

9 January 2015

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

Via E Lodgement

**Corporate Update – Sale of 74% Interest in South African Subsidiary and
Completion of Rights Issue**

As previously announced, the Board of Continental Coal Limited (**ASX:CCC**) (“**Continental**” or “**the Company**”) advised shareholders that subsequent to the completion of the Rights Issue it had accepted an offer with offers from a consortium headed by LSP Energy (Pty) Ltd to acquire its 74% interest in South African subsidiary Continental Coal Limited SA (“**CCL SA**”).

The Company is pleased to advise that as part of the formal due diligence, timetable and finalisation process, it has agreed to revised terms with a new purchaser consortium headed by Ivory Mint Holdings Corp. on the following key terms and conditions:

- i. Total purchase consideration of USD\$75.0m (“**Purchase Price**”);
- ii. Proof of funds has been provided;
- iii. Final due diligence sign off and execution of formal contracts on or before 15 January 2015;
- iv. Deposit of USD\$5.0m has been paid into escrow with purchaser’s solicitors which will be released to Continental Coal Limited upon relevant section 11 approval being obtained in South Africa, or if waived, on or before 31 January 2015;
- v. 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;
- vi. 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;

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PO Box 787646, Sandton 2146	PO Box 684, West Perth, WA 6872

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

- vii. Receipt of all necessary South African ministerial consent, government, regulatory and third party approvals, in respect of the Transaction including, but not limited to, Section 11 and waiver of SIOC Pre-emptives under the Shareholders Agreement that governs the two shareholders of CCL SA; and
- viii. Targeted completion date of 28 February 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.

Completion of Rights Issue

The Company is pleased to advise the completion of the 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 transaction.

An Appendix 3B to follow when all shares are issued with the re-commencement of trading scheduled on or before Friday, 16 January 2015.

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.

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