Continental Nickel Reports Copper Sulphide Mineralization at Chilalo Regional Targets, Nachingwea Project, Tanzania

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TORONTO, ONTARIO -- (Marketwire) -- 03/27/12 -- Continental Nickel Limited (TSX VENTURE: CNI) ("CNI" or the "Company") is pleased to report that metasedimentary-hosted copper sulphide mineralization has been intersected in drilling completed in late 2011 to test regional geochemical and geophysical targets on its Chilalo license located 23 kilometres northeast of Ntaka Hill. The project is a 75:25 joint venture between CNI and IMX Resources Limited of Australia.

Highlights

- Copper sulphide horizon confirmed over a 1 kilometre strike length with mineralization grading up to 5.27% copper, 15.05 g/t silver and 0.41% zinc over 0.4 metres at Chilalo 6

- New untested copper soil anomaly identified 450 metres north of current drilling at Chilalo 6

- Untested high priority targets to be drilled in 2012 at Chilalo 7

- New mineralization enhances the prospectivity of the regional land holdings

Patricia Tirschmann, VP Exploration, commented: "It is exciting to see that several years of progressive regional exploration have advanced to the point where we are starting to identify new sulphide occurrences for more detailed follow-up. The intersection of a laterally extensive zone of copper sulphide mineralization in the Chilalo 6 area is another example of the potential for significant metasedimentary-hosted copper-silver mineralization, in addition to nickel-copper sulphide mineralization, on the Company's extensive land package. We look forward to further drill testing of the highly prospective targets in the Chilalo 6 and 7 areas and to following up additional regional targets in 2012."

Regional exploration in 2011 identified prospective geochemical and geophysical anomalies and surface gossans at two high priority areas, Chilalo 6 and 7, on the Company's Chilalo license (see location map which may be viewed using link provided with this release). The Chilalo 6 area is located 23 kilometres northeast of Ntaka Hill where artisanal copper mining was reported earlier by the Company (Press Release May 25, 2011). The Chilalo 7 area is located 6.5 kilometres northeast of Chilalo 6.

During November 2011, a total of five diamond drill holes totalling 500.5 metres were completed to test the targets identified in the Chilalo 6 area. Results for five holes are reported herein and are provided below in Table I. A drill hole location figure may be viewed using the link provided with this release.

Since the drilling was terminated earlier than expected due to heavy rains that restricted road access, targets in the Chilalo 7 area will be tested as part of the 2012 regional exploration program.

Background

In May 2011, artisanal copper malachite mining activity was confirmed on the Company's Chilalo license located 23 kilometres northeast of Ntaka Hill. The malachite mineralization is hosted primarily in high metamorphic grade felsic gneisses and amphibolite, adjacent to a highly oxidized, gossanous copper-bearing sulphide horizon. The gossanous sulphide horizon and related malachite mineralization was traced in a series of artisanal pits extending in a northeast-southwest direction over a strike length of approximately 400 metres. Soil sampling in the area identified a narrow copper soil anomaly extending to the southwest of the artisanal pits over a total strike length of 1.8 kilometres.

Several other copper soil anomalies were identified elsewhere on the Chilalo license including values of up to 625 ppm copper, 630 ppb silver and 925 ppm zinc and in the vicinity of a second gossan showing in the

Chilalo 7 area. Grab samples of surface gossans from this location returned values of up to 0.42% copper, 1.19 g/t silver and 0.34% zinc.

Surface time domain electromagnetic surveys ("EM") were subsequently completed over both the Chilalo 6 and Chilalo 7 areas. The surveys detected several EM anomalies including an anomaly located 700 metres west of the artisanal pits at Chilalo 6 and an anomaly coincident with the gossan occurrence at Chilalo 7. A diamond drilling program was carried out in November 2011 to test selected geochemical and geophysical targets.

Drilling

Five diamond drill holes totaling 500.5 metres were completed in the Chilalo 6 area. Four of the holes (NRD11-046, 47, 49 & 50) tested the 1.8 kilometre long copper soil anomaly and associated geophysical anomalies. The fifth hole (NRD11-048) tested an EM conductor located 200 metres north of hole NRD11-047 and 150 metres southwest of a surface grab sample which returned 0.26% zinc.

Drill holes NRD11-046, 047, 049 and 050 all intersected copper sulphide mineralization that is interpreted to be correlated with the surface copper soil anomaly. The mineralization typically consists of narrow, locally brecciated, semi-massive sulphide (pyrite and chalcopyrite) veins and/or sulphide disseminations hosted in variably sheared pelitic paragneisses. Copper-bearing samples from these holes also contain elevated levels of bismuth (up to 43 ppm), cadmium (up to 26 ppm), cobalt (up to 200 ppm), molybdenum (up to 28 ppm), lead (up to 1,685 ppm), selenium (up to 162 ppm) and tellurium (58 ppm). The best copper-silver-zinc values were obtained in holes NRD11-047 and 050.

Drill hole NRD11-047 was drilled approximately 800 metres southeast of the main artisanal pit and intersected a zone of disseminated to semi-massive pyrite and chalcopyrite which graded 1.89% copper, 5.64 g/t silver and 0.19% zinc and over 1.20 metres including 5.27% copper, 15.05 g/t silver and 0.41% zinc over 0.4 metres.

Drill hole NRD11-050 was drilled approximately 475 metres northeast of hole NRD11-047 and intersected a zone of disseminated to semi-massive pyrite and chalcopyrite which graded 0.50% copper, 2.18 g/t silver and 0.06% zinc over 6.00 metres including two higher grade intervals containing 1.35% copper, 2.07 g/t silver and 0.21% zinc over 0.6 metres and 1.03% copper, 8.46 g/t silver and 0.07% zinc over 1.0 metres.

Drill hole NRD11-048 was drilled 200 metres to the north of NRD11-046 and tested a 300 meter long, EM anomaly coincident at its east end with a surface grab sample containing 0.26% zinc. The EM conductor can be correlated with a wide interval of locally sheared graphitic paragneisses intersected between 53.9 and 86.2 metres. A 9.3 metre interval within the graphitic paragneisses contained disseminated and blebby sulphides which returned elevated zinc and silver values of 0.13% zinc and 1.35 g/t silver including one sample assaying 0.34% zinc and 6.91 g/t silver over 0.70 metres.

Comment on Mineralization

The mineralization intersected in holes NRD11-046, 047, 049 and 050 can be correlated with the 1.8 kilometre long copper soil anomaly which extends southwest from the artisanal pits at Chilalo 6. Copper sulphides have now been identified over a strike length of approximately 1 kilometre from the artisanal pits southwest to holes NRD11-049.

At this early stage of exploration on the prospect, the mineralization is viewed as having similarities to various stratiform sedimentary-hosted and sedimentary exhalative ("SEDEX") copper deposits including copper-silver deposits of the African copper belts and the Broken Hill deposit in Australia. The sulphides are hosted in high metamorphic grade pelitic paragneisses, are characterized by anomalous copper and silver and have been structurally modified to varying degrees by shearing and brecciation. Mineralized samples also contain elevated abundances of other trace elements including bismuth, cadmium, cobalt, molybdenum, lead, selenium and tellurium.

The new Chilalo mineralization represents the fourth occurrence of drill intersected copper-silver-zinc mineralization hosted in paragneisses on the Company's regional licenses. Three other occurrences were reported from reverse circulation drilling carried out in 2010 (Press Release Jan 31, 2011).

New Target

In the Chilalo 6 area, a new soil geochemical anomaly located 450 metres north of the current drilling and

600 metres northwest of the artisanal pits was identified from the results of in-fill sampling carried out in 2011. Anomalous copper values in soil were obtained over an area 300 metres by 150 metres in size with a maximum value of 1,115 ppm copper, 654 ppm zinc, 620 ppb silver, and 23ppb gold. This copper geochemical anomaly is not yet fully defined and could possibly link up with anomalous copper samples observed immediately north of the artisanal pits. Additional soil sampling and drill testing are planned in 2012.

Next Steps

Regional soil geochemistry and EM geophysical surveys have proven effective in identifying the location of prospective new mineralized horizons. In the Chilalo 6 area, recent drilling has confirmed the presence of a copper sulphide horizon hosted in pelitic paragneisses over a strike length of approximately 1 kilometre. However, the mineralization intersected to date has been narrow and the sulphide horizon appears to have undergone both shearing and brecciation based on textures observed in drill core. As the next step in the evaluation of this prospective target, the Company plans to carry out an induced polarization ("I.P") survey in 2012 to identify structures that may host wider portions of the mineralized horizon and to identify potential zones of disseminated mineralization which do not have an EM response. High priority targets will then be selected for drill testing.

Additional soil sampling is also planned to more fully define the new and untested copper soil anomaly in the Chilalo 6 area. Subsequent drill testing of this target and also of the high priority geochemical and geophysical targets in the Chilalo 7 area will be carried out as part of the regional 2012 drilling program.

Qualified Persons

The quality control, technical information and all aspects of the exploration program are supervised by Patricia Tirschmann, P. Geo., Vice President, Exploration for CNI. Ms. Tirschmann is a qualified person as defined by National Instrument 43-101.

Quality Control

The drilling was completed by Tandrill Limited of Tanzania. Drill core samples (NQ) are cut in half by a diamond saw on site. Half of the core is retained for reference purposes. Samples are generally 1.0 metre intervals or less at the discretion of the site geologists. Sample preparation is completed at the ALS Chemex preparation lab in Mwanza, Tanzania. Sample pulps are sent by courier to the ALS Chemex analytical laboratory in Vancouver, Canada. Blank samples and commercially prepared and certified control standards with a range of grades are inserted in every batch of 20 samples or a minimum of one per sample batch. Duplicate pulps are also prepared for selected samples from a re-split of the coarse reject. Multi-element analyses including Cu, Zn, Pb and Ag are completed using a HF-HNO3-HClO4 digestion and HCl leach preparation and an ICP-AES and ICP-MS finish (Analytical Code ME-MS81). Ore grade Cu analyses are completed using a peroxide fusion preparation and an ICP-AES finish (Analytical Code ME-ICP81). Analyses for Pt, Pd, and Au are by fire assay with an ICP-AES finish (Analytical Code PGM-ICP23).

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 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 had over $9.4 million in the treasury as at December 31, 2011.

On behalf of Continental Nickel Limited

Dave Massola
President and CEO

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, resources and reserves, exploration results or targets, 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.

Information in this announcement relating to exploration results is based on data collected under the supervision of or compiled by Patricia Tirschmann, P. Geo., who holds the position of Vice President, Exploration and is a full time employee of Continental Nickel Limited. Ms. Tirschmann is a registered member of the Association of Professional Geoscientists of Ontario and has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms. Tirschmann consents to the inclusion of the data in the form and context in which it appears.

Table I: Summary of Assay Results - Regional Chilalo Drilling Program, Nachingwea Project, Tanzania.

Drill hole (NRD11-)	Location East/ North UTM:WGS84	Az / Dip	Length (m)	From (m)	To (m)	Interval (m)	Cu %	Ag g/t	Zn %
				Chilalo 6 Area					
046	468638mE 8898998mN	360 / -60	83.90	49.00	52.00	3.00	0.12	0.46	0.05
047	468505mE 8898961mN	360 / -60	112.20	27.70	28.90	1.20	1.89	5.64	0.19
				Incl.					
				28.50	28.90	0.40	5.27	15.05	0.41
048	468500mE 8899096mN	360 / -70	119.90	74.00	83.30	9.30	0.02	1.35	0.13
				Incl.					
				81.70	82.40	0.70	0.01	6.91	0.34
049	468324mE 8898850mN	340 / -55	92.10	63.30	65.60	2.30	0.46	1.82	0.05
050	468950mE 8899135mN	355 / -60	92.40	49.00	55.00	6.00	0.50	2.18	0.06
				Incl.					
				49.00	49.60	0.60	1.35	2.07	0.21
				and					
				53.00	54.00	1.00	1.03	8.46	0.07

Note:
Intervals represent core lengths, not necessarily true widths.

To view the location map associated with this release, please visit the following link: http://media3.marketwire.com/docs/cni0327map.pdf.

To view the drill plan associated with this release, please visit the following link: http://media3.marketwire.com/docs/cni0327plan.pdf.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release. No

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