Continental Coal Ltd
ABN 13 009 125 651 ASX Code CCC

27 February 2015

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

Via E Lodgement

Interim Financial Report

The Board of Continental Coal Limited ("**CCC**" or the "**Company**") is pleased to provide its Interim Financial Report and Appendix 4D for the half-year ended 31 December 2014.

For and on behalf of the Board

Peter Landau
Executive Director

For further information please contact:

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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 Ltd

ACN 009 125 651

AND CONTROLLED ENTITIES

APPENDIX 4D
FOR THE HALF-YEAR ENDED

31 DECEMBER 2014

GIVEN IN ACCORDANCE WITH ASX LISTING RULE 4.2A.

CONTINENTAL COAL LIMITED
ACN 009 125 651
AND CONTROLLED ENTITIES

For the half-year ended 31 December 2014

Results for Announcement to Market

SUMMARY RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2014

The following is a summary of the financial results for the period ended 31 December 2014 (previous corresponding period 31 December 2013). Unless otherwise stated all figures are provided in AUD.

	Increase/ (Decrease) %	Six months ended 31 December 2014 $'000	Six months ended 31 December 2013 $'000
Revenue and other income from ordinary activities	(45%)	21,989	39,900
Profit/(Loss) before Interest and Tax **(EBIT)** from ordinary activities	(535%)	(23,425)	(3,688)
Income tax benefit/(expense)	(134%)	(66)	194
Profit /(Loss) for the period attributable to members (**NPAT)**	(62%)	(25,560)	(15,788)

Brief Explanation of above figures
Refer to the Review of Operations on page 4 of the attached Half Yearly Report for the period ended 31 December 2014.

Dividends
There were no dividends declared or paid during the period and the directors do not recommend that any dividend be paid.

Earnings Result

The net loss of Continental Coal Limited for the half-year ended 31 December 2014 after providing for income tax was $26,091,000 (31 December 2013: loss of $16,698,000).

Earnings Per Share (EPS)	31 December 2014 Cents	31 December 2013 Cents
Basic loss per share (cents per share)	(3.34)	(2.29)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	780,512,384	688,466,982

The amount used as the numerator in calculating basic EPS is the same as the net profit/(loss) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Net Tangible Asset (NTA) Backing Per Share	31 December 2014 Cents	31 December 2013 Cents
Net tangible asset backing per share (cents per share)	0.72	(12.74)

Peter Landau
Executive Director

Dated this 28th day of February 2015

ACN 009 125 651

AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2014

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Continental Coal Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

CONTENTS

CORPORATE DIRECTORY

Directors

Dr Paul D'SYLVA
(Executive Chairman)

Peter LANDAU
(Executive Director)

Dr Lars SCHERNIKAU
(Non-Executive Director)

Bruce BUTHELEZI
(Non-Executive Director)

Company Secretary

Jane FLEGG
(Company Secretary)

Registered Office

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

Country of Incorporation

Australia

Auditors

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Telephone: (08) 6382 4600
Facsimile: (08) 6382 6401

Share Registry

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45 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Home Exchange

Australian Stock Exchange Limited
Level 40, Central Park
152-158 St Georges Tce
Perth 6000

ASX Code: CCC

DIRECTOR'S REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Continental Coal Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

DIRECTORS

The names of the Directors who held office during or since the end of the half year:

Dr Paul D'Sylva	Executive Chairman
Mr Peter Landau	Executive Director
Dr Lars Schernikau	Non-executive Director
Mr Bruce Buthelezi	Non-executive Director

REVIEW OF OPERATIONS

Coal Mine and Processing Operations

Health and Safety

During the reporting period, seven incidents were reported at the Group's mining and processing operations. Three Lost Time Incident Reportable ("LTI"), one Dressing Station Case ("DSC") incident and one Medical Treatment Incident (MTI) were reported at the Company's mining and processing operations at the Penumbra Underground Mine with two Lost Time Incident Reportable ("LTI") reported at the Vlakvarkfontein Mine. The accidents had no material impacts and their causes have been addressed.

Operational performance

Operational Performance (tonnes)	
	6 months ended 31 December 2014
Run of Mine (ROM) production	
Vlakvarkfontein	700,166
Ferreira	-
Penumbra	246,303
Total ROM production	**946,469**
Feed to plant	
Ferreira	-
Penumbra	252,586
Total feed to plant	**252,586**
Export yields	
Ferreira	-
Penumbra	60.2%
Domestic sales	642,475
Export sales	166,405
Total sales	**808,880**

DIRECTOR'S REPORT (cont'd)

Vlakvarkfontein Coal Mine

Vlakvarkfontein Coal Mine produced 700,166t ROM for the reporting period, which is approx. 20% higher than budgeted due to additional sales of both select and non-select product.

An average strip ratio of 2.07:1 was achieved for the reporting period.

Total thermal coal sales during the reporting period from the Vlakvarkfontein Coal Mine were 642,475t and comprised 538,936t to Eskom and 103,539t ad-hoc sales of non-select coal.

Mining Costs at Vlakvarkfontein averaged ZAR 88.79/t (US$7.65/t) ROM for the reporting period.

Penumbra Coal Mine

ROM coal production at the Penumbra Coal Mine for the reporting period totalled 246,303t. During the reporting period the Company encountered geological difficulties with stone rolls and a planned dyke being intersected as well as labour issues interrupting production.

During the reporting period 17 additional exploration boreholes were drilled and analysed and, importantly, they confirmed the significantly improved conditions on the western side of the dyke which will be the focus of operations upon completion of the sales process with Ivory Mint. One of the sections currently being mined has converted to drill and blast mining methodology to reduce contamination, minimise waste and ultimately ensure ongoing productivity of the mine. With the current depressed export coal prices, the mine could be converted to a premium domestic coal producer on a crush and screen basis depending on the requirements of the new Operator.

Export yields at Penumbra have been steady during the reporting period with the average yield of 60.20% recorded.

Mining costs of ZAR 196.19/t (US$16.89/t) ROM per sales tonnes recorded for the reporting period.

Ferreira Coal Mine

The consolidated closure plan for Ferreira was submitted to the DMR and the DWA in late September 2014 and as at the date of this report the Company is still awaiting approval.

Development Project

De Wittekrans Coal Project

The Mining Right for De Wittekrans was granted in September 2013. During the reporting period two sites were selected for mining that are being evaluated as to which site will be selected for the first phase of mining. Further design work on the selected sites and coal reserves was carried out during the reporting period. All specialist environmental studies were completed and a revised mine design and layout submitted to the Environmental Impact Management Services who are in the process of finalising the Environmental Impact Assessment for submission to the Department of Water Affairs in support of the Company's Integrated Water Usage License application.

Exploration Projects

Botswana Coal Projects

During the reporting period a binding MOU was concluded on the final two licenses, PL340 and PL341, the terms being that the purchaser will undertake to pay all costs required by the Ministry to fulfil the current obligations of the PL's and on production of first gas the Company will receive US1m. The two licenses were transferred during the reporting period.

DIRECTOR'S REPORT (cont'd)

Non-core Assets

The Group is reviewing an offer to purchase of one of the non-core assets received during the reporting period as well as considering various options received in respect of other assets.

Corporate

Recapitalisation

During the reporting period 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 which was approved by shareholders at a General Meeting on 24 September 2014.

In October 2014 subsequent to the completion of the Rights Issue, the Group was presented with offers from third parties interested in acquiring its 74% interest in South African subsidiary Continental Coal Limited SA ("CCL SA").

Subsequent to the reporting period end the Group announced that it had agreed to revised terms with a new purchaser consortium headed by Ivory Mint Holdings Corp for a total purchase consideration of USD$75.0m ("Purchase Price") on the following key terms:

i) Purchase Price includes:-
   a) complete payout and settlement of the ABSA and EDF debt positions by Continental at closing;
   b) assignment from CCC of its loan account with CCL SA of approximately AUD$100m;

ii) Regulatory conditions:-
   a) 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;
   b) 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

As at the date of this report the targeted completion date of the transaction is 31 March 2015 unless otherwise mutually agreed in writing.

The Board is firmly of the view that the transaction would leave the company debt free with excess cash reserves at its disposal and the ability to pursue new opportunities.

In addition, the Group announced the completion of its Rights Issue Supplementary Prospectus with 800m ordinary shares being issued at $0.005 raising AUD$4.0m before costs as announced on 9 January 2015. Ivory Mint Holdings and investors introduced by them subscribed for 400m shares as part of the Rights Issue Shortfall.

Following completion of the Groups Rights Issue, the Group announced that Ivory Mint has agreed to advance Continental an additional US$5m as part of its commitment to proceeding with the sale process. Continental will, commensurate with the additional funding from Ivory Mint, provide additional funding to its 74% owned subsidiary to ensure the sale process can proceed with the requisite funding and financing in place. The US$5m will come into Continental as an unsecured 10% coupon loan converting to either sale proceeds or a coal offtake depending on the final structure utilised by Ivory Mint, in financing the acquisition of the Continental Coal South Africa 74% interest.

Continental's securities on the ASX recommenced trading on 25 February 2015.

DIRECTOR'S REPORT (cont'd)

During the reporting period ABSA closed out the forward hedging contract at Penumbra which netted ZAR 104,596,479 (A$10,740,300) and was applied towards the total indebtedness of ZAR 259, 466,455 (A$26,642,900) hence now reduced to ZAR 154,869,976 (A$15,902,600) with ABSA requiring the balance of the debt to be repaid.

The Group is negotiating with the Business Rescue Practitioners appointed by ABSA and EDF the conditions of paying out the debt facilities in conjunction with the 74% sale process. If the Group does not complete the Ivory Mint sales process in the time frames provided and generally on the same terms, the Group will have to proceed to secure payment of the existing ABSA and EDF facilities by way of a managed tender process to be undertaken by the Business Rescue Practitioners.

As part of the Business Rescue process, the Business Rescue Practitioners appointed by ABSA and EDF have taken over the management control of the Group's South African subsidiary operations and as such the accounting treatment required that the group deconsolidate its South African subsidiary as at 30 November 2014 and be accounted for as an available-for-sale investment. The parent entity maintains protective rights over the subsidiary. As a result, the accounts have been re-stated for the comparative period (31 December 2013).

AIM Cancellation

During the reporting period, whilst Continental attempted to retain its listing, as a consequence of the Group's securities having been suspended from trading on AIM for over six months, under the requirements of Rule 41 of the AIM Rules for Companies Continental's admission to trading on AIM was cancelled, effective 7am Wednesday, 15 October 2014.

ROUNDING

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than as set out above, there were no matters or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Group.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2014 can be found on the following page.

This report is made in accordance with a resolution of the Board of Directors.

Peter Landau
Executive Director

Dated this 28th day of February 2015

DIRECTOR'S REPORT (cont'd)

Competent Persons Statement

The information in this release 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 release 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 Coal Reserves on Vlakvarkfontein, De Wittekrans and Penumbra 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.

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DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF CONTINENTAL COAL LIMITED

As lead auditor for the review of Continental Coal Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Continental Coal Limited and the entities it controlled during the period.

Brad McVeigh

Director

BDO Audit (WA) Pty Ltd

Perth, 27 February 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated	
		31 December 2014 $'000	31 December 2013 $'000 *Restated
Operating sales revenue	2	-	-
Other income	2	-	351
Administration expenses	3	(1,091)	(1,046)
Finance expenses	3	(2,351)	(10,269)
Marketing expenses		(85)	(97)
Foreign exchange gain/(loss)		(806)	(117)
Other expenses	3	(1,866)	(243)
Loss before income tax		**(6,199)**	**(11,421)**
Income tax benefit/(expense)		-	-
Loss for the half year from continuing operations		**(6,199)**	**(11,421)**
Discontinued operations			
Loss from discontinued operations	4	(19,892)	(5,276)
Loss attributable to equity holders of Continental Coal Limited for the half year		**(26,091)**	**(16,698)**
Net loss is attributable to:			
Owners of Continental Coal Limited		(25,560)	(15,788)
Non-controlling interests		(531)	(910)
		(26,091)	(16,698)
Other Comprehensive Income/(Loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		931	85
Changes in the fair values of cashflow hedges, net of tax		(3,661)	(580)
Other comprehensive loss for the half year, net of tax		(2,730)	(495)
Total comprehensive loss attributable to equity holders of Continental Coal Limited for the half year		**(28,821)**	**(17,193)**
Total Other Comprehensive Loss is attributable to:			
Owners of Continental Coal Limited		(27,521)	(16,430)
Non-controlling interests		(1,300)	(763)
		(28,821)	(17,193)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Group:			
Basic loss per share *(cents per share)*		(0.68)	(1.66)
Diluted loss per share *(cents per share)*		(0.68)	(1.66)
Loss per share for loss attributable to the ordinary equity holders of the Group:			
Basic loss per share *(cents per share)*		(3.34)	(2.29)
Diluted loss per share *(cents per share)*		(3.34)	(2.29)

*Restated. Refer to Note 4 for details

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Company 31 December 2014 $'000	Consolidated 30 June 2014 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	83	3,619
Trade and other receivables		172	4,527
Inventories		-	1,166
		255	9,312
Non-current asset classified as held for sale	6	88,235	-
TOTAL CURRENT ASSETS		88,490	9,312
NON-CURRENT ASSETS			
Trade and other receivables		-	3,936
Other assets		-	2,411
Derivative financial instruments		-	7,047
Exploration expenditure		-	47,306
Development expenditure		-	63,988
Property, plant and equipment		-	13,792
Deferred tax assets		-	2,107
TOTAL NON-CURRENT ASSETS		-	140,587
TOTAL ASSETS		88,490	149,899
CURRENT LIABILITIES			
Trade and other payables	7	5,889	10,713
Deferred revenue		-	53
Income tax payable		-	501
Provisions		832	7,610
Borrowings	8	62,552	69,531
Derivative financial instruments		80	80
Other financial liabilities		10,688	4,594
Provision for rehabilitation		-	3,480
TOTAL CURRENT LIABILITIES		80,041	96,562
NON-CURRENT LIABILITIES			
Provisions		-	3,688
Borrowings	8	-	22,792
Other financial liabilities		-	6,094
Deferred tax liability		-	19,503
Provision for rehabilitation		-	8,364
TOTAL NON-CURRENT LIABILITIES		-	60,441
TOTAL LIABILITIES		80,041	157,003
NET ASSETS/ (LIABILITIES)		**8,449**	**(7,104)**
EQUITY			
Issued capital	9	238,913	236,733
Reserves		31,499	(3,776)
Accumulated losses		(261,963)	(229,282)
Capital and reserves attributable to owners of Continental Coal Ltd		8,449	3,675
Amounts attributable to non-controlling interests		-	(10,779)
TOTAL EQUITY/(DEFICIENCY)		**8,449**	**(7,104)**

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 HALF YEAR ENDED 31 DECEMBER 2014

	Share Capital Ordinary	Accumulated losses	Foreign Currency Translation Reserve	Other Reserve	Hedging Reserve	Share Based Payment Reserve	Total	Non-Controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	**236,032**	**(198,987)**	**(23,931)**	**(12,182)**	**1,776**	**31,499**	**34,207**	**(7,479)**	**26,728**
Loss for the half year	-	(15,788)	-	-	-	-	(15,788)	(910)	(16,698)
Exchange differences on translation of foreign operations	-	-	(195)	-	-	-	(195)	280	85
Cashflow hedges, net of tax	-	-	-	-	(447)	-	(447)	(133)	(580)
Total comprehensive income/(loss) for the half year	-	(15,788)	(195)	-	(447)	-	(16,430)	(763)	(17,193)
Transactions with owners in their capacity as owners:									
Shares issued during the half year	501	-	-	-	-	-	501	-	501
Dividends paid	-	-	-	-	-	-	-	(260)	(260)
Balance at 31 December 2013	**236,533**	**(214,775)**	**(24,126)**	**(12,182)**	**1,329**	**31,499**	**18,278**	**(8,502)**	**9,776**
Balance at 1 July 2014	**236,733**	**(229,282)**	**(28,216)**	**(10,720)**	**3,661**	**31,499**	**3,675**	**(10,779)**	**(7,104)**
Loss for the half year	-	(25,560)	-	-	-	-	(25,560)	(531)	(26,091)
Exchange differences on translation of foreign operations	-	-	1,700	-	-	-	1,700	(769)	931
Cashflow hedges, net of tax	-	-	-	-	(3,661)	-	(3,661)	-	(3,661)
Total comprehensive income/(loss) for the half year	-	(25,560)	1,700	-	(3,661)	-	(27,521)	(1,300)	(28,821)
Transactions with owners in their capacity as owners:									
Shares issued during the half year	2,180	-	-	-	-	-	2,180	-	2,180
Transaction with NCI	-	-	-	4,130			4,130	(8,515)	(4,385)
Realisation of forex and hedge reserves	-	-	26,516	-	-	-	26,516	-	26,516
Elimination of NCI on deconsolidation	-	(531)	-	-	-	-	(531)	20,838	20,307
Dividends paid	-	-	-	-	-	-	-	(244)	(244)
Transfer of reserves	-	(6,590)	-	6,590	-	-	-	-	-
Balance at 31 December 2014	**238,913**	**(261,963)**	**-**	**-**	**-**	**31,499**	**8,449**	**-**	**8,449**

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 HALF YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated 31 December 2014 $'000	Consolidated 31 December 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		23,349	40,832
Interest received		-	249
Other income		-	31
Proceeds from commodity hedge		-	561
Payments to suppliers and employees		(24,774)	(36,667)
Income tax paid		(1,010)	(1,126)
Net cash provided by/(used in) operating activities		(2,435)	3,880
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	420
Exploration expenditure		(29)	(244)
Development costs		(204)	(1,783)
Purchase of property, plant and equipment		-	(1,593)
Transfer of cash on loss of management control of subsidiary		(1,585)	-
Net cash (used in) investing activities		(1,818)	(3,200)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs		1,373	-
Interest and borrowing costs		-	(1,145)
Proceeds from borrowings		1,907	908
Repayment of borrowings		(1,800)	(491)
Dividends payments		(244)	(325)
Net cash (used in)/provided by financing activities		1,236	(1,053)
Net (decrease) in cash held		(3,017)	(373)
Effect of the exchange rate changes on the balance of cash held in foreign currencies at the beginning of the half year		169	(74)
Cash at beginning of half year		2,931	3,513
Cash at half year end	**5**	**83**	**3,066**

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

Note 1: Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting.

The half year financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Continental Coal Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Reporting Basis and Conventions

The half-year financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Rounding

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods.

Note 1: Basis of Preparation (cont'd)

Going Concern

The financial statements have 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.

The loss of the Group for the half year amounted to $26,091,000; the parent had a net working capital deficit of $79,786,000; and the parent had a net increase in cash of $73,000.

During the half-year, the Group continued active discussions with its creditors, royalty holders, convertible note holders, and other financiers and investor Groups in respect to the recapitalisation of the Group.

During the half-year, the Group announced a fully underwritten non-renounceable rights issue prospectus to raise approximately $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 which was approved by shareholders at a General Meeting on 24 September 2014.

Subsequent to the completion of the Rights Issue, the Group was presented with offers from third parties interested in acquiring its 74% interest in its South African subsidiary.

As a result, the Group issued a Rights Issue Supplementary Prospectus and announced completion subsequent to the half-year end with 800m ordinary shares being issued at $0.005 raising AUD$4.0m before costs.

Subsequent to the half-year end, the Group announced that it had agreed to revised terms with a new purchaser consortium headed by Ivory Mint Holdings Corp for a total purchase consideration of USD$75.0m. Ivory Mint Holdings and investors introduced by them subscribed for 400m shares as part of the Rights Issue Shortfall.

On this basis and considering the options available to the Group, the directors are of the opinion that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due. Should the Company fail to complete the sale or alternate method of recapitalisation, the Group may not be able to continue as a going concern. It may be required to realise its assets and extinguish its liabilities other than in the normal course of business, and at amounts that differ from those in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Note 1: Basis of Preparation (cont'd)

Critical accounting estimates and judgements
The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity. Areas involving a higher degree of judgement or complexity, or areas where estimations and assumptions are significant to the financial statements are disclosed here.

(i) Loss of management control of subsidiary

During the reporting period, ABSA closed out the forward hedging contract at Penumbra which netted ZAR 104,596,479 (A$10,740,300) and was applied towards the total indebtedness of ZAR 259,466,455 (A$26,642,900) hence, reducing total indebtedness to ZAR 154,869,976 (A$15,902,600) with ABSA requiring the balance to be paid out. On 20 November 2014, Business Rescue Practitioners were appointed by ABSA and EDF over Continental Coal Limited (South Africa), Mashala Limited and Penumbra Coal Mining (Pty) Ltd.

As part of the Business Rescue process, the Business Rescue Practitioners appointed by ABSA and EDF has taken over the management of the Group's South African subsidiary, however, the Group maintains its protective rights.

In compliance with Accounting Standards, the Group has deconsolidated its 74% interest in its South African subsidiary effective 30 November 2014 and its interest is now accounted for as available-for-sale investment (refer note 6). On 31 October 2014, the Group announced it had accepted an offer to purchase its 74% interest in its South African subsidiary. Results are detailed in note 4 (discontinued operation).

(ii) Classification and carrying value of investment in Continental Coal Limited South Africa

During the half year, the Group accepted an offer to purchase its 74% interest in its South African subsidiary, Continental Coal Limited South Africa. Subsequent to the half-year ended, the Group announced that it had agreed to revised terms with a new purchaser consortium headed by Ivory Mint Holdings Corporation for a total purchase consideration of US$75m to be concluded Q2 2015. The Group recognises the 74% investment in its South African subsidiary at its fair value which is based on the total purchase consideration agreed upon with the consortium headed by Ivory Mint Holding Corporation.

i) Purchase Price includes:-
- a) complete payout and settlement of the ABSA and EDF debt positions by Continental at closing;
- b) assignment from CCC of its loan account with CCL SA of approximately AUD$100m;

ii) Regulatory conditions:-
- c) 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;
- d) 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.

iii) Other conditions:-
- a) Final due diligence sign off and execution of formal contracts on or before 15 January 2015.

Note 2: Revenue and other income

	Consolidated	
	31 December 2014 $'000	**31 December 2013 $'000 *Restated**
Other income		
- Interest income	-	204
- Realised gains on derivative financial instruments	-	147
Total other income	-	351
Revenue from discontinued operations (refer note 4)		
- Export coal sales	9,667	23,971
- Eskom coal sales	10,990	13,842
- Other coal sales	-	784
- other income	1,331	952
Total revenue from operations	21,989	39,549

Note 3: Expenses

	Consolidated	
	31 December 2014 $'000	**31 December 2013 $'000 *Restated**
(a) Loss before income tax includes the following specific expenses:		
Finance costs		
- Interest expense	1,233	8,656
- Share based payments (note 10)	180	20
- Accretion of convertible note interest (note 8)	938	833
- Royalty expense	-	760
Total finance costs	2,351	10,269

Note 3: Expenses (cont'd)

	Consolidated	
	31 December 2014 $'000	**31 December 2013 $'000 *Restated**
Administration & Other Expenses		
- Key management personnel	168	266
- Pre feasibility costs in relation to other projects	-	214
- Consultants	1,865	490
- Share based payments (note 10)	180	20
- Legal fees	156	224

Note 4: Discontinued operation

a. Loss of management control

During the reporting period, ABSA closed out the forward hedging contract at Penumbra which netted ZAR 104,596,479 (A$10,740,300) and was applied towards the total indebtedness of ZAR 259,466,455 (A$26,642,900) hence, reducing total indebtedness to ZAR 154,869,976 (A$15,902,600) with ABSA requiring the balance of the debt to be repaid.

On 20 November 2014, Business Rescue Practitioners were appointed by ABSA and EDF over Continental Coal Limited (South Africa), Mashala Limited and Penumbra Coal Mining (Pty) Ltd.

As part of the Business Rescue process, the Business Rescue Practitioners appointed by ABSA and EDF has taken over the management of the Group's South African subsidiary, however, the Group maintains its protective rights.

As a result, the Group has lost management control of the following companies:

Name of entity	Place of business/ Country of incorporation**	Principal activities	Ownership interest held by the group		Ownership interest held by NCI	
			2014 %	2013 %	2014 %	2013 %
Continental Coal Limited (South Africa)	South Africa	Investment in coal operations	74	74	26	26
Mashala Limited	South Africa	Coal production	74	74	26	26
Penumbra Coal Mining (Pty) Ltd	South Africa	Coal production	74	74	26	26

Note 4: Discontinued operation (cont'd)

In compliance with Accounting Standards, the Group has deconsolidated its 74% interest in its South African subsidiary effective 30 November 2014 and its interest is now accounted for as available-for-sale investment (refer note 6). On 31 October 2014, the Group announced it had accepted an offer to purchase its 74% interest in its South African subsidiary.

Details of the loss of management control	**30 November 2014 $'000**
Consideration received:	
Cash	-
Fair value of 74% interest held in subsidiary	88,235
Non-controlling interest at deconsolidation	(20,307)
ABSA and EDF debt assumed by Continental Coal Limited	(25,221)
	42,707
Less:	
Other comprehensive income recycled to profit and loss	26,516
Carrying amount of net assets on deconsolidation	34,041
Loss on deconsolidation	**(17,850)**
Continental Coal Limited's share of CCL's loss for the 5 month period to 30 November 2014	(2,042)
Total loss on discontinued operation	**(19,892)**

b. Results of discontinued operation

	31 December 2014 $'000	**31 December2013 $'000 *Restated**
(i) Results from discontinued operation		
Revenue	21,989	39,549
Cost of sales	(21,346)	(35,989)
Asset write off	-	(2,265)
Other expenses	(2,619)	(6,765)
Results from operating activities	**(1,976)**	**(5,470)**
Income tax expense/(benefit)	(66)	194
Results from operating activities, after tax	**(2,042)**	**(5,276)**
(ii) Cash flows from (used in) discontinued operation		
Net cash used in operating activities	(254)	7,116
Net cash flow for the year	**(254)**	**7,116**

Note 5: Cash

	Company 31 December 2014 $'000	**Consolidated 30 June 2014 $'000**
CURRENT		
Cash at bank and in hand	83	3,619
	83	3,619

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	83	3,619
Bank overdrafts (note 8)	-	(688)
	83	2,931

Note 6: Non-current asset held-for-sale

	Company 31 December 2014 $'000
Fair value of asset held-for-sale	**88,235**

During the half year, the Group accepted an offer to purchase its 74% interest in its South African subsidiary, Continental Coal Limited South Africa. Subsequent to the half-year ended, the Group announced that it had agreed to revised terms with a new purchaser consortium headed by Ivory Mint Holdings Corporation for a total purchase consideration of US$75m to be concluded Q2 2015.

The Group recognises the 74% investment in its South African subsidiary at its fair value which is based on the total purchase consideration agreed upon with the consortium headed by Ivory Mint Holding Corporation.

i) Purchase Price includes:-
   a) complete payout and settlement of the ABSA and EDF debt positions by Continental at closing;
   b) assignment from CCC of its loan account with CCL SA of approximately AUD$100m;

ii) Regulatory conditions:-
   a) 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;
   b) 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

iv) Other conditions:-
   b) Final due diligence sign off and execution of formal contracts on or before 15 January 2015.

Note 7: Trade and Other Payables

	Company 31 December 2014 $'000	Consolidated 30 June 2014 $'000
CURRENT		
Unsecured liabilities		
Trade payables	1,212	5,670
Sundry payables and accrued expenses	904	2,394
Accrued interest	3,772	2,649
	5,889	10,713

Note 8: Borrowings

	Company 31 December 2014 $'000	Consolidated 30 June 2014 $'000
CURRENT		
Bank overdraft – secured	-	688
Convertible note – unsecured (a)	1,000	1,000
Convertible note – unsecured (b)	90	90
Convertible note – unsecured (c)	4,900	4,900
Convertible note – unsecured (d)	10,000	10,000
Convertible note – secured (e)	3,800	3,800
Other loans – unsecured (f)	979	1,069
Related party working capital facility (g)	-	233
Other facilities	-	-
Bank debt – secured (h)	16,571	26,048
EDF loan (i)	18,127	14,678
Bridge funding (k)	7,085	7,085
	62,552	69,531
NON-CURRENT		
Bank debt – secured (h)	-	-
Related party borrowings – unsecured (j)	-	22,686
Other facilities	-	106
	-	22,792

Note 8: Borrowings (cont'd)

(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. 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.

(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 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. This debt was at the subsidiary level and has been transferred out of the group on deconsolidation (refer note 4).

Note 8: Borrowings (cont'd)

(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 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. 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.

During the half-year, ABSA closed out the forward hedging contract at Penumbra which netter ZAR 104,596,479 (A$10,740,300) and was applied towards the total indebtedness of ZAR 259,466,455 (A$26,642,900) hence now reduced to ZAR 154,869,976 (A$15,902,600) with ABSA requiring the balance of the debt to be repaid.

(i) During 2012, the Group entered into Coal Supply Agreement with EDF Trading Limited (EDF) whereby EDF paid an upfront fee of US$20m, to be settled through the delivery of coal. The Group has granted EDF security over the Company's South African Mining interests apart from Penumbra.

(j) Related party borrowings of $22,686,000 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%) cannot be paid until pro rata distributions are also repaid to the parent entity (74%). This debt was at the subsidiary level and has been transferred out of the group on deconsolidation (refer note 4).

(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 Parent Company negotiated a 90 day standstill period, subsequently extended to 31 January 2015, with these parties and certain trade and other creditors of the Parent Company dependent on the sales process or alternative methods of recapitalisation. As at the date of this report, negotiations with these parties are ongoing during the final stages of the sales process.

Note 9: Issued capital

	Company 31 December 2014 $'000	Consolidated 30 June 2014 $'000
1,181,692,712 (30 June 2014: 745,692,712) fully paid ordinary shares	238,913	236,733
	238,913	236,733

(a) Movement to 31 December 2014	**No.**	**$'000**
Balance at 1 July 2014	745,692,712	236,733
Shares issued during the half year:		
07/07/14 – Issued as corporate advisory fee	36,000,000	180
31/12/14 – issued to shareholders who participated in NRRI	400,000,000	2,000
Balance at 31 December 2014	**1,181,692,712**	**238,913**

Refer to note 15 for shares issued subsequent to reporting date

(b) Movement to 30 June 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 - Shares in relation to bridging loan	40,000,000	200
Balance at 30 June 2014	**745,692,712**	**236,733**

(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 half year is as follows:

Date of Expiry	Exercise Price	Number of Options
30/06/2015	$0.50	65,679,134[1]
15/05/2016	$0.06	15,000,000
16/07/2016	$0.20	8,000,000
23/08/2016	$0.368	13,950,893
15/05/2015	$0.2216	12,500,000
06/12/2017	$0.057	6,000,000
18/12/2017	$0.05382	5,000,000
30/06/2017	$0.015	36,000,000
		162,130,027

[1] Listed Options

Note 10: Share-based Payments

The following share-based payment transactions occurred during the half year:

Quantity	Security	$ Value '000	Purpose
36,000,000	Ordinary fully paid shares	180	Issued in lieu of corporate advisory and facility fee
		180	*Total share based payment expense included within financing costs*

(i) The value of these shares has been determined based on their market value at grant date.

Total share based payment expense recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2014 is $180,000 (31 December 2013: $501,000).

Note 11: Contingent Liabilities and Contingent Assets

The Group is not aware of any material change in the contingent liabilities and contingent assets from those reported in the annual report for the year ended 30 June 2014.

Note 12: Related Party Transactions

Related party transactions continue to be in place during the period. See 30 June 2014 annual report for details.

Note 13: 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:

31 December 2014	Discontinued Operations Coal SA* $'000	Discontinued Operations Coal Botswana* $'000	Corporate Costs $'000	Consolidated $'000
Total segment revenue and other income	-	-	123	123
Segment gross profit	-	-	-	-
EBITDA	-	-	(3,848)	(3,848)
Depreciation & amortisation	-	-	-	-
Total segment assets	-	-	90,490	90,490
Total segment liabilities	-	-	80,041	80,041

*These segments relate to activities carried out in South Africa. Per Note 4, CCL South Africa was deconsolidated during the period the loss for the period in relation to these activities have been included in the calculation of the loss on discontinued operation and the assets and liabilities are included within assets held-for-sale (refer to notes 4 and 6).

Note 13: Segment Reporting (cont'd)

Comparatives	Discontinued Operation Coal SA	Discontinued Operation Coal Botswana	Corporate Costs	Consolidated Continuing Operations*
	$'000	$'000	$'000	$'000
For the 6 months ending 31 December 2013:				
Total segment revenue and other income	39,549	-	351	351
Segment gross profit	2,608	-	-	-
EBITDA	1,680	-	(1,503)	(1,503)
Depreciation & amortisation	3,551	-	-	-
As at 30 June 2014:				
Total segment assets	144,479	1,263	4,159	4,159
Total segment liabilities	166,605	-	50,397	50,397

***Restated**

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.

EBITDA

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of equity-settled share-based payments and unrealised gains/ (losses) on financial instruments.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the consolidated entity.

The reconciliation of EBITDA to operating profit before income tax is provided as follows:

	Consolidated	
	31 December 2014 $'000	31 December 2013 $'000 *Restated
EBITDA	**(3,848)**	**(1,503)**
Interest income		351
Finance costs	(2,351)	(10,269)
Depreciation & amortisation	-	-
Income tax (expense)/benefit	-	-
Loss from continuing operations	**(6,199)**	**(11,421)**

Note 14: Fair Value Measurement of Financial Instruments

(a) Fair value hierarchy

The Group does not have any financial assets or financial liabilities measured and recognised at fair value at 31 December 2014.

(b) Fair values of other financial instruments

The Group has a number of financial instruments which are not measured at fair value in the Consolidated Statement of Financial Position.

Due to their short term nature, the carrying amounts of the current receivables, current payables, current borrowings, and current other financial liabilities is assumed to approximate their fair value.

Note 15: Events Occurring After the Reporting Date

Subsequent to the half year end the Group announced:-

1. that it had agreed to revised terms with a new purchaser consortium headed by Ivory Mint Holdings Corp for a total purchase consideration of USD$75.0m ("Purchase Price") on the following key terms:

   (i) Purchase Price includes:-
   (a) complete payout and settlement of the ABSA and EDF debt positions by Continental at closing;
   (b) assignment from CCC of its loan account with CCL SA of approximately AUD$100m;

   ii) Regulatory conditions:-
   (a) 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;
   (b) 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.

   As at the date of this report the targeted completion date of the transaction is 31 March 2015 unless otherwise mutually agreed in writing.

2. the completion of its Rights Issue Supplementary Prospectus with 800m ordinary shares being issued at $0.005 raising AUD$4.0m before costs. Ivory Mint Holdings and investors introduced by them subscribed for 400m shares as part of the Rights Issue Shortfall.

3. following completion of the Groups Rights Issue, Ivory Mint has agreed to advance Continental an additional US$5m as part of its commitment to proceeding with the sale process. Continental will, commensurate with the additional funding from Ivory Mint, provide additional funding to its 74% owned subsidiary to ensure the sale process can proceed with the requisite funding and financing in place. The US$5m will come into Continental as an unsecured 10% coupon loan converting to either sale proceeds or a coal offtake depending on the final structure utilised by Ivory Mint, in financing the acquisition of the Continental Coal South Africa 74% interest.

4. Continental's securities on the ASX recommenced trading on 25 February 2015.

The directors of the Group declare that:

1. the financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001, and other mandatory professional reporting requirements; and
   (b) give a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half year ended on that date.

2. In the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Peter Landau
Executive Director

Dated this 28th day of February 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Continental Coal Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Continental Coal Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Continental Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Continental Coal Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Qualified Conclusion

Included in Continental Coal Limited's statement of financial position as at 31 December 2014 is a 74% interest in Continental Coal Ltd (South Africa) which has been classified as an asset held for sale and carried at $88,235,000. As disclosed in Note 6 in the half-year financial report, this asset held for sale is being carried at fair value being the total purchase consideration in the Offer document. The sale is conditional upon satisfaction of the conditions in the Offer document being finalised. We were unable to obtain sufficient appropriate review evidence to support the carrying value of the asset held for sale at 31 December 2014 as the conditions of the Offer have not been satisfied. Consequently we were unable to determine whether any adjustments to this amount are necessary.

Qualified Conclusion

Based on our review, which is not an audit, with the exception of the possible effects of the matter described in the basis for qualified conclusion paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Continental Coal Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the company to continue as a going concern is dependent upon the finalisation of the sale of Continental Coal Limited's 74% interest in Continental Coal Ltd (South Africa) to Ivory Mint Holdings. This condition, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh

Director

Perth, 27 February 2015