

15 November 2011

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

By e-lodgement

### BOTSWANA EXPLORATION UPDATE



*Core from Hole SRE 08 at the Serowe Project (PL340/2008)*

#### Key points:

- Major coal bearing carbonaceous zones intersected at the Serowe Coal Project
- Coal intervals intersected over 8 of the first 11 holes drilled on the Serowe Coal Project
- Diamond drilling on PL340/2008 intersects coal horizons over approx. 20km of strike
- Phase 1 drilling completed on PL340/2008 and ongoing on PL339/2008
- Third drilling rig mobilised to commence drilling at the Kweneng Project (PL341/2008)
- Up to thirteen samples taken per hole and despatched to South Africa for testing

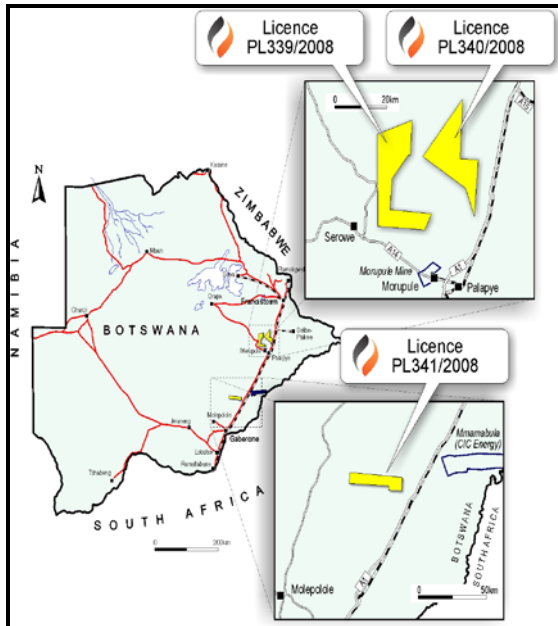
African focused coal mining investment and production company Continental Coal Limited ("Continental" or the "Company") is pleased to provide an update on its exploration activities at its Serowe and Kweneng thermal coal projects in Botswana (together the "Projects").

South Africa	Australia
<b>T</b> +27 11 881 1420 <b>F</b> +2711 881 1423 <b>W</b> <a href="http://www.conticoal.com">www.conticoal.com</a>	<b>T</b> +61 8 9488 5220 <b>F</b> +61 8 9324 2400 <b>W</b> <a href="http://www.conticoal.com">www.conticoal.com</a>
9th Floor Fredman Towers, 13 Fredman Drive, Sandton 2196	Ground Floor, 1 Havelock Street, West Perth, WA 6005
P.O. Box 787646, Sandton 2146	P.O. Box 684, West Perth WA 6872

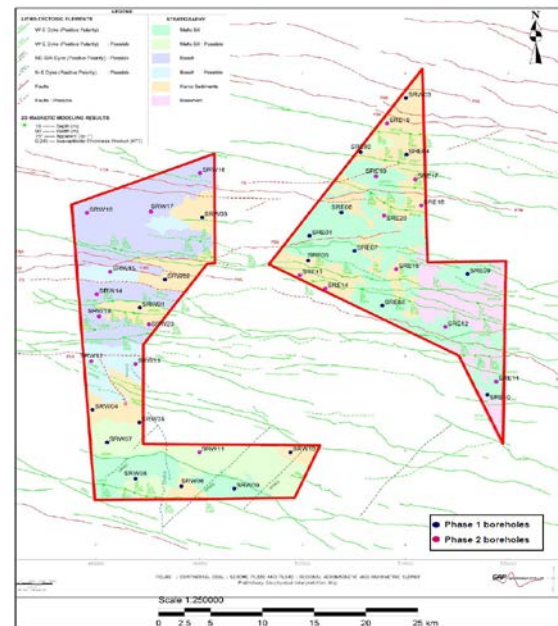
**Executive Chairman** Andy Macaulay   **Executive Director** Peter Landau   **Executive Director** Jason Brewer  
**Non Executive Director** James Leahy   **Chief Executive Officer** Don Turvey

## Background

The Company through its Botswana subsidiary, Weldon Investment (Pty) Ltd, holds three prospecting licenses covering an area of 964km<sup>2</sup> in Botswana. The licenses, PL 339/2008 and PL 340/2008 are together known as the Serowe Project, whilst PL 341/2008 is known as the Kweneng Project.



*Location of Projects in Botswana*



*Phase 1 and Phase 2 Drill Holes at the Serowe Project*

The Serowe Project is located immediately north of Botswana's only producing thermal coal mine, the Morupule Coal Mine and the Kweneng Project is 25kms west of Canadian listed CIC Energy's Mmamabula Coal Project.

Botswana based exploration drilling company Discovery Drilling Contractors Africa (Pty) Ltd ("**Discovery Drilling**") have been appointed to complete a 60 hole diamond drilling program. Discovery Drilling commenced drilling in September 2011 on the Serowe Coal Project following mobilisation of two drill rigs to site.

## Drilling Results

A total of nine diamond drill holes had been completed on PL340/2008 - SRE01 to SRE09 - and a further two diamond drill holes - SRW02 and SRW03 - had been completed on PL339/2008 as at 31 October 2011.

Drilling on PL340/2008 commenced on 14 September 2011 and has been concentrated on the northwestern and southeastern boundary of the prospecting license. Of the nine holes completed on PL340/2008, six have intersected major coal horizons. Of the four holes drilled on the northwestern boundary, all intersected coal horizons and are contiguous from the most northern hole, SRE03 southwards to the most western hole SRE08, indicating a coal mineralised strike length of approx. 20km and confirming previous historical drill data.

Drilling on PL339/2008 commenced on 18 October and has to date been concentrated on the northeastern boundary, closest to PL340/2008. Both holes completed to date have intersected major coal horizons and suggest a continuation of the identified coal horizons across from PL340/2008.

PL Number	Borehole ID	Longitude	Latitude	End of Hole (m)	Coal Horizon (m)
PL339/2008	SRW02	026° 52' 13.5" E	22° 10' 18.4" S	129.74	105.55-129.74
	SRW03	026° 54' 18.5" E	22° 06' 43.6" S	237.7	120.7-211.28
PL340/2008	SRE01	027° 00' 20.3" E	22° 07' 47.2" S	102.83	73.69-82.51
	SRE02	027° 03' 08.1" E	22° 03' 19.0" S	171.80	59.87-144.47
	SRE03	027° 05' 18.9" E	21° 59' 50.1" S	66.31	27.40-40.40
	SRE04	027° 05' 46.7" E	22° 03' 06.0" S	174.91	36.00-106.60
	SRE05	027° 00' 15.0" E	22° 09' 12.8" S	90.85	No coals
	SRE06	027° 02' 08.1" E	22° 06' 26.3" S	105.88	No coals
	SRE07	027° 02' 52.0" E	22° 08' 39.6" S	84.45	45.00-59.12
	SRE08	026° 58' 44.2" E	22° 08' 50.4" S	174.85	90.60-147.50
	SRE09	027° 02' 52.0" E	22° 08' 39.6" S	25.22	No coals

*Table 1. Summary of drill holes completed to date at the Serowe Project*

Drilling on PL340/2008 has intersected relatively shallow coal horizons at a minimum depth of 27.00m (SRE03) and to a maximum depth of 147.50m (SRE08).

SRE01 intersected an approx. 9.00m coal horizon from 73.69m, with the adjacent holes SRE02 and SRE08 holes intersecting coal horizons of 84.60m and 56.90m in thickness at depths of 59.87m and 90.60m respectively.



*Continental's geological consultants inspecting drill core at the Serowe Project*

As part of this first phase of drilling on PL340/2008, the Company's geological consultants have proposed to sample the entire coal horizon. Up to thirteen samples have been taken per hole. Samples have been wrapped and bagged and are ready for transportation to the laboratories in South Africa for testing. Initial test results are expected to be received in late January 2012.





*Diamond drill core from hole SRE01*



*Diamond drill core from hole SRE02*



*Diamond drill core from hole SRE03*



*Diamond drill core from hole SRE04*

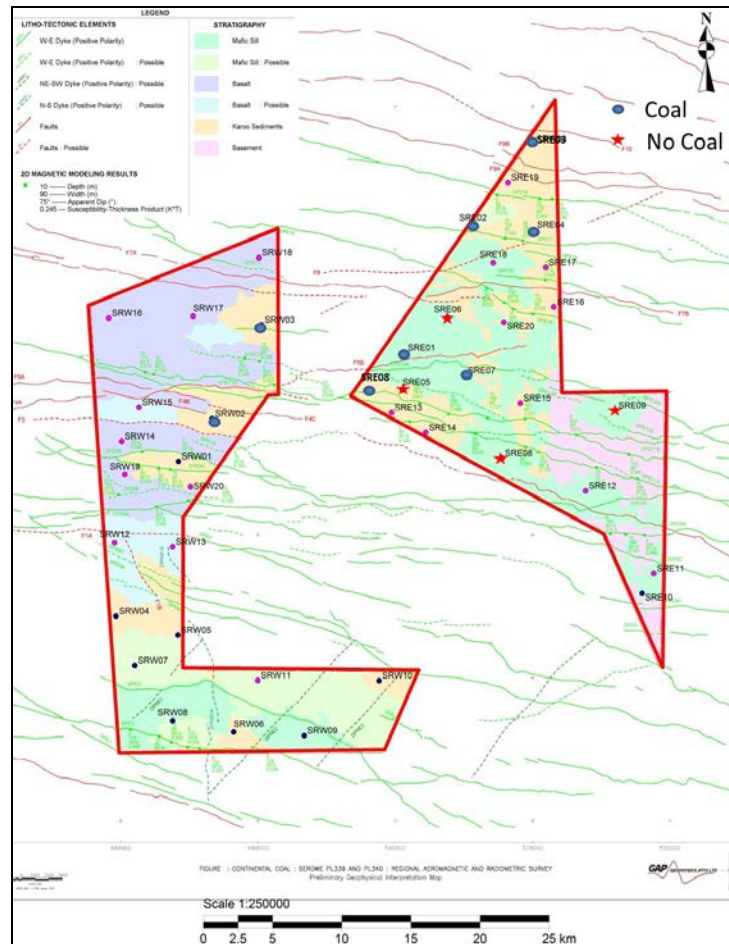


*Diamond drill core from hole SRE07*



*Diamond drill core from hole SRE08*

Drilling on the first two holes on PL339/2008 have intersected coal horizons at depths of 105.55m (SRW02) and 120.70m (SRW03). These two holes are at the eastern boundary of PL339/2008 and less than 10km from hole SRE08 on PL340/2008.



*Drilling program at the Serowe Project*

Drilling is continuing on PL339/2008 with holes SRW01 and holes SRW04 to SRW08 to be completed over the month of November 2011. Results of these seven holes will be released to the market once available.

The results and intersections of the Phase 1 drilling on PL340/2008 and PL341/2008 will determine the final locations for Phase 2 drilling that is proposed.

On 1 November 2011 the drilling contractor, Discovery Drilling mobilised to the Kweneng Project with drilling commencing on the 10 hole program to be completed in December 2011.

For and on behalf of the Board.

Regards



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

**Nominated Advisor**

Stuart Laing  
RFC Corporate Finance  
T: +61 8 9480 2500

**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/AIM: COOL/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.

**Competent Person Statement**

The information in this announcement that relates to exploration results of the Serowe and Kweneng Projects is based on data compiled by Mr Nico Denner who is a member of the South African Council for Natural Scientific Profession and a Fellow of the Geological Society of South Africa. Mr Denner has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration to qualify as a competent person as defined in the 2004 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Denner consents to the inclusion in this announcement of the matters based on his information in the form and context in which they appear.

**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 the 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.