

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Continental Nickel Limited
114 Lakeshore Road East, Suite 202
Oakville, ON, L6J 6N2

Item 2 Date of Material Change

September 20, 2010

Item 3 News Release

The press release attached as Schedule A was released over Marketwire on September 20, 2010.

Item 4 Summary of Material Change

The material change is described in the press release attached as Schedule A.

Item 5 Full Description of Material Change

The material change is described in the press release attached as Schedule A.

Item 6 Reliance of subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Craig MacDougall, President and CEO
Continental Nickel Limited
Tel: (905) 815-0533 X228

Item 9 Date of Report

September 21, 2010

Press Release**Continental Nickel Reports Additional Assays from Ntaka Hill, including 1.82% Nickel and 0.42% Copper over 7.35 metres; and 3.41% Nickel and 1.03% Copper over 2.15 Metres from the G Zone on the Nachingwea Nickel Sulphide Project in Tanzania**

Toronto, Ontario (September 20, 2010): Continental Nickel Limited (TSXV: CNI) ("Continental" or "CNI" or the "Company") is pleased to report further assay results from its diamond drilling program on the Nachingwea nickel-copper sulphide project ("Nachingwea") in Tanzania. The project is a 70:30 Joint Venture between CNI and IMX Resources Limited ("IMX") of Australia. Highlights from drilling completed at the G Zone include: 1.82% nickel and 0.42% copper over 7.35 metres, including higher grade intervals up to 2.61% nickel and 0.66% copper over 1.8 metres from diamond drill hole NAD10-195; and 2.09% nickel and 0.62% copper over 3.75 metres, including 2.15 metres grading 3.41% nickel and 1.03% copper over 2.15 metres from drill hole NAD10-203.

The Company is currently implementing a \$4 million exploration program at Nachingwea. In the current program, thirty-five diamond drill holes, totalling 4,722.7 metres, were completed at Ntaka Hill, and one 266.1 metre drill hole was completed at the Lionja target, 8 kilometres to the south. Assay results have now been reported for nineteen of the thirty-six drill holes, totalling 2,266.8 metres, including the results of five holes, totalling 628.6 metres, reported herein. The assay results are provided below as Table I and a location figure may be viewed using the link provided with this release.

The primary objective of the Ntaka Hill drilling program is to evaluate selected sulphide deposits for extensions to mineralization beyond the currently defined Mineral Resources. Currently defined NI 43-101 compliant, Measured and Indicated Mineral Resources, from six separate sulphide deposits (G, H, J, L, M and NAD013) at Ntaka Hill, total 3.1 million tonnes grading 1.31% nickel and 0.24% copper at a US\$23 / tonne Net Smelter Return ("NSR") cut-off (Press Release July 15, 2009).

G Zone

The current Measured and Indicated Mineral Resources at G Zone (July 2009) are estimated at 688,000 tonnes grading 0.62% nickel and 0.17% copper. A geological review and modelling of existing ground electromagnetic ("EM") and bore hole electromagnetic ("BHEM") data indicated that:

- 1) the G zone likely extended both north and south along strike from the current area of drilling;
- 2) several, high conductance EM plates located either within or above the larger, lower conductance EM plate associated with the G Zone may represent areas of higher grade, massive sulphide mineralization; and

- 3) a near surface sulphide zone may exist to the west and above the original G Zone (referred to as the G9 target).

Twelve diamond drill holes, totalling 1403.3 metres, were completed to test the targets outlined above. The assay results for five of the twelve drill holes are reported below.

G Zone (North)

Diamond drill hole NAD10-195 was drilled 50 metres to the north, along strike of the G Zone, to test a high conductance EM plate extending up-plunge and close to surface beyond the area of previous drilling. The hole intersected a 7.35 metre interval of disseminated to massive sulphide mineralization grading 1.82% nickel and 0.42% copper, including three intervals of massive sulphide mineralization grading 2.61% nickel and 0.66% copper over 1.8 metres; 2.60% nickel and 0.52% copper over 1.65 metres and 2.53% nickel and 0.52% copper over 1.35 metres. Four additional drill holes (207, 208, 214 and 215) were drilled approximately 50 metres to the west and north of NAD10-195. The assay results from those holes have not been received.

G9 Target Area

Three diamond drill holes (NAD10-200, 201, 202) were drilled to test the G9 target area for the presence of a possible sulphide zone near surface to the west and above the G Zone. A previous drill hole (NAD009) drilled in the area by IMX (formerly Goldstream Mining) in 2006, had intersected sulphide mineralization grading 0.95% nickel and 0.27% copper over 10.0 metres. Drill hole NAD10-200, was drilled approximately 50 metres east of NAD009, and intersected a 10.25 metre interval of disseminated to net textured to massive sulphide mineralization grading 1.27% nickel and 0.36% copper. Drill hole NAD10-202 was drilled approximately 50 metres to the west of NAD009 and intersected only minor sulphide mineralization at the expected target depth.

Drill hole NAD10-201 was drilled 50 metres south of hole NAD009 and intersected an interval of disseminated sulphide mineralization grading 0.53% nickel and 0.28% copper over 3.0 metres.

Three additional drill holes (210, 212 and 213) were drilled 50 and 100 metres to the north along strike to continue to extend the zone in that direction. Assay results are pending for these drill holes.

G Zone South

One drill hole (NAD10-203) was drilled to extend the G Zone 50 metres along strike to the south, as well as to intersect a high conductance EM plate interpreted to lie above the G Zone. The hole intersected several intervals of sulphide mineralization, including a zone of disseminated to massive sulphide mineralization, grading 2.09% nickel and 0.62% copper over 3.75 metres, including a 2.15 metre of massive sulphide grading 3.41% nickel and 1.03% copper, corresponding to the overlying, high conductance EM plate. The drill hole also intersected sulphide mineralization at a down hole depth of 156.2 metres, grading 1.03% nickel and 0.35% copper over 3.8 metres, which is interpreted as an extension of the G Zone. The zone remains open along strike to the south.

The drilling conducted at the G Zone: i) successfully extended mineralization at least 50 metres along strike to the north and south of the previous area of drilling and the zone remains open in both directions, ii) intersected intervals of higher grade massive sulphide mineralization corresponding to the targeted, high conductance EM anomalies, and iii) confirmed the presence of near surface, nickel-copper bearing sulphide mineralization at the G9 target area immediately west of the G Zone for which

additional assay results are pending. Once the remaining results are received, they will be incorporated into an updated resource model for the G Zone.

Next Steps:

The remaining assay results from the Ntaka Hill drilling program will be reported as they are received, compiled and validated. Meanwhile, the planning and logistical arrangements are in progress for a reverse circulation drilling program which will commence in October to test priority targets developed from an ongoing regional exploration program.

Craig MacDougall, President & CEO of Continental Nickel Limited, said “The drilling at G Zone has extended the zone along strike in both directions, where it remains open, and has also successfully targeted higher grade, massive sulphide intervals within or above the main mineralized system. In addition, nickel-copper bearing sulphide mineralization, up to 10 metres in thickness, has been intersected near surface in the G9 area, in an area which was previously classified as waste in our preliminary pit shell for this zone.”

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. The information in this release was prepared under the direction of Craig MacDougall, P. Geo., President and CEO for Continental Nickel Limited. Both Ms. Tirschmann and Mr. MacDougall are qualified persons 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 Ni sulphide analytical control standards with a range of grades are inserted in every batch of 20 samples or a minimum of one per sample batch. Analyses for Ni, Cu and Co are completed using a peroxide fusion preparation and 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

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 70% interest in the Nachingwea project in Tanzania, where NI 43-101 Mineral Resources have defined 40,000 tonnes of contained nickel, and ongoing exploration is underway to evaluate the potential to expand these Resources. The Company's interest in the Nachingwea project will increase to 75% upon

the completion of exploration expenditures totalling \$15 million, which is expected to be confirmed in the current quarter.

Continental Nickel Limited has 38,943,664 shares issued and outstanding (46,211,514 on a fully-diluted basis) and trades on the TSX Venture Exchange under the symbol CNI. The Company remains well-funded with over C\$11.3 million in the treasury.

On behalf of

Continental Nickel Limited

"Craig MacDougall"

President & Chief Executive Officer

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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, resources 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.

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 Recent Assay Results – G Zone,
Nachingwea Project, Tanzania.**

Drill hole (NAD10-)	Location East/ North UTM:WGS84	Az / Dip	Length (m)	From (m)	To (m)	Interval (m)	% Ni	% Cu	% Co
G Zone									
195	451185mE 8884596mN	270 / -83	113.2	31.15	31.50	0.35	1.47	0.41	0.11
				77.20	84.55	7.35	1.82	0.42	0.15
				Incl: 77.20	79.00	1.80	2.61	0.66	0.22
				80.90	82.55	1.65	2.60	0.52	0.22
				83.20	84.55	1.35	2.53	0.52	0.21
				95.8	98.2	2.4	0.68	0.14	0.06
200	451163mE 8884450mN	270 / -84	152.0	19.40	29.65	10.25	1.27	0.36	0.06
				Incl: 23.0	27.0	4.0	1.70	0.36	0.08
201	451083mE 8884400mN	090 / -71	98.1	39.0	42.0	3.0	0.53	0.28	0.02
202	451083mE 8884450mN	090 / -73	92.1	40.0	41.0	1.0	0.43	0.14	0.04
				82.15	82.40	0.25	1.09	0.21	0.09
203	4512296mE 8884179mN	090 / -84	173.2	73.25	73.55	0.30	1.71	0.08	0.13
				87.8	92.7	4.9	0.63	0.17	0.05
				112.25	116.00	3.75	2.09	0.62	0.12
				Incl: 112.25	114.40	2.15	3.41	1.03	0.20
				156.2	160.0	3.80	1.03	0.35	0.04

Note:

Intervals represent core lengths, not necessarily true widths.

Pt, Pd and Au assay results are not reported because in general, they are less than 1.0 g/t on a combined basis.

NSA – No Significant Assays

