

**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

October 19, 2010

Item 3 News Release

The press release attached as Schedule A was released over Marketwire on October 19, 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

October 19, 2010

Press Release**Continental Nickel Continues to Intersect Sulphides at the “Sleeping Giant”
Zone, Including 1.22% Nickel and 0.21% Copper over 15.9 Metres; Nachingwea
Drilling Program Expanded**

Toronto, Ontario (October 19, 2010): Continental Nickel Limited (TSXV: CNI) (“Continental” or “CNI” or the “Company”) is pleased to announce that it continues to intersect wide zones of nickel-copper sulphide mineralization at the new “Sleeping Giant” Zone at Ntaka Hill on the Nachingwea nickel-copper sulphide project (“Nachingwea”) in Tanzania. Diamond drill hole NAD10-216 intersected several zones of disseminated, stringer and net textured sulphides including higher grade intervals of 0.60% nickel and 0.15% copper over 12.55 metres and 1.22% nickel and 0.21% copper over 15.9 metres, from within a wider interval of 73.35 metres grading 0.50% nickel and 0.11% copper. The project is a 75:25 Joint Venture between CNI and IMX Resources Limited (“IMX”) of Australia.

The Company is currently implementing a \$4 million exploration program at Nachingwea. In the current program, thirty-six diamond drill holes have been completed, thirty-five totalling 4,722.7 metres at Ntaka Hill and one drill hole of 266.1 metres at the Lionja target, 8 kilometres to the south. Assay results have now been reported for twenty-one of the thirty-six drill holes, totalling 2,988.5 metres, including the results of the one drill hole totalling 329.1 metres reported herein. The assay results are provided below as Table I; 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 of mineralization beyond the currently defined Mineral Resources and to test prioritized targets for new sulphide zones. Currently, 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).

NAD10-216 (Sleeping Giant)

Drill hole NAD10-216 was drilled to a depth of 329.1 metres and was positioned 120 metres to the east and up dip of drill hole NAD10-211. NAD10-211 intersected a 53.1 metre interval of disseminated, stringer and net textured sulphide mineralization at the Sleeping Giant zone, grading 0.74% nickel and 0.15% copper, including a higher grade interval near the base of the zone, grading 1.07% nickel and 0.19% copper over 19.0 metres (Press Release September 22, 2010). NAD10-216 intersected several intervals of disseminated to net-textured sulphide mineralization starting at 171 metres down hole and extending to 280.8 metres. The assay intervals include an upper interval grading 0.32% nickel and 0.07% copper over 31.0 metres and a lower interval grading 0.50% nickel and 0.11% copper over 73.35 metres. The lower interval includes higher grade intervals of 0.60% nickel and 0.15% copper over 12.55 metres

and 0.89% nickel and 0.16% copper over 26.8 metres. The latter interval includes 15.9 metres grading 1.22% nickel and 0.21% copper near the base of the lower mineralized zone.

Nachingwea Drilling Program Expanded

The drilling completed to date has outlined a thick, south plunging, and west dipping zone of mostly disseminated nickel-copper sulphide mineralization which is open in all directions. Based on these encouraging initial drill results, the current drilling program is being expanded to allow for the completion of up to seven additional drill holes totalling approximately 1,800 metres. This drilling will test for extensions of the zone close to surface, up-plunge to the north and up-dip to the east from the area of current drilling.

The drilling program is expected to begin in late October and, if successful, a Mineral Resource Estimate Study of the Sleeping Giant Zone will be considered after all assays are received and validated.

Meanwhile, a reverse circulation drilling program has begun which is testing priority targets developed from the ongoing regional exploration program.

Craig MacDougall, President & CEO of Continental Nickel Limited, said “The newly discovered Sleeping Giant nickel sulphide zone continues to grow and the initial results suggest potential to outline a large, moderate grade, sulphide zone, still open in all directions. The expansion of the current drilling program is important to evaluate the potential of the Sleeping Giant zone, and, if successful, may lead to the first estimation of Mineral Resources for this new discovery.”

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 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 75% 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 also has an option joint venture on the St. Stephen project in New Brunswick, Canada where it has discovered new Ni-Cu sulphide zones from its recently completed 2010 diamond drill program.

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\$10.8 million in the treasury.

On behalf of

Continental Nickel Limited

"Craig MacDougall"

President & Chief Executive Officer

For further information please contact:

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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 – Sleeping Giant 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
Sleeping Giant Zone, Ntaka Hill									
216	450133mE8 883403mN	090 / -71	329.1	171.0	202.0	31.0	0.32	0.07	0.01
				207.45	280.80	73.35	0.50	0.11	0.01
				Incl: 207.45	220.00	12.55	0.60	0.15	0.02
				254.0	280.8	26.8	0.89	0.16	0.02
				Incl: 259.35	275.25	15.9	1.22	0.21	0.02

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

