

30 April 2015

REPORT FOR THE QUARTER ENDED 31 MARCH 2015

Continental Coal Limited (“**Continental**” or “**the Company**”) provides its operations report for the quarter ended 31 March 2015.

1. OPERATIONS

1.1 Operational performance

Operational performance (tonnes)		
	Quarter ended 31 March 2015	Quarter ended 31 December 2014
Run of Mine (ROM) production		
Vlakovarkfontein	212,484	338,953
Penumbra	30,839	94,253
Total ROM production	243,323	433,206
Feed to plant		
Penumbra	31,329	100,923
Total feed to plant	31,329	100,293
Export yields		
Penumbra	60.3%	60.0%
Export coal buy-in	-	-
Domestic sales	162,293	343,855
Export sales	16,870	59,732
Total sales	179,163	403,587

<p style="text-align: center;">South Africa</p> <p>T +27 11 881 1420 F +27 86 206 4487 W www.conticoal.com 34/36 Fricker Road, Illovo 2196 PO Box 787646, Sandton 2146</p>	<p style="text-align: center;">Australia</p> <p>T +61 8 9488 5220 F +61 8 9324 3400 W www.conticoal.com Ground Floor, 1 Havelock Street, West Perth, WA 6005 PO Box 684, West Perth, WA 6872</p>
---	---

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

Non-Executive Directors: Dr Lars Schernikau and Bruce Buthelezi

1.2 Vlakvarkfontein Coal Mine

Vlakvarkfontein Coal Mine produced 212,484t ROM for the quarter.

Total thermal coal sales during the quarter from the Vlakvarkfontein Coal Mine were 162,293t and comprised 131,840t to Eskom and 30,453t of non-select coal.

The lower ROM and sales for the quarter was mainly attributable to low deliveries to Eskom while a new Eskom contract is being negotiated (second quarter 2015) and no adhoc sales.

An average strip ratio of 2.12 was achieved for the quarter.

Mining Costs at Vlakvarkfontein averaged ZAR 90.90/t (US\$7.52/t) ROM for the quarter.

1.3 Penumbra Coal Mine

ROM coal production at the Penumbra Coal Mine for the Quarter totaled 30,839t with Export sales of 16,870t.

The reduced production and sales are as a result of the Company's decision, due to the current depressed export coal prices and high production costs as a result of inefficiencies in using continuous miners with the geology being encountered, to place the mine on care and maintenance during the sale process and conserve cash. An alternative mine plan of converting the mine to three drill and blast sections (approximately Rand 35m) has been prepared and is financially viable for both export and, more specifically, domestic sales where demand remains high and margins strong.

1.4 Health and Safety

Only one accident occurred during the quarter, a Lost Time Incident Reportable ("LTI") at the Penumbra Underground Mine. The accident had no material impact and its cause is being addressed.

2. DEVELOPMENT PROJECT

De Wittekrans Coal Project

The two sites selected for mining are still being evaluated as to which site will be selected for the first phase of mining. All specialist environmental studies have previously been completed and a revised mine design and layout was submitted to the Environmental Impact Management Services. The Company's Integrated Water Usage License application is anticipated to be received during the coming quarter.

3. NON-CORE ASSETS

The Company's non-core assets are being reviewed as part of the sales process.

4. CORPORATE

During the quarter the Company 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

The Company announced 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.

During the quarter the Company, Ivory Mint and its financiers continued negotiations to finalise the structuring of the transaction to ensure completion within a time frame that allows the transaction to proceed. Currently the parties are working on a stage 1 completion process (which contemplates the settlement of the ABSA and EDF debt positions by way of a short term refinancing facility) to allow for the key regulatory conditions precedent to be satisfied and the formal transaction to proceed. As previously announced, if the Company does not complete the Ivory Mint sales / refinancing process in the time frames agreed and generally on the same terms, the Company will have to proceed to secure payment of the existing ABSA and EDF facilities by way of a managed tender process of its assets which has been undertaken by the Business Rescue Practitioners.

The Company also announced that Ivory Mint had agreed to establish a US\$5m facility to as part of its commitment to proceeding with the sale process. AUDS\$3m has been drawn down and will be utilised, amongst other things, to provide additional funding to the Company's 74% owned subsidiary to ensure the sale process can proceed with the requisite funding and financing in place and negotiate with the Business Rescue Practitioners appointed by ABSA and EDF the conditions of any settlement. The facility will come into Continental as an unsecured 10% coupon loan converting to either sale proceeds or a coal off take depending on the final structure utilised by Ivory Mint, in financing the acquisition of the Continental Coal South Africa 74% interest. The Company is also looking at a number of strategic opportunities with Ivory Mint in the mining sector.

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

For and on behalf of the Board.



Peter Landau
Executive Director

For further information please contact:

Investors | Shareholders

Peter Landau
Continental Coal Limited
T: + 61 8 9488 5220
E: peter@conticoal.com

Media (Australia)

David Tasker
Professional Public Relations
T: +61 8 9388 0944
E : David.Tasker@ppr.com.au

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.

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 Wesseltown 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.

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.