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The Manager
Company Announcements
Australian Securities Exchange Limited
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Sydney NSW 2000

By e-lodgement

UPDATE ON BOTSWANA COAL PROJECTS

Key Points:

- Initial exploration drilling program scheduled to commence in May
- Drilling program to follow up on independent South African consulting geologists, Gemecs (Pty) Ltd identified Exploration Target* of between 6 -7 billion tonnes
- Newly acquired geological data and historical exploration reports under review
- Recent advances made with the Trans-Kalahari Railway and C\$422m takeover of TSX listed CIC Energy reinforces the strategic importance of these projects to the Company
- Company continues its discussions with strategic partners to accelerate exploration and development of its projects
- Committed ZAR20m exploration budget funded from cash and operating cashflow

Emerging mid-tier South African focussed coal producer Continental Coal Limited (ASX: CCC) ("**Continental**" or the "**Company**") is pleased to provide an update on activities on its Botswana thermal coal projects following a recent site visit to the two project areas, receipt of historical geological and geophysical data and the commencement of work by the Company's geological consultants in finalising plans for the initial 90 hole drill program.

In addition the Company is pleased to confirm that its initial exploration drilling program on its Botswana projects will commence in May 2011.

In November 2010, as part of the acquisition by the Company's South African subsidiary Continental Coal Limited ("**CCL**") of an initial 64.1% interest in Mashala Resources (Pty) Ltd, ("**Mashala**") the Company secured interests in its three prospecting licenses covering an area of 964km² in Botswana. The licenses, PL 339/2008, PL 340/2008 and PL 341/2008, were awarded to Mashala's wholly owned Botswana subsidiary, Weldon Investment (Pty) Ltd on 5 February 2009 and are valid for an initial period of three years. Due to the close proximity of the areas covered by prospecting licences PL 339/2008 and PL 340/2008 these licenses are known as the Serowe Project, whilst PL 341/2008 is known as the Kweneng Project (together the "**Projects**").

In February 2011, following a review by the Company of all available information in South Africa, a number of Continentals' senior management and geological consultants completed a site visit to Botswana. The visit involved meetings with the Director of the Department of Geological Survey, a review of information and historical exploration reports held by the Geological Survey, meetings with the main Land Board in Serowe and sub Land Boards in the areas of the Company's Projects, as well as meetings with local chiefs and other stakeholders.

Botswana Site Visit

The site visit to Botswana was undertaken by Continental's Head of Coal Marketing, Haroon Ali and Project Manager, Eugene De Villiers accompanied by the Company's consulting geologists, Gemecs (Pty) Ltd ("**Gemecs**") Director Nico Denner.

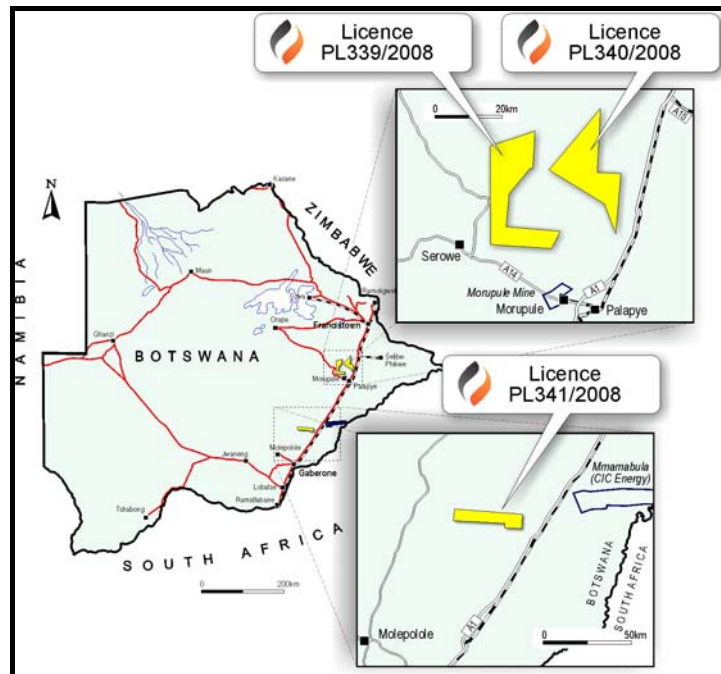


Figure 1. Location of Projects in Botswana

In addition to meetings in Gaborone and Lobatse, with governmental departments, geological consultants and drilling contractors, the site visit also involved an extensive 1,400km tour of both the Project sites which was possible given the location of the Projects and well established infrastructure.



Figures 2 and 3. View of the Serowe Project

In addition the site visit included an opportunity to view the status of the 600MW expansion of the Morupule B Power Station, which is to be supplied by a planned expansion of Botswana's only operating coal mine, the Morupule Coal Mine located less than 10km immediately south of the Company's Serowe Project and also meet with CIC Energy's Mmamabula Coal project team at their existing exploration camp.



Figures 4 and 5. The Morupule B Power Station under construction and CIC Energy's Exploration Camp

Gemecs Botswana Exploration Planning

The Company has appointed Gemecs to consolidate and interpret the newly acquired geological data, to update its assessment of the coal potential within the Projects and to finalise the exploration and drilling programs for each of the Projects. The scope of work includes the following principal tasks:

- Import new detailed geological maps, aeromagnetic data and GPS points
- Review new reports and data as acquired from the Botswana Geological Survey
- Capture plans and data to electronic system for geological interpretations
- Complete interpretation of the acquired aeromagnetic data
- Complete final overall interpretation of expected coal potential of each Project based on improved dataset

The key deliverables to be received in April 2011 are a summary report for each Project area providing an updated Exploration Target* and a detailed planning for the initial exploration program for each Project.

Gemecs has already completed a significant amount of work on the Projects including in September 2010, providing a high level assessment of the possible coal resources underlying the prospecting licence areas to establish an Exploration Target* from which future exploration programs could be focused.

An Exploration Target* of between 6-7 Bt of coal has been determined by Gemecs (refer ASX announcement 29/09/2010).

Prospecting License	Exploration Target (In Situ Million Tonnes)		Sub-Total
	Shallow-Moderate Depth	Substantial Depth	
Sorowe Project	1,950	2,750	4,700
Kweneng Project	700	1,150	1,850
Total Projects	2,650	3,900	6,550

Table 1. Exploration Targets determined for the Projects by Gemecs – September 2010

* It should be noted the Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource. To delineate a resource on this project that is JORC Compliant significant levels of drilling is required.

Commencement of Exploration Drilling

The Board has committed to a ZAR20m exploration budget to cover all costs associated with the proposed exploration program in Botswana. This budget is being funded from current cash balances and operating cash flow.

The Company has already identified and met with Botswana based geological consultants and drilling contractors to manage the planned exploration drilling program.

In addition the Company will be appointing a dedicated in-country project manager to coordinate all local negotiations with interested and affected parties. He will also be responsible for the management of the drilling contractor, all logistical arrangements, as well as liaison between the drilling contractors, geologists and geoline logging contractors.

Upon receipt of Gemecs updated report, expected in April 2011 setting out the detailed planning for the drilling program, the Company will secure final tenders for the drilling program and move to appoint drilling contractors.

The Company anticipates that first drilling on its Botswana Projects will commence early in May 2011 with the release of material drilling results made throughout the September and December quarters.

Trans-Kalahari Railway

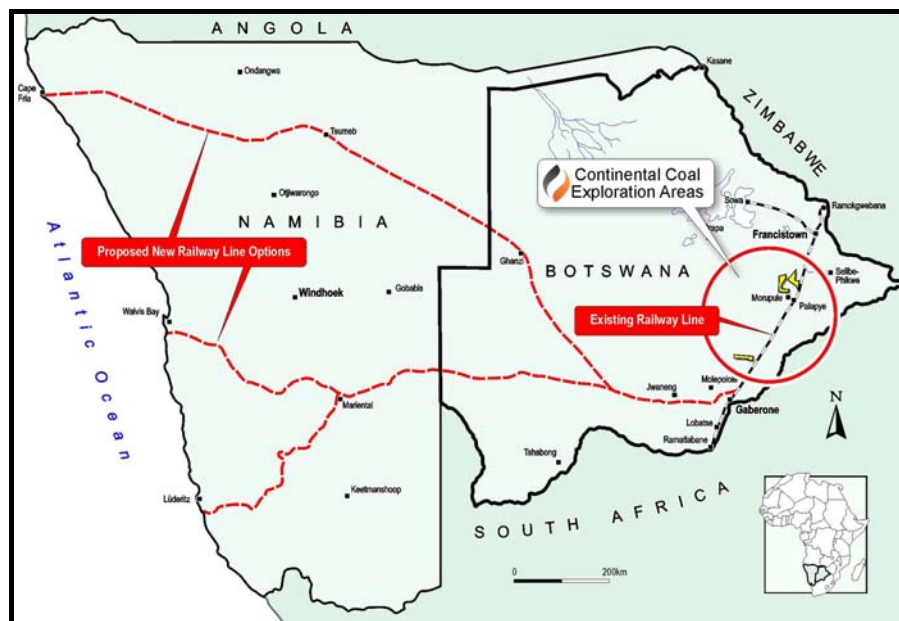


Figure 6. Proposed routes of the Trans Kalahari Railway and Continental's Exploration Area

The proposed Trans Kalahari Rail Project is a 1,500km rail line running from Botswana and the Waterberg Coal Field in South Africa to a port in Namibia. A pre-feasibility study on this rail project funded by the World Bank and supervised by the Governments of Botswana and Namibia was completed in late 2010. The pre-feasibility study forms the basis for the development of the railway and port projects, which are expected to unlock Botswana's mineral potential and in particular its coal resources on a highly cost-effective basis.

Botswana and Namibia signed a Memorandum of Understanding towards the Trans Kalahari Rail Project in late November 2010, signalling both governments' commitment to its successful undertaking. The Botswana government received 36 Expressions of Interest for the development of the Trans-Kalahari Railway, while another 14 had been received for the development of the associated port. Once complete, the railway and port will offer a highly competitive and cost-effective alternative to the existing export and import lines through South Africa. The project will also open up lucrative trade routes to the Americas and Europe, the latter already duty- and quota-free through an Economic Partnership Agreement signed in 2009.

Continental's projects in Botswana are very well placed to take advantage of the proposed Trans Kalahari Rail Line and the opportunity that it has opened up in developing large scale, open cast export focussed thermal coal mining operations.

Restructure For Continental to Hold 100% of Botswana Subsidiary

The Company is in the process of restructuring its holding in the Botswana subsidiary Weldon Investments (Pty) Ltd such that upon the acquisition by CCL of the outstanding 35.9% interest in Mashala, the Company will restructure its interest in Weldon Investment (Pty) Ltd, such that it will be wholly owned and held through a 100% owned Mauritius based subsidiary.

Strategic Partners to Accelerate Exploration and Development

The Company has received expressions of interest from several parties seeking an early stage involvement in the Company's Botswana projects and in assisting the Company in accelerating the proposed exploration activities. The Company believes that given the extent of its prospecting rights in Botswana and its immediate focus on operating its existing two mines, developing its portfolio of advance stage coal projects in South Africa, the introduction of a major strategic partner through a joint venture or similar style transaction to aggressively fund exploration and development in Botswana will add considerably value to the projects in the short to medium term.

The Company will look to update shareholders on these discussions as they progress.

Yours faithfully



Jason Brewer
Executive Director

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About Continental Coal Limited

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.

Forward Looking Statement

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the coal mining industry, expectations regarding coal prices, production, cash costs and other operating results, growth prospects and the outlook of Continental's operations including the likely commencement of commercial operations of the Penumbra and De Wittekrans, its liquidity and the capital resources and expenditure, contain or comprise certain forward-looking statements regarding Company's development and exploration operations, economic performance and financial condition. Although Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in coal prices and exchange rates and business and operational risk management. For a discussion of such factors, refer to the Company's most recent annual report and half year report. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

Exploration Target and Resources

The information in this report that relates to the Exploration Target for the Botswana Project is based on an exploration target completed by Mr Nico Denner who is employed by Geological and Mine Evaluation Computer Services ("Gemecs"). It should be noted the Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource. To delineate a resource on this project that is JORC Compliant significant levels of drilling is required. Mr Denner is a Geologist with 15 years experience in the Southern African Mining Industry and sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and the Ore Reserves. Mr Denner is a Member of South African Council for Natural Scientific Professions (Membership No. 400060/98). Mr Denner consents to the inclusion of this information in the form and context in which it appears in this report.