Continental Coal Ltd

ABN 13 009 125 651

Appendix 4E
Preliminary Final Report
For the year ended 30 June 2015

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

CORPORATE DIRECTORY

Directors and Officers

Paul D'SYLVA
(Executive Chairman)

Peter LANDAU
(Executive Director)

Lars SCHERNIKAU
(Non-Executive Director)

Bruce BUTHELEZI
(Non-Executive Director)

Company Secretary

Jane FLEGG

Share Registry

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

Auditors

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

Country of Incorporation

Australia

Registered Office

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

Principal Place of Business

34/36 Fricker Road
Illovo South Africa 2196
Telephone: +27 11 881 1420
Facsimile: +27 86 206 4487

Home Exchange

Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000
Telephone: +61 8 9224 0000
Facsimile: +61 8 9381 1322

ASX Code: CCC

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

Results for announcement to the market

		2014 $'000		2015 $'000	Variance %
Revenue from ordinary activities	down from	68,706	to	21,989	(68%)*
Loss from ordinary activities after tax attributable to members	down from	(30,295)	to	(27,904)	(8%)
Net loss attributable to members	down from	(30,295)	to	(27,904)	(8%)

*In compliance with Accounting Standards, the Group has deconsolidated its 74% interest in its South African subsidiary effective 30 November 2014 as part of the Business Rescue process. As a result, the Group has accounted only its share in its South African subsidiary's results of operations for the 5 month period to 30 November 2014.

Dividends

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

The directors recommend that no dividend be paid for the year ended 30 June 2015 nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

Audit

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

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

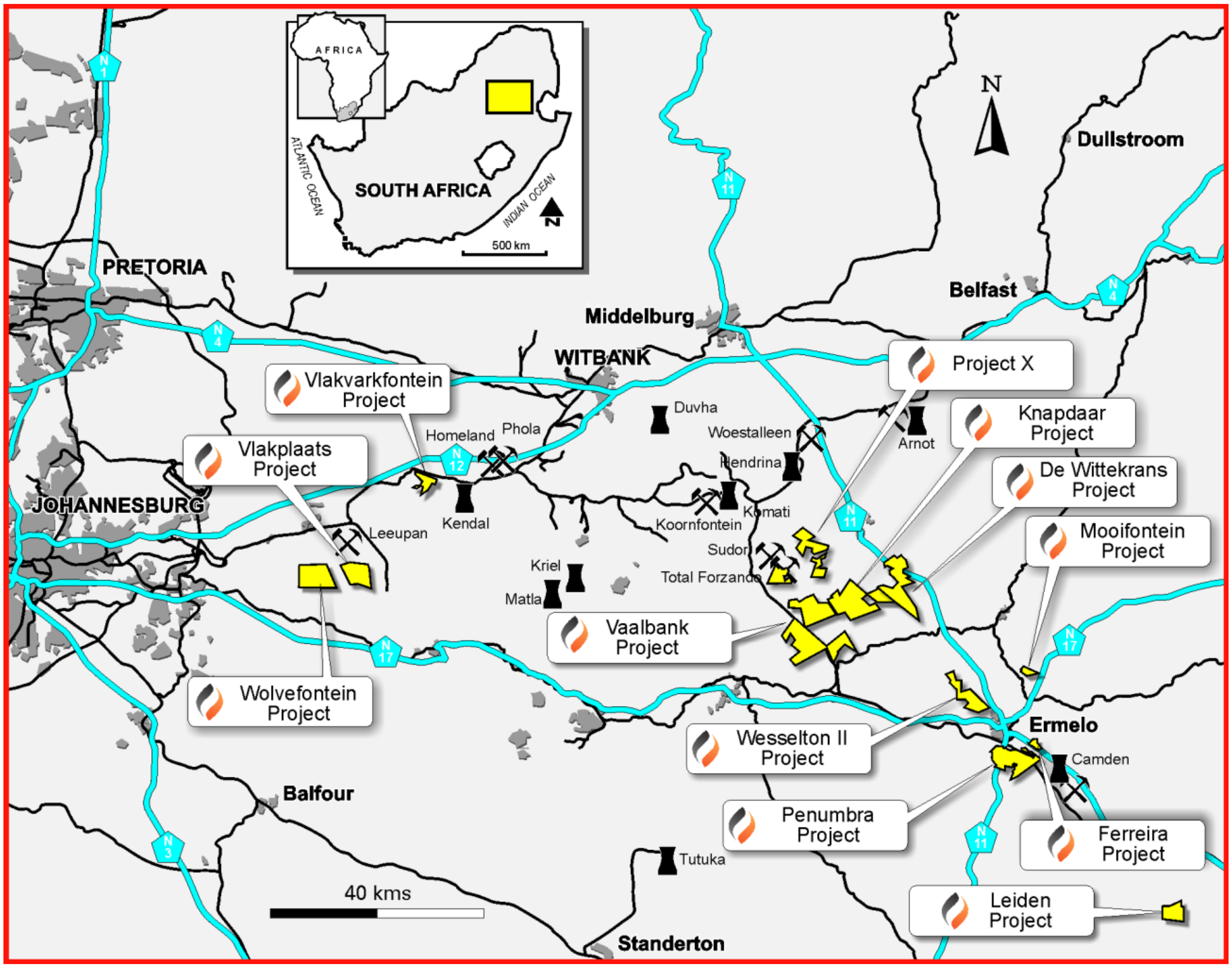
See attached preliminary final report.

Commentary on results for the period

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

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

PROJECT LOCATION MAP



Forward Looking Statement

This document includes certain statements that may be deemed "forward-looking statements" and information. All statements in this document, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects to take place in the future are forward-looking statements and information. Although the Company believes the expectations expressed in such forward-looking statements and information are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements and information. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, drilling and development results, production rates and operating costs, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those stated.

Review of Operations

Principal Activities
The principal activity of the Group during the year ended 30 June 2015 was the exploration, development and operation of thermal coal mines and properties in South Africa. There were no significant changes in the nature of the activities of the Group during the financial year.

Reserve and Resource Statement
The Group's Coal Resource and Reserve Statements as at 30 June 2015 are as follows:

PROJECT	RESOURCE CATEGORY	PROJECT GROSS TONNES IN SITU (GTIS) (t)	TOTAL PROJECT TONNES IN SITU (TTIS) (t)	CONTINENTAL'S ATTRIBUTABLE INTEREST
Vlakvarkfontein	Measured	5,904,703	5,090,806	44%
Penumbra		7,081,290	637,161	74%
De Wittekrans		2,330,387	47,097,100	74%
Wesselton II		4,201,199	3,570,800	74%
Leiden		4,309,133	3,862,500	74%
Total Measured		**73,826,712**	**65,994,367**	
Vlakplaats	Indicated	8,176,346	34,258,000	37%
Project X		2,969,951	2,672,000	56%
Penumbra		6,725,373	6,052,000	74%
De Wittekrans		3,733,941	66,358,000	74%
Vaalbank		8,809,511	7,928,000	52%
Wesselton II		5,112,340	4,344,000	74%
Leiden		1,996,754	179,500	74%
Total Indicated		**37,524,216**	**121,791,500**	
Vlakplaats	Inferred	16,276,680	12,190,000	37%
Wolvenfontein		36,725,119	31,200,000	74%
Project X		11,687,034	10,517,000	56%
De Wittekrans		66,618,671	59,940,000	74%
Knapdaar		42,064,528	35,750,000	74%
Vaalbank		13,937,555	12,540,000	52%
Wesselton II		8,648,522	7,330,000	74%
Mooifontein		3,092,970	2,620,000	74%
Leiden		12,057,828	10,851,400	74%
Total Inferred		**211,108,907**	**182,938,400**	
GRAND TOTAL RESOURCES		**422,459,835**	**370,724,267**	

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

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

Coal Mine and Processing Operations

Operational Performance

	Year ended 30 June 2015	Year ended 30 June 2014
Run of Mine (ROM) Production		
Vlakvarkfontein	1,183,792	1,382,487
Ferreira	-	247,129
Penumbra	277,142	498,176
Total ROM Production	**1,460,934**	**2,127,792**
Feed to Plant		
Ferreira	-	269,670
Penumbra	285,655	491,424
Total Plant Feed	**285,655**	**761,094**
Export Yields		
Ferreira	-	72%
Penumbra	60.3%	57.2%
Domestic Sales	1,034,918	1,401,080
Export Sales	192,073	523,906
Total Coal Sales	**1,226,991**	**1,924,986**

1.1 Vlakvarkfontein Coal Mine

Vlakvarkfontein Coal Mine produced 1,183,792t ROM for the year ended 30 June 2015.

Total thermal coal sales for the year ended 30 June 2015 were 872,460t to Eskom and 162,458t non-select.

An average strip ratio of 2:25 was achieved for the year ended 30 June 2015.

Mining Costs at Vlakvarkfontein averaged ZAR 93.67/t (US$8.12/t) ROM for the quarter.

1.2 Penumbra Coal Mine

The Penumbra Coal Mine delivered 277,142t ROM for the year ended 30 June 2015.

During the year ended 30 June 2015 geological difficulties were encountered with stone rolls and a planned dyke being intersected as well as labour issues interrupting production.

17 additional exploration boreholes were drilled and analysed during the year ended 30 June 2015. Of importance they confirmed the significantly improved conditions on the western side of the dyke which could be converted to drill and blast mining methodology to reduce contamination and minimise waste and the mine could be converted to a premium domestic coal producer on a crush and screen basis depending on the requirements of a new Operator.

There was no ROM coal production at the Penumbra Coal Mine for the last quarter of the year. The Group decided 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 (based on current prices) for both export and, more specifically, domestic sales where demand remains high and margins strong.

2. DEVELOPMENT PROJECT

2.1 De Wittekrans Coal Project

The De Wittekrans Development Project (De Wittekrans) is a potential underground export and domestic thermal coal mining project at a pre-development stage with the potential to produce ~3.6Mtpa of ROM over the LOM, having a mining right granted in September 2013 and executed in May 2014.

The project is in the process of being tendered for sale to reduce current debt levels owing to EDF and ABSA. Continental will take on an active role in either the formal process in introducing it to current partners or through its potential legal challenge of the activities of the current Business Rescue Practitioners.

3. NON-CORE PROJECTS

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

3.1 Botswana Coal Projects

During the year ended 30 June 2015 both PL340 and PL341 were transferred and a binding MOU concluded, 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 Group will receive US1m.

4. CORPORATE

4.1 Recapitalisation

In October 2014 prior to the completion of an initial Rights Issue process, the Group was presented with offers from third parties interested in acquiring its 74% interest in South African subsidiary Continental Coal Limited SA ("CCLSA") and subsequently announced a Rights Issue Supplementary Prospectus which was completed in January 2015 with 800m ordinary shares being issued at $0.005 raising AUD$4.0m before costs.

Additionally in January 2015 the Group agreed to revised terms with a new purchaser consortium headed by Ivory Mint Holdings Corp for a total purchase consideration of USD$75.0m subject to certain conditions being met. Ivory Mint Holdings Corp and investors introduced by them subscribed for 400m shares as part of the Rights Issue Shortfall.

During the year ended 30 June 2015 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) and reduced ABSA's liability to ZAR 154,869,976 (A$15,902,600) with ABSA requiring the balance of the debt to be repaid. ABSA and EDF appointed Business Rescue Practitioners to secure payment of their existing facilities and a tender process was undertaken by the Business Rescue Practitioners.

In June 2015 the Company was advised by the Business Rescue Practitioners administering Continental Coal South Africa ("CCLSA"), that they had conditionally sold two of the Company's projects Vlakvarkfontein and Penumbra in potential satisfaction of existing debt within CCLSA. One key condition includes relevant Section 11 regulatory approval in South Africa for the transfer of the interest which is still outstanding as at the date of this report.

Continental has received legal advice that the conditional sale by the Business Rescue Practitioners is potentially voidable and will consider legal action given its position with regards to other sale / refinancing alternatives including the potential to utilise a USD$55m bank guarantee as security to refinance its current 74% interest in Continental Coal South Africa.

The Company's securities were voluntarily suspended on 9 June 2015 and will remain suspended until the matters referred to above are completed.

4.2 Restated accounts for comparative period

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. As a result, the accounts have been re-stated for the comparative period (30 June 2014).

4.3 AIM Cancellation

During the year ended 30 June 2015, 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.

Competent Persons Statement

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

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

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

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated	
		2015 **$'000**	**2014** **$'000** ***Restated**
Operating sales revenue	**2**	-	-
Other income	**2**	-	1,395
Administration expenses	**3**	(2,244)	(3,991)
Finance expenses	**3**	(4,174)	(12,105)
Marketing expenses		(111)	(225)
Foreign exchange loss	**3**	(1,384)	(492)
Other expenses	**3**	(630)	(125)
Loss before income tax		**(8,543)**	**(15,543)**
Income tax benefit		-	-
Loss after income tax from continuing operations		**(8,543)**	**(15,543)**
Loss from discontinued operation	**10**	(19,892)	(18,983)
Loss for the year		**(28,435)**	**(34,526)**
Net profit/(loss) is attributable to:			
Owners of Continental Coal Limited		(27,904)	(30,295)
Non-controlling interests		(531)	(4,231)
		(28,435)	**(34,526)**
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share	**4**		
(cents per share)		(0.72)	(1.93)
Diluted loss per share	**4**		
(cents per share)		(0.72)	(1.93)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share	**4**		
(cents per share)		(2.39)	(4.30)
Diluted loss per share	**4**		
(cents per share)		(2.39)	(4.30)

*Restated. Refer to note 10.
The above Consolidated Statement of Profit or Loss should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated	
	2015 **$'000**	**2014** **$'000** ***Restated**
Loss for the year	**(28,435)**	**(34,526)**
Other Comprehensive Income/(Loss)		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	931	(3,140)
Changes in the fair value of cashflow hedges, net of tax	(3,661)	2,679
Other comprehensive loss for the year, net of tax	**(2,730)**	**(461)**
Total comprehensive loss for the year	**(31,165)**	**(34,987)**
Total comprehensive income/(loss) is attributable to:		
Owners of Continental Coal Limited	(29,865)	(32,695)
Non-controlling interests	(1,300)	(2,292)
	(31,165)	**(34,987)**
Total comprehensive loss for the period attributable to owners of Continental Coal Limited arises from:		
Continuing operations	(8,543)	(15,543)
Discontinued operations	(21,322)	(17,152)
	(29,865)	**(32,695)**

*Restated. Refer to note 10

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**5**	11	3,619
Trade and other receivables	**6**	2,076	4,527
Inventories	**7**	-	1,166
		2,087	9,312
Non-current assets classified as held for sale	**9**	63,014	-
TOTAL CURRENT ASSETS		**65,101**	**9,312**
NON-CURRENT ASSETS			
Trade and other receivables	**6**	-	3,936
Other assets	**8**	-	2,411
Derivative financial instruments		-	7,047
Exploration expenditure	**11**	-	47,306
Development expenditure	**12**	-	63,988
Property, plant and equipment	**13**	-	13,792
Deferred tax assets	**14**	-	2,107
TOTAL NON-CURRENT ASSETS		**-**	**140,587**
TOTAL ASSETS		**65,101**	**149,899**
CURRENT LIABILITIES			
Trade and other payables	**15**	10,071	10,713
Deferred revenue	**16**	-	53
Income tax payable		-	501
Provisions		-	7,610
Borrowings	**17**	36,307	69,531
Derivative financial instruments		80	80
Other financial liabilities	**18**	10,688	4,594
Provision for rehabilitation	**20**	-	3,480
TOTAL CURRENT LIABILITIES		**57,146**	**96,562**
NON-CURRENT LIABILITIES			
Deferred revenue	**16**	-	-
Provisions		-	3,688
Borrowings	**17**	-	22,792
Other financial liabilities	**18**	-	6,094
Deferred tax liability	**19**	-	19,503
Provision for rehabilitation	**20**	-	8,364
TOTAL NON-CURRENT LIABILITIES		**-**	**60,441**
TOTAL LIABILITIES		**57,146**	**157,003**
NET ASSETS		**7,955**	**(7,104)**
EQUITY			
Issued capital	**21**	240,763	236,733
Reserves		31,499	(3,776)
Accumulated losses		(264,307)	(229,282)
Capital and reserves attributable to owners of Continental Coal Limited		7,955	3,675
Amounts attributable to non-controlling interests		-	(10,779)
TOTAL EQUITY		**7,955**	**(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 YEAR ENDED 30 JUNE 2015

	Share Capital Ordinary	Accumulated losses	Foreign Currency Translation Reserve	Other Reserve	Hedging Reserve	Option Reserve	Share Based Payment Reserve	Shares and Options to be Issued	Total	Non-Controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	**236,032**	**(198,987)**	**(23,931)**	**(12,182)**	**1,776**	**-**	**31,499**	**-**	**34,207**	**(7,479)**	**26,728**
Loss for the year	-	(30,295)	-	-	-	-	-	-	(30,295)	(4,231)	(34,526)
Exchange differences on translation of foreign operations	-	-	(4,285)	-	-	-	-	-	(4,285)	1,145	(3,140)
Cashflow hedges, net of tax	-	-	-	-	1,885	-	-	-	1,885	794	2,679
Total comprehensive loss for the year	-	(30,295)	(4,285)	-	1,885	-	-	-	(32,695)	(2,292)	(34,987)
Transactions with owners in their capacity as owners:											
Shares issued during the year	701	-	-	-	-	-	-	-	701	-	701
Transfer of reserves	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	1,462	-	-	-	-	1,462	-	1,462
Dividends paid	-	-	-	-	-	-	-	-	-	(1,008)	(1,008)
Balance at 30 June 2014	**236,733**	**(229,282)**	**(28,216)**	**(10,720)**	**3,661**	**-**	**31,499**	**-**	**3,675**	**(10,779)**	**(7,104)**
Loss for the year	-	(27,904)	-	-	-	-	-	-	(27,904)	(531)	(28,435)
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 loss for the year	-	(27,904)	1,700	-	(3,661)	-	-	-	(29,865)	(1,300)	(31,165)
Transactions with owners in their capacity as owners:											
Shares issued during the year	4,030	-	-	-	-	-	-	-	4,030	-	4,030
Realisation of forex and hedge reserves	-	-	26,516	-	-	-	-	-	26,516	-	26,516
Elimination of NCI on deconsolidation	-	(531)	-	-	-	-	-	-	(531)	20,838	20,307
Transfer of reserves	-	(6,590)	-	6,590	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	4,130	-	-	-	-	4,130	(8,515)	(4,385)
Dividends paid	-	-	-	-	-	-	-	-	-	(244)	(244)
Balance at 30 June 2015	**240,763**	**(264,307)**	**-**	**-**	**-**	**-**	**31,499**	**-**	**7,955**	**-**	**7,955**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated	
		2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		23,349	72,942
Payments to suppliers and employees		(24,846)	(70,782)
Interest received		-	358
Other income		-	196
Proceeds on settlement of commodity hedges		-	1,026
Income tax paid		(1,010)	(1,978)
Net cash (used in)/provided by operating activities		**(2,507)**	**1,762**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for additional ownership interest in subsidiary		-	-
Exploration expenditure		(29)	(474)
Development costs		(204)	(3,346)
Purchase of property, plant and equipment		-	(2,810)
Proceeds on disposal of property, plant and equipment		-	96
Transfer of cash on loss of management control of subsidiary		(1,585)	-
Proceeds from release of restricted cash			1,937
Payments for purchase of other assets			(957)
Net cash (used in) investing activities		**(1,818)**	**(5,554)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs		1,373	-
Interest and borrowing costs		-	(380)
Payment of finance leases		-	(63)
Proceeds from borrowings		1,907	6,028
Repayment of borrowings		(1,800)	(975)
Payment of finance related royalty			(56)
Dividends paid to non-controlling interest		(244)	(1,008)
Net cash provided by financing activities		**1,236**	**3,546**
Net (decrease)/increase in cash held		(3,089)	(246)
Effect of the exchange rate changes on the balance of cash held in foreign currencies at the beginning of the financial year		169	(336)
Cash at beginning of financial year		2,931	3,513
Cash at end of financial year	**5**	**11**	**2,931**

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

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

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

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

As such this preliminary final report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2014, and with any public announcements made by Continental Coal Limited during the reporting period in accordance with the disclosure requirements of the *Corporations Act 2001*.

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

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

Note 2: Revenue and other income

	Consolidated	
	2015	**2014**
	$'000	**$'000**
		***Restated**
Other income		
- Foreign exchange gain	-	923
- Interest received	-	325
- Net gain on fair values of derivative financial instruments	-	147
Total other income	-	1,395
Revenue from discontinued operations (refer note 10)		
- Export coal sales	9,667	38,737
- Eskom coal sales	10,990	26,673
- Other coal sales	-	3,296
- Other income	1,331	2,785
Total revenue from discontinued operations	21,989	70,934

*Restated. Refer to note 10

Note 3: Expenses

	Consolidated 2015 $'000	Consolidated 2014 $'000 *Restated
Finance costs		
- Interest and borrowing costs	3,236	10,193
- Royalty expense	-	1,042
- Convertible note interest accretion	938	870
Total finance costs	4,174	12,105
Administration & Other Expenses		
- Key management personnel	337	688
- Pre feasibility costs in relation to other projects	-	214
- Consultants	737	1,294
- Legal fees	276	671
- Foreign exchange loss	1,384	492
- all other expenses	1,634	1,474

*Restated. Refer to note 10

Note 4: Loss per Share (EPS)

		Consolidated	
		2015 $'000	**2014 $'000 *Restated**
(a)	**Basic loss per share**		
	From continuing operations attributable to owners of Continental Coal Limited	(0.72)	(1.60)
	From discontinued operation attributable to owners of Continental Coal Limited	(1.67)	(2.70)
		(2.39)	(4.30)
(b)	**Reconciliation of loss used in calculating loss per share**		
	Loss for the year from continuing operations attributable to owners of Continental Coal Limited	(8,543)	(30,295)
	From discontinued operation attributable to owners of Continental Coal Limited	(19,892)	-
	Loss used to calculate basic EPS	(28,435)	(30,295)
	Loss used in the calculation of dilutive EPS	(28,435)	(30,295)

		No.	**No.**
(c)	**Weighted average number of shares used as the denominator**		
	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,190,722,683	703,803,577
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	1,190,722,683	703,803,577
(d)	**Diluted earnings per share**		
	The Group's potential ordinary shares were not considered dilutive, and as a result, diluted EPS is the same as basic EPS.	-	-

*Restated. Refer to note 10

Note 5: Cash and Cash Equivalents

	Consolidated	
	2015 $'000	2014 $'000
Cash at bank and in hand (i)	11	3,619
	11	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:

	2015	2014
Cash and cash equivalents	11	3,619
Bank overdrafts	-	(688)
	11	2,931

(i) No cash restricted under guarantees at 30 June 2015 (30 June 2014: $343,508).

The June 2014 cash and cash equivalents balance was at the subsidiary level and has been transferred out of the group on deconsolidation. (Refer to note 10)

Note 6: Trade and Other Receivables

	Consolidated	
	2015 $'000	2014 $'000
CURRENT		
Trade receivables (a)	-	2,996
Other receivables (b)	2,022	1,060
Prepayments	54	415
Restricted cash (c)	-	56
Total current receivables	2,076	4,527
NON-CURRENT		
Other receivables (d)	-	3,936
Total non-current receivables	-	3,936

(a) The Group's trade receivables are generally settled within 30 days. No interest is charged on outstanding balances.
(b) The majority of other receivables relates to VAT recoverable by the South African subsidiary and deposits.
(c) During 2014, an amount of ZAR 559,571 ($55,929) was ceded to ABSA Bank Limited to cover the shortfall on guarantees issued to Department of Mineral Resources.
(d) As part of the transaction to secure SIOC as the Group's Black Economic Empowerment (BEE) partner during the 2012 year, the Group transferred ZAR 75,000,000 (approximately $9,180,000) of its intercompany loan balance to the new BEE partner. The effect of this transfer was to increase the Group's external receivables and borrowings by the same amount. The receivable balance at 30 June 2014 is inclusive of principal and accrued interest at 3% per annum. It is denominated in South African Rand, and its fair value was determined using a 16.5% discount rate and a repayment date of 30 June 2020. An increase in the discount of $1,462,510 was recognised within transactions with non-controlling interests within equity and not in the Consolidated Income Statement.

The June 2014 trade and other receivables balance was at the subsidiary level and has been transferred out of the group on deconsolidation. (Refer to note 10)

Note 7: Inventories

	Consolidated	
	2015	**2014**
	$'000	**$'000**
CURRENT		
Cost of stockpiles at cost	-	1,166
	-	1,166

The June 2014 inventories balance was at the subsidiary level and has been transferred out of the group on deconsolidation. (Refer to note 10)

Note 8: Other Assets

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Mining rehabilitation fund	-	2,411
	-	2,411

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

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

The June 2014 other assets balance was at the subsidiary level and has been transferred out of the group on deconsolidation. (Refer to note 10)

Note 9: Non-Current Assets Classified as Held-for-Sale

	Company
	30 June 2015
	$'000
Fair value of asset held-for-sale	**63,014**

During the year ended 30 June 2015, the Group accepted an offer to purchase its 74% interest in its South African subsidiary, Continental Coal Limited South Africa and subsequently agreed to revised terms with a new purchaser consortium headed by Ivory Mint Holdings Corporation for a total purchase consideration of US$75m subject to certain conditions being met.

Subsequently in June 2015, the Company was advised by the Business Rescue Practitioners administering Continental Coal South Africa ("CCLSA"), that they had conditionally sold two of the Company's projects Vlakvarkfontein and Penumbra in potential satisfaction of existing debt within CCLSA. One key condition includes Regulatory Section 11 approval for the transfer of the interest.

The Group recognises the 74% investment in its South African subsidiary at its fair value which is based on the attributable value of the coal resources and reserves in the projects still to be tendered or conditionally sold and the outcome of any sale completion process.

Note 10: Discontinued Operations

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

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	
			2015 %	2014 %	2015 %	2014 %
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

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 9). 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	63,014
Non-controlling interest at deconsolidation	(20,307)
	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)**

Note 10: Discontinued Operations (cont'd)

b. Results of discontinued operation

		30 June 2015 $'000	30 June 2014 $'000 *Restated
(i)	**Results from discontinued operation**		
	Revenue	21,989	68,706
	Cost of sales	(21,346)	(66,399)
	Asset write off	-	(2,208)
	Other expenses	(2,619)	(20,221)
	Results from operating activities	**(1,976)**	**(20,320)**
	Income tax expense/(benefit)	(66)	1,338
	Results from operating activities, after tax	**(2,042)**	**(18,982)**
(ii)	**Cash flows from (used in) discontinued operation**		
	Net cash used in operating activities	(254)	6,727
	Net cash flow for the year	**(254)**	**6,727**

Note 11: Exploration Expenditure

	Consolidated	
	2015 $'000	2014 $'000
NON-CURRENT		
Exploration expenditure capitalised		
- Exploration and evaluation phases – direct	-	40,785
- Exploration and evaluation phases – indirect (c)	-	6,521
Total exploration expenditure	-	47,306

The June 2014 exploration expenditure balance was at the subsidiary level and has been transferred out of the group on deconsolidation. (Refer to note 10)

(a) Movements in carrying amounts

	Consolidated	
	2015 $'000	2014 $'000
Balance at 1 July	47,306	54,139
Exploration expenditure capitalised		474
Exploration expenditure impaired		(2,208)
Reversal of previous impairments	-	-
Impacts of movements in foreign exchange rates on non AUD balances	-	(5,099)
Impact on loss of management control	(47,306)	-
Carrying amount at 30 June	-	47,306

Note 11: Exploration Expenditure (cont'd)

Mineral rights held by South African subsidiary

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

Note 12: Development Expenditure

	Consolidated	
	2015 $'000	2014 $'000
NON-CURRENT		
- Development expenditure at cost	-	81,881
- Accumulated depreciation	-	(17,893)
Total development expenditure	-	63,988

The June 2014 development expenditure balance was at the subsidiary level and has been transferred out of the group on deconsolidation. (Refer to note 10)

(a) Movements in carrying amounts

	2015 $'000	2014 $'000
Balance at 1 July	75,040	75,040
Development expenditure capitalised	-	3,346
Depreciation charge for the year	-	(7,410)
Impacts of movements in foreign exchange rates on non AUD balances	-	(5,291)
Impact on loss of management control	(75,040)	-
Carrying amount at 30 June	-	75,040

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

Note 13: Property, Plant & Equipment

	Consolidated	
	2015 $'000	2014 $'000
PLANT AND EQUIPMENT		
Plant and equipment at cost	-	16,524
Accumulated depreciation	-	(2,732)
Net book amount	-	13,792

The June 2014 property, plant & equipment balance was at the subsidiary level and has been transferred out of the group on deconsolidation.(Refer to note 10)

(a) **Movements in Carrying Amounts**

	Plant and Equipment $'000	Land and Buildings $'000	Total $'000
Consolidated			
Balance at 30 June 2013	11,955	1,507	13,462
Additions	2,430	380	2,810
Disposals	(97)	-	(97)
Depreciation charge for the year	(803)	(209)	(1,012)
Impacts of movements in foreign exchange rates on non AUD balances	(1,217)	(153)	(1,370)
Balance at 30 June 2014	12,268	1,525	13,792
Additions	-	-	-
Disposals	-	-	-
Depreciation charge for the year	-	-	-
Impacts on loss of management control	(12,268)	(1,525)	(13,792)
Balance at 30 June 2015	-	-	-

Note 14: Deferred Tax Assets

	Consolidated	
	2015 $'000	2014 $'000
Deferred tax asset		
Tax losses available for set off against future taxable income	-	2,107
Other	-	-
	-	2,107

The June 2014 deferred tax asset balance was at the subsidiary level and has been transferred out of the group on deconsolidation. (Refer to note 10)

	2015	2014
Reconciliation of deferred tax asset		
Opening balance	2,107	3,022
Foreign currency translation	-	(258)
Benefit recognised in Consolidated Income Statement	-	(657)
Impact on loss of management control	(2,107)	-
	-	2,107

Note 15: Trade and Other Payables

	Consolidated	
	2015	**2014**
	$'000	**$'000**
CURRENT		
Unsecured liabilities		
Trade payables	1,582	5,670
Sundry payables and accrued expenses	2,421	2,394
Accrued interest	6,068	2,649
	10,071	10,713

Fair value approximates the carrying value of trade and other payables at 30 June 2015 and 30 June 2014.

Note 16: Deferred Revenue

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Deferred tax asset		
Tax losses available for set off against future taxable income	-	2,107
Other	-	-
	-	2,107

The June 2014 deferred revenue balance was at the subsidiary level and has been transferred out of the group on deconsolidation. (Refer to note 10)

Reconciliation of deferred tax asset		
Opening balance	2,107	3,022
Foreign currency translation	-	(258)
Benefit recognised in Consolidated Income Statement	-	(657)
Impact on loss of management control	(2,107)	-
	-	2,107

Note 17: Borrowings

	Consolidated	
	2015	**2014**
	$'000	**$'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 – unsecured (e)	3,800	3,800
Other loans – unsecured (f)	629	1,069
Related party working capital facility (g)	-	233
Bank debt – secured (h)	-	26,048
EDF loan (i)	8,803	14,678
Bridge funding (k)	7,085	7,085
	36,307	69,531
NON-CURRENT		
Related party loans – unsecured (j)	-	22,686
Other facilities	-	106
	-	22,792

(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.

Note 17: Borrowings (cont'd)

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

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

(f) Loans 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 10).

(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 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. This debt was at the subsidiary level and has been transferred out of the group on deconsolidation (refer note 10).

(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. This debt was at the subsidiary level and has been transferred out of the group on deconsolidation (refer note 10).

(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 10).

(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. Refer to details of standstill arrangements below.

Note 17: Borrowings (cont'd)

Standstill arrangements

Standstill arrangements are in place 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 recapitalisation process.

Note 18: Other Financial Liabilities

During the year ended 30 June 2012, the Group recorded a royalty liability in relation to a USD $1 per tonne royalty payable on all coal produced by the Group's South African mining operations, capped at 15,000,000 tonnes.

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

The royalty arises from a financing arrangement entered into in a prior financial year. Accordingly, the expense in relation to the royalty is considered to be a financing cost and is included within financing expenses in the Consolidated Income Statement 2015: Nil (2014: 1,042,000)

	Consolidated	
	2015 $'000	**2014 $'000**
Current		
Royalty liability – at cost	10,688	4,594
	10,688	4,594
Non-current		
Royalty liability – at cost	-	6,094
	-	6,094

Fair value approximates the carrying values at 30 June 2015 and 30 June 2014.

Note 19: Deferred Tax Liability

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Non-current		
Deferred tax arising on business combinations	-	19,503
	-	19,503
Reconciliation of deferred tax liability		
Opening balance	19,503	23,009
Benefit recognised in the Consolidated Income Statement	-	(1,370)
Impacts of movements in foreign exchange rates on non AUD balances	-	(2,136)
Impact on loss of management control	(19,503)	-
	-	19,503

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

The June 2014 deferred tax liability balance was at the subsidiary level and has been transferred out of the group on deconsolidation.(Refer to note 10)

Note 20: Provision for Rehabilitation

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

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Current		
Mining rehabilitation fund	-	3,480
	-	11,090
Non-current		
Mining rehabilitation fund	-	8,364
	-	12,052

The June 2014 provision for rehabilitation balance was at the subsidiary level and has been transferred out of the group on deconsolidation. (Refer to note 10)

Note 21: Issued capital

	Consolidated 2015 $'000	Consolidated 2014 $'000
1,657,182,351 (2014: 745,692,712) fully paid ordinary shares	240,763	236,733
	240,763	236,733

(a) Movement 2015	**No.**	**$'000**
Balance at 1 July 2014	745,692,712	236,733
07/07/14 – To consultant as consideration for corporate advisory services	36,000,000	180
31/12/14 – Non-renounceable rights issue	400,000,000	2,000
31/12/14 – Non-renounceable rights issue shortfall	400,000,000	2,000
04/05/15 - To consultant as consideration for corporate advisory services	75,489,639	150
31/12/14 – Share issue costs	-	(300)
Balance at 30 June 2015	**1,657,182,351**	**240,763**

(b) Movement 2014	**No.**	**$'000**
Balance at 1 July 2013	684,104,446	236,032
16/10/13 – Convertible note interest settled in shares	5,000,000	155
28/11/13 – To director in accordance with employment contract	1,000,000	20
06/12/13 – Convertible note interest and extension fee	15,588,266	326
30/06/14 - 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 financial year is as follows:

Grant Date	Date of Expiry	Exercise Price	Number of Options
15/03/2013	15/05/2016	$0.06	15,000,000
16/05/2012	16/07/2016	$0.20	8,000,000
18/11/2011	23/08/2016	$0.368	13,950,893
06/12/2012	06/12/2017	$0.057	6,000,000
18/12/2012	18/12/2017	$0.05382	5,000,000
30/06/2014	30/06/2017	$0.015	36,000,000
15/08/2014	15/08/2017	$0.005	24,000,000
			107,950,893

Note 22: 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:

2015	Discontinued Operation Coal SA*	Discontinued Operation Coal Botswana*	Corporate Costs	Consolidated Continuing Operations
	$'000	$'000	$'000	$'000
Total segment revenue and other income	21,988	-	-	-
Segment gross profit	688	-	-	-
Adjusted EBITDA	2,153	-	(4,368)	(4,368)
Depreciation	3,285	-	-	-
Total segment assets at 30 June 2015	-	-	65,101	65,101
Total segment liabilities at 30 June 2015	-	-	57,146	57,146

2014	Discontinued Operation Coal SA*	Discontinued Operation Coal Botswana*	Corporate Costs	Consolidated Continuing Operations*
	$'000	$'000	$'000	$'000
Total segment revenue and other income	71,922	-	964	964
Segment gross profit	2,307	-	-	-
Adjusted EBITDA	5,302	-	(4,489)	(4,489)
Depreciation	8,214	-	-	-
Impairment	2,208	-	-	-
Onerous contract	10,845	-	-	-
Total segment assets at 30 June 2014	144,479	1,263	4,159	4,159
Total segment liabilities at 30 June 2014	166,605	-	50,397	50,397

*These segments relate to activities carried out in South Africa. Per Note 10, CCL South Africa was deconsolidated effective 30 November 2014. 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 9 and 10).

Note 22: Segment Reporting (cont'd)

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.

Compliance Statement:

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

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

2. The entity has a formally constituted audit committee.

PETER LANDAU
Executive Director

Date: 31 August 2015