

Independent Nickel Corp.

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**Independent Nickel Corp. Files Preliminary Economic Assessment Pegging
Lynn Lake Free Cash Flow at \$305 Million Over 10 Year Mine Life**

Sudbury, Ontario – October 25, 2006 – Independent Nickel Corp. (INI: TSX-V) today reported the filing on SEDAR of a NI 43-101 compliant Preliminary Economic Assessment (“PEA”) for the Lynn Lake nickel mine in Manitoba.

The PEA projects the mine to generate gross revenues of \$1.3 billion and free cash flow of \$305 million, which is net of all operating and capital costs, over a ten year mine life. The Net Present Value (“NPV”) of this free cash flow is \$134 million, based on a 5% discount rate and a 0.6% nickel cut off. The PEA also details alternate scenarios using a 0.5% cut off and a 0.7% cut off, both of which produce positive economics.

The report is prepared by Wardrop Engineering Inc. (“Wardrop”) of Winnipeg, Manitoba. Wardrop concluded that the economics of the project can be further enhanced by the inclusion of cobalt credits and further addition to the nickel/copper resource. To that end, the Company is currently engaged in:

- Assaying of historic drill core for cobalt, with a view to including cobalt credits in the economic assessment; and
- Planning a substantial drill program targeting the 15 prime exploration targets previously identified by Wardrop.

There is a high probability of bringing these targets into the resource category with additional drilling, as they are supported by the intersection of mineralization from prior drilling at grades at or above that of the current resource. These targets will add significantly to the mine life and the project economics if they can be brought into the resource/reserve category.

“Over the next 12 months, we want to make a substantial investment in the project, including 20,000 metres of drilling. During that same time frame, we want to obtain the required permitting for mine dewatering and rehabilitation,” stated Independent Nickel President and CEO, Richard Murphy, “Beyond that, we plan to be initiating the work of dewatering, rehabilitation and underground drilling, as well as full feasibility.”

The Company has obtained, from the Manitoba government, an indemnification in respect of historic environmental liabilities at the mine site (see press release dated September 8, 2005). Independent Nickel Corp. holds a 100% ownership in the Lynn Lake nickel property. The Company has no obligations, contractual or otherwise, regarding offtake from the property.

The PEA relied on the London Metals Exchange (“LME”) average spot price for the 36 months August 31, 2006. These prices were US\$6.95/lb for nickel and US\$1.74/lb for copper. These prices are far below actual market prices for these metals during this year. The PEA contemplates mining 3,300 tons per day of ore grading an average of 0.7% nickel and 0.35% copper. The current life of mine schedule is 10 years. Pre-

production capital costs required to bring the mine/mill complex to full production are \$192 million, which includes a \$32 million contingency.

A copy of the full PEA report can be viewed at www.sedar.com. The PEA was prepared by Wardrop Engineering Inc., an independent consulting firm, under the direction of Dave West P. Eng. Mr. West has reviewed and approved the technical content of this news release. The PEA is based on a technical report and deposit model of mineral resources completed by Wardrop in 2005. The current measured and indicated resource at Lynn Lake for a 0.5% NiEq cutoff is 16.1 million tons of 0.7% nickel and 0.3% copper *and* the current inferred resource at Lynn Lake is 4.6 million tons of 0.6% nickel and 0.3% copper (see NI 43-101 report filed Oct. 11, 2005 on SEDAR). This technical report and deposit model, dated October 7, 2005, is also available at www.sedar.com.

The Company's web site is www.independentnickel.com.

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Cautionary statement: Mineral resources that are not mineral reserves do not have demonstrated economic viability. The preliminary assessment includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized

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