

20 July 2011

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

By e-lodgement

### **TENDER SUBMITTED FOR MAJOR COAL CONCESSIONS IN KENYA'S MUI COAL BASIN**

Emerging mid-tier South African focussed coal producer and exporter Continental Coal Limited (ASX: CCC) ("**Continental**" or the "**Company**") is pleased to confirm that it has submitted its detailed technical and financial tender to the Kenyan Ministry of Energy to be awarded one of four coal concession blocks located within the Mui Coal Basin.

In January 2011, the Company was advised by Kenya's Ministry of Energy that its Expression of Interest (EOI) to participate in coal exploration and development of Kenya's Ministry of Energy Mui Coal Basin had been accepted and that it was one of eleven shortlisted international coal mining companies selected to submit a detailed technical and financial proposal for the proposed exploration, exploitation and development of identified coal deposits contained within 4 concession blocks (Blocks A, B, C and D) covering 490km<sup>2</sup> and situated in the Mutitu, Mwingi East and Mwingi Central Districts of Kenya.

In May 2011 the Company received a "Request for Proposals for Concession of Mui Coal Blocks" ("**RFP**") from the Kenyan Ministry of Energy. In accordance with the RFP, the Company has now submitted its proposal to:

- complete further exploration and feasibility work on Block C to enable a mine development decision within 18 months; and /or
- complete further exploration, evaluation and feasibility work on one of Blocks A, B or D to allow the Company to move quickly towards a decision to mine

The Company has identified Kenya and the Mui Basin as a highly strategically important coal development and coal exploration opportunity for its shareholders and if successful with its proposal is committed to working with the Government of Kenya to develop Kenya's first major coal mining operation.

*"We are pleased to have submitted our proposal to Kenya's Ministry of Energy and look forward to further discussions and negotiations with the Government of Kenya over the current quarter prior to a decision being made on the awarding of the concessions. We believe that Continental has all the necessary credentials and experience to successfully advance the concessions into profitable and major coal mining operations for the Government of Kenya."* commented Continental's Executive Director, Jason Brewer.



## **The Mui Coal Basin**

The Mui Coal Basin is located 180km northeast of Nairobi and covers an area of 500km<sup>2</sup>. 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.

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 six coal seams have been identified (C1 to C6) in the basin. 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 commissioned a feasibility study on Block C in September 2010 based on a non-JORC compliant resource of 452 Mt and a proposed combined conventional open pit and underground mining operation. Under the study, open cast mining of approximately 90 million tonnes of coal from the C1 seam (average depth of 15m and seam thicknesses from 8m to 2m) and from the C2 seam (depth of between 20m to 63m and average seam thicknesses of 4m) was proposed. Subsequent development of a conventional bord and pillar underground operation mining approximately 360 million tonnes from the C3, C4, C5 and C6 seams was proposed.

If it is successful in its tender for Block C, the Company has proposed to complete additional resource definition drilling and an updated feasibility study on Block C ahead of a mine development decision being made within 12-18 months.

The Company has also submitted its proposal to complete further exploration and feasibility work on one of Blocks A, B or D. This would comprise an initial two phase exploration drilling program to investigate and quantify the indicated coal deposits on the Blocks followed by further pre-feasibility and feasibility study work.

The Company and its consultants are proposing to have further meetings with the Ministry of Energy and other key stakeholders in Kenya in August 2011.

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For and on behalf of the Board



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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.