Continental Coal Ltd

ABN 13 009 125 651

Appendix 4E
Preliminary Final Report
For the year ended 30 June 2014

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

CORPORATE DIRECTORY

Directors and Officers

Paul D'SYLVA
(Interim Executive Chairman)

Peter LANDAU
(Interim Executive Director)

Lars SCHERNIKAU
(Non-Executive Director)

Connie MOLUSI
(Non-Executive Director)

Company Secretary

Jane FLEGG

Share Registry

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

Auditors

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

Country of Incorporation

Australia

Registered Office

Ground Floor
1 Havelock Street
WEST PERTH WA 6005
Telephone: +61 8 9488 5220
Facsimile: +61 8 9324 2400

Principal Place of Business

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

Home Exchange

Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000
Telephone: +61 8 9224 0000
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ASX Code: CCC
AIM Code: COOL

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

Results for announcement to the market

		2013 $'000		2014 $'000	Variance %
Revenue from ordinary activities	up from	62,230	to	68,715	(10%)
Loss from continuing operations after tax attributable to members	down from	(34,573)	to	(24,818)	(28%)
Net loss attributable to members	down from	(35,720)	to	(24,818)	(28%)

Dividends

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

The directors recommend that no dividend be paid for the year ended 30 June 2014 nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

Audit

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

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

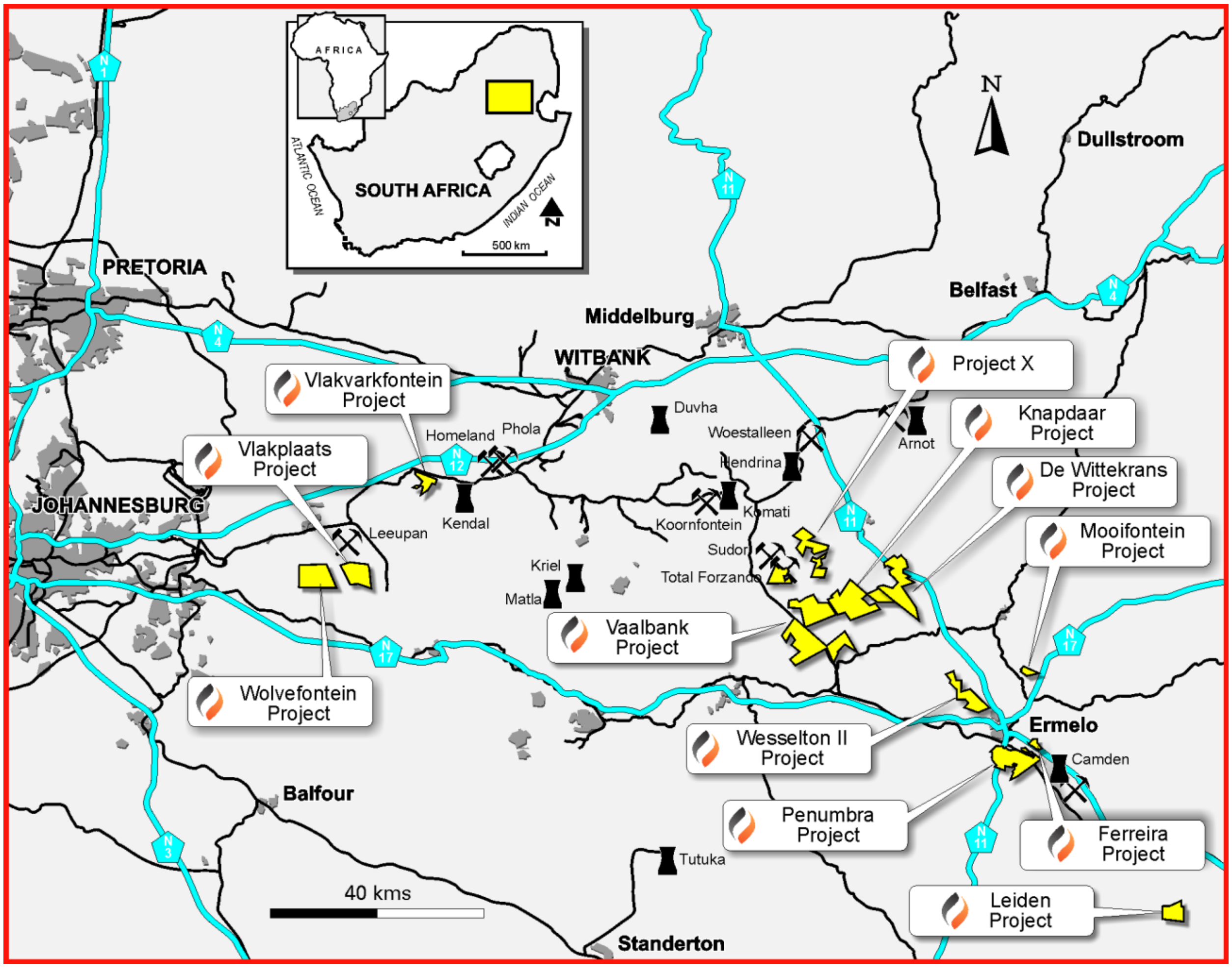
See attached preliminary final report.

Commentary on results for the period

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

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

PROJECT LOCATION MAP



Forward Looking Statement

This document includes certain statements that may be deemed "forward-looking statements" and information. All statements in this document, 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.

Review of Operations

Principal Activities

The principal activity of the Group during the year ended 30 June 2014 was the acquisition, exploration, development and operation of thermal coal mines and properties in South Africa. There were no significant changes in the nature of the activities of the Group during the financial year.

Overview

During the year ended 30 June 2014 the Group continued its program of establishing itself as a successful thermal coal mining, production, exploration and development Group in Southern Africa focusing on the ramp up of its flagship Penumbra Coal Mine and advancing the De Wittekrans coal project with the granting of its mining right in September 2013.

Reserve and Resource Statement

The Group's Coal Resource and Reserve Statements are as follows:

Group Resources Statement - July 2014

PROJECT	RESOURCE CATEGORY	PROJECT GROSS TONNES IN SITU (GTIS) (t)	TOTAL PROJECT TONNES IN SITU (TTIS) (t)	CONTINENTAL'S ATTRIBUTABLE INTEREST
Vlakvarkfontein	Measured	8,703,480	6,803,316	44%
Penumbra		8,421,911	7,134,875	74%
De Wittekrans		52,330,387	47,097,100	74%
Wesselton II		4,201,199	3,570,800	74%
Leiden		4,309,133	3,862,500	74%
	Total Measured	**77,966,110**	**68,468,591**	
Vlakplaats	Indicated	38,176,346	34,258,000	37%
Project X		2,969,951	2,672,000	56%
Penumbra		6,725,373	6,052,000	74%
De Wittekrans		73,733,941	66,358,000	74%
Vaalbank		8,809,511	7,928,000	52%
Wesselton II		5,112,340	4,344,000	74%
Leiden		1,996,754	179,500	74%
	Total Indicated	**137,524,216**	**121,791,500**	
Vlakplaats	Inferred	16,276,680	12,190,000	37%

Wolvenfontein		36,725,119	31,200,000	74%
Project X		11,687,034	10,517,000	56%
De Wittekrans		66,618,671	59,940,000	74%
Knapdaar		42,064,528	35,750,000	74%
Vaalbank		13,937,555	12,540,000	52%
Wesselton II		8,648,522	7,330,000	74%
Mooifontein		3,092,970	2,620,000	74%
Leiden		12,057,828	10,851,400	74%
Kweneng (1)		2,159,000	2,051,050	100%
	Total Inferred	**213,267,907**	**184,989,450**	
	GRAND TOTAL RESOURCES	**428,758,233**	**375,249,541**	

Notes:
(1) JORC compliant.

These coal resources and coal reserves (excluding Kweneng) have been defined in accordance with the 2007 South African Code for Reporting of Mineral Resources and Mineral Reserves Code (SAMREC Code). The SAMREC Code requires the use of the South African National Standard : South African Guide to the Systematic Evaluation of Coal Resources and Coal Reserves (SANS10320:2004) when classifying and reporting coal resources and reserves. SANS10320:2004 uses the principle of relative distances from boreholes with quality data for the classification of coal resources. This standard was utilised by the Company's consultants in calculating the project resources.

The above coal resource and coal reserve estimates are also in compliance with and to the extent required by the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves published by the Joint Ore Reserves Committee of The Australasian Institute of Mining, Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC Code). Similarly to the SAMREC Code, the JORC Code uses the principle of relative distances from boreholes with quality data for the classification of coal resources. The SAMREC Code distances are narrower than those required by the JORC Code, and hence, by reporting to SAMREC, the requirements of the JORC Code have also been met

Coal Mine and Processing Operations

Health and Safety

The Group maintains a strong health and safety culture across all of its coal mining and processing operations and continues to improve its health and safety initiatives and policies across all of its operations. During the financial year, eleven Dressing Station Case ("DSC") accidents were reported at the Company's mining and processing operations – ten DSC accidents were reported at the Penumbra Underground Mine and one at the Vlakvarkfontein Open Cast Mine and one Medical Treatment Incident (MTI) was reported at the Penumbra Underground Mine. All the accidents were relatively minor with no material impacts and their causes have been addressed.

Operational Performance

	Year ended 30 June 2014	Year ended 30 June 2013
Run of Mine (ROM) Production		
Vlakvarkfontein	1,382,487	1,526,469
Ferreira	247,129	559,107
Penumbra	498,176	143,299
Total ROM Production	**2,127,792**	**2,228,875**
Feed to Plant		
Ferreira	269,670	627,329
Penumbra	491,424	143,299
Total Plant Feed	**761,094**	**770,628**
Export Yields		
Ferreira	72%	70.4%
Penumbra	57.2%	36.8%
Domestic Sales	1,401,080	1,315,701
Export Sales	523,906	453,582
Total Coal Sales	**1,924,986**	**1,769,283**

Total ROM coal production for the year ended 30 June 2014 of 2,127,792t was achieved with a full 12 months production at the Vlakvarkfontein Coal Mine, 6 months production at the Ferreira Coal Mine until end of life and ramp up production from the Penumbra Coal Mine.

Feed to the Delta Processing Operations for the year ended 30 June 2014 was 761,094t. The feed from the Penumbra Coal Mine has steadily increased during the year and is line with the ramp up of the Penumbra Coal Mine.

Export yields at the Penumbra Coal Mine have shown a steady increase during the past 12 months with the average yield of 57.2% recorded for the ended 30 June 2014.

Domestic sales from the Vlakvarfontein Coal Mine have increased on a year-end basis comparable to year ended 30 June 2013.

1.1 Vlakvarkfontein Coal Mine

Vlakvarkfontein Coal Mine produced 1,382,487t ROM for the year ended 30 June 2014, achieving its target production at a cost of ZAR 90.00/t (US$8.50/t) the year ended 30 June 2014.

An average strip ratio of 2.22:1 was achieved for the year ended 30 June 2014.

Total thermal coal sales for the year ended 30 June 2014 were 1,149,216t to Eskom and 251,861t non-select.

1.2 Ferreira Coal Mine

Ferreira Coal Mine produced 247,129t ROM for the year ended June 2014, before its end of life in December 2013, with export yields averaging 72%.

Inventory clean-up at the Ferreira Coal Mine was completed in the first Quarter of 2014. The rehabilitation work will commence upon finalisation of the closure plan and appointing contractors.

1.3 Penumbra Coal Mine

The Penumbra Coal Mine delivered 498,176t ROM for the year ended 30 June 2014 comparable to the revised forecast of 500,000t at a FOB cost of ZAR 841.13 (US$79.40) per sales tonne.

During the initial ramp up stage the Company encountered stone rolls that are displacing the coal seam in the current mining area and this is impacting on the production rate and the delivered yield due to added contamination. Management, in conjunction with mining consultants, have been reviewing the planned production lay-out in order to mitigate the impact of the stone rolls on the production rate of the continuous miners. As procedures are implemented the ROM and yield are increasing with the month of June 2014 producing 58,013t which is on track to the targeted 70,000t per month. Additional exploration drilling is currently being carried out to ascertain the extent of the stone rolls with the view to revising the production plan.

Export yields at the Penumbra Coal Mine averaged 57.2% for the year ended 30 June 2014. The yield is expected to improve to the planned 62% with the increase in production and the mitigation of the additional contamination caused by the stone rolls.

For the year ended 30 June 2014 ROM mining costs averaged ZAR 165.95/t (US$15.50/t) and FOB export sales tonnes costs averaged ZAR 748.24/t (US$70.35/t). Total FOB costs will reduce in the coming months given the forecast increase in production.

The Company received ZAR 10.1 million revenue for the year ended 30 June 2014 from the ABSA forward hedging contract at the Penumbra Coal Mine.

2. DEVELOPMENT PROJECT

2.1 De Wittekrans Coal Project

The De Wittekrans Development Project (De Wittekrans) is a potential underground export and domestic thermal coal mining project at a pre-development stage. Optimisation work on previous feasibility studies has identified the opportunity to develop De Wittekrans into a major mining operation with the potential to produce ~3.6Mtpa of ROM over the LOM.

A mining right was granted in September 2013 and the Integrated Water Use License (IWUL) application was submitted, the Company awaits approval.

With mining right successfully executed in May 2014, the Company now has 12 months to commence mining operations, however should the IWUL not be received within this 12 month period the mining right can be delayed.

During the last quarter of the year ended 30 June 2014 two sites were selected for mining and these are now being evaluated as to which site will be selected for the first phase of mining.

3. EXPLORATION PROJECTS

3.1 Botswana Coal Projects

The Company is in advanced discussions in respect of the two remaining Prospecting licenses (PL 340/2008 and PL 341/2008). PL341 has been transferred and the transfer documents for PL340 have been submitted to the Botswana Ministry of Minerals, Energy.

3.2 Vlakplaats

Vlakplaats is a 50:13:36 joint venture between the Company, Big Match Trading 34 (Pty) Ltd and Korea Resources Corporation. Therefore the Company only has an effective interest of 37% in the project. A Prospecting Right has been granted for this project.

Vlakplaats is considered a non-core asset and the Company will retain the Prospecting Right in good standing while it evaluates divestment opportunities.

3.3 Other non-core assets

Project X, Vaalbank, Leiden.Knapdaar, Wolvenfontein, Wesselton II,Mooifontein have all been considered as non-core assets which the Company will keep in good standing order while it evaluates divestment opportunities

4. CORPORATE

4.1 Bridge Finance and Recapitalisation

In February 2014 the Group executed a binding term sheet with UK corporate advisory firm Empire Equity Limited ("Empire Equity") to provide $5 million bridge funding and undertake a broader recapitalisation and restructure of the Group and its financial arrangements.

The Group received the $5 million bridge funding from Empire Equity and made key payments to current creditors and negotiated a 3 month standstill period to recapitalize the Group. The standstill period was subsequently extended to 15 October 2014.

Empire Equity and/or its nominees (the "Investors") have invested in 7.5 million unsecured convertible promissory notes ("Notes") with a face value of A$1.00 at a discounted issue price of A$0.6667 per Note and with a maturity date of 4 months redeemable upon successful completion of the Groups recapitalization. The Investors will receive a 6% fee on the Investment Amount as well as 70 million options, subject to shareholder approval, for providing the $5 million.

A condition to providing the funding was the restructure of the Board which occurred on 13 February 2014.

The Investors also undertook to assist the Group in undertaking a rights issue with the proceeds to be used to settle amounts owed by the Group to various existing convertible note holders , loans and royalty holders, repay bridging finance, reduce the Group's other borrowings, provide funds towards the development of the Company's advanced coal mining projects and provide working capital.

Subsequent to year ended 30 June 2014 the Group announced a fully underwritten non-renounceable rights issue prospectus to raise approximately A$35.1m by way of the issue of up to 7,035,234,408 new shares at an offer price of $0.005 per new share.

4.2 Proposed listing on the Johannesburg Stock Exchange

The proposed listing has been postponed until such time as the recapitalisation of the Company has been completed.

4.3 ASX and Aim share trading suspension

As at the date of this report Continental's securities on both the ASX and AIM markets continue to be suspended. In line with the timetable disclosed in the fully underwritten non-renounceable rights issue prospectus the Group anticipates lifting of the suspension of Continentals securities on ASX and AIM at completion of the Rights Issue on or about 2 October 2014.

Competent Persons Statement

The information in this report that relates to Coal Resources on Vlakvarkfontein, Vlakplaats and Wolvenfontein is based on resource estimates completed by Dr. Philip John Hancox. Dr. Hancox is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400224/04) as well as a Member and Fellow of the Geological Society of South Africa. He is also a member of the Fossil Fuel Foundation, the Geostatistical Association of South Africa, the Society of Economic Geologists, and a Core Member of the Prospectors and Developer Association of Canada. Dr. Hancox has more than 12 years' experience in the South African Coal and Minerals industries and holds a Ph.D from the University of the Witwatersrand (South Africa).

The information in this report that relates to Coal Resources on Penumbra, De Wittekrans, Knapdaar, Leiden and Wesselton II is based on coal resource estimates completed by Mr. Nico Denner, a full time employee of Gemecs (Pty) Ltd. Mr. Denner is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400060/98) as well as a Member and Fellow of the Geological Society of South Africa. He has more than 15 years' experience in the South African Coal and Minerals industries.

The information in this report that relates to Coal Resources on Project X and Vaalbank is based on coal resource estimates completed by Mr. Coenraad van Niekerk, a full time employee of Gemecs (Pty) Ltd. Mr. van Niekerk is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 400066/98) as well as a Member and Fellow of the Geological Society of South Africa. He has more than 38 years' experience in the South African Coal and Minerals industries.

The information in this report that relates to Coal Resources on Mooifontein is based on coal resource estimates completed by Mr. Dawie van Wyk, a full time employee of Geocoal services (Pty) Ltd. Mr. van Wyk is a member in good standing of the South African Council for Natural Scientific Professions (SACNASP No. 401964/83) as well as a Member and Fellow of the Geological Society of South Africa. He has more than 30 years' experience in the South African Coal and Minerals industries.

The Coal Reserves on Vlakvarkfontein, and is based on reserve estimates completed by Eugène de Villiers. Mr. de Villiers is a graduated mining engineer (B.Eng) Mining from the University of Pretoria and is professionally registered with the Engineering Council of South Africa (Pr.eng no – 20080066). He is also a member of the South African Institute of Mining and Metallurgy (SAIMM Membership no. 700348) and the South African Coal Managers Association (SACMA Membership no. 1742). Mr. de Villiers has been working in the coal industry since 1993 and has a vast amount of production and mine management as well as project related experience.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated	
		2014 **$'000**	**2013** **$'000**
Operating sales revenue	**2**	68,715	62,230
Operating expenses		(58,714)	(55,181)
Depreciation & amortisation		(7,022)	(4,190)
Cost of sales	**3**	(65,736)	(59,371)
Gross profit		**2,979**	**2,859**
Other income	**2**	1,962	4,130
Administration expenses	**3**	(7,629)	(11,533)
Finance expenses	**3**	(27,215)	(13,888)
Impairment expenses	**3**	(2,208)	(28,126)
Marketing expenses		(225)	(266)
Other expenses	**3**	(1,339)	(2,618)
Loss before income tax		**(33,676)**	**(49,442)**
Income tax benefit		356	1,101
Loss after income tax from continuing operations		**(33,320)**	**(48,341)**
Loss from discontinued operation		-	(1,147)
Loss for the year		**(33,320)**	**(49,488)**
Net profit/(loss) is attributable to:			
Owners of Continental Coal Limited		(24,818)	(35,720)
Non-controlling interests		(8,502)	(13,768)
		(33,320)	**(49,488)**
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents per share)	**4**	(0.004)	(6.56)
Diluted loss per share (cents per share)	**4**	(0.004)	(6.56)

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Loss for the year		**(33,320)**	**(49,488)**
Other Comprehensive Income/(Loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(1,932)	(6,052)
Changes in the fair value of cashflow hedges, net of tax		-	3,087
Other comprehensive loss for the year, net of tax		**-**	**(2,965)**
Total comprehensive loss for the year		**(35,252)**	**(52,453)**
Total comprehensive income/(loss) is attributable to:			
Owners of Continental Coal Limited		(25,926)	(38,177)
Non-controlling interests		(9,326)	(14,276)
		(35,252)	**(52,453)**
Total comprehensive loss for the period attributable to owners of Continental Coal Limited arises from:			
Continuing operations		(25,926)	(37,030)
Discontinued operations		-	(1,147)
		(25,926)	**(38,177)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Consolidated 2014 $'000	2013 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**5**	2,989	4,496
Trade and other receivables	**6**	4,681	7,744
Inventories	**7**	1,167	4,862
			17,102
Non-current assets classified as held for sale			-
TOTAL CURRENT ASSETS		**8,837**	**17,102**
NON-CURRENT ASSETS			
Trade and other receivables	**6**	2,473	2,981
Other assets		2,472	1,658
Derivative financial instruments		7,050	2,400
Exploration expenditure	**10**	47,417	54,363
Development expenditure	**11**	65,105	76,344
Property, plant and equipment	**12**	12,628	11,933
Deferred tax assets	**13**	4,081	3,022
TOTAL NON-CURRENT ASSETS		**141,226**	**152,701**
TOTAL ASSETS		**150,063**	**169,803**
CURRENT LIABILITIES			
Trade and other payables	**14**	7,451	12,459
Deferred revenue	**15**	-	5,859
Income tax payable		451	1,115
Provisions		4,601	296
Borrowings	**16**	68,902	18,531
Derivative financial instruments		80	228
Other financial liabilities	**17**	4,419	3,633
Provision for rehabilitation	**19**	3,173	3,759
TOTAL CURRENT LIABILITIES		**89,077**	**45,880**
NON-CURRENT LIABILITIES			
Deferred revenue	**15**	-	5,467
Borrowings	**16**	22,865	52,141
Other financial liabilities	**17**	6,633	6,984
Deferred tax liability	**18**	19,511	23,009
Provision for rehabilitation	**19**	8,787	9,594
TOTAL NON-CURRENT LIABILITIES		**57,796**	**97,195**
TOTAL LIABILITIES		**146,873**	**143,075**
NET ASSETS		**3,190**	**26,728**
EQUITY			
Issued capital	**20**	246,533	236,032
Reserves		(1,905)	(2,838)
Accumulated losses		(234,239)	(198,987)
Capital and reserves attributable to owners of Continental Coal Limited		10,389	34,207
Amounts attributable to non-controlling interests		(7,198)	(7,479)
TOTAL EQUITY		**3,190**	**26,728**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital Ordinary	Accumulated losses	Foreign Currency Translation Reserve	Other Reserve	Hedging Reserve	Option Reserve	Share Based Payment Reserve	Shares and Options to be Issued	Total	Non-Controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2012	**220,015**	**(164,739)**	**(19,190)**	**(9,944)**	**(508)**	**-**	**30,798**	**-**	**56,433**	**8,089**	**64,522**
Loss for the year	-	(35,720)	-	-	-	-	-	-	(35,720)	(13,768)	(49,488)
Exchange differences on translation of foreign operations	-	-	(4,741)	-	-	-	-	-	(4,741)	(1,311)	(6,052)
Cashflow hedges, net of tax	-	-	-	-	2,284	-	-	-	2,284	803	3,087
Total comprehensive loss for the year	-	(35,720)	(4,741)	-	2,284	-	-	-	(38,177)	(14,276)	(52,453)
Transactions with owners in their capacity as owners:											
Shares issued during the year	16,117	-	-	-	-	-	-	-	16,117	-	16,117
Transaction costs	(100)	-	-	-	-	-	-	-	(100)	-	(100)
Options issued	-	-	-	-	-	-	701	-	701	-	701
Transfers	-	1,472	-	(1,472)	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	(766)	-	-	-	-	(766)	(1,026)	(1,792)
Dividends paid	-	-	-	-	-	-	-	-	-	(266)	(266)
Balance at 30 June 2013	**236,032**	**(198,987)**	**(23,931)**	**(12,182)**	**1,776**	**-**	**31,499**	**-**	**34,207**	**(7,479)**	**26,728**
Loss for the year	-	(35,252)	-	-	-	-	-	-	(24,818)	(8,502)	(33,320)
Exchange differences on translation of foreign operations	-	-	(3,716)	-	-	-	-	-	(3,716)	(824)	(4,540)
Cashflow hedges, net of tax	-	-	-	-	4,650	-	-	-	4,650	-	4,650
Total comprehensive loss for the year	-	(35,252))	(3,716)	-	4,650	-	-	-	(25,926)	(9,326)	(35,252)
Transactions with owners in their capacity as owners:											
Shares issued during the year	10,501	-	-	-	-	-	-	-	10,501	-	10,501
Transaction costs	-	-	-	-	-	-	-	-	-	-	-
Options issued	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	2,128	2,128
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2014	**246,533**	**(234,239)**	**(27,647)**	**(12,182)**	**6,426**	**-**	**34,499**	**-**	**10,389**	**(7,198)**	**3,190**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	64,836	58,505
Payments to suppliers and employees	(60,864)	(70,488)
Interest received	676	249
Other income	121	2,196
Proceeds on settlement of commodity hedges	1,018	336
Income tax paid	(1,126)	(1,080)
Net cash (used in)/provided by operating activities	**2,127**	**(10,282)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for additional ownership interest in subsidiary	-	(8,839)
Exploration expenditure	(326)	(660)
Development costs	(5,190)	(20,393)
Purchase of property, plant and equipment	(2,036)	(6,675)
Proceeds on disposal of property, plant and equipment	-	1,092
Payments in relation to SIOC transaction	-	(331)
Proceeds from sale of Vanmag	-	8,696
Payments for purchase of other assets	(6)	(642)
Net cash (used in) investing activities	**(7,558)**	**(27,752)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of transaction costs	-	8,597
Interest and borrowing costs	(117)	(1,227)
Proceeds from borrowings	5,908	26,890
Repayment of borrowings	(1,886)	(3,537)
Payment to fund Penumbra standby facility	-	(1,930)
Payment of finance related royalty	-	(533)
Dividends paid	-	(266)
Net cash provided by financing activities	**3,924**	**27,994**
Net (decrease)/increase in cash held	(1,507)	(10,040)
Effect of the exchange rate changes on the balance of cash held in foreign currencies at the beginning of the financial year		(1,042)
Cash at beginning of financial year	4,496	14,595
Cash at end of financial year	**2,989**	**3,513**

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

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

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

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

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

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

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

Note 2: Revenue and other income

	Consolidated	
	2014 $'000	**2013 $'000**
Revenue from continuing operations		
- Export coal sales	38,735	35,508
- Eskom coal sales	26,673	25,941
- Other coal sales	3,307	781
Total revenue from continuing operations	68,715	62,230
Other income		
- Foreign exchange gain	64	200
- Recovery of costs	27	2,196
- Interest received	676	502
- Net gain on fair values of derivative financial instruments (note 13e)	147	777
- Realised gains on commodity hedges	1,018	336
- Gain on debt settlement	-	119
- Miscellaneous income	30	-
Total other income	1,962	4,130

Note 3: Expenses

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

Cost of sales		
- Mining	26,836	35,221
- Export costs	8,541	6,405
- Processing	4,773	5,265
- Materials handling	4,395	3,813
- Indirect costs	3,727	3,324
- Administration costs	3,024	2,641
- Stock on hand movement	3,571	-
- Mining royalties	873	1,153
- Depreciation & amortisation	7,022	4,190
- Bought in coal	2,974	-
Total cost of sales	65,736	59,371
Finance costs		
- Interest and borrowing costs	8,436	4,546
- Share based payments	100	-
- Royalty expense	745	3,639
- Convertible note interest accretion	870	2,047
- EDF interest	13,451	623
- Other borrowing costs	3,613	3,033
Total finance costs	27,215	13,888
Impairment		
- Impairment of exploration expenditure (ii)	2,208	26,661
- Impairment of property, plant, and equipment (iii)	-	1,465
Total impairment	2,208	28,126
Administration & Other Expenses		
- Employee related costs	2,994	3,769
- Key management personnel	688	1,543
- Pre feasibility costs in relation to other projects	214	62
- Consultants	942	2,083
- Share based payments	100	429
- Loss on debt settlement	-	626
- Legal fees	671	582
- Occupancy	183	276
- Foreign exchange loss	1,932	1,122
- Depreciation & amortisation	349	216

(i) The impairment charge of $2,208,000 recognised in the year ended 30 June 2014 relates to the carrying values of Vaalbank. The impairment charge of $26,661,000 recognised in the year ended 30 June 2013 relates to the carrying values of Project X, Vlakplaats, and Wesselton 2.

Note 4: Loss per Share (EPS)

		Consolidated	
		2014 $'000	2013 $'000
(a)	**Basic loss per share**		
	From continuing operations attributable to owners of Continental Coal Limited	(0.004)	(6.56)
	From discontinued operation attributable to owners of Continental Coal Limited	-	(0.22)
		(0.004)	(6.78)
(b)	**Reconciliation of loss used in calculating loss per share**		
	Loss for the year from continuing operations attributable to owners of Continental Coal Limited	(24,818)	(34,573)
	From discontinued operation attributable to owners of Continental Coal Limited	-	(1,147)
	Loss used to calculate basic EPS	(24,818)	(35,720)
	Loss used in the calculation of dilutive EPS	(24,818)	(35,720)

		No.	No.
(c)	**Weighted average number of shares used as the denominator**		
	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	697,009,056	526,964,473
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	697,009,056	526,964,473

(d) Diluted earnings per share

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

(e)	**Potential ordinary shares that could dilute EPS in the future**		
	Weighted average number of ordinary shares (basic)	697,009,056	526,964,473
	Effect of share options on issue	126,130,027	162,130,027
	Effect of conversion of debt to equity shares issued post year end	36,000,000	-
	Weighted average number of ordinary shares (diluted) at 30 June	859,139,083	689,094,500

Note 5: Cash and Cash Equivalents

	Consolidated	
	2014 $'000	**2013 $'000**
Cash at bank and in hand	2,989	4,496
	2,989	4,496

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

Cash and cash equivalents	2,989	4,496
Bank overdrafts	-	(983)
	2,989	3,513

Note 6: Trade and Other Receivables

	Consolidated	
	2014 $'000	**2013 $'000**
CURRENT		
Trade receivables (a)	2,547	4,588
Other receivables (b)	1,304	1,012
Prepayments	830	151
Restricted cash (c)	-	1,993
Total current receivables	4,681	7,744
NON-CURRENT		
Other receivables (d)	2,473	2,981
Total non-current receivables	2,473	2,981

2014

(a) The Group's trade receivables are generally settled within 30 days. No interest is charged on outstanding balances.
(b) The majority of other receivables relates to VAT recoverable by the South African subsidiary and deposits.

2013

(c) The majority of the restricted cash balance relates to the Penumbra equity standby facility of ZAR 17,500,000 ($1,930,000) funded by the Group.
(d) As part of the transaction to secure SIOC as the Group's Black Economic Empowerment (BEE) partner during the 2012 year, the Group transferred ZAR 75,000,000 (approximately $9,180,000) of its intercompany loan balance to the new BEE partner. The effect of this transfer was to increase the Group's external receivables and borrowings by the same amount. The receivable balance at year end is inclusive of principal and accrued interest at 3% per annum. It is denominated in South African Rand, and its fair value has been determined using a 16.5% discount rate and a repayment date of 30 June 2022 (2012: 16.6% discount rate and repayment date of 30 June 2017). An increase in the discount of $838,000 (2012: unwinding of discount of $162,000) has been recognised within transactions with non-controlling interests within equity and not in the Consolidated Income Statement.

Note 7: Inventories

	Consolidated	
	2014	**2013**
	$'000	**$'000**
CURRENT		
Coal stockpiles	1,167	4,862
Total coal stockpiles	1,167	4,862

Note 8: Other Assets

NON-CURRENT		
Mining rehabilitation fund	2,472	1,658
	2,472	1,658

As approved by the Department of Mineral Resources in South Africa, the Group makes monthly contributions to a Liberty investment product to fund future environmental rehabilitation work at the Group's Vlakvarkfontein and Penumbra Mines.

The Liberty investment products consist primarily of money market accounts. These investments are not available for general purposes of the Group and are classified as restricted funds. All income earned on these funds is re-invested

Note 9: Controlled Entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)*	
		30 June 2014	**30 June 2013**
Subsidiaries of Continental Coal Limited ("CCC"):			
Continental Coal Ltd ("CCL SA")	South Africa	74	74
Subsidiaries of Continental Coal Ltd			
Tsimpilo Trading 45 (Pty) Limited	South Africa	100	100
Ayoba Taboo Trading 137 (Pty) Ltd	South Africa	100	100
Idada Trading 310 (Pty) Ltd	South Africa	70	70
Kebragen (Pty) Ltd	South Africa	75	75
City Square Trading 437 (Pty) Ltd	South Africa	100	100
Ntshovelo Mining Resources (Pty) Ltd *(i)*	South Africa	50	50
Ultimatum Challenge Trading (Pty) Ltd *(ii)*	South Africa	50	50
Mashala Resources (Pty) Ltd	South Africa	100	100
Subsidiaries of Mashala Resources (Pty) Ltd			
Namib Drilling (Pty) Ltd	South Africa	100	100
Wessleton Opencast (Pty) Ltd	South Africa	100	100
BW Mining (Pty) Ltd	South Africa	100	100
Copper Sunset Trading 148 (Pty) Ltd	South Africa	100	100
Mandla Coal Resources (Pty) Ltd	South Africa	100	100
Penumbra Coal Mining (Pty) Ltd	South Africa	100	100
Mashala Hendrina Coal Pty Ltd (Pty) Ltd)	South Africa	100	100
Weldon Investments (Pty) Ltd	Botswana	100	100

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

Note 10: Exploration Expenditure

	Consolidated	
	2014 **$'000**	**2013** **$'000**
NON-CURRENT		
Exploration expenditure capitalised		
- Exploration and evaluation phases – direct	40,893	45,957
- Exploration and evaluation phases – indirect	6,524	8,406
Total exploration expenditure	47,417	54,363

Mineral rights held by South African subsidiary

Project name	Prospecting or mining right reference	Current holder of mining or prospecting right	Holder of right once transaction is completed	Date Granted
Vlakvarkfontein	MP 300 MR	Ntshovelo Mining Resources (Pty) Ltd	Ntshovelo Mining Resources (Pty) Ltd	2 February 2010
Vaalbank	MP 1689 PR	Misty Sea Trading 262 (Pty) Ltd	Kebragen (Pty) Ltd	16 April 2008
Project X	MP 1640 PR	Misty Sea Trading 262 (Pty) Ltd	Idada Trading 310 (Pty) Ltd	16 April 2008
Vlakplaats	MP 1520 PR	Ultimatum Challenge Trading (Pty) Ltd	Ultimatum Challenge Trading (Pty) Ltd	15 July 2008
Wolvenfontein		Ultimatum Challenge Trading (Pty) Ltd	Ultimatum Challenge Trading (Pty) Ltd	15 July 2008
Ferreira	MP 345 MR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd	19 May 2010
Knapdaar	MP 1494 PR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd	5 February 2008
Leiden	MP 401 PR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd	17 October 2006
Mooifontein Ptn 13 & 16	MP 713 PR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd	17 October 2009
Wesselton II	MP 231 MR	Mashala Resources (Pty) Ltd	Mashala Resources (Pty) Ltd	19 February 2009
Penumbra	MP 247 MR	Penumbra Coal Mining (Pty) Ltd	Penumbra Coal Mining (Pty) Ltd	19 May 2010
De Wittekrans	MP 97 PR MP 365 MR	Mashala Hendrina Coal (Pty) Ltd	Mashala Hendrina Coal (Pty) Ltd	26 April 2006
Botswana		Weldon Investments (Pty) Ltd	Weldon Investments (Pty) Ltd	1 April 2009

Note 11: Development Expenditure

	Consolidated	
	2014 **$'000**	**2013** **$'000**
NON-CURRENT		
- Development expenditure at cost	85,932	89,903
- Accumulated depreciation	(20,827)	(13,559)
Total development expenditure	65,105	76,344

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

Recoverability of the carrying amount of development assets is dependent on the successful development and commercial exploration or sale of the respective mining permits.

Note 12: Property, Plant & Equipment

	Consolidated	
	2014 $'000	2013 $'000
PLANT AND EQUIPMENT		
Plant and equipment at cost	15,162	14,251
Accumulated depreciation	(2,534)	(2,318)
Net book amount	12,628	11,933

Note 13: Deferred Tax Assets

Deferred tax asset		
Tax losses available for set off against future taxable income	4,081	2,045
Other	-	977
	4,081	3,022

Note 14: Trade and Other Payables

CURRENT		
Unsecured liabilities		
Trade payables	6,477	8,997
Sundry payables and accrued expenses	974	2,670
Accrued interest	-	792
	7,451	12,459

Note 15: Deferred Revenue

In previous financial years the Group received USD $20m sales proceeds in advance of the delivery of coal in accordance with the coal prepayment facility with EDF Trading. The prepayment facility was secured over all assets of the Group's South African mining interests apart from Penumbra.

During the year ended 30 June 2014 the EDF coal prepayment facility was restructured into a financial loan repayable through 24 monthly instalments commencing in July 2014. EDF has retained its security over the Group's South African mining interests.

During the year ended 30 June 2014, approximately $2,5m (2013: $5m) of the deferred revenue balance was earned and recognised on the delivery of coal to EDF Trading prior to the restructure.

	Consolidated	
	2014 $'000	2013 $'000
Deferred revenue – current	-	5,859
Deferred revenue – non-current	-	5,467
Total deferred revenue	-	11,326

Note 16: Borrowings

	Consolidated 2014 $'000	Consolidated 2013 $'000
CURRENT		
Bank overdraft – secured	-	983
Convertible Note – unsecured (a)	1,114	932
Convertible Note – unsecured (b)	106	100
Convertible Note – unsecured (c)	5,309	4,510
Convertible Note – unsecured (d)	11,190	9,589
Convertible Note – unsecured (e)	3,800	2,000
Other loans – unsecured (f)	847	160
Related party working capital facility (g)	-	257
Bank debt – secured (h)	26,000	-
EDF loan (i)	15,536	-
Bridge funding (k)	5,000	-
	68,902	18,531
NON-CURRENT		
Bank debt – secured (h)	-	25,034
Related party loans – unsecured (j)	22,698	26,856
Other facilities	167	251
	22,865	52,141

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

(b) The parent entity issued $100,000 of convertible notes on 26 November 2010. The notes are convertible at the option of the holder based upon the share price at the time of conversion. Interest is payable bi-annually at a rate of 10% per annum. The convertible notes matured on 26 November 2013. Refer to details of standstill arrangements below.

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

Note 16: Borrowings (cont'd)

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

(e) The parent entity issued $3,800,000 of convertible notes in March 2013. The notes are convertible at the option of the holder based upon the share price at the time of conversion. The conversion rate is the lesser of 80% of the VWAP over the 10 days prior to conversion or 125% of the VWAP over the 10 days prior to note execution date. The convertible notes matured in September 2013 and are secured over all assets of the Australian parent company Continental Coal Ltd. Refer to details of standstill arrangements below.

(f) Loans are interest bearing at 10% per annum and were due to be repaid on or before 30 June 2013. Refer to details of standstill arrangements below.

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

(h) The Group's initial drawdown of the ABSA Capital project finance facility occurred 12 December 2012, providing the Group with funding to meet outstanding capital development costs and underground mine equipment costs in relation to Penumbra. During the year ended 30 June 2014 the facility of the ZAR 253,000,000 was fully drawn down. The facility is denominated in South African Rand and is repayable in escalating amounts during the second month of each quarter commencing August 2014 and concluding November 2019. The percentage of the facility to be repaid each calendar year is as follows: 2014 – 2%; 2015 – 11.28%; 2016 – 15.64%; 2017 – 21.32%; 2018 – 24.88%; and 2019 – 24.88%. The facility is secured over all assets of Penumbra Coal Mining (Pty) Ltd ("Penumbra"), including project bank accounts, trade and other debtors, property and equipment, contractual rights to licences/permits, and Witbank farms. The facility is guaranteed by Continental Coal Ltd ("CCC"), the Group's South African subsidiary Continental Coal Ltd ("CCL"), and Mashala Resources (Pty) Ltd. Additionally, Mashala has provided its shareholding in Penumbra and its inter-company loan receivable from Penumbra as security for the facility. Half of the drawdown bears interest at JIBAR at drawdown date; the remaining half is fixed with interest rate swaps.

The Group received notice from ABSA that a default event had occurred in March 2014. The directors are working with ABSA to rectify the default as part of the recapitalisation process.

(i) During the year ended 30 June 2014, the EDF coal prepayment facility was restructured into a financial loan repayable through 24 monthly instalments commencing in July 2014. The loan bears interest at 10% per annum and interest will be capitalised until June 2014. Executing binding legal agreements for this restructure are dependent on the recapitalisation of the Group and EDF being provided a second ranking security over the Penumbra underground coal mine and its assets. EDF has retained its security over the Group's South African mining interests (apart from Penumbra).

(j) Related party borrowings of $22,698,000 relate to ZAR 140,000,000 received from SIOC-cdt, the Group's South African BEE partner during the 2012 financial year, and ZAR 75,000,000 transferred from the Group's inter-Group loan to SIOC-cdt during the 2012. The loan is repayable (pro-rata with the inter-company loan payable to the parent entity) as and when the Group has the necessary cash available having regard to the foreseeable cash flow requirements of the Group with reference to its budgeted expenditure requirements. In effect, the SIOC financing (26%) can not be paid until pro rata distributions are also repaid to the parent entity (74%).

Note 16: Borrowings (cont'd)

(k) On 14 February 2014, the Group executed a binding term sheet with UK corporate advisory firm Empire Equity Limited ("Empire Equity") to provide $5 million bridge funding and undertake a broader recapitalisation and restructure of the Group and its financial arrangements. The Group received the $5 million bridge funding from Empire Equity and made key payments to current creditors. Empire Equity and/or its nominees (the "Investors") have invested in 7.5 million unsecured convertible promissory notes ("Notes") with a face value of A$1.00 at a discounted issue price of A$0.6667 per Note and with a maturity date of 4 months redeemable upon successful completion of the Groups recapitalization. The Investors will receive a 6% fee on the Investment Amount as well as 70 million options, subject to shareholder approval, for providing the $5 million. Refer to details of standstill arrangements below.

Standstill arrangements

On 10 February 2014 the Company negotiated a 90 day standstill period, subsequently extended to 15 October 2014, with these parties and certain trade and other creditors of the Company. The Company must meet the specified recapitalisation milestones to ensure the standstill arrangements are in place during the standstill term.

Note 17: Other Financial Liabilities

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

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

The royalty arises from a financing arrangement entered into in a prior financial year. Accordingly, the expense in relation to the royalty of $4,419,458 (2013: $3,639,000) is considered to be a financing cost and is included within financing expenses in the Consolidated Income Statement.

	Consolidated	
	2014 **$'000**	**2013** **$'000**
Current		
Royalty liability	4,419	3,633
	4,419	3,633
Non-current		
Royalty liability	6,633	6,984
	6,633	6,984

Note 18: Deferred Tax Liability

	Consolidated	
	2014 **$'000**	**2013** **$'000**
Non-current		
Deferred tax arising on business combinations	19,511	23,009
	19,511	23,009

The deferred tax liability arises in relation to the difference between the carrying amount of exploration and development expenditure for accounting purposes and the cost base of the assets for tax purpose in accordance with the requirements of Australian Accounting Standard AASB 112 Income Taxes.

The Group does not have a tax payable in relation to the deferred tax liability at 30 June 2014 or 30 June 2013 and as anticipated the deferred tax liability has reduced as the development expenditure is amortised.

Note 19: Provision for Rehabilitation

The Group's provision for rehabilitation relates to environmental liability for Vlakvarkfontein, Ferreira, and Penumbra. South African mining companies are required by law to undertake rehabilitation work as part of their ongoing operations. The expected timing of the cash outflows in respect of the provision is on the closure of the mining operations. Management has assessed that no environmental liability exists for the other projects as only exploration activities have been performed and rehabilitation has taken place as damages were incurred

	Consolidated	
	2014 **$'000**	**2013** **$'000**
Current		
Mining rehabilitation fund	3,173	3,759
	3,173	3,759
Non-current		
Mining rehabilitation fund	8,787	9,594
	8,787	9,594

Note 20: Issued capital

	Consolidated	
	2014 $'000	**2013 $'000**
781,692,712 (2013: 684,104,446) fully paid ordinary shares	246,533	236,032
	246,533	236,032

(a) Movement 2014	**No.**	**$'000**
Balance at 1 July 2013	684,104,446	236,032
16/10/13 – Convertible note interest settled in shares	5,000,000	155
28/11/13 – To director in accordance with employment contract	1,000,000	20
06/12/13 – Convertible note interest and extension fee	15,588,266	326
30/06/14 - Collateral shares in relation to bridging loan	76,000,000	1,520
Balance at 30 June 2013	**781,692,712**	**246,533**

(b) Movement 2013	**No.**	**$'000**
Balance at 1 July 2012	430,742,398	220,015
02/07/12 – Conversion of debt to equity	6,038,647	398
09/07/12 – Conversion of debt to equity	9,113,001	963
03/09/12 – Conversion of debt to equity	10,000,000	309
20/09/12 – Conversion of debt to equity	8,370,540	335
05/10/12 – Conversion of debt to equity	7,259,390	360
18/10/12 – To convertible note holder as upfront coupon payment in relation to new convertible note provided to the Group	1,537,796	60
02/11/12 – Conversion of debt to equity	6,830,602	335
02/11/12 – To convertible note holder as upfront coupon payment in relation to new convertible note provided to the Group	409,837	20
22/11/12 – Conversion of debt to equity	9,213,762	335
22/11/12 – To convertible note holder as upfront coupon payment in relation to new convertible note provided to the Group	552,826	20
30/11/12 – To consultants as consideration for corporate advisory services provided to the Group	1,000,000	45
06/12/12 – To consultants as consideration for corporate advisory services provided to the Group	273,771	22
06/12/12 – To lender as consideration for new borrowings facility provided to the Group	2,000,000	88
06/12/12 – To the investor as consideration for finance facility provided to the Group	6,741,573	297
07/12/12 – Conversion of debt to equity	8,581,237	335
07/12/12 – To consultants as consideration for capital raising services provided to the Group	514,875	20
07/12/12 – To consultants as consideration for corporate advisory services provided to the Group	1,000,000	43
18/12/12 – To convertible note holder as upfront coupon payment in relation to new convertible note provided to the Group	939,346	35
10/01/13 – To convertible note holder as consideration for convertible note facility provided to the Group	939,346	35
10/01/13 – Conversion of debt to equity	8,575,006	557
24/01/13 – Placement	7,500,000	440

Note 20: Issued capital (cont'd)

(b) Movement 2013	**No.**	**$'000**
22/02/13 – Conversion of debt to equity	10,000,000	570
01/03/13 – Conversion of debt to equity	5,000,000	250
06/03/13 – Placement	10,000,000	486
15/03/13 – Royalty settlement	5,603,666	288
21/03/13 – Conversion of debt to equity	5,681,818	250
25/03/13 – To consultants as consideration for corporate advisory services provided to the Group	2,000,000	130
09/04/13 – Placement	5,000,000	233
15/04/13 – Royalty settlement	6,199,228	265
29/04/13 – Conversion of outstanding directors' fees to equity	5,485,781	548
01/05/13 – To director in accordance with employment contract	1,000,000	45
08/05/13 – Placement	100,000,000	8,000
Share issue costs including valuation of derivatives	-	(100)
Balance at 30 June 2013	**684,104,446**	**236,032**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting of the Group, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

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

Grant Date	**Date of Expiry**	**Exercise Price**	**Number of Options**
24/06/2013	30/06/2015	$0.50	65,679,134[1]
16/05/2012	15/05/2015	$0.2216	12,500,000
15/03/2013	15/05/2016	$0.06	15,000,000
16/05/2012	16/07/2016	$0.20	8,000,000
18/11/2011	23/08/2016	$0.368	13,950,893
06/12/2012	06/12/2017	$0.057	6,000,000
18/12/2012	18/12/2017	$0.05382	5,000,000
			126,130,027

[1] Listed Options

Note 21: Segment Reporting

(a) Description of segments

Management has determined that the operating segments are based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors are as disclosed in the Directors' Report.

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

(b) Segment information provided to the Board of Directors

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

2014	Coal SA	Coal Botswana	Corporate Costs	Consolidated
	$'000	$'000	$'000	$'000
Total segment revenue and other income	70,204	-	473	70,677
Segment gross profit	2,979	-	-	2,979
Adjusted EBITDA	3,822	-	(3,812)	9,904
Depreciation	7,371	-	-	7,372
Impairment	2,208	-	-	2,208
Total segment assets at 30 June 2014	145,484	1,147	3,432	150,063
Total segment liabilities at 30 June 2014	105,581	-	41,292	146,873

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

Accounting Policies

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

Intersegment Transfers

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

Notes to the Preliminary Final Report
For the Year ended 30 June 2014

Compliance Statement:

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

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

2. The entity has a formally constituted audit committee.

PETER LANDAU
Executive Director

Date: 31 August 2014