



## ***Continental Nickel Announces Non-Brokered Private Placement Financing***

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Toronto, Ontario (December 17, 2009) : Continental Nickel Limited (TSXV:CNI) ("Continental" or the "Company") announces a non-brokered private placement of 230,000 flow-through ("FT") shares at a price of \$1.10 per share for gross proceeds of \$253,000 to one institutional investor, subject to regulatory approval and closing. In addition, the Company proposes to complete a second non-brokered, non-flow-through, private placement to its largest shareholder, IMX Resources Limited ("IMX") of Australia. IMX, under the terms of an "Interrelationship Agreement" dated February 28, 2007, has elected to exercise its pre-emptive right to participate in this financing of Continental on a pro-rata basis to maintain its non-diluted share ownership interest in the Company. The private placement will involve the issuance of 207,269 common shares at a price of \$0.92 per share for gross proceeds of \$190,687. The share price of \$0.92 per share is based on the closing price of the common shares of the Company on December 16, 2009. Gross proceeds from the two placements are expected to total \$443,687.

The proceeds raised in the FT placement will be used to fund exploration programs at the St. Stephen nickel and copper project in New Brunswick. The St. Stephen project is under option from Abitex Resources of Val D'Or Quebec and the Company can acquire up to a 75% interest in the project. The Company recently completed a ground geophysical survey (see press release of December 9, 2009) on the St. Stephen Property and outlined two new and untested, high conductance electromagnetic (EM) anomalies near known nickel-copper sulphide zones. The Company intends to drill test these and several other identified targets in 2010. The gross proceeds raised from the flow-through offering will be used for "Canadian exploration expense" as defined in the Income Tax Act (Canada) and will be renounced for the 2009 taxation year.

The proceeds raised in the IMX placement will be used for ongoing exploration at the Company's Nachingwea Project in Tanzania and for general corporate purposes. Currently, the Company is compiling the results of the 2009 exploration program to enable target selection for exploration in 2010. The main objectives of the 2010 program will be to increase the current NI 43-101 compliant Mineral Resources at Ntaka Hill, currently estimated at 3,085,000 tonnes grading 1.31% nickel and 0.24% copper (see press release of July 15, 2009), as well as continue to explore the large regional land holdings for additional nickel sulphide deposits in this new emerging nickel district.

In connection with the flow-through private placement, the Company will pay a cash finder's fee of 5% of the gross proceeds raised under the offering. No fees will be paid in connection to the IMX private placement.

Both the FT shares and common shares will be subject to a four month statutory hold period from closing. The FT Offering is scheduled to close on or about December 22, 2009 and the IMX Offering is expected to close shortly thereafter. Both offerings are subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange.

IMX currently owns 14,283,000 common shares of Continental Nickel, representing 47.4% of the 30,132,395 issued and outstanding common shares. Upon closing of the proposed financings, IMX will own 14,490,269 common shares of Continental Nickel and maintain their interest at 47.4% on a post-closing basis. The private placement by IMX was unanimously approved by the directors of Continental Nickel exclusive of Mr. Bruce Burton, who is the nominee director of IMX. The private placement by IMX is a "related party transaction" as defined by Multilateral Instrument 61-101-Protection of Minority Security Holders in Special Transactions ("MI 61-101") under applicable securities laws as IMX is the majority shareholder of Continental. However, Continental is exempt from the valuation and minority approval requirements of MI 61-101 for related party transactions because the fair market value of the private placement is not more than 25% of the market capitalization of the Company.

*This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons as defined under applicable securities laws unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

#### **About Continental Nickel**

Continental Nickel Limited is focused on the exploration and discovery of nickel sulphide deposits in geologically prospective, but under-explored regions globally. Current projects include its 70% controlling interest in the Nachingwea project in Tanzania, where NI 43-101 Mineral Resources have been defined, and an option joint venture on the St. Stephen project in New Brunswick, Canada. Continental Nickel has 30,132,395 shares issued and outstanding (32,799,895 on a fully-diluted basis) and trades on the TSX Venture Exchange under the symbol CNI. The Company remains well funded with over C\$9.3 million in the treasury.

On behalf of

#### **Continental Nickel Limited**

*"Craig MacDougall"*

President & Chief Executive Officer

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