

21 September 2011

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

By e-lodgement

# **BOTSWANA EXPLORATION AND VLAKVARKFONTEIN OPERATIONS UPDATE**



## **Key points:**

- 60 hole and 9,000m exploration program in Botswana commenced with drilling now underway at the Serowe Project and to commence at the Kweneng Project
- Experienced Botswana based geological and mine consultant group Analytika Holdings appointed as Project Managers of the two phase exploration program
- Discovery Drilling Contractors, the Company's Botswana based drilling contractors have mobilised two drill rigs to the Serowe Project site
- Drilling program to be completed by the middle of December 2011
- The Serowe and Kweneng Projects have an Exploration Target<sup>1</sup> of 6 – 7Bt
- Run-of-mine production and domestic sales at Vlakvarkfontein Coal Mine of 191,619t and 246,200t achieved for the months of July and August 2011
- The Vlakvarkfontein Coal Mine generates ZAR12.2m of net cashflow from operations during July and August 2011

African focused coal mining and production company Continental Coal Limited (“**Continental**” or the “**Company**”) is pleased to provide an update on the operating and financial performance at the Vlakvarkfontein Coal Mine and its exploration activities at its Serowe and Kweneng thermal coal projects in Botswana (together the “**Projects**”) following the mobilisation of its drilling contractors to site and the commencement of its planned 60 hole RC drilling program.



"This drilling program at the Serowe Project has the potential to generate significant value for the Company through sustained exploration success, hence the reason we are so excited to be drilling at this project," said Continental Coal Limited CEO, Mr Don Turvey.

"Botswana represents a unique opportunity for Continental Coal to add significant resources in a highly strategic and important location to its total portfolio of African coal assets," he added.



**Botswana based drilling contractors Discovery Drilling have mobilised to the Serowe Project and commenced drilling**

It is anticipated that initial drilling results will be available during October 2011 and the Company's geological consultants Gemecs will be in a position after completion of the two phase drilling program to prepare a JORC compliant maiden resource statement on the Projects.

Previously the Company has advised that the combined Exploration Target across the Projects, as determined by the Company's geological consultants Gemecs, is between 6-7 Bt of thermal coal (refer ASX announcement 29/09/2010)<sup>1</sup>.

| Prospecting License   | Exploration Target <sup>1</sup> (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        |
| <b>Total Projects</b> | <b>2,650</b>   | <b>3,900</b>      | <b>6,550</b> |

<sup>1</sup> 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.

Ends

For and on behalf of the Board



**Jason Brewer**  
Executive Director

For further information please contact:

**Investors/ shareholders**

Jason Brewer  
Executive Director  
T: +61 8 9488 5220

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

E: [admin@conticoal.com](mailto:admin@conticoal.com)  
W: [www.conticoal.com](http://www.conticoal.com)

**Media (Australia)**

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

**Media (UK)**

James MacFarlane & Philippe Polman  
Pelham Bell Pottinger  
T: +44 20 7861 3864

**Joint Brokers**

Edmund Higenbottam  
Renaissance Capital  
T: +44 20 7367 7777

**Joint Brokers**

Andrew Young  
GMP Securities Europe LLP  
T: +44 20 7647 2800

**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. Continental commenced development of the Penumbra Coal Mine in September 2011 and completed 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 signed a joint development agreement with KORES, Korea Resources Corporation.

**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.