

31 October 2014

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

Via E Lodgement

Corporate Update – Sale of 74% Interest in South African Subsidiary

As previously alluded to in an earlier announcement, the Board of Continental Coal Limited (**ASX:CCC**) (“**Continental**” or “**the Company**”) advised shareholders that subsequent to the completion of the Rights Issue (see ASX announcement dated 30 September 2014) it had been presented with offers from third parties interested in acquiring its 74% interest in South African subsidiary Continental Coal Limited SA (“**CCL SA**”). The Company is pleased to advise that it has accepted one of the offers and is proceeding to sell its 74% interest on the following key terms and conditions:

- (i) Total purchase consideration of Rand 700m (AUD\$72.063m) (“**Purchase Price**”);
- (ii) Proof of funds on or before 7 November 2014;
- (iii) Final due diligence sign off on or before 30 November 2014;
- (iv) Deposit of Rand 50m posted upon final due diligence sign off (30 November 2014) which gets released to Continental upon relevant section 11 approval being obtained in South Africa;
- (v) CCC must deliver with the Purchase Price, complete payout and settlement of the ABSA and EDF debt positions;
- (vi) Purchase Price includes assignment from CCC of its loan account with CCLSA of approximately AUD\$100m;
- (vii) The passing of such resolutions as may be necessary to give effect to the Transaction at a meeting of the Company's shareholders convened in accordance with the ASX Listing Rules and the Corporations Act;
- (viii) Execution of Formal Agreements as may be necessary;

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Interim Executive Chairman: Dr Paul D’Sylva **Interim Executive Director:** Mr Peter Landau
Non-Executive Directors: Dr Lars Schernikau and Bruce Buthelezi

- (ix) Receipt of all necessary South African ministerial consent, government, regulatory and third party approvals, in respect of the Transaction including, but not limited to, Section 11 and waiver of SIOC Pre-Emptives under the Shareholders Agreement that governs the two shareholders of CCL SA; and
- (x) Targeted completion date of 15 January 2015 unless otherwise agreed.

The Purchaser is a consortium headed by LSP Energy (Pty) Ltd, a South African based fund representing significant capital pools with a focus on oil and energy investments. The Board is firmly of the view that the offer (if completed) would leave the company debt free with excess cash reserves at its disposal and the ability to pursue new opportunities that are continually being presented to it.

Rights Issue

With the accepted offer in place the Company will now be preparing and releasing a supplementary prospectus for its Rights Issue given the material nature of the change in circumstance. As previously mentioned, Shareholders will be given the opportunity to have their funds returned from the Rights Issue, remain by way of the proposed supplementary prospectus or Shareholders who didn't participate will be given an opportunity to participate. Timing for the closing of the supplementary prospectus will be on or about 1 December 2014 after payment of the deposit and due diligence sign off by the Purchaser.

For and on behalf of the Board



Peter Landau
Executive Director

For further information please contact:

Investors | Shareholders

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About Continental Coal Limited

Continental Coal Limited (ASX:CCC) 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.