



Continental Nickel Closes a Second Non-Brokered Private Placement Financing

NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Toronto, Ontario (January 5, 2010): Continental Nickel Limited (TSXV:CNI) ("Continental" or the "Company") is pleased to announce the closing of a previously announced (see Company's news release dated December, 17, 2009) non-brokered private placement of 207,269 common shares sold to the Company's largest shareholder IMX Resources Limited ("IMX") of Australia. The shares were sold at a price of \$0.92 per share raising gross proceeds of \$190,687 and are subject to a hold period expiring on May 5, 2010.

IMX, under the terms of an "Interrelationship Agreement" dated February 28, 2007, elected to exercise its pre-emptive right to participate in a financing to maintain its non-diluted share ownership interest at 47.4% of the issued and outstanding shares in the Company, after the Company closed 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 (see Company's news release dated December 22, 2009). Gross proceeds from the two placements total \$443,687.

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 aggressively explore the large regional land holdings for additional nickel sulphide deposits in this new emerging nickel district.

No fees were paid in connection to the IMX private placement.

As a result of completing the private placement, IMX owns a total of 14,490,269 issued and outstanding common shares of Continental Nickel, representing 47.4% of the 30,569,664 issued and outstanding common shares. 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 30,569,664 shares issued and outstanding (33,237,164 on a fully-diluted basis) and trades on the TSX Venture Exchange under the symbol CNI. The Company remains well funded with over C\$9.6 million in the treasury.

On behalf of

Continental Nickel Limited

"Craig MacDougall"

President & Chief Executive Officer

For further information please contact:

Continental Nickel Limited

Craig MacDougall, P. Geo.

President and CEO

Tel: (416) 364-7111

Fax: (416) 364-8114

E: info@continentalnickel.com

Web site: www.continentalnickel.com

CAUTIONARY STATEMENT: The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. This News Release includes certain "forward-looking statements". All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding potential mineralization and reserves, exploration results, future plans and objectives of Continental Nickel Limited, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Continental Nickel Limited's expectations are the risks detailed herein and from time to time in the filings made by Continental Nickel Limited with securities regulators.