

Continental Precious Minerals Inc.: Reduction of Net Profits Royalty Interest

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TORONTO, Feb. 27, 2012 - [Continental Precious Minerals Inc.](#) (TSX:CZQ) (the "Company" or "Continental") is pleased to announce that it has entered into an agreement with Geoforum Scandinavia AB, the company that holds a 5% Net Profits royalty interest in all of the Company's mineral exploration licences in Sweden, to reduce Geoforum's Net Profits royalty interest in the Company's MMS Viken Project from 5% to 1%. Geoforum is a company wholly-owned by Michael Bromley-Challenor, the Executive Vice-President and Director of Explorations and Development of the Company.

In consideration of the reduction in Net Profits royalty interest, Geoforum will receive 5,000,000 common shares of the Company (representing 8.8% of the issued and outstanding shares of the Company following issuance) and a cash amount of \$65,000, representing a total consideration of \$1,765,000. Kalex Valuations Inc. ("Kalex") of Toronto, an independent valuator, was retained by the board of directors of the Company to prepare a formal valuation of the Net Profits interest on the Viken Project. Kalex delivered to the board a valuation report dated February 17, 2012 in which it concluded, based on the assumptions, limitations, analyses and other matters set forth in its valuation report, that the fair market value of a 4% Net Profits royalty interest on the Viken Project was in the range of \$2,292,000 to \$2,708,000 as at the effective date of the report of December 31, 2011.

Based on the valuation and the Company's expectation that a reduced royalty on the MMS Viken Project will assist in attracting and negotiating with potential joint venture partners, the directors of the Company have unanimously determined that it is in the best interests of the Company to reduce the Net Profits royalty interest on the MMS Viken Project from 5% to 1% and have approved the transaction. The transaction is a related party transaction under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The transaction is exempt from the minority approval requirements of MI 61-101 because neither the fair market value of the subject matter of the transaction nor the consideration to be paid by the Company exceeds 25% of the market capitalization of the Company. Completion of the transaction is subject to regulatory approval. It is a condition of the agreement with Geoforum that closing occur no later than March 7, 2012, unless extended with the written consent of each party and hence the material change report may not be filed at least 21 days prior to the closing date.

On completion of the transaction, the Company will have a right of first refusal on the sale of the first 1,000,000 common shares by Geoforum following the transfer of the first 2,500,000 shares.

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 Company's expectation that a reduced royalty on the MMS Viken Project will assist in attracting and negotiating with potential joint venture partners. Factors that could affect the outcome include, without limitation, the unpredictable nature of metallurgical work, metal prices and other factors that could affect operating and other costs not yet identified as well as the other factors discussed in the section entitled "Risk Factors" in the latest annual information form of the Company filed on SEDAR at www.sedar.com. 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.

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