

26 November 2014

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

Via E Lodgement

Supplementary Prospectus

As previously referred to in ASX Announcement of 31 October 2014, the Board of Continental Coal Limited (**ASX:CCC**) ("**Continental**" or "**the Company**") is pleased to attach its Supplementary Prospectus currently being despatched to shareholders.

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.

CONTINENTAL COAL LIMITED
ACN 009 125 651

SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 28 August 2014 (**Prospectus**), issued by Continental Coal Limited (ACN 009 125 651) (**Company**).

This Supplementary Prospectus is dated 26 November 2014 and was lodged with Australian Securities and Investments Commission (**ASIC**) on that date. The ASIC and its officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.conticoal.com. The Company will send a copy of this Supplementary Prospectus to all Applicants who have subscribed for Shares pursuant to the Prospectus prior to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

1. GENERAL

Under the Corporations Act, the Company has an obligation to update a disclosure document if it becomes aware of new information that is material to investors. The Company issued the Prospectus on 28 August 2014. This Supplementary Prospectus is issued with the Prospectus and has been prepared to provide additional information to investors on items that the Company considers may be material.

2. SALE OF SUBSIDIARY AND MAIN UNDERTAKING

As announced to the ASX on 31 October 2014, the Company has conditionally agreed to sell its 74% shareholding interest in its South African incorporated subsidiary Continental Coal Limited SA (**CCLSA**) to a consortium headed by LSP Energy (Pty) Ltd (**Transaction**) on the following key terms and conditions:

- (a) total purchase consideration Rand 700 million (equivalent to \$72.063 million) (**Purchase Price**);
- (b) satisfaction of due diligence on or before 30 November 2014;
- (c) deposit of Rand 50m to be paid upon satisfaction of due diligence;
- (d) the Company must use the Purchase Price to settle the debts owing to Absa Bank Limited and EDF Trading;

- (e) the Purchase Price includes the assignment from the Company of its loan account with CCLSA of \$100,852,555;
- (f) the Transaction is subject to:
 - (i) the Company obtaining all required approvals at a meeting of the Company's shareholders in accordance with the ASX Listing Rules and the Corporations Act (including shareholder approval under Chapter 11 of the ASX Listing Rules for a significant change in the nature and scale of the Company's activities caused by the sale of the Company's main undertaking);
 - (ii) the execution of formal agreements as may be necessary; and
 - (iii) the receipt of all necessary South African ministerial consents and Government, regulatory and third party approvals including, but not limited to, Section 11 and waiver of SIOC Pre-Emptives under the shareholders' agreement that governs the two shareholders of CCLSA; and
- (g) completion of the Transaction is targeted for 15 January 2015 unless otherwise agreed between the parties.

The Company has agreed an extension of time (to 1 December 2014 or, unless any party objects by notice in writing to the Company on or before 1 December 2014, to 31 January 2015) to its standstill agreements with convertible note holders and other major creditors of the Company to allow for completion of the Transaction.

Shareholders should be aware that if the Transaction does not complete, CCLSA shall remain a subsidiary of the Company. In such a scenario, the Company would remain 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. In such a scenario, the Company would seek to further negotiate standstill terms with its creditors and also organise alternative funding arrangements if at all possible.

Shareholders should note that if the Transaction does not complete and the Company is unable to successfully negotiate extended standstill terms or obtain alternative funding, the Company will most likely be unable to meet its payment obligations to its creditors and meet short-term working capital requirements and, as such, will 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 Transaction significantly reduces this risk for the Company.

If the Transaction does complete, the Board is of the opinion that the Company will be debt free with excess cash reserves at its disposal. The Company's intention will then be to pursue new opportunities and potential projects. The Company may also be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules on the acquisition of new assets.

3. TERMINATION OF UNDERWRITING AND SUB-UNDERWRITING

On 14 November 2014, the following agreements were terminated:

- a) the Underwriting Agreement between the Underwriter and the Company; and
- b) the Sub-underwriting Agreements between the Underwriter and each of ISSAR Global and Komodo Capital Pty Ltd.

As such, the Offer is now **not** underwritten and accordingly all references to the Underwriter or a sub-underwriter and to any underwriting or sub-underwriting of the Offer are deleted including, but not limited to, the references in the cover page, the corporate directory in Section 2 and in Sections 3.2, 4.3, 4.9, 4.10, 5.5 and 8.5 to 8.8.

Further, the Prospectus is amended by the entire deletion of Sections 4.7, 4.8(a) to (d) and 8.4

4. USE OF FUNDS AND EXPENSES OF THE OFFER

On completion of the Transaction, the following liabilities of the Company will be discharged in full:

- a) existing Company debt to convertible noteholders, lenders and royalty holders (being approximately \$20,625,244); and
- b) bridging loan to financiers of the Company (being approximately \$7,500,000).

Given the intended application by the Company of the Purchase Price under the Transaction as set out above, the manner in which the Company intends to apply the funds raised under the Offer has changed.

Further, the applications received by the Company prior to the Closing Date represented acceptances of approximately 10% of Entitlements offered under the Offer and it is the Board's present intention to place (at its discretion) a maximum of approximately 15% of the Shortfall Shares under the Shortfall Offer.

On this basis, and given the Offer is now closed, the table below, which replaces the use of funds table in Section 5.1 of the Prospectus, reflects the Company's intended use of funds at a level of the approximate 10% subscription under the Offer and also assuming a maximum of 15% of the Shortfall Shares are placed under the Shortfall Offer:

Item	Proceeds of the Offer	10% Subscription (\$)	10% Subscription and 15% of Shortfall Shares placed (\$)
1.	Payments to other existing creditors of the Company	724,376	724,376
2.	Expenses of the Offer	1,207,047	1,207,047
3.	Working capital ¹	1,275,139	6,070,581
	Total	3,206,562	8,002,004

¹ Such figure comprising of funds to be allocated to compliance costs, the development of new projects by the Company, the funding of CCLSA during the period of its sale by the Company and general working capital of the Company.

The disclosure in Section 8.8 of the Prospectus (Expenses of the Offer) is deleted and replaced with the following disclosure:

The total expenses of the Offer are estimated to be approximately \$1,207,047 (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
Advisory fees	300,000
Legal fees	100,000
Printing and distribution	30,000
Miscellaneous	765,705
Total	<u>1,207,047</u>

5. TIMETABLE

The final two rows of the timetable in Section 2 of the Prospectus are deleted and replaced by the following:

Shortfall Offer closes	24 December 2014
Issue date/Shares entered into Shareholders' security holdings	30 December 2014
Anticipated lifting of suspension of Company's Securities and Quotation of Shares issued under the Offer*	31 December 2014

6. RIGHT TO WITHDRAW APPLICATIONS

In accordance with the Corporations Act, where the Company offers securities under a disclosure document and the Company then becomes aware of a new circumstance that:

- (a) has arisen since the disclosure document was lodged; and
- (b) would have been required under the Corporations Act to be included in the disclosure document if it had arisen before the disclosure document was lodged; and
- (c) is materially adverse from the point of view of an investor;

the Company must give Applicants who have previously submitted an Application Form under the Prospectus a copy of this Supplementary Prospectus and 1 month to withdraw their application and be repaid.

Any repayments made by the Company pursuant to an Applicant exercising their right to withdraw their application will be made in full without interest.

An Applicant who wishes to withdraw their application and obtain a refund must submit a written request to the Company at either of the addresses set out below so that it is received within 1 month of the date of this Supplementary Prospectus (i.e. **by close of business on 29 December 2014**).

Mailed or Delivered to: Continental Coal Limited PO Box 684 WEST PERTH WA 6005	Delivered to: Continental Coal Limited Ground Floor, 1 Havelock Street WEST PERTH WA 6005
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The details for the payment of the refund cheque and address to which it should be sent (or electronic payment details) as set out in the written request must correspond to the details contained in the Application Form lodged (or electronic payment made) by that Applicant.

If you do not wish to withdraw your Application, you do not need to take any action.

6.2 Applications for Shortfall

The Shortfall Offer remains open until 24 December 2014. Applications under the Shortfall Offer **must** be made using the Shortfall Application Form that is attached to or accompanying this Supplementary Prospectus. The Shortfall Application Form contains detailed instructions on how it is to be completed. Applications after the date of this Supplementary Prospectus **must not** be made on the Shortfall Application Form attached to or accompanying the Prospectus.

7. EXTENSION OF TIME TO OBTAIN OFFICIAL QUOTATION ON ASX

Under the Corporations Act, if a person offers securities under a disclosure document and the disclosure document states or implies that the securities are to be quoted on a financial market (e.g. ASX) and the securities are not admitted to quotation within 3 months after the date of the disclosure document (**Quotation Condition**), then an issue or transfer of securities in response to an application made under the disclosure document is void and the person offering the securities must return the money received by the person from the applicants as soon as practicable.

In order for the Company to comply with the Quotation Condition under the Prospectus, the Shares offered under the Prospectus must be admitted to Official Quotation on ASX by 27 November 2014. However, as outlined in Section 6 above, Applicants have until 29 December 2014 to withdraw their applications. Subsequently, the Company is unable to comply with the Quotation Condition by 27 November 2014.

On 24 November 2014, the Company was granted a modification of the Corporations Act by ASIC (**ASIC Modification**). The effect of the ASIC Modification is to give the Company a further 3 months after the date of this Supplementary Prospectus to obtain Official Quotation of the Shares offered under the Prospectus on ASX (i.e. by 25 February 2015).

As at the date of this Supplementary Prospectus, the Company has received 747 applications from Shareholders. The Company has not processed any of these applications or issued any Shares pursuant to the Prospectus.

8. ASX LISTING

Section 4.11 of the Prospectus is replaced by the following:

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus was made within 7 days after the date of the Prospectus.

Following the ASIC Modification, if the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Supplementary Prospectus (i.e. 25 February 2015), or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application moneys 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 offered for subscription.

9. DIRECTORS' AUTHORISATION

This Supplementary 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 Supplementary Prospectus with the ASIC.

Paul D'Sylva
Executive Chairman
For and on behalf of
CONTINENTAL COAL LIMITED