In the event that Shareholders do not approve the Offer at the General Meeting, the Offer will not proceed and no Shares will be issued pursuant to this Prospectus. If this occurs, Applicants will be reimbursed their Application monies (without interest). A notice of meeting has been announced on the Company's ASX platform and has been sent to Shareholders in respect of this Shareholder approval.

The Notice of Meeting also contains resolutions in respect of the Company's entry into a binding term sheet with UK corporate advisory firm, Empire Equity Limited (**Empire Equity**), to arrange \$5 million (**Investment Amount**) of limited recourse bridge funding to the Company (**Term Sheet**) as announced to the ASX on 29 January 2014. Empire Equity is an entity controlled by Paul D'Sylva, a Director. The Term Sheet was executed before Paul D'Sylva was appointed as a Director of the Company.

The funds raised under the Term Sheet have been applied towards general operating expenses and payments to creditors of the Company that did not otherwise agree to standstill agreements, allowing the Company to continue trading as a going concern while it continued to seek to undertake a broader recapitalisation and restructure of the Company and its financial arrangements.

Empire Equity arranged for investors (**Investors**) to provide the Investment Amount to the Company. In consideration of the Investment Amount, the Investors have invested in 7.5 million unsecured convertible promissory notes (**Notes**) with a face value of A\$1.00 each at a discounted issue price of A\$0.6667 per Note and with a maturity date of 4 months post closing, which was subsequently extended to 15 October 2014.

The Investors have also undertaken to assist the Company in undertaking the Offer, including procuring the underwriting of the Offer. The Notes are only redeemable upon successful completion of the Offer (other than where an event of default occurs), being full subscription (including underwriter subscriptions), upon which the Investors will have the option to redeem the Notes by either conversion into Shares in the Company at the Offer issue price (being \$0.005) or request payment of the \$7.5 million face value in cash. The Investors also procured standstill agreements (ending on 15 October 2014) from convertible note holders and other major creditors of the Company to allow for the completion of the Offer or other recapitalization.

The Investors will receive a 6% fee on the Investment Amount as well as being issued 70,000,000 Options as a fee for providing the Investment Amount of \$5 million (**Fee Options**). Each Fee Option will be exercisable at the Offer issue price of \$0.005 with 3 years to expiry. In the event that Shareholder approval is not obtained to issue these Fee Options, \$500,000 in cash will become payable to the Investors in lieu of the Fee Options.

Subject to Shareholder approval being obtained at the General Meeting, 100,000,000 Shares will also be issued to the Investors in consideration for the Investors agreeing to extend the maturity date of the Notes (**Investor Shares**). The notice of meeting for the General Meeting contains resolutions seeking Shareholder approval for the issue of the Investor Shares and the Fee Options referred to above.

3.3 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of 9 Shares for every 1 Share held by Shareholders registered at the Record Date at an issue price of \$0.005 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 7,035,234,408 Shares will be issued pursuant to this Offer to raise up to \$35,176,172.

The Board has decided it needs to raise this amount under the Offer as the Company is in urgent need of funding to stabilise its financial position and pay its existing creditors and to meet the Company's short-term working capital requirements. The Company currently owes \$29,285,114 to creditors. Refer to Section 5.1 for details of the use of funds under the Offer. Shareholders should note that, if the Offer is not fully subscribed, the Company may be unable to meet its payment obligations to its creditors and meet short-term working capital requirements and, as such may not be able to remain a going concern.

Any failure to pay creditors may have significant implications for the Company, empowering creditors to take enforcement action including appointing an administrator and the Company may become insolvent. In the opinion of the Board, completion of the Offer significantly reduces this risk for the Company.

The Board is of the view that the Offer will provide the most certain outcome for the Company in the present circumstances and is preferable because it allows existing Shareholders the opportunity to participate in the funding of the Company at the substantial discount the Company must offer to attract sufficient funding. The Company also considers that the Offer must be on a 9:1 basis to enable sufficient funds to be raised to stabilise the Company's financial position. A raising on a one for one (1:1) basis or less is considered insufficient to achieve this objective.

As at the date of this Prospectus the Company has 162,130,027 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Condition of the Offer

The Company has sought and received a conditional waiver from ASX in relation to Listing Rule 7.11.3 to allow the Company to undertake the Offer.

Listing Rule 7.11.3 provides that the ratio of securities offered by a listed entity for a pro rata issue must not be greater than one security for each security held, unless the offer is renounceable and the issue price is not more than the average market price for the securities in that class, calculated over the last 5

days on which the sales in securities were recorded before the day on which the pro rata issue was announced.

As the Offer is non-renounceable and involves a ratio of nine-for-one (9:1) Shares the Company has made application for, and ASX has granted, a conditional waiver from Listing Rule 7.11.3. The Company considers that the Offer must be on a 9:1 basis to enable sufficient funds to be raised to stabilise the Company's financial position. A raising on a one for one (1:1) basis or less is considered insufficient to achieve this objective. The Board considers it necessary that the Company raise additional equity to stabilise the Company's financial position and pay its existing creditors and to meet the Company's short-term working capital requirements. Shareholders should note that, if the Offer is not fully subscribed, the Company's ability to remain a going concern is likely to be dependent on its ability to pay its creditors and meet short-term working capital requirements. The Board is of the view that the Offer will provide the most certain outcome for Shareholders in the circumstances.

The waiver is conditional upon the Company obtaining Shareholder approval in relation to the Offer before completion of the Offer. As such, the Offer is conditional upon Shareholders approving the Offer at the General Meeting which is currently scheduled for 24 September 2014. A Notice of Meeting has been announced on the Company's ASX platform and has been sent to Shareholders in respect of this Shareholder approval.

No Shares will be issued pursuant to this Prospectus until Shareholder approval is obtained by the Company. If Shareholder approval is not obtained, the Company will not proceed with the Offer and will repay all Application monies received, without interest and in accordance with the Corporations Act.

4.3 Minimum subscription

There is no minimum subscription to the Offer as the Offer is fully underwritten.

4.4 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. You can also apply for additional Shortfall Shares under the Offer in addition to your Entitlement by completing the shortfall section contained in the Entitlement and Acceptance Form.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.005 per Share); or
- (c) if you wish to accept your **full** Entitlement **and** apply for additional Shortfall Shares under the Shortfall Offer:
 - (i) complete the Entitlement and Acceptance Form including filling in the number of Shortfall Shares you wish to apply for in the shortfall section on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank made payable in Australian currency, for the appropriate Application monies (at \$0.005 per Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.5 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Continental Coal Limited – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company no later than 5.00pm (WST) on the Closing Date.

4.6 Payment by Electronic Funds Transfer

For payment by electronic funds transfer, please follow the instructions set out below and on the Entitlement and Acceptance Form.

Application money can be paid to the Company by electronic funds transfer (EFT) to the following account:

Bank:	Westpac
Account Name:	Continental Coal – Entitlement Issue Account
BSB:	036-308
Account Number:	202383
Swift:	WPACAU2S
Reference:	Your Personalised Entitlement Number and Surname or Company Name

Applicants should ensure they include as a reference the personalised entitlement number set out in their Entitlement and Acceptance Form if paying by EFT.

Please note that should you choose to pay by EFT:

- (a) you should send your Entitlement and Acceptance Form to the Company along with a copy of the bank transfer for your payment of the Application money;

- (b) you are taken to have made the declarations on that Entitlement and Acceptance Form even if it is not submitted to the Company; and
- (c) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your EFT payment is received by the Company by no later than 5.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.7 Underwriting

The Offer is fully underwritten by the Underwriter. Please refer to Section 8.5 of this Prospectus for further details of the terms and conditions of the underwriting.

The Offer is sub-underwritten as follows:

- (a) ISSAR Global – the first 5,000,000,000 Shortfall Shares (to the value of \$25 million); and
- (b) Komodo Capital Pty Ltd – the remaining 2,035,234,408 Shortfall Shares (to the value of \$10,176,172).

Please refer to Section 4.8 for the control effect of the underwriting and sub-underwriting arrangements.

4.8 Effect of the underwriting and sub-underwriting on control of the Company

(a) Underwriting

The Underwriter is not presently a shareholder of the Company. The extent to which Shares are issued pursuant to the underwriting will increase the Underwriter's voting power in the Company. The Company chose Patersons Securities Limited to underwrite the Offer as it is a leading national underwriter and offered competitive underwriting terms in comparison with the other market competitors the Company liaised with.

The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwriter's present relevant interest (which is nil) and changes under several scenarios are set out in the table below and are based on the assumption that the Underwriter takes up the full shortfall of the Offer.

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	nil	nil
Completion of Entitlement		

Issue		
• Fully subscribed	nil	nil
• 75% subscribed	1,758,808,602	22.5%
• 50% subscribed	3,517,617,204	45%
• 25% subscribed	5,276,425,806	67.5%
• 0% subscribed	7,035,234,408	90%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. If the Underwriter increases its voting power in the Company beyond 50%, it will then have the unilateral ability, by voting the Shares in which it has voting power, to defeat or pass resolutions at Shareholder meetings which may be passed by ordinary resolution. Examples of such ordinary resolutions include resolutions to remove or appoint directors and approve the issues of securities. The effect of the Underwriter having such voting power is that it would be able to control the composition of the Board.

However, it is unlikely that no Shareholders will take up Entitlements under the Offer. It is also the intention of the Underwriter to place 100% of the Shortfall Shares to sub-underwriters as described below. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the other Shareholders and for the amount of Shortfall Shares placed to the sub-underwriters. Further, the Underwriter would only receive Shortfall Shares under the Underwriting Agreement after all applications for Shares by existing Shareholders under the Shortfall Offer have been satisfied. Refer to Section 4.10 for further details.

(b) **ISSAR Sub-Underwriting**

The Offer is priority sub-underwritten by ISSAR Global (or its nominee) (**ISSAR**) to a maximum amount of \$25,000,000. This means that ISSAR (or its nominee) will receive the first 5,000,000,000 Shares of Shortfall which are not taken up by existing Shareholders under the Shortfall Offer. ISSAR will not receive a fee in consideration for its sub-underwriting commitment.

ISSAR seeks to develop a portfolio of investment interests in a variety of sectors, including the mining sector. ISSAR has considerable resources at its disposal to undertake investments of this nature and is an investment holding company with wholly owned subsidiaries providing a diverse range of services.

ISSAR is not presently a Shareholder of the Company. The extent to which Shares are issued to ISSAR pursuant to the sub-underwriting will increase ISSAR's voting power in the Company.

ISSAR is not a related party of the Company for the purpose of the Corporations Act. ISSAR's present relevant interest (which is nil) and changes under several scenarios are set out in the table below and are based on the assumption that ISSAR takes up the maximum amount of Shortfall it can under its sub-underwriting arrangements.

Event	Shares held by ISSAR	Voting power of ISSAR
Date of Prospectus	Nil	Nil
Completion of Entitlement Issue		
• Fully subscribed	Nil	Nil
• 75% subscribed	1,758,808,602	22.50%
• 50% subscribed	3,517,617,204	45.00%
• 25% subscribed	5,000,000,000	63.96%
• 0% subscribed	5,000,000,000	63.96%

The number of Shares held by ISSAR and its voting power in the table above show the potential effect of the sub-underwriting of the Offer. If ISSAR increases its voting power in the Company beyond 50%, it will then have the unilateral ability, by voting the Shares in which it has voting power, to defeat or pass resolutions at Shareholder meetings which may be passed by ordinary resolution. Examples of such ordinary resolutions include resolutions to remove or appoint directors and approve the issues of securities. The effect of ISSAR having such voting power is that it would be able to control the composition of the Board.

However, it is unlikely that no Shareholders will take up Entitlements under the Offer. The sub-underwriting obligation and therefore voting power of ISSAR (or its nominee) will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the other Shareholders.

Further, ISSAR (or its nominee) will only receive Shares under the sub-underwriting arrangements after all applications for Shortfall Shares by existing Shareholders of the Company under the Shortfall Offer have been satisfied. However, while Shortfall Shares will be issued to current Shareholders in priority to the issue of Shares to ISSAR (or its nominee), third party investors will not receive Shortfall Shares under the Shortfall Offer in priority to ISSAR (or its nominee).

(c) **Komodo Sub-Underwriting**

The remaining 2,035,234,408 Shares (to a value of \$10,176,172) which make up the Offer are sub-underwritten by Komodo Capital Pty Ltd, a company controlled by Mr Peter Landau, an Executive Director of the Company, (or its nominee) (**Komodo**).

Komodo is an internationally focused corporate advisory and venture capital firm based in West Perth, Western Australia with offices in London. Komodo focuses on achieving successful outcomes for clients ranging from private start-up ventures to mid-cap listed entities, with a focus on the resource sector. Komodo holds an Australian Financial Services License – No. 344 234.

Komodo is not presently a Shareholder of the Company. The extent to which Shares are issued pursuant to the sub-underwriting will increase Komodo's (or its nominee's) voting power in the Company.

Komodo is a related party of the Company for the purpose of the Corporations Act by virtue of the fact it is controlled by Peter Landau, a Director. Notwithstanding this relationship between the Company and Komodo, the Board considered prior Shareholder approval for the issue of shares to Komodo under the sub-underwriting arrangements was not required on the basis that it fell under the underwriting exception in Exception 2 of ASX Listing Rule 10.12 and also on the basis that the terms of the sub-underwriting were considered to be 'arm's length' (i.e. on the same terms as the ISSAR sub-underwriting).

Komodo's present relevant interest (which is nil) and changes under several scenarios are set out in the table below and are based on the assumption that Komodo (or its nominee) takes up the maximum amount of Shortfall it can under its sub-underwriting arrangements.

Event	Shares held by Komodo	Voting power of Komodo
Date of Prospectus	Nil	Nil
Completion of Entitlement Issue		
• Fully subscribed	Nil	Nil
• 75% subscribed	Nil	Nil
• 50% subscribed	Nil	Nil
• 25% subscribed	276,425,806	3.54%
• 0% subscribed	2,035,234,408	26.04%

The number of Shares held by Komodo (or its nominee) and its voting power in the table above show the potential effect of the sub-underwriting of the Offer.

However, it is unlikely that no Shareholders will take up Entitlements under the Offer. The sub-underwriting obligation and therefore voting power of Komodo (or its nominee) will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the other Shareholders.

Further, Komodo (or its nominee) will only receive Shares under the sub-underwriting arrangements after all applications for Shortfall Shares by existing Shareholders of the Company under the Shortfall Offer and the issue of Shortfall Shares to ISSAR (or its nominee) under its sub-underwriting arrangements have been satisfied.

In addition, Komodo intends procuring that non-related third parties (including existing convertible noteholders, creditors and royalty holders of the Company) take up Shortfall Shares in satisfaction of moneys owing to such parties by the Company. Refer to Section 5.1 for further details.

(d) **Rationale for underwriting and sub-underwriting arrangements**

The Company considered all reasonably available options to it to mitigate the potential control effects of the underwriting and the sub-underwriting (for example considering whether a number of separate

underwriters or sub-underwriters could be appointed in respect of the Offer or whether the Offer could be renounceable). However, the underwriting and sub-underwriting arrangements summarised above and the Offer as structured were, in the Board's opinion, the most practical and suitable arrangements for the Company to enter.

The Board also considered alternative methods of raising funds including private placements (which would have a greater dilutionary effect on existing Shareholders) and debt funding (which, given the Company's existing debt position, was not available on commercially acceptable terms). However, the Board decided that the Offer was the preferred form of capital raising as it provides the most certain outcome for the Company in the present circumstances and is preferable because it allows existing Shareholders the opportunity to participate in the funding of the Company at the substantial discount represented by the issue price which the Company has offered to attract sufficient funding. The Board also set the issue price of the Offer at an attractive discount to the market price of the Company's Shares to encourage Shareholders to take up their Entitlement and thereby reduce Shortfall under the Offer and the likelihood of control becoming concentrated with the Underwriter/ISSAR/Komodo.

The Board is also of the opinion that the control effect of the underwriting/sub-underwriting does not exceed what is reasonably necessary for the capital raising the subject of the Offer given the Company's financial position and its urgent need for funds. The size of the Offer is, in the opinion of the Board, consistent with and does not exceed the Company's funding requirement – refer to Section 5.1 for details of the use of funds raised under the Offer.

(e) **Dilution**

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 88.89% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	20,000,000	2.56%	180,000,000	20,000,000	0.26%
Shareholder 2	10,000,000	1.28%	90,000,000	10,000,000	0.13%
Shareholder 3	5,000,000	0.64%	45,000,000	5,000,000	0.06%
Shareholder 4	1,000,000	0.13%	9,000,000	1,000,000	0.013%
Shareholder 5	500,000	0.06%	4,500,000	500,000	0.006%
Total	781,692,712		7,035,234,408		

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer or underwriting/sub-underwriting arrangements. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

4.9 Lead Manager/Corporate Advisor

The Underwriter has also been appointed as Lead Manager and Corporate Advisor to the Offer. The terms of the appointment are summarised in Section 8.5 of this Prospectus.

4.10 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open to Shareholders and new investors to the Company for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.005 being the price at which Shares have been offered under the Offer. The Underwriter and/or sub-underwriter(s) will only receive Shares under the Underwriting Agreement or sub-underwriting arrangements after all applications for Shares by existing Shareholders under the Shortfall Offer have been satisfied.

The Directors reserve the right to issue Shortfall Shares at their absolute discretion, provided that any Shortfall Shares applied for by existing Shareholders will be issued to those Shareholders in priority to issues to the Underwriter or any sub-underwriter.

Existing Shareholders can apply for Shortfall Shares by following the instructions set out in Section 4.4(c) above. New investors in the Company can apply for Shortfall Shares by completing the Shortfall Application Form and attaching their cheque, drawn on an Australian bank made payable in Australian currency, for the appropriate Application monies (at \$0.005 per Share).

The Company may also permit the satisfaction of Application moneys for Shortfall Shares under the Shortfall Offer by offsetting moneys owed by the Company to creditors of the Company in consideration for the issue of such Shortfall Shares to such creditors.

4.11 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

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.

4.12 Issue of Shares

Subject to Shareholder approval for the Offer being obtained at the General Meeting, Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

4.13 Overseas shareholders

This Offer 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.

It is not practicable for the Company to comply generally with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is only being extended to Shareholders with a registered address in Australia, New Zealand or the United Kingdom.

New Zealand

The Shares are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus contains an offer to Eligible Shareholders of continuously quoted securities and has been prepared in accordance with section 713 of the Australian Corporations Act. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United Kingdom

Neither the information in this Prospectus nor any other document relating to the Offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the

Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

Nominees and Custodians

Nominees, custodians and other registered Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas may not take up an Entitlement under the Offer without the consent of the Company. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute the Shareholder's compliance with this requirement.

4.14 Enquiries

Any questions concerning the Offer should be directed to Jane Flegg, Company Secretary, on +61 9488 5220.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$35,176,172.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Repayment of existing Company debt to convertible noteholders, lenders and royalty holders pursuant to a Standstill and Forbearance Deed ¹	18,560,738	52.77%
2.	Payment of bridging loan to financiers of the Company ²	7,500,000	21.32%
3.	Payments to other existing creditors of the Company	724,376	2.06%
4.	Repayment of debt to EDF Trading pursuant to Finance Agreement	2,500,000	7.11%
5.	Expenses of the Offer ³	3,517,617	10.00%
6.	Working capital	2,373,441	6.75%
	Total	35,176,172	100.00%

Notes:

1. It is intended that these repayments will be satisfied through the issue of 671,087,460 Shortfall Shares (to the value of \$3,355,437) and a cash payment of \$15,205,300 to the creditors, convertible noteholders and royalty holders of the Company. Refer to Sections 4.8(c) and 4.10 for further details.
2. It is intended that these repayments will be satisfied through the issue of 800,000,000 Shortfall Shares (to the value of \$4,000,000) and a cash payment of \$3,500,000 to the financiers of the Company. Refer to Sections 4.8(c) and 4.10 for further details.

In the event that there is insufficient Shortfall to satisfy the equity portion of the Company's repayment obligations (as set out in the notes to the table above), those obligations will be settled by way of a cash payment out of the Offer proceeds.

3. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success) or failure and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$31,658,555 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 781,692,712 as at the date of this Prospectus to 7,816,927,120 Shares.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2014 and the unaudited pro-forma balance sheet as at 30 June 2014 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Consolidated Unaudited as at 30 June 2014 \$'000	Rights Issue \$'000	Consolidated Proforma \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2,989	5,891	8,880
Trade and other receivables	4,681		4,681
Inventories	1,167		1,167
TOTAL CURRENT ASSETS	8,837		14,728
NON-CURRENT ASSETS			
Trade and other receivables	2,473		2,473
Other assets	2,472		2,472
Derivative financial instruments	7,050		7,050
Exploration expenditure	47,417		47,417
Development expenditure	65,105		65,105
Property, plant and equipment	12,628		12,628
Deferred tax assets	4,081		4,081
TOTAL NON-CURRENT ASSETS	141,226		141,226
TOTAL ASSETS	150,063		155,954
CURRENT LIABILITIES			
Trade and other payables	7,451		7,451
Income tax payable	451		451

Provisions	4,601		4,601
Borrowings	91,600	29,285 i)	62,315
Derivative financial instruments	80		80
Other financial liabilities	4,419		4,419
Provision for rehabilitation	3,173		3,173
TOTAL CURRENT LIABILITIES	111,775		82,490
NON-CURRENT LIABILITIES			
Borrowings	167		167
Other financial liabilities	6,633		6,633
Deferred tax liability	19,511		19,511
Provision for rehabilitation	8,787		8,787
TOTAL NON-CURRENT LIABILITIES	35,098		35,098
TOTAL LIABILITIES	146,873		117,588
NET ASSETS	3,190		38,366
EQUITY			
Issued capital	246,533	35,176	281,709
Reserves	(1,906)		(1,906)
Accumulated losses	(234,239)		(234,239)
Capital and reserves attributable to owners of Continental Coal Ltd	10,388		45,564
Amounts attributable to non-controlling interests	(7,198)		(7,198)
TOTAL EQUITY	3,190		38,366

Notes:-

i) Repay convertible noteholders, loans, royalty payments, other creditors and a portion of EDF leaving the parent company without debt with only ABSA and balance of EDF payable in the subsidiary secured against future production

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	781,692,712
Shares offered pursuant to the Offer	7,035,234,408
Investor Shares to be issued to the Investors (subject to Shareholder approval being obtained)	100,000,000
Total Shares on issue after completion of the Offer	7,916,927,120

Options

	Number
Options currently on issue:	
(Quoted exercisable at \$0.50 on or before 30/06/2015)	65,679,134
(Unquoted exercisable at \$0.2216 on or before 15/05/2015)	12,500,000
(Unquoted exercisable at \$0.20 on or before 16/07/2016)	8,000,000
(Unquoted exercisable at \$0.368 on or before 23/08/2016)	13,950,893
(Unquoted exercisable at \$0.057 on or before 06/12/2017)	6,000,000
(Unquoted exercisable at \$0.05382 on or before 18/12/2017)	5,000,000
(Unquoted exercisable at \$0.06 on or before 15/05/2016)	15,000,000
(Unquoted exercisable at \$0.015 on or before 30 June 2017)	36,000,000
Options to be issued to Investors	70,000,000
New Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	232,130,027

The capital structure on a fully diluted basis as at the date of this Prospectus would be 943,822,739 Shares and on completion of the Offer (assuming all Entitlements are accepted) would be 8,149,057,147 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.5 Details of substantial holders

Based on publicly available information as at 28 August 2014, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Vaxomode (Pty) Ltd	111,752,818	16.34
Computershare Clearing Pty Ltd	77,324,548	11.30

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer. In the more likely event that a significant amount of Entitlements are not accepted, the Underwriter and/or sub-underwriter(s) may become substantial holders on completion of the Offer. Refer to Section 4.8 for further details of the control effect the underwriting/sub-underwriting may have on the Company.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered 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.

6.1 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.

6.2 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:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) 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
- (c) 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).

6.3 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.

6.4 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.

6.5 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.

6.6 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.

6.7 Future increase in capital

The 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.

6.8 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.

6.9 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.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly 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.

7.2 Company specific

(a) 'Going concern' risk

While completing the audit review of the Company's half-year financial report for the half-year ended 31 December 2013, the Company's auditor noted that:

"the ability of the consolidated entity to continue as a going concern is dependent upon the success of the renegotiations with financiers and future successful raising of necessary funding through equity. These conditions 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."

Further, the Company is currently in urgent need of funding to stabilise its financial position and pay its existing creditors and to meet the Company's short-term working capital requirements. Refer to Sections 4.1 and 5.3 of this Prospectus for further details of the current financial position of the Company.

Shareholders should note that, if the Offer is not fully subscribed, the Company may be unable to meet its payment obligations to its creditors and meet short-term working capital requirements and, as such may not be able to remain a going concern.

Any failure to pay creditors may have significant implications for the Company, empowering creditors to take enforcement action including appointing an administrator and the Company may become insolvent. In the opinion of the Board, completion of the Offer significantly reduces this risk for the Company.

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 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. Please refer to section 7.2(b) below for further details.

(b) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company will require further financing. 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) **ABSA and EDF Trading Debt Facilities**

The Company's 74% owned South African subsidiary Continental Coal Limited has debt facilities with ABSA and EDF Trading as set out in the Company's accounts (and in the pro forma balance sheet in Section 5.3 of this Prospectus). Negotiations are continuing in relation to the restructuring of these respective debt facilities. Whilst completion of the Offer is expected to assist in these negotiations, there are no guarantees that the debts will not be called in for repayment (due to a default event occurring) whilst the restructuring negotiations are ongoing.

(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.

7.3 Industry specific

(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, a significant proportion of the Company's revenues and cash flows are likely to be derived from the sale of coal. In this event, it is likely that the financial performance of the Company will be sensitive to coal prices. Coal prices are affected by numerous factors and events that are beyond the control of the Company. These factors and events include general economic activity, demand for the commodity, and forward selling and costs of production by other coal producers.

Commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates, currency exchange rates (particularly the strength of the US dollar) as well as general global economic conditions and political trends.

If coal prices should fall below or remain below the Company's costs of production for any sustained period due to these or other factors and events, the Company's exploration and production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the Company's projects may require the Company to revise downwards its coal resources and will have a material adverse effect on the Company's financial position.

It is difficult to predict accurately future demand and price movements and how such movements may adversely impact the Company's profitability, financial position and performance, prospects, future development and any future production.

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.

(f) **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.

7.4 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.

7.5 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.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 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 a 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 by the Company 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
26/08/2014	Notice of General Meeting
06/08/2014	Financing Update Underwritten Rights Issue to raise A\$35.1m
01/08/2014	Quarterly Operations Report
03/07/2014	Withdrawal of S708 Notice
30/06/2014	S708 Notice and Appendix 3B
01/05/2014	Quarterly Report
03/03/2014	Interim Financial Report
20/02/2014	Initial and Final Directors Interest Notices
13/02/2014	Closing of Bridge Finance
03/02/2014	Quarterly Activities Report
29/01/2014	Continental Coal Executes Binding Term Sheet
20/01/2014	Suspension Update
16/01/2014	Appointment of Independent Financial Advisor
13/01/2014	Continuation of Voluntary Suspension
08/01/2014	Suspension from Official Quotation
06/01/2014	Trading Halt
13/12/2013	Appendix 3B & Cleansing Statement
03/12/2013	Section 708A Notice
28/11/2013	Appendix 3B and Appendix 3Y
22/11/2013	Appendix 3Z

Date	Description of Announcement
21/11/2013	Annual General Meeting Results
21/11/2013	AGM Presentation
18/11/2013	Operations and Corporate Update
08/11/2013	Director Shares to be Sold and Approval Sought for Re-Issue
05/11/2013	Continental Coal Appoints Special Board Committee
01/11/2013	Quarterly Activities Report
23/10/2013	Notice of Annual General Meeting/Proxy Form
18/10/2013	Appendix 3B and Cleansing Statement
17/10/2013	Company Presentation - MRQ Investor Evening
10/10/2013	Prospectus
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

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.

The announcements are also available through the Company's website <http://www.conticoal.com>.

8.3 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 sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the last date of those sales were:

Highest	\$0.02	12 June 2014
Lowest	\$0.02	12 June 2014
Last	\$0.02	27 August 2014

8.4 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to conditionally underwrite the Offer for 7,035,234,408 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter a lead manager fee of 1% of the total amount raised under the Offer plus a corporate advisory fee of \$300,000 plus an underwriting fee of 5% of the value of the Underwritten Securities.

The Agreement is conditional upon:

- (a) the Underwriter completing a due diligence review of the Company to its satisfaction;
- (b) the Underwriter being satisfied with the form of this Prospectus and giving its consent to be named in this Prospectus;
- (c) a legal sign-off letter being provided by the Company's solicitors in respect of the Offer, to the satisfaction of the Underwriter, and addressed to be for the benefit of the Underwriter;
- (d) the Underwriter obtaining sufficient sub-underwriting commitments for the entire Offer; and
- (e) the Underwriter not being bound to underwrite the Offer unless and until the Company lodges the Prospectus with ASIC.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if, among other events:

- (a) **Prospectus:** any of the following occurs in relation to the Prospectus:
 - (i) it is not lodged with ASIC by 28 August 2014 (or such later date agreed in writing by the Underwriter) or is withdrawn by the Company;
 - (ii) there is an omission, it contains a statement which is misleading or deceptive or likely to mislead or deceive, or a statement has become misleading or deceptive or likely to mislead or deceive, or the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
 - (iii) ASIC gives notice of its intention to hold a hearing under section 739(2) or any other provision of the Corporations Act in relation to this Prospectus or makes an interim or final stop order under section 739(3) or any other provision of the Corporations Act in relation to this Prospectus or makes an application under section 1324B or any other provision of the Corporations Act in relation to this Prospectus and the application is not dismissed or withdrawn before the shortfall notice deadline date; or
 - (iv) any person other than the Underwriter who consented to being named in the Prospectus withdraws that consent;
- (b) **Supplementary Prospectus:** the Underwriter reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter or the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;
- (c) **ASX listing:** ASX does not give approval for the Underwritten Securities to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;

- (d) **Index changes:** the ASX All Ordinaries Index (ASX Code: XAO) or the S&P / ASX 200 (ASX Code: XJO) or the S&P / ASX 300 Metals and Mining (ASX Code: XMM) Indices as published by the ASX falls 10% or more from its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement ;
- (e) **share price:** the Shares of the Company finish trading on the ASX on any trading days with a closing price that is less than the issue price of Shares under the Offer;
- (f) **indictable offence:** a director or senior manager of the Company or any related corporation is charged with an indictable offence;
- (g) **return of capital or financial assistance:** the Company or a related corporation passes or takes any steps to pass a resolution under section 254N, 257A or 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (h) **change in Act or policy:** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (i) **failure to comply:** the Company or any related corporation contravenes any of the following:
 - (i) a provision of its constitution;
 - (ii) the Corporations Act;
 - (iii) the ASX Listing Rules; or
 - (iv) any other applicable legislation or any policy or requirement of ASIC or ASX;
- (j) **alteration of capital structure or constitution:** except as described in this Prospectus, the Company or any related corporation alters its capital structure or alters its Constitution without the prior written consent of the Underwriter;
- (k) **hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, South Africa, the United Kingdom, the United States of America, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (l) **extended Force Majeure:** a force majeure (as defined in the Underwriting Agreement), which affects the Company's business or an obligation under the Underwriting Agreement, lasting in excess of 7 days occurs;

- (m) **default:** the Company is in default or breach of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement;
- (n) **incorrect or untrue representation:** any representation, warranty or undertaking given by the Company in the Underwriting Agreement or any information released by the Company is or becomes untrue or incorrect;
- (o) **adverse change:** any adverse change occurs which materially impacts or is likely to impact the assets, liabilities, trading results, profits, forecasts, losses, prospects, business or operational or financial position of the Company or a related corporation (including but not limited to if any projection or forecast in this Prospectus becomes incapable of being met or unlikely to be met in the projected time);
- (p) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a related corporation;
- (q) **due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Offer or the results of the investigation or the verification material are false or misleading;
- (r) **Prescribed occurrence:** a prescribed occurrence (as defined in the Underwriting Agreement) occurs;
- (s) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (t) **Event of insolvency:** an event of insolvency (as defined in the Underwriting Agreement) occurs in respect of a related corporation; or
- (u) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any related corporation, other than any claims foreshadowed in this Prospectus;
- (v) **Takeovers Panel:** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (w) **Authorisation:** any authorisation which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (x) **Judgment against a related corporation:** a judgment in an amount exceeding \$25,000 is obtained against the Company or a related corporation and is not set aside or satisfied within 7 days.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

8.5 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, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement	\$
Andrew Molusi	Nil	Nil	Nil	Nil
Peter Landau ²	Nil	Nil	Nil	Nil
Lars Schernikau ¹	Nil	Nil	Nil	Nil
Paul D'Sylva	Nil	Nil	Nil	Nil

¹ Lars Schernikau is associated with, but does not control, entities that have subscribed for \$2,000,000 of the Investment Amount of \$5,000,000 described in Section 3.2 of this Prospectus.

² Komodo, a company controlled by Peter Landau, has agreed to sub-underwrite a portion of the Offer. Please refer to Section 4.8(c) for details of this sub-underwriting including the maximum number of Shares that could be issued to Komodo and the control effect the sub-underwriting may have on the Company.

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	2013	2014
Andrew Molusi	\$86,958	\$50,000
Peter Landau ¹	nil	\$150,000
Lars Schernikau	nil	\$100,000
Paul D'Sylva	nil	\$50,000

¹ Okap Ventures Pty Ltd, a company controlled by Mr Landau, provides the Company with strategic and corporate advisory, capital raising, company secretarial, financial management, investor and public relations and associated services in fully serviced offices in both Perth and London. Okap Ventures Pty Ltd is paid a monthly fee of \$70,000 by the Company for these services.

8.6 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.

Patersons Securities Limited will be paid an underwriting fee of approximately \$1,758,809 together with a \$351,762 lead management fee and a corporate advisory fee of \$300,000 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons Securities Limited has not been paid any fees by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$40,000 (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 \$169,989 (excluding GST and disbursements) for legal services provided to the Company.

8.7 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.

Patersons Securities Limited has given its written consent to being named as underwriter, lead manager and corporate advisor to the Offer in this Prospectus, in the form and context in which it is named. Patersons Securities Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC. Patersons Securities Limited (including its related entities) is not presently a Shareholder of the Company and currently has no relevant interest in any of the Company's securities;

ISSAR Global has given its written consent to being named as a sub-underwriter to the Offer in this Prospectus, in the form and context in which it is named. ISSAR Global has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC;

Komodo has given its written consent to being named as a sub-underwriter to the Offer in this Prospectus, in the form and context in which it is named. Komodo has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC; and

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.

8.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$3,517,617 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,290
ASX fees	9,052
Underwriting fees	2,110,570
Manager to the offer fees	500,000
Legal fees	100,000
Printing and distribution	30,000
Miscellaneous	765,705
Total	3,517,617

8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 9488 5220 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://www.conticoal.com/>.

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.

8.10 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.

8.11 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 a statement (similar to a bank account statement) that sets 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.

8.12 Privacy Act

If you complete an application 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 equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder 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.

9. **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.



Paul D'Sylva
Executive Chairman
For and on behalf of
Continental Coal Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

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 the timetable set out at the commencement of this Prospectus (unless extended).

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.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

General Meeting means the general meeting of Shareholders of the Company to be held on or around 24 September 2014.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

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

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.10 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Underwriter means Patersons Securities Limited (ACN 008 896 311).

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

28 August 2014

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

By e-lodgement

ASX Waiver from Listing Rules 7.11.3 and 7.15 – Rights Issue

Continental Coal Limited (ASX: CCC AIM: COOL) ("**Continental**" or "**the Company**"), the South African thermal coal mining company is pleased to announce that ASX Limited has granted the Company the following waivers in connection with the Company's rights issue announced on 6 August 2014 ("**Rights Issue**").

ASX Listing Rule 7.11.3 provides that the ratio of securities offered by a listed entity under a non-renounceable pro-rata issue must not be greater than one security for each security held. The Company has been granted a waiver of Listing Rule 7.11.3 to permit the Company to undertake the Rights Issue on the basis of 9 new shares for every one share held, subject to the following conditions:

- (a) Shareholders of the Company approve the Rights Issue;
- (b) The notice of meeting seeking shareholder approval for the Rights Issue contains a voting exclusion statement that excludes the votes of any substantial shareholders, any proposed underwriter or sub-underwriter of the Rights Issue, and any brokers or managers of the Rights Issue; and
- (c) The Company releases details of the waiver at the time that full details of the Rights Issue are announced to shareholders on the ASX Market Announcements Platform.

ASX Listing Rule 7.15 provides that if a company is undertaking a pro-rata entitlement issue that is subject to shareholder approval, the record date to determine entitlements under the offer needs to be at least 7 business days after the date of the meeting. The Company has been granted a waiver of Listing Rule 7.15 to permit the Company to undertake the Rights Issue with a record date which is prior to the date of the shareholders' meeting to approve the Rights Issue, subject to the following conditions:

- (a) The Company's securities are not reinstated to official quotation at any time prior to the shareholders' meeting to approve the Rights Issue; and
- (b) The Company releases details of the waiver at the time that full details of the Rights Issue are announced to shareholders on the ASX Market Announcements Platform.

For and on behalf of the Board



Peter Landau
Executive Director

For further information please contact:

Investors / Shareholders

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Media

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Professional Public Relations
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Nominated Advisor

Oliver Morse/Trinity McIntyre
RFC Ambrian Limited
T: +61 8 9480 2500

Brokers (UK)

Jonathan Williams
RFC Ambrian Ltd
T : +44 203 440 6817

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 Penumbra Coal Mines, producing approx. 2Mtpa of thermal coal for the export and domestic markets. A Feasibility Study was also completed on a proposed third mine, the De Wittekrans Coal Project with a mining right granted in September 2013.

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 De Wittekrans, its liquidity and the capital resources and expenditure, contain or comprise certain forward-looking statements regarding the 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.