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The Manager
Company Announcements
Australian Securities Exchange Limited
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Sydney NSW 2000

By e-lodgement

**EXPLORATION PROGRAM FINALISED FOR BOTSWANA COAL PROJECTS
UPDATE ON KENYA MUI COAL BASIN TENDER**

Key Points:

- Initial exploration drilling program for Botswana finalised following receipt of report from the Company's independent South African consulting geologists
- 60 borehole drilling program to be completed in 2011 through two phase exploration drilling program to commence upon appointment of Botswana drilling contractors
- Exploration drilling to focus initially on the Serowe Thermal Coal Project with subsequent drilling to commence on the Kweneng Thermal Coal Project
- Tender documents received from the Kenyan Ministry of Energy for 4 coal concession blocks in the Mui Coal Basin with submissions due in July 2011

Emerging mid-tier South African focussed coal producer Continental Coal Limited (ASX: CCC) ("**Continental**" or the "**Company**") is pleased to provide an update on its planned exploration activities on its Serowe and Kweneng thermal coal projects in Botswana (together the "**Projects**") following receipt of the planned initial exploration and drilling programs for each of its projects from its independent geological consultants. The Company is also pleased to confirm that it has received a "Request for Proposals for Concession of Mui Coal Blocks" and the accompanying data and will be submitting its detailed proposal as required to the Kenyan Ministry of Energy in July 2011.

"We are extremely pleased to have finalised our planned initial exploration program for our Botswana prospecting licenses and to be in a position of being able to commence work in-country very shortly. In addition, having now received the tender documents from the Kenyan Ministry of Energy we are busy preparing our submission to position ourselves to secure one of the 4 exciting coal concession blocks available." commented Continental's Executive Director, Jason Brewer.

"It is very pleasing to be able to offer our shareholders such exploration upside in these highly prospective and strategically located coal regions, particularly coupled with export and domestic thermal coal sales from our two producing open cast mines in South Africa and ahead of planned announcements of the Penumbra Coal Project development and funding plans due to be released to the market in the coming days" Mr Brewer added.

Botswana Exploration Program

In March 2011, the Company's South African subsidiary Continental Coal Limited ("CCL") appointed Gemecs (Pty) Ltd ("**Gemecs**") to finalise an initial exploration and drilling program on the Company's Prospecting Licences located in the Republic of Botswana. These licences in the name of Weldon Investments, a Botswanan incorporated company, are controlled by CCL through its current 64.1% interest in Mashala Resources Ltd. The licences PL 339/2008 and PL 340/2008 are known as the Serowe Project, and PL 341/2008 is known as the Kweneng Project (together the "**Projects**") and are located immediately north of Botswana's only producing coal mine, the Morupule Coal Mine and 25kms west of CIC Energy's Mmamabula Coal Project.

The Company is pleased to confirm that it will now commence an initial two phase exploration drilling program on its Botswana Projects. Phase 1 of the drilling is planned to commence shortly in June 2011, with Phase 2 scheduled to be completed by year end. The exploratory program has been prepared with the aim of determining the potential for shallow to moderate depth coal which may be economically exploitable, to satisfy the Company's obligations under its Prospecting Rights to the Department of Geological Survey and also to determine which portions of the licenses to relinquish in 2012 as required under Botswana's mineral legislation.

Planning of Proposed Drilling Program

The Phase 1 exploratory drilling program is intended to enable an initial appraisal of the potential for coal deposits at moderate depths within both of the Projects, and to provide detailed information to determine the extent and nature of the Phase 2 drilling program. Phase 2 drilling will be geared to delineating the extent and continuity of any potentially economic coal deposits detected by the wide-spaced boreholes from Phase 1.

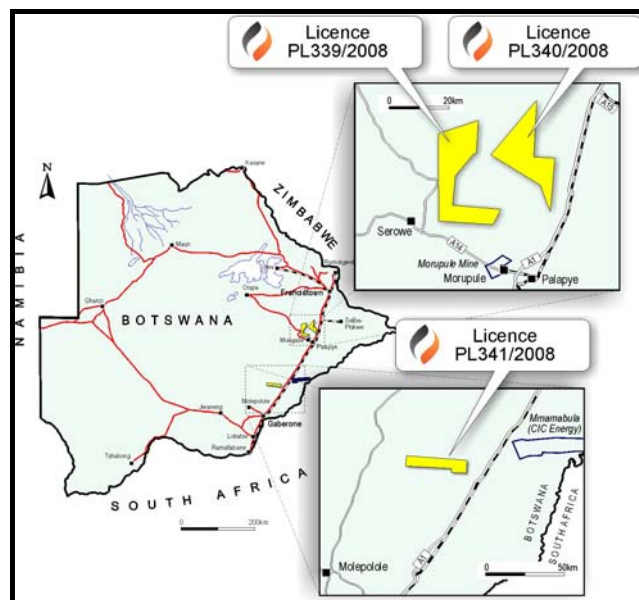


Figure 1. Location of Projects in Botswana

Phase 1 boreholes positions have been established to determine the nature, depth and quality of the anticipated coal seams. They have been selected with reference to both local geology, geological structure and results from historical exploration in the area. The boreholes have been located in areas of anticipated Karoo coal measures strata, including certain localities where dolerite sill cover is anticipated and away from areas of confirmed basement bedrock, which have no coal potential.

The boreholes to be drilled for Phase 1 of the proposed drilling programme have also been located with reference to potential access to the proposed drilling sites, to reduce time-consuming and costly road construction/bush clearance, enabling the drilling program to be completed in a relatively short time-frame. As far as possible, borehole sites have been located adjacent to existing access roads and tracks to ensure relative ease of access.

Serowe Project Proposed Drilling Programme

A program of 10 fully-cored boreholes is proposed as part of the Phase 1 exploration drilling to determine the initial coal potential within the western part of the Project area and a further 10 are proposed in the eastern part of the Project area. The Phase 1 work is considered sufficient to determine the initial coal potential and to fulfil the requirement of the Prospecting Licences in terms of envisaged exploratory drilling for this phase of the work.

The depth of the planned boreholes have been estimated to include intersection of both the Serowe Bright coal seam and Morupule Main coal zone, which are expected to represent the principal horizons which have economic importance, and were derived based on projections from all available data and information. The positions of the boreholes are considered optimal from a geological perspective with reference also to general infrastructure and access. The majority of the proposed drilling sites are located in areas determined to be underlain by Karoo coal measures based on earlier geological interpretation and supported by geophysical interpretation. All drill sites are expected to be accessible via existing roads and tracks. The first 14 of the 20 proposed borehole positions for the Phase 1 drilling are indicated below in Figure 2.

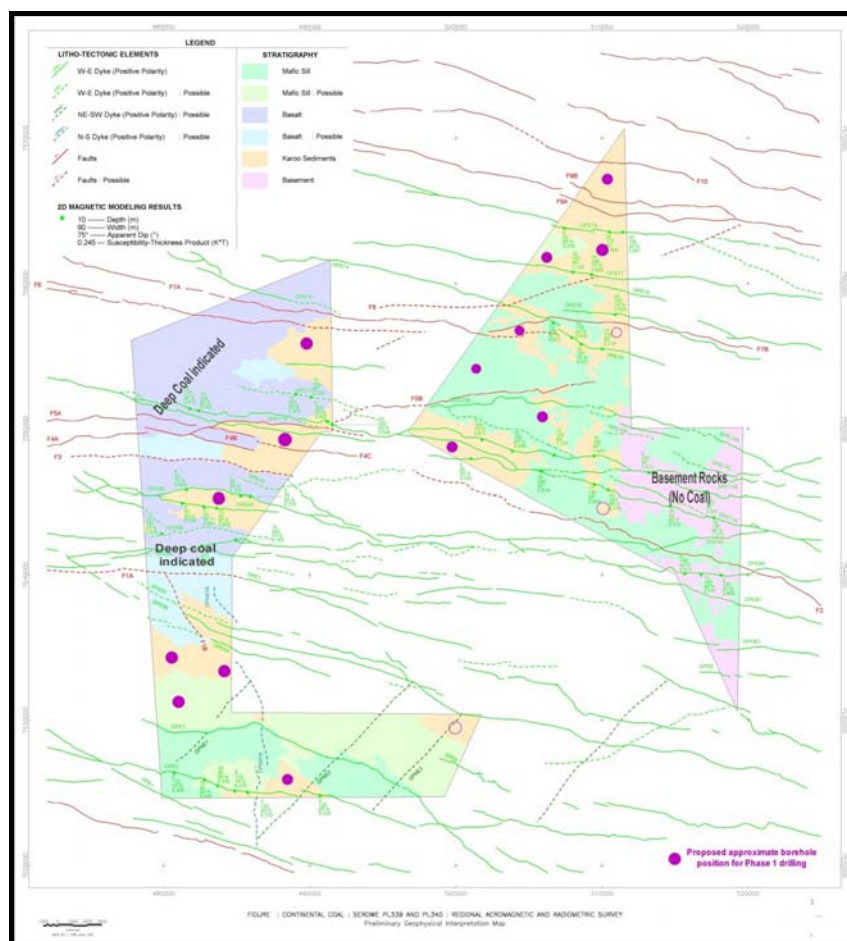


Figure 2. Proposed Borehole Positions Superimposed on Interpreted Geology

It is proposed that none of the boreholes be drilled deeper than 350m, with the total estimated drilling for Phase 1 at the Serowe Project forecast to be 3,150m.

For the Phase 2 drilling program, a further 20 boreholes and up to 5,500m of drilling is proposed to be completed by December 2011.

Kweneng Project Proposed Drilling Programme

A program of 10 fully-cored boreholes is proposed as part of the Phase 1 exploration to determine the initial coal potential within the Project area.

The depth of the planned boreholes have been estimated to intersect the "K", "A" and "E" coal seams, which comprise the major coal zones that are expected to represent the principal horizons of economic importance. The selected positions of the boreholes are considered optimal from a geological perspective with reference to general infrastructure.

The proposed borehole positions for the Phase 1 drilling are indicated below in Figure 3.

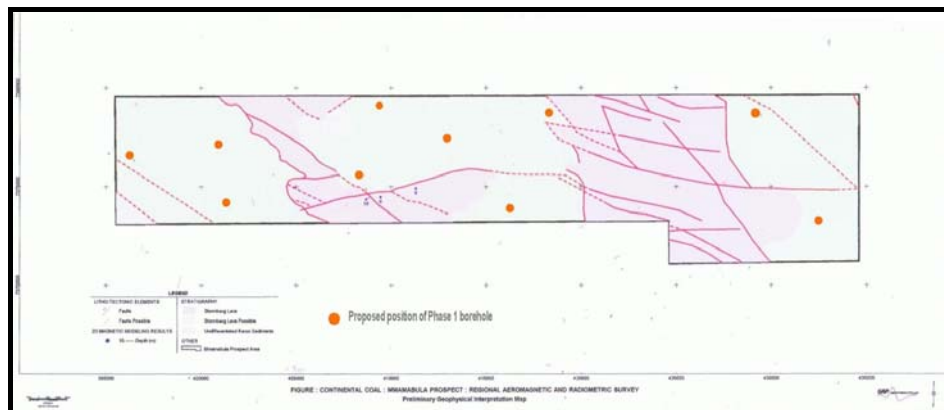


Figure 3. Proposed Borehole Positions Superimposed on Interpreted Geology

In order to maximise the intersection of the anticipated coal seams, drilling sites have been located to be collared in the Karoo sequence below the horizon of the Stormberg Basaltic lavas.

It is again proposed that none of the boreholes be drilled deeper than 350m. The total estimated drilling for Phase 1 of the exploration drilling programme at the Kweneng Project is forecast to be 2,900m.

For the Phase 2 drilling program a further 10 boreholes and up to 3,000m of additional drilling is proposed.

Details Of Proposed Drilling Programme And Anticipated Strata To Be Intersected

The drilling program across both Projects will recover a TNW-size (60.3mm) core. In the deeper holes, consideration will be given to wireline drilling to recover a HQ-size (63.3mm) core, in order to expedite the work. Under normal circumstances, core recovery over non-coal intervals is estimated to be in excess of 90% and over coal intervals should be in excess of 95%.

Strata to be drilled will consist of unconsolidated Kalahari sands, alternating sandstones, siltstones and mudstones of the Karoo sequence, including coal seams/zones and in some localities sub-surface dolerite sills. Basement rock may be encountered in some boreholes and in cases where basement is intersected, this will determine the final depth of the borehole.

The relatively soft and unconsolidated overburden in these areas comprises Kalahari Beds, consisting predominantly of sand and calcified sand, generally between 20 and 35m thick. The carbonaceous sequence within the Karoo strata is expected to be up to 100m wide and consists of interbedded mudstones, carbonaceous shales and coal seams with lesser amounts of siltstone and some minor sandstones, occurring mostly as lenses.

The Karoo sequence in the Serowe Project, consists of a number of sub-basins of deposition. In general, white-cream coarse-grained feldspathic sandstones with thin argillaceous cross-bedding occur at the base, overlain by finer sandstones containing a coal zone in some localities. Above this are sediments comprising mainly mudstones and coals with some sandstones and rare mudstone-conglomerates, with the Morupule Main coal zone at the base.

Higher in the sequence, the so-called Taukome Bright coal seam is followed by a generally well-defined "Siltstone Marker" and localised developments of channel sandstones, with the Upper coal zone at the top of this interval. Above this, a coarse-grained sandstone with minor conglomerates is followed by a sequence of red-brown mudstone, siltstone and fine-grained sandstone. A rather uniform sequence of fine-grained, light red-brown sandstone of Aeolian origin completes the sedimentary column. In the west of the Serowe Project, Stormberg lava is present. Borehole sites have been proposed to locate these stratigraphically well below the lava, so as to intersect any coal-bearing strata at moderate depth.

In the Kweneng Project area, glaciogenic sediments of the Dwyka Group occur. The overlying Ecca Group, which hosts the potentially economic coal seams, comprises grey to black shaly mudstones intercalated with siltstones and fine-grained pale sandstones, grading upwards into a succession of medium- to coarse-grained whitish feldspathic sandstones with a single persistent intercalation of coal and coaly mudstones. Above this, carbonaceous mudstones, coal successions, and various intercalations of fine to coarse grained sandstones occur. The uppermost formation of the Group consists of mudstone/carbonaceous mudstone. Higher in the sequence, massive siltstones are followed by the Stormberg volcanics.

Boreholes will be cased through overburden, superficial deposits, soft measures and weathered rocks into solid bedrock and additional casing inserted, if caving strata are intersected. Geophysical wireline logging (down-hole surveys), using as a minimum the standard coal sonde suite (BRD, HRD, Calliper, γ -log), will be conducted as a standard in all drill holes which intersect potentially exploitable coal intersections. Steel drill casing will be retained in boreholes to maintain stability whilst surveys are run.

All cores will be packed into core trays immediately after drilling, and transported to the dedicated core yard to facilitate core logging by the Company's geological consultants. Cores over coal intervals will be packed into metal core boxes, ensuring as little as possible core loss occurs during handling and transportation. Accurate drilling stickup depths will be clearly marked and placed in all core trays. All drill cores will be clearly and correctly marked at 1m intervals.

Appointment of Drilling Contractors and Commencement of Drilling Program

The Company has had several discussions with its preferred in-country drilling contractors and having received and accepted Gemecs proposed initial exploration drilling program will now move to finalise the drilling contract and commence operations in Botswana in June.

Tender Proposal Received from Kenyan Ministry of Energy

The Company has now received a "Request for Proposals for Concession of Mui Coal Blocks" from the Kenyan Ministry of Energy. The request and the accompanying data will form the basis for the Company's submission of a detailed technical and financial proposal for the 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.

The Company and its consultants met with the Ministry of Energy and other key stakeholders in Kenya in February 2011, and further meetings are proposed to take place in June 2011 ahead of the Company submitting its detailed proposal, as required, in July 2011.

Yours faithfully



Jason Brewer
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About Continental Coal Limited

Continental Coal Limited (ASX:CCC : US-OTCQX:CGFAY) is a South African thermal coal producer with a portfolio of producing and advanced coal projects located in South Africa's major coal fields. Continental currently has two operating mines, Vlakvarkfontein and Ferreira, producing 2Mtpa of thermal coal for the export and domestic markets. In 2011 Continental is set to commence development of the Penumbra Coal Mine and complete a Bankable Feasibility Study on the De Wittekrans Coal Project. The Company has concluded strategic off-take and funding agreements with EDF Trading for its export thermal coal production and recently signed a joint development agreement with KORES, Korea's state mining and exploration company.

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.