



For Immediate Release

**CONTINENTAL PRECIOUS MINERALS ANNOUNCES UPDATE ON
METALLURGICAL WORK ON VIKEN PROJECT
Plans to File Updated Preliminary Economic Assessment by end of January 2012**

October 17, 2011 – TORONTO, ONT. Continental Precious Minerals Inc. (TSX-CZQ) (the “Company” or “Continental”) is pleased to announce that the results of its recent phase of metallurgical testwork indicate that operating costs are capable of being reduced significantly from those included in its preliminary economic assessment dated October 19, 2010.

The basic flowsheet concept is essentially unchanged, but process modifications that allow (less expensive) lime to be used as the primary reagent instead of soda ash have resulted in a substantial reduction in reagent costs. In particular:

- Soda ash consumption in the uranium circuit has been reduced by 80 – 90%
- It has been shown that lime can be substituted for caustic in the vanadium circuit
- Locally available limestone appears to be suitable for conversion to lime. Lime is now the dominant reagent and consumption is substantially higher, primarily due to increased gas scrubbing requirements.

The process includes generation of electric power that exceeds plant requirements and a credit for excess power was assumed for the earlier PEA study. This credit will be reduced due primarily to increased plant consumption.

The metallurgical implications of the latest testwork are still being evaluated and quantitative information on estimated operating costs and metal recoveries are not yet available. Metallurgical testwork will continue and the Company plans to file an updated preliminary economic assessment by the end of January 2012.

Alfred Hayden, P. Eng. of EHA Engineering is the qualified person, as defined in National Instrument 43-101, that has approved the technical contents of this news release.

About Continental Precious Minerals Inc.

Continental Precious Minerals Inc. is a multi-mineral exploration company with multiple interests and exploration licences in Sweden. Since March 2005, Continental’s primary goal has been to advance its Swedish assets. The Company is also evaluating other opportunities as they emerge in current market conditions.

Cautionary Statement Regarding Forward-Looking Statements

This news release contains forward-looking statements that are based on expectations, estimates and projections as of this date. Such forward-looking statements are identified by words such as “estimates”, “intends”, “plans”, “expects”, “believes”, “may” and “will” and include, without limitation, the statement that operating costs are capable of being reduced significantly from those included in its preliminary economic assessment dated October 19, 2010. There is no assurance that the Company will be able to achieve any of the goals referred to in this news release. Factors that could affect the outcome include, without limitation, the unpredictable nature of metallurgical work, and other factors that could affect operating costs not yet identified. There is no assurance that the Company will in fact be able to reduce operating costs or ever be successful in extracting metals from the Company’s mineral exploration licences in Sweden on a commercial scale, or at all. The forward-looking statements contained in this news release represent the Company's views and expectations as of the date of this release and should not be relied upon as representing its views and expectations at any subsequent date.

For further information, please contact:

Ed Godin
President & CEO
T: (416) 805-3036
F: (905) 276-4862
godine@rogers.com

Craig MacPhail
TMX | Equicom
T: (416) 815-0700, ext. 290
cmacphail@equicomgroup.com