Continental Nickel Announces Potential for Good Nickel Recovery for Disseminated Hanging Wall Mineralization at Sleeping Giant

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TORONTO, ONTARIO -- (Marketwire) -- 03/22/12 -- Continental Nickel Limited (TSX VENTURE: CNI) ("CNI" or the "Company") is pleased to announce that, based on analysis of recently received assays by CNI's consulting metallurgist, good recovery of nickel by conventional flotation is currently anticipated from the disseminated hanging wall mineralization in the Sleeping Giant zone at the Ntaka Hill Nickel Project (the "Project"). This analysis was based on nickel assays conducted on samples from drilling of mineralization included in the recently announced mineral resource update (CNI press release of March 2, 2012).

Based on preliminary work it is estimated that the disseminated hanging wall mineralization represents approximately 50% of the contained nickel in the mineral resource estimate for the Sleeping Giant zone. Evaluation work to further define the amount of the resource attributable to the hanging wall will continue over the next year. The Project is part of the larger 75:25 joint venture between CNI and IMX Resources Limited covering the Nachingwea property in Southern Tanzania.

Highlights

- Average estimate of non-sulphide nickel from 116 representative samples was 0.072% nickel ("Ni") and remained largely constant across the range of nickel grades and was consistent with similar analysis on samples from the main body of the Sleeping Giant zone.

- The low estimate of non-sulphide nickel mineralization combined with the low levels of MgO-bearing minerals prevalent at Ntaka Hill provides support for expected good nickel recovery by conventional flotation from the disseminated hanging wall mineralization in the Sleeping Giant zone.

- These results are similar to those reported from other disseminated nickel sulphide projects such as the Kevitsa copper nickel project in Finland and the Ronnbacken nickel project in Sweden.

Mr. Stewart Watkins, Vice President Projects, commented: "The low level of non-sulphide nickel is a good indication that the Sleeping Giant disseminated hanging wall mineralization is amenable to conventional flotation processes and should demonstrate good metallurgical performance in line with our expectations from the flotation test work already carried out on samples from the main body of the Sleeping Giant zone."

"These results show that the inclusion of the disseminated hanging wall mineralization in the estimated mineral resource and proposed processing plan will have a positive impact on the Ntaka Hill project as highlighted in the Upside Sensitivity Case presented in the October 2011 PEA (CNI press releases of October 5 and November 15, 2011)."

Samples and Assay Techniques

A total of 116 representative samples were selected from 2010 and 2011 drill core to provide a range of nickel grades for analysis and to spatially represent the disseminated hanging wall mineralization at the Sleeping Giant zone. The range of total nickel grades for the samples ranged between 0.02%Ni and 2.35%Ni with the average being 0.36%Ni.

The samples were assayed at ALS Minerals laboratory in Canada using their ME-ICP81 and Ni-ICP05 methods. The ME-ICP81 technique is designed to assay for total nickel using a sodium peroxide fusion followed by hydrochloric acid digest and an ICP-AES finish. This is the assay method used to date to analyse geological samples from the Project, which in turn was used in the preparation of mineral resource estimates. The Ni-ICP05 technique is designed to only assay for nickel contained in sulphide minerals, such as pentlandite, using an ammonium citrate and hydrogen peroxide digest followed by an ICP-AES finish. The assay of non-sulphide nickel was then calculated by using the difference between the two assay techniques.

Analysis of Data

The assay dataset was analyzed with outliers (two samples) and samples with a total nickel assay of below 0.15%Ni or above 1.0%Ni (36 samples) removed. Non-sulphide nickel versus total nickel was then plotted from the dataset. The plot of this data may be viewed using the link provided with this release.

The plotted data shows that there is no significant correlation between the assay of non-sulphide nickel and total nickel across the range of total nickel assays analyzed. Variability in the non-sulphide nickel assay increased with increasing total nickel.

This data was also compared to similar data for the main body of the Sleeping Giant zone (47 samples), which had a higher average total nickel grade of 0.89%Ni. This showed that the average estimate of non-sulphide nickel was similar for these samples when compared to the disseminated hanging wall samples.

Indications of Metallurgical Performance

CNI's metallurgical consultant, Mr. Peter Munro of Mineralurgy Pty Ltd, assessed the nickel assay data as an indicator of expected nickel recovery by conventional flotation. He concluded that, since the estimate of non-sulphide nickel was essentially constant with total nickel, and there were low levels MgO-bearing minerals requiring depression during flotation, the nickel recovery by conventional flotation from all mineralization included in the resource estimate for the Sleeping Giant zone should conform to a "constant tailing" model. A "constant tailing" model was the assumption proposed by Mr. Munro and used in the Upside Sensitivity Case in the October 2011 PEA (CNI press releases of October 5 and November 15, 2011) to estimate nickel recovery from the assumed disseminated mineralization.

In addition, Mr. Munro carried out a literature review of public documents on current and proposed lower grade nickel operations. He found that the analysis of the samples from the disseminated hanging wall mineralization fell within the expected range of average non-sulphide nickel when compared to other lower grade nickel projects such as the Kevitsa copper nickel project in Finland (0.292%Ni average resource grade) and the Ronnbacken nickel project in Sweden (0.177% Ni average resource grade).

Next Steps

A second phase of metallurgical characterization is planned to determine the final metallurgical parameters for the Project. Approximately 12 tonnes of drill core samples are currently being shipped to G & T Metallurgical Services Ltd in Kamloops, British Columbia. Test work will specifically include quantitative mineralogical examination of the disseminated hanging wall mineralization by QEMSCAN and bench scale flotation testing. This study will be completed during the first half of 2012 for inclusion in the Project development plan.

Qualified Persons

The quality control, technical information and all aspects of the exploration program, including sample selection and assaying, were supervised by Ms. Patricia Tirschmann, P. Geo., Vice President, Exploration, for CNI. The analysis of the data and conclusions drawn on metallurgical performance were made or reviewed by Mr. Peter Munro FAusIMM, Senior Principal Consulting Engineer with Mineralurgy Pty Ltd. an independent consultant to CNI.

Ms. Tirschmann and Mr. Munro are qualified persons as defined by National Instrument 43-101 and consent to the inclusion of the data in the form and context in which it appears.

About Continental Nickel Limited

Continental Nickel Limited is focused on the exploration, discovery and development of nickel sulphide deposits in geologically prospective, but under-explored regions globally. The Company's key asset is its 75% interest in the Nachingwea project in Tanzania, where measured and indicated mineral resources have been estimated at 12.8 Mt grading 1.21% nickel and inferred mineral resources have been estimated at 45 Mt grading 0.30% nickel (CNI press release March 2, 2012). The project is a 75:25 joint venture between the Company and IMX Resources Limited.

The Company also has an option to joint venture on the St. Stephen project in New Brunswick, Canada

where the 2010 and 2011 diamond drill programs discovered new Ni-Cu sulphide zones.

As at the date of this release, the Company has 42,738,508 common shares issued and outstanding (51,126,914 on a fully-diluted basis) and trades on the TSX Venture Exchange under the symbol CNI. The Company remains well funded with over $9.4 million in the treasury as at December 31, 2011.

On behalf of Continental Nickel Limited

Dave Massola
President and Chief Executive Officer

CAUTIONARY STATEMENT: 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, potential or estimated metal recoveries, metallurgical results, resources and reserves, cut-off grades, exploration results, future plans and objectives of Continental Nickel Limited, is forward-looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such information. 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.

To view the figure associated with this release, please visit the following link:
http://media3.marketwire.com/docs/CNIfig322.pdf.

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