

27 January 2011

The Manager
Company Announcements
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

By e-lodgement

Continental Successful in its Mui Basin Coal Basin Expression Of Interest

South African focused coal mining producer Continental Coal Limited (**ASX: CCC**) "**Continental**" or "**the Company**") is pleased to announce that the Kenyan Ministry of Energy has informed the Company that its Expression of Interest (EOI) to participate in coal exploration and development of Kenya's Mui Coal Basin has been accepted.

Continental has received a "Notification of Successful Bidder" from the Ministry of Energy and will now proceed, as requested, and submit a detailed technical and financial proposal for the Company's proposed exploration, exploitation and development of identified coal deposits contained within 4 concession blocks covering 490km² and situated in the Mutitu, Mwingi East and Mwingi Central Districts of Kenya.

"We are extremely pleased to have been one of a select group of international coal mining companies short-listed by Kenya's Ministry of Energy to submit a proposal to explore for coal in such a highly prospective and strategically located coal basin." commented Continental's Executive Director, Jason Brewer.

"The opportunity to be one of the first companies exploring for coal in the country and to potentially play an integral role in Kenya's "Vision 2030" and industrialization of its economy is recognition of the commitment and capability of Continental to aggressively explore and fund the future development of the coal resources in Kenya," Mr Brewer added.

The Mui Coal Basin is located 180km northeast of Nairobi and covers an area of 500km². Exploration for coal has been conducted by Kenya's Ministry of Energy (MOE) since 1999 and has focused on four blocks (Blocks A, B, C and D) included surface geological mapping, geophysical surveys, exploration drilling, detailed coal quality analyses and resource evaluation.

Surface geological mapping covering the entire Mui Coal Basin was completed over a 2 year period from 1999 to 2001 and was followed up over 3 years with ground geophysical surveys using magnetics and resistivity methods. The geophysical surveys had the objective of determining thicknesses of sediments in the basin and mapping the configuration of the basin floor. An initial 10 exploratory holes were subsequently drilled by the Ministry of Energy before a more extensive 66 hole drilling program was completed.

South Africa
T +27 11 881 1420 **F** +27 11 881 1423 **W** www.conticoal.com
9th Floor Fredman Towers, 13 Fredman Drive, Sandton 2196
P.O. Box 787646, Sandton 2146

Australia
T +61 8 9488 5220 **F** +61 8 9324 2400 **W** www.conticoal.com
Level 3, 1 Havelock Street, West Perth, WA 6005
P.O. Box 684, West Perth WA 6872

Executive Chairman Andy Macaulay

CEO Don Turvey

Executive Director Peter Landau

Executive Director Bruce Buthelezi

Exploration drilling by the Ministry of Energy has to date been focussed in Block C, where 54 holes have been drilled to depths ranging from 75m to 445m. A further four holes have each have been drilled in Blocks A, B and D to confirm the extension of the coal seams into these areas. The Ministry of Energy has reported that exploration drilling has confirmed that coal seams with seam thickness varying from 0.3m to 13m have been encountered in 40 of the holes drilled and at depths of between 20m to 320m. Coal quality analyses on 70 samples was subsequently completed with details of the ash, calorific value, volatiles, fixed carbon, sulphur and total organic carbon recorded. The Ministry of Energy has also advised that a feasibility study on Block C has been completed.

Continental and its consultants will be meeting with the Ministry of Energy and other key stakeholders in Kenya in February 2011, ahead of submitting its final technical and financial proposal. Upon receipt and a review of proposals from the short listed parties, the Ministry of Energy has advised that it will be awarding the 4 concession blocks to selected party(ies) and will look to formally conclude an investment agreement.

Ends

Yours faithfully



Peter Landau
Executive Director

For further information please contact:

Investors/ shareholders

Peter Landau/Jason Brewer
Executive Directors
T: +61 8 9488 5220

Don Turvey
Chief Executive Officer
T: +27 11 881 1420

Media

David Tasker
Professional Public Relations
T: +61 8 9388 0944

E: admin@conticoal.com
W: www.conticoal.com

E: david.tasker@ppr.com.au

Continental Coal Limited (ASX:CCC : US-OTC:CGFAY) is a new Junior South African coal producer. Continental has a portfolio of producing and advanced coal projects located in South Africa's major coal fields. Following the commencement of production at the Vlakvarkfontein coal mine in May 2010, and its acquisition of Mashala Resources in October 2010, Continental is targeting production from its portfolio of predominantly export thermal coal mines of 10Mtpa ROM by 2015. Continental was formed to take advantage of the robust domestic and global demand for coal, with particular focus on Southern Africa.