

Appendix A - Nickel Mining Industry Information

This appendix provides a brief summary of the nickel mining industry which GPN operates in. This summary is not intended to be a comprehensive analysis of the nickel mining industry. The information presented in this appendix has been compiled from a range of publicly available sources.

We have not commissioned the reports referred to in the appendix and have not independently verified any of the information. We recommend that GPN shareholders refer to the original source of the information listed in this appendix, and any other information they believe appropriate, for a more comprehensive analysis. This appendix should be referred to as a broad guide only.

Nickel is mined predominately for use in the manufacturing of stainless steel. Stainless steel manufacturing accounts for approximately two thirds of the consumption of nickel worldwide. Other uses for nickel are mainly in producing non-steel products such as anodes, nickel salts, catalysts for the chemical industry and non-ferrous alloys.

Nickel is mined in two different geological states, nickel sulphide and nickel laterite. Nickel laterite is chiefly mined in new nickel mines within Australia. Nickel laterite requires significantly different processing to nickel sulphide as the laterite ore is harder to extract than the sulphide ore. Most of the laterite projects incorporate processing facilities, such as chemical leaching, solvent extraction and electrowinning as well as the mines. Approximately 80% of the nickel ore mined in Australia is from sulphide ore operations.

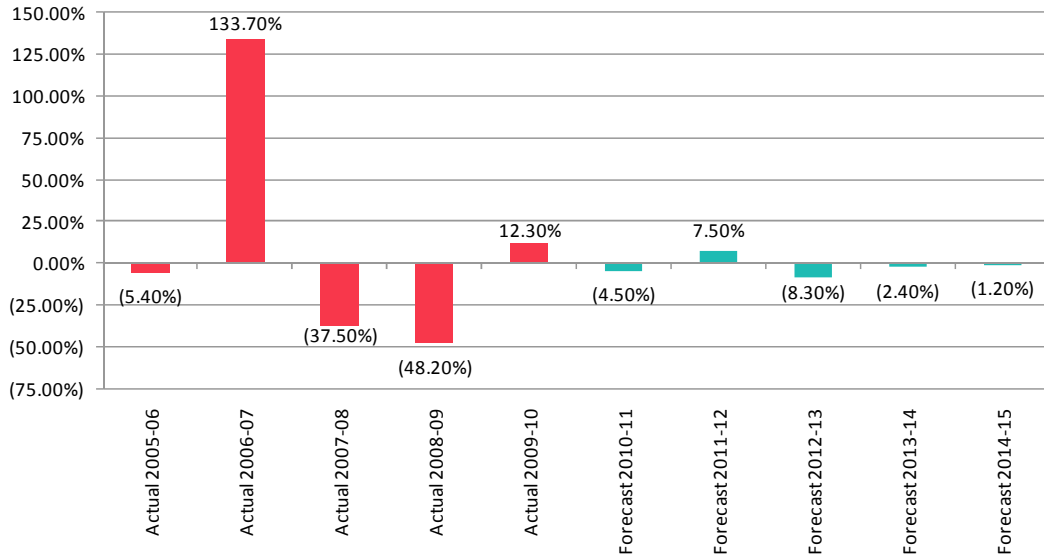
IBISWorld's report of the nickel industry released May 2010 and entitled 'Nickel Ore Mining in Australia' states that nickel mine output is set to plunge in 2009-2010 as firms close mines made unprofitable by the plummeting nickel price. Australian nickel ore production is expected to drop to about 179,000 tonnes in 2009-2010, compared with 192,200 tonnes five years earlier.

The Australian nickel industry's overall performance is dependant on the nickel price (denominated in USD), the USD/AUD exchange rate, nickel output and the overall demand and supply for the metal. IBIS World notes that strong growth in demand for stainless steel (from large emerging nations such as China and India as well as developed economies such as the US) propelled the demand for and price of nickel up in 2006-2007. However, soaring prices followed by the recent economic downturn saw demand evaporate and led to prices tumbling over the following two years. Improving global economic conditions and a consequent increase in the demand for nickel are expected to result in price gains in 2010-11 and 2011-12. However over the longer term, it is expected that US dollar nickel prices and revenue will soften over the remaining years to 2014-15 for Australian operators due to:

- Rising nickel production worldwide;
- Appreciation of the Australian dollar relative to the US dollar; and
- Stronger wage growth and cost increases for a range of items such as fuel and chemical.

Figure A.1 below shows the real growth in industry revenue from 1 January 2005 to 10 September 2009.

Figure A.1: Real Growth in Industry Revenue



Source: IBISWorld Report titled "Nickel Ore in Australia" dated May 2010

Figure A.2 below shows the fluctuations in the nickel price (in USD per tonne) from 1 January 2005 through to 22 June 2011.

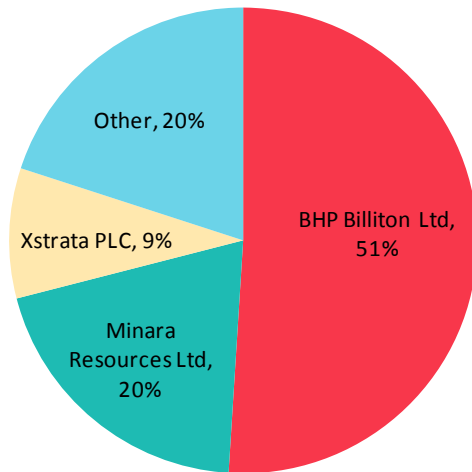
Figure A.2: Nickel Spot Price (USD/t)



Source: Bloomberg

The level of industry concentration within the nickel producers in Australia is extremely high. The three major nickel producers within Australia account for approximately 80% of Australia’s annual nickel production. Figure A.3 below demonstrates the market share held by the major nickel producers within Australia.

Figure A.3: Market Share of Major Nickel Producers



Source: IBISWorld Report titled “Nickel Ore Mining in Australia” May 2010

Appendix B - Common Valuation Methodologies

A 'fair market value' is often defined as the price that reflects a sales price negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, with both parties at arm's length. The valuation work set out in this Report assumes this relationship.

There are a number of methodologies available to value an entity at fair market value. In preparing this Report, we have considered the valuation methodologies recommended by ASIC Regulatory Guide 111 regarding contents of expert reports. These methodologies include those mentioned directly below.

Discounted Future Cash Flows ('DCF')

The DCF approach calculates the value of an entity by adding all of its future net cash flows discounted to their present value at an appropriate discount rate. The discount rate is usually calculated to represent the rate of return that investors might expect from their capital contribution, given the riskiness of the future cash flows and the cost of financing using debt instruments.

In addition to the periodic cash flows, a terminal value is included in the cash flow to represent the value of the entity at the end of the cash flow period. This amount is also discounted to its present value. The DCF approach is usually appropriate when:

- An entity does not have consistent historical earnings but is identified as being of value because of its capacity to generate future earnings; and
- Future cash flow forecasts can be made with a reasonable degree of certainty over a sufficiently long period of time.

Any surplus assets, along with other necessary valuation adjustments, are added to the DCF calculation to calculate the total entity value.

Capitalisation of Future Maintainable Earnings ('CME')

The CME approach involves identifying a maintainable earnings stream for an entity and multiplying this earnings stream by an appropriate capitalisation multiple. Any surplus assets, along with other necessary valuation adjustments, are added to the CME calculation to calculate the total entity value.

The maintainable earnings estimate may require normalisation adjustments for non-commercial, abnormal or extraordinary events.

The capitalisation multiple typically reflects issues such as business outlook, investor expectations, prevailing interest rates, quality of management, business risk and any forecast growth not already included in the maintainable earnings calculation. While this approach also relies to some degree on the availability of market data, the rate is an alternative way of stating the expected return on an asset, allowing for a risk premium over the risk free rate.

The CME approach is generally most appropriate where an entity has consistent historical earnings and a defined forecast or budget.

Asset based valuations are used to estimate the market value of an entity based on the realised value of its identifiable net assets. The ABV approach ignores the possibility that an entity's value could exceed the realisable value of its net assets, however when used in conjunction with other methods which determine the value of an entity to be greater than the realisable value of its net assets, it is also possible to arrive at a reliable estimate of the value of goodwill.

The ABV approach is most appropriate where the assets of an entity can be identified and it is possible, with a reasonable degree of accuracy, to determine the fair value of those identifiable assets.

Market Based Valuations ('MBV')

Market based valuations relate to the valuation of an entity, where its shares are traded on an exchange. The range of share prices observed may constitute the market value of the shares where sufficient volumes of shares are traded and the shares are traded over a sufficiently long period of time. Share market prices usually reflect the prices paid for parcels of shares not offering control to the purchaser.

The MBV approach often allows for a useful reasonableness check to be performed on the other valuation methodologies.

Appendix C - BDA Independent Technical Review and Valuation Report



Minerals Industry Consultants

ACN No. 065 713 724

Level 9, 80 Mount Street
North Sydney, NSW 2060
Australia

Tel: 612 9954 4988
Fax: 612 9929 2549
Email: bdaus@bigpond.com

ABN 62 065 713 724

25 June 2011

The Directors
BDO Corporate Finance (Qld) Limited
Level 18, 300 Queen Street
BRISBANE QLD 4000

Dear Sirs

**INDEPENDENT TECHNICAL REVIEW AND VALUATION
GLADSTONE PACIFIC NICKEL LIMITED
NICKEL LATERITE RESOURCES AND GLADSTONE PROJECT
BEHRE DOLBEAR AUSTRALIA PTY LIMITED**

1.0 INTRODUCTION

Gladstone Pacific Nickel Limited (“GPNL” or “the Company”) has commissioned BDO Corporate Finance (Qld) Limited (“BDO Corporate Finance”) to prepare an Independent Expert’s Report in relation to an unconditional cash offer of A\$0.05 per ordinary share in the Company made by Waratah Coal Pty Limited (“Waratah”) for all the ordinary shares of GPN not already owned by Waratah (“the proposed transaction”).

GPNL’s assets include tenements at Marlborough near Rockhampton in Queensland held by Marlborough Nickel Pty Limited (“MNPL”), a wholly-owned subsidiary of GPNL, and tenements at Ouinné on the east coast of New Caledonia, held through an interest in the Ouinné Joint Venture (“JV”); Gladstone New Caledonia SAS (“GNC”), a wholly-owned subsidiary of GPNL holds GPNL’s interest in the Ouinné Joint Venture.

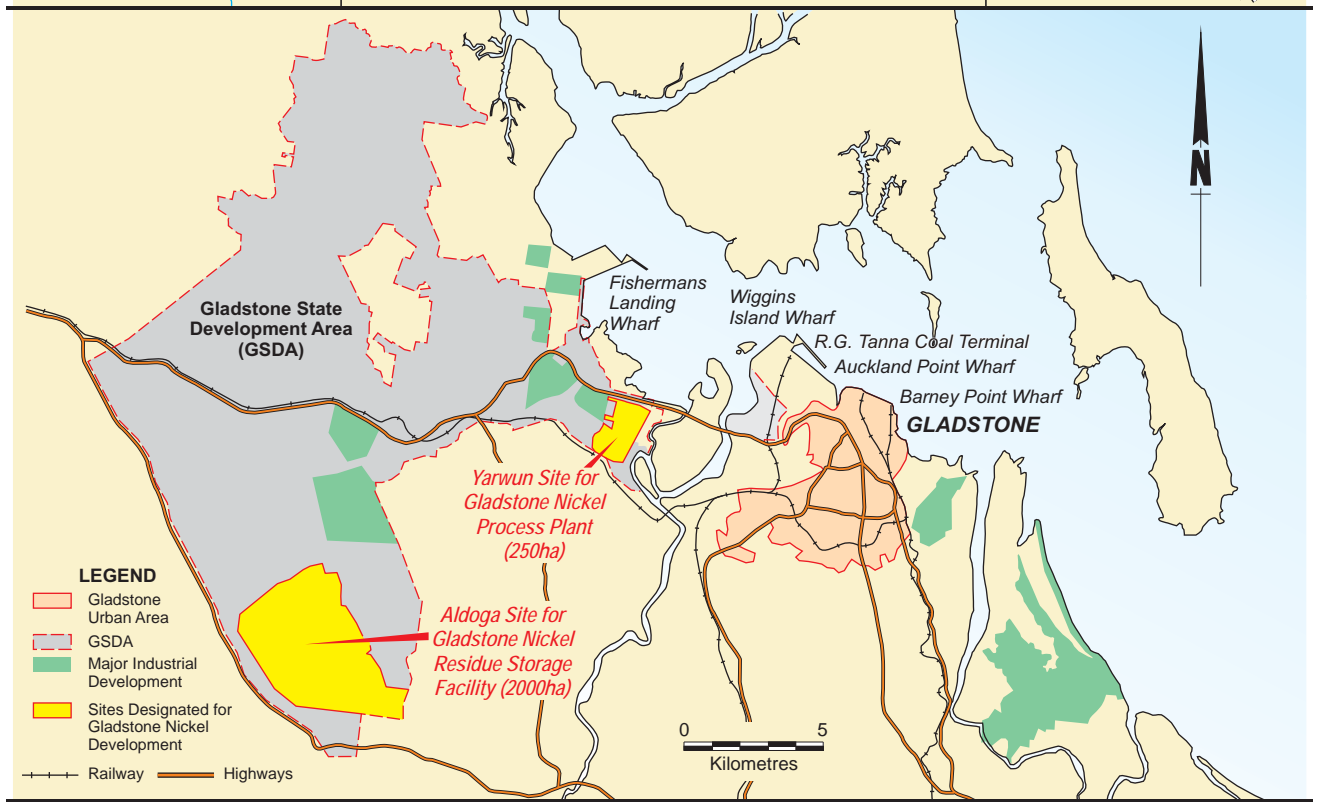
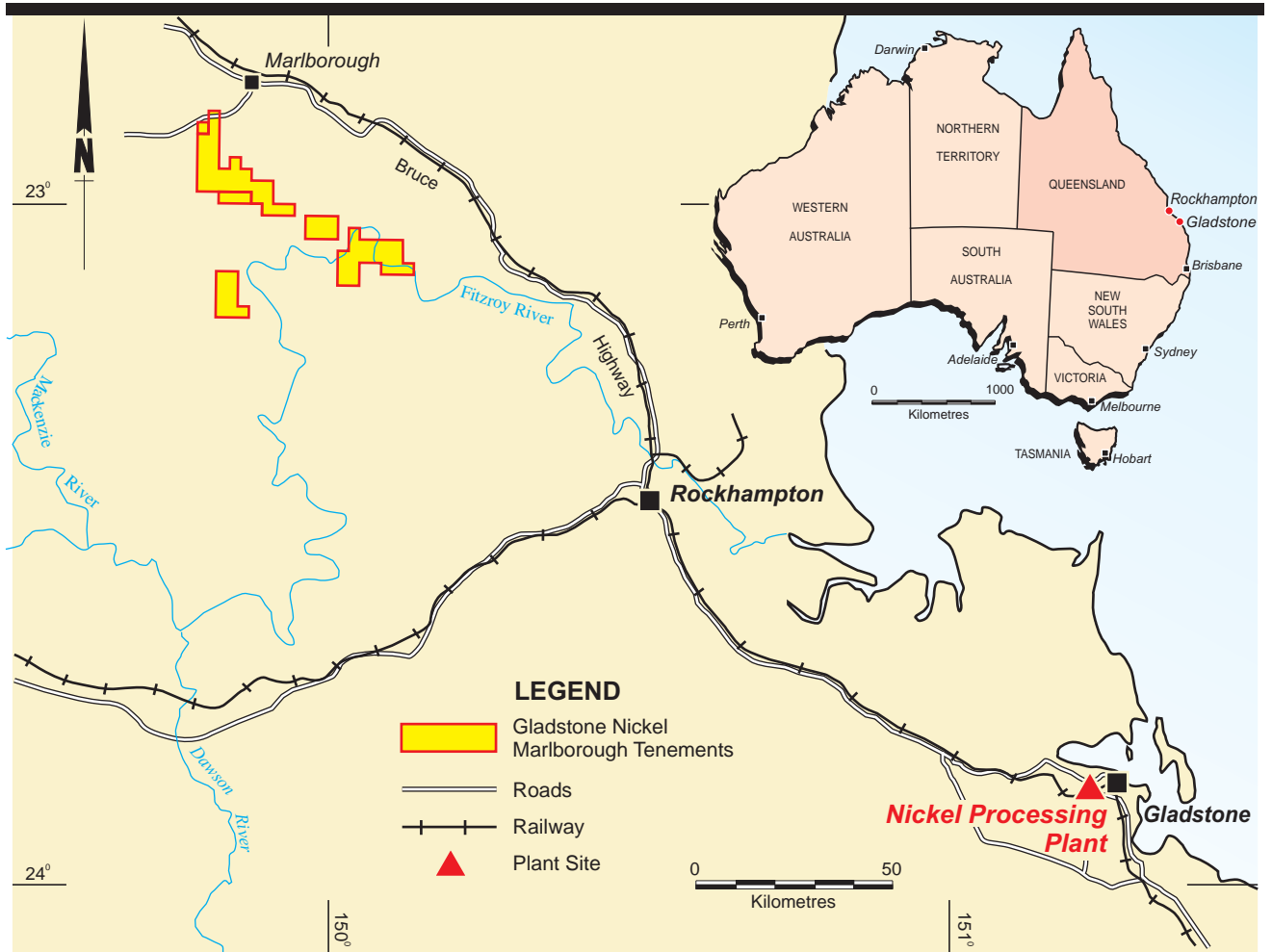
GPNL has a 100% interest in the mining leases and other mineral tenements at Marlborough, and an agreement over a 49% interest in three mining leases at Ouinné through a joint venture with Société Minière Georges Montagnat (“SMGM”). Both groups of tenements contain significant deposits of nickel-cobalt laterite mineralisation. BDO Corporate Finance has requested Behre Dolbear Australia Pty Limited (“BDA”) to undertake a technical review and valuation of GPNL’s nickel laterite tenements and resources and to prepare a report opining on the fair market value of these tenements and interests.

GPNL plans to develop the Gladstone Nickel Project (“GNP”), a high pressure acid leach (“HPAL”) and atmospheric leach project to be constructed at Gladstone in Central Queensland, to process nickel laterite ores from the Marlborough deposit in Queensland (Figure 1), the Ouinné deposit in New Caledonia (Figure 2), and potentially third-party ore supplies from other locations in New Caledonia or elsewhere in the region.

Since 2003, GPNL has undertaken a number of studies on the project, including Scoping Studies in 2003 and 2004, a Definitive Feasibility Study (“DFS”) in 2005/06 and an Integrated Definitive Feasibility Study (“IDFS”) in 2007/08. A number of specialists have contributed to these studies, which have been managed by Aker Kvaerner Australia (“Aker”). The IDFS defined the project in terms of the following principal components:

- mining operations at Marlborough and Ouinné to provide nickel and cobalt ore as feed to a HPAL nickel refinery at Yarwun, Gladstone, Queensland
- Marlborough ore to be mined and transported to Gladstone by a combination of truck and rail, with a currently proposed maximum of approximately 3 million tonnes of ore per annum (“Mtpa”); additional future capacity would be available if required through construction of a slurry pipeline, which has been included in the Environmental Impact Statement (“EIS”) submissions
- New Caledonian ores from Ouinné and possibly from other New Caledonian locations, to be mined and shipped to Gladstone at a rate of approximately 4Mtpa
- the ores to be processed through the HPAL plant and refinery at Gladstone producing approximately 63,000tpa of nickel metal and 6,000tpa of cobalt metal.

Denver New York Toronto London Guadalajara Santiago Sydney



Gladstone Pacific Nickel Limited

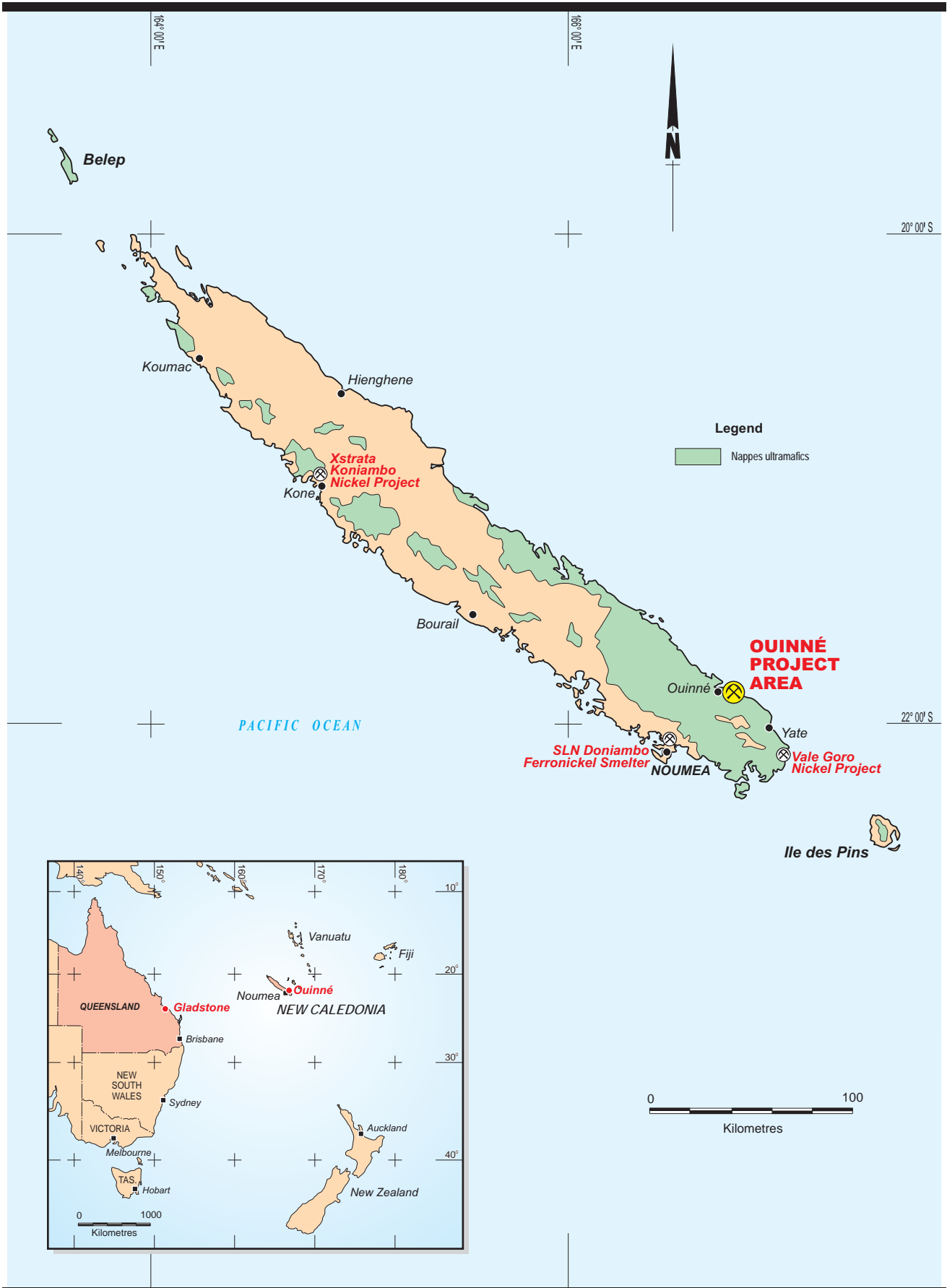
Marlborough Tenements and Gladstone Nickel Plant

Figure 1

LOCATION PLAN

BDA - 0099 (03)

Behre Dolbear Australia Pty Ltd



Gladstone Pacific Nickel Limited

Quinné Lateritic Nickel Project

Figure 2

LOCATION PLAN

BDA - 0099

Behre Dolbear Australia Pty Ltd

Following completion of the IDFS, in January 2008 GPNL entered into a Memorandum of Understanding ("MOU") with the China Metallurgical Group Corporation ("MCC"), a large Chinese construction company, for significant involvement by MCC in the construction and financing of the project. Due to general market conditions, the status of the nickel market and MCC's other project commitments, the agreement subsequently lapsed in June 2009.

In January 2009 GPNL announced that the Queensland State Government had approved the Environmental Impact Statement for construction and operation of Stages 1 and 2 of the GNP. In May 2009 GPNL announced that the Federal Government had also approved the EIS.

In October 2009 GPNL signed a MOU with China Tianchen Engineering Corp ("TCC") for a feasibility study and subsequent engineering and construction of a heap leach project at Marlborough. In June 2010 GPNL announced that the agreement had expired and the Company would not be pursuing this project further.

BDO Corporate Finance has also requested BDA to undertake a technical review and valuation of the GNP project itself, and to opine on the fair market value of the project on a stand-alone basis.

BDA specialises in technical due diligence and review work on mining and processing projects, for both mining companies and financial institutions. BDA has been involved in numerous such studies and Independent Engineer assignments in recent years, and is well qualified to undertake the work required. BDA is the Australian subsidiary of Behre Dolbear & Company Inc., an international minerals industry consulting group which has operated continuously worldwide since 1911, with offices in Denver, New York, Toronto, Vancouver, Guadalajara, Santiago, London and Sydney. Behre Dolbear specialises in mineral evaluations, due diligence studies, independent expert reports, independent engineer certification, valuations, and technical audits of resources, reserves, mining and processing operations and project feasibility studies.

This BDA report is based primarily on information provided by GPNL and BDO Corporate Finance. BDA's assessment of the tenements and resources is based on technical reviews of project data and project site visits. BDA has not visited site in the context of the current report, but has previously visited the proposed mining sites at Marlborough and Ouinné, and the plant site, port and infrastructure facilities at Gladstone. BDA has not undertaken an audit of the data and has not undertaken any legal due diligence on the status of the tenements. GPNL has advised that all material tenements are in good standing.

BDA has reviewed the nickel laterite resources defined within the Marlborough and Ouinné tenements in the context of the requirements of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2004 update ("the JORC Code").

The valuation assessment has been conducted in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("the Valmin Code") as issued in 1995 and updated in 2005. BDA has determined a current fair market value for the GPNL properties and the Gladstone project based on a range of valuation methods as detailed in this report. Monetary values included in this report are expressed in Australian Dollars ("A\$"), with some references to US Dollars ("US\$") and British Pounds ("£").

Where this report contains forecasts and projections, BDA has reviewed the relevant data to assess the reasonableness of such projections. However, any forecasts and projections cannot be assured and factors both within and beyond the control of GPNL could cause the actual results to be materially different from BDA's assessments and any projections contained in this report.

This report provides an independent valuation assessment of the GPNL nickel laterite properties and of the Gladstone project itself as requested by BDO Corporate Finance. It should be noted that BDA has not been requested to consider, and has not taken into consideration, the commercial agreements surrounding the Ouinné nickel laterite property or the agreements surrounding the Gladstone project, in opining on the value of GPNL's assets. Reference should be made to the BDO Corporate Finance report for an incorporation of the commercial parameters surrounding the assets of GPNL.

The sole purpose of this BDA report is for use by BDO Corporate Finance and GPNL in connection with the proposed transaction and should not be used or relied upon for any other purpose. A draft copy of the report has been provided to GPNL for correction of any material errors or omissions. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose, without BDA's written consent to the form and context in which it appears.

2.0 EXECUTIVE SUMMARY

2.1 Overview

The Gladstone Nickel Project is based on the construction and operation of a HPAL nickel laterite processing plant at Gladstone in Central Queensland. The Gladstone plant will be located on a designated site (Figure 1) within the Gladstone State Development Area ("GSDA"). The GSDA is well serviced with power, water and transport facilities, including access to deep-water port facilities. A dedicated site at Aldoga, also within the GSDA, has been set aside for residue disposal. Both the Queensland State Government and the Federal Government have approved the EIS for construction and operation of Stages 1 and 2 of the GNP.

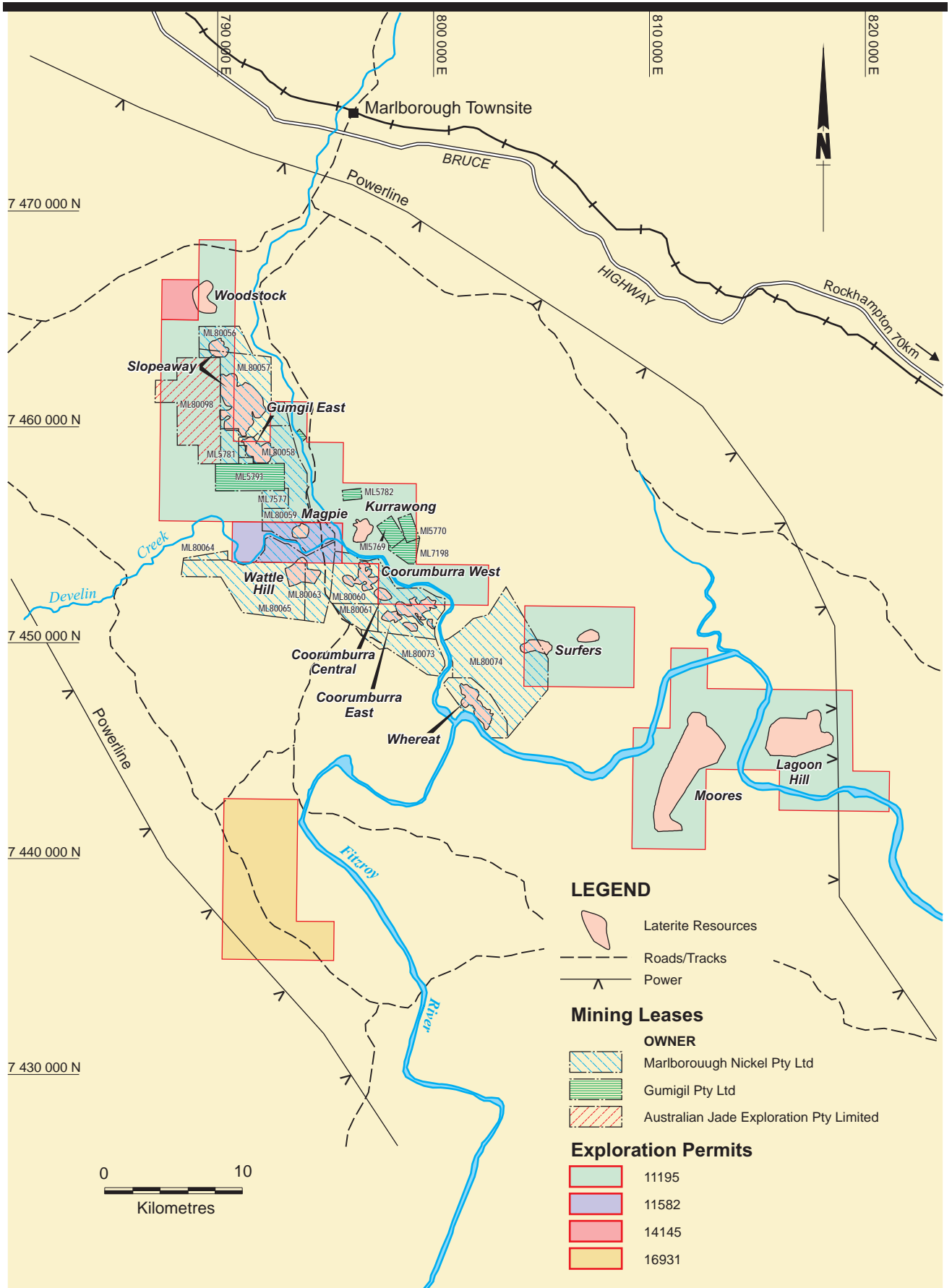
The GNP is based on the mining and processing of nickel laterite ores from two principal locations, Marlborough in Queensland and Ouinné in New Caledonia. The Marlborough tenements (Figure 3) are owned by MNPL; GPNL holds 100% of MNPL through acquisition agreements approved by shareholders on 14 August 2008. GPNL has agreements in place to acquire a 49% interest in the Ouinné property (Figure 4) through a joint venture with SMGM. Both groups of tenements contain significant deposits of nickel-cobalt laterite mineralisation. It is planned to mine the laterite ores and transport the material to Gladstone for processing. GPNL also plans to purchase some high grade nickel laterite ores from other New Caledonian suppliers.

The Marlborough ores will be railed to Gladstone while the New Caledonian ores will be shipped and off-loaded at the port of Gladstone. The EIS also provides for a future option to transport the ore from Marlborough via slurry pipeline.

The ores will be beneficiated via a crushing, washing and screening process which will remove some of the lower grade material prior to further processing. A blend of Marlborough and New Caledonian laterites will be fed to the HPAL plant. It is planned that a portion of the Marlborough ore will be atmospheric leached using a process termed Enhanced Saprolite Leaching ("ESL").

Approximately 3Mtpa of ore will be railed from Marlborough. The reject rate following beneficiation is approximately 50%, with 1Mtpa of the beneficiated product leached in the ESL circuit and 0.5Mtpa blended with the New Caledonian laterites and fed to the HPAL plant. Approximately 4Mtpa of nickel laterite ores will be sourced from New Caledonia; reject rates are predicted to be relatively low and a feed of 3.5Mtpa of New Caledonian ore is projected to be fed to the HPAL plant, together with the 0.5Mtpa of beneficiated Marlborough ore.

The primary process will comprise leaching of the lateritic ores in high pressure acid leach autoclaves. Acid for leaching will be manufactured on site using imported sulphur. The ESL ores will also be leached with sulphuric acid, and leaching will be enhanced by using the hot acidic liquors exiting the autoclaves. The nickel and cobalt bearing solutions will be purified, and a nickel and cobalt sulphide precipitated using hydrogen sulphide gas, also prepared on site. The sulphides will be re-dissolved and metallic nickel and cobalt precipitated using hydrogen reduction. Nickel and cobalt briquettes will be produced for sale to overseas customers. The process flowsheet is shown in Figure 5. An annual production of approximately 63,000t of high purity nickel and 6,000t of high purity cobalt is planned in Stage 1; the Yarwun refinery site is large enough to allow room for a future Stage 2 expansion to 126,000tpa nickel output.



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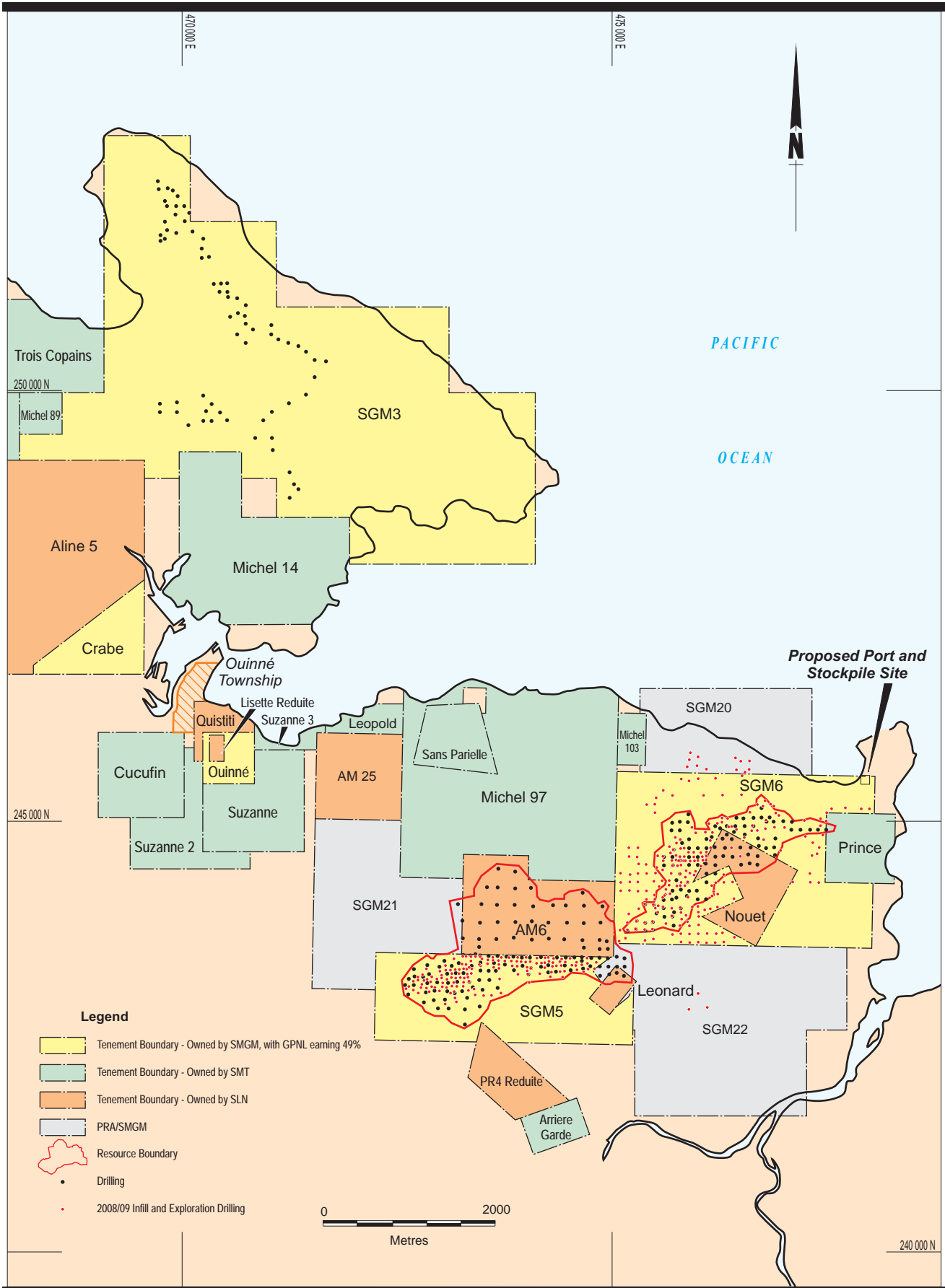
Marlborough Lateritic Nickel Project

Figure 3

MARLBOROUGH - TENEMENTS AND RESOURCES

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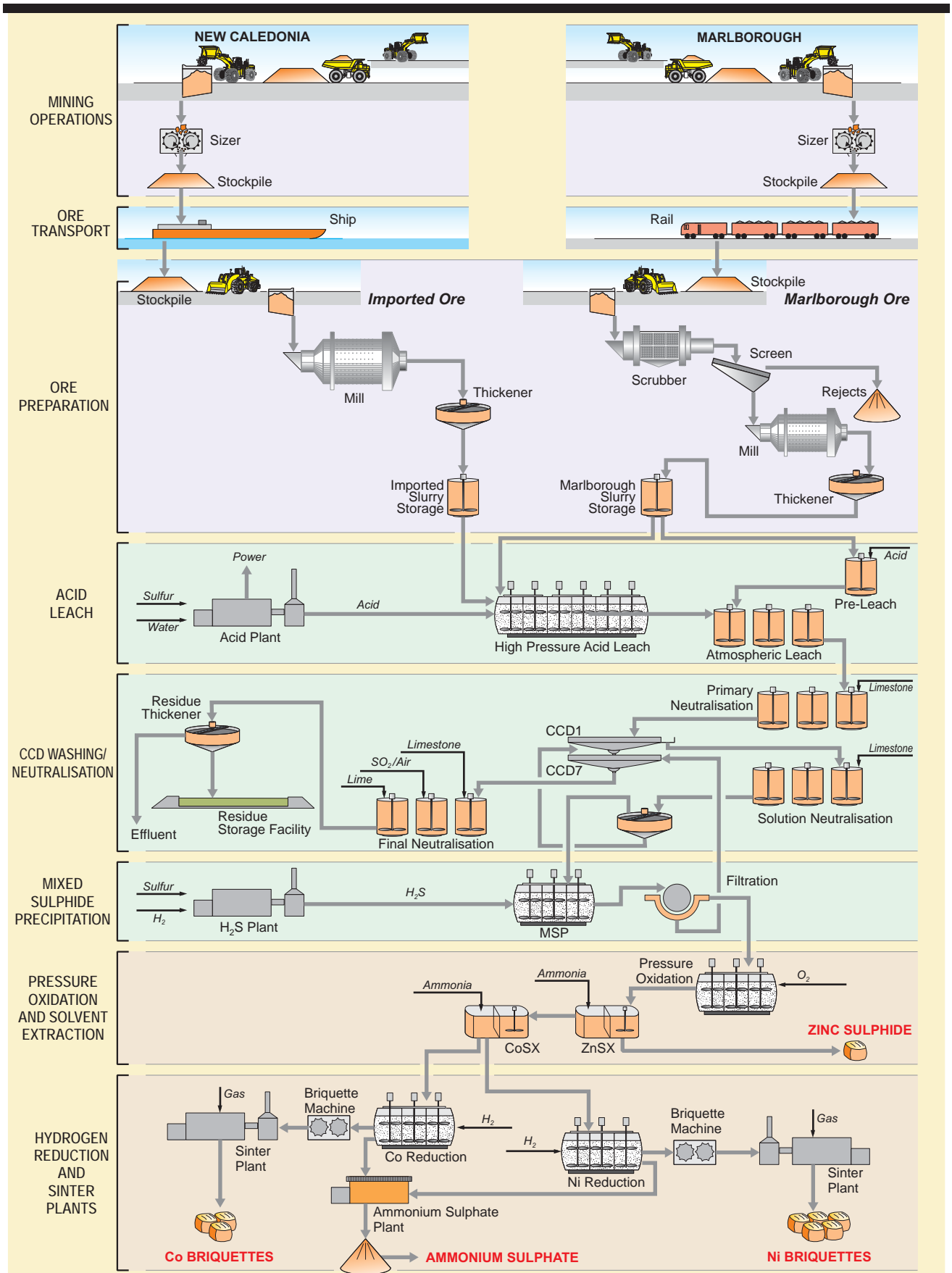
Ouinné Lateritic Nickel Project

Figure 4

OUINNÉ TENEMENTS AND RESOURCE

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Gladstone Pacific Nickel Limited

Gladstone Nickel Processing Plant

Figure 5

PROCESS FLOWSHEET

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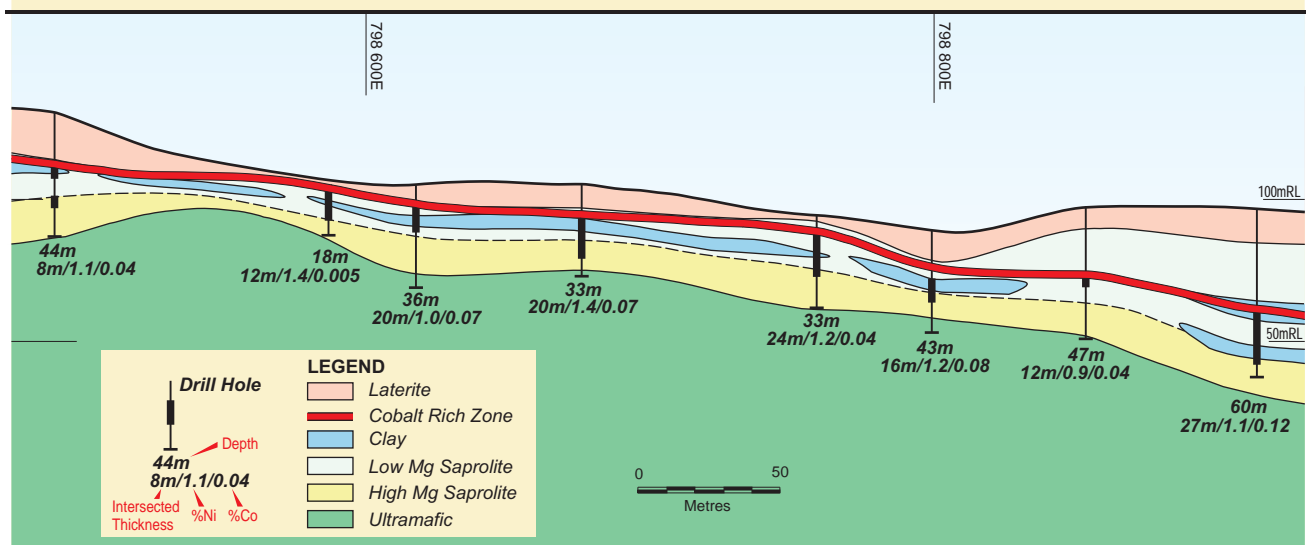
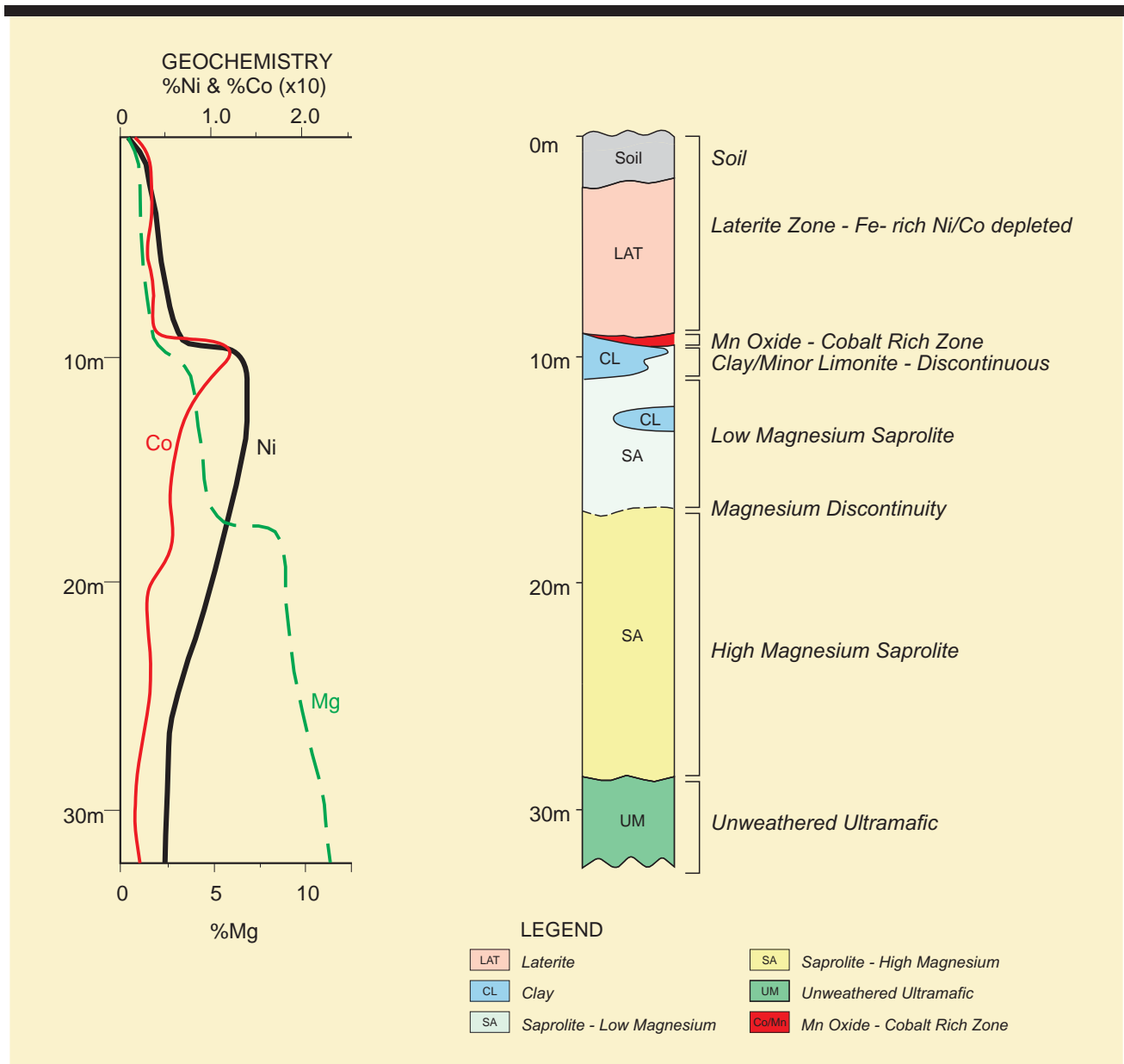
2.2 Marlborough Nickel Laterite Deposit (GPNL 100%)

General

- BDA has reviewed the Marlborough geological and resource/reserve data as presented in the Golder Associates Pty Limited ("Golder") and IMC Consultants Pty Limited ("IMC") reports and in the 2007 IDFS documents. BDA has made several visits to the project site, including visits during the 2005/06 drilling programme.
- Extensive near-surface nickel and cobalt-rich laterite mineralisation has been defined in a number of deposits at Marlborough. GPNL holds a 100% interest in the Marlborough nickel tenements through its wholly-owned subsidiary Marlborough Nickel Pty Limited. The original tenements comprised twelve Mining Leases ("MLs") and six Exploration Permits ("EPMs"); in January 2007 GPNL acquired four additional MLs within the area from Candala Resources, and following certain relinquishments, now holds four EPMS; GPNL advises that applications for renewal of the EPMS pursuant to the Mineral Resources Act 1989 (Qld) have been lodged and are currently being considered by the Department of Employment, Economic Development and Innovation - Queensland Mines and Energy.
- BDA has not conducted legal due diligence on land titles, tenements or Native Title status at Marlborough. GPNL advises that the Marlborough tenements are in good standing. GPNL has advised that Native Title issues relating to the laterite nickel deposits and proposed mining activities at Marlborough have been resolved and that a Native Title Project Agreement and royalty agreement covering the Marlborough project area is in place.

Geology, Resources and Reserves

- Exploration drilling in the Marlborough area was carried out by BHP and INCO in the 1960s and 1970s, and by Preston Resources Limited ("Preston") during the 1990s. GPNL undertook additional infill and extension drilling in 2005 and 2006 on the twelve MLs owned by the company. GPNL engaged IMC to supervise the drilling and sampling and to carry out resource and reserve estimation. IMC commissioned Golder to assist in carrying out the resource estimate on the Marlborough deposits; a resource report was issued by Golder in June 2006 and IMC published a reserve estimate as part of the June 2006 Marlborough Mining Feasibility Study. In January 2007 four additional MLs in the area were acquired from Candala Resources and additional Inferred resources were estimated based on historical drilling.
- Geological investigations have been appropriate and thorough and the geology of the deposits is reasonably well defined and understood (Figure 6). Nineteen deposits have been identified but work has concentrated on seven areas, four of which, Slopeaway, Coorumburra East, Coorumburra West and Junction/Whereat represent 70% of the currently defined resources (Figure 3). Drill spacing averages 40-60m. Small sample pits have been dug on each deposit to obtain bulk samples. Twenty 0.9m diameter Calweld (bucket drill) holes have also been drilled to provide samples for detailed geological and mineralogical examination, density measurements, pilot beneficiation and HPAL testwork.
- Drilling, surveying, density determination, sampling and assaying procedures are considered appropriate for assessment of the mineralisation. The compilation, statistical analysis and cross-checking work has been thorough and accords with industry standards. BDA considers the drilling and sampling data provides a reliable basis for estimation of the tonnes, grade and contained metal within the deposits.
- BDA is satisfied that the Marlborough resources have been properly and appropriately estimated in accordance with Australian industry standards and in compliance with the JORC Code; however, additional infill drilling is required to bring certain of the areas up to a satisfactory level of confidence.
- Based on seven deposits within the Marlborough area, a nickel laterite resource has been estimated totalling 70.9Mt averaging 0.91% Ni and 0.06% Co at a 0.7% Ni cut off, including a Measured and Indicated resource of 54.6Mt grading 0.93% Ni and 0.06% Co.
- A Proven and Probable reserve was estimated by IMC and reported in GPNL's 2006 Annual Report; at a 0.7% Ni cut off the reserve totalled 48.7Mt at 0.94% Ni and 0.06% Co.
- Mineralisation has been identified in twelve additional areas outside the principal deposits, but is less well drilled or defined. Preliminary polygonal estimates have indicated the potential for a further 60-70Mt at 0.8% Ni at a 0.7% Ni cut off. A number of the deposits have not been closed off and potential remains to extend the resources in a number of areas. These estimates are indicative of future potential only and are not compliant with the JORC Code.



Gladstone Pacific Nickel Limited

Marlborough Lateritic Nickel Project

Figure 6

MARLBOROUGH CONCEPTUAL STRATIGRAPHY AND SECTION

BDA - 0099

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Mining and Ore Transport

- Open pit mining plans have been prepared for six of the principal nickel-cobalt laterite deposits. The ore zone is typically sub-horizontal and 10-20m thick. Maximum pit depth is around 60m and the average stripping ratio is approximately 2:1. Pit optimisation using the Whittle 4D program and mine design procedures have been conducted in accordance with established industry practice and with input from appropriately qualified geotechnical and mine design specialist consultants.
- Mining operations will use conventional equipment, comprising diesel-powered hydraulic excavators and rear-dump trucks, both of which are appropriate to the application. It is proposed that the mining operations will be conducted by contractors, but an owner-operated fleet may be considered, depending on capital and operating cost aspects and an economic assessment of the alternatives.
- GPNL advises that, following further drilling and testwork, it anticipates that it will be possible to undertake selective mining, stockpiling the lower grade material and feeding only the higher grades to the Gladstone plant. BDA concurs with the concept and agrees that with good grade control some selectivity will be possible. However, no trial mining has been undertaken and the degree of the selectivity remains difficult to estimate prior to commencement of mining or close-spaced detailed drilling. However, exposures in the adjacent 40m deep Gumigil open pit confirm the general lithological continuity, design parameters and proposed mining techniques.
- Approximately 3Mtpa of laterite ore is planned to be mined and railed to Gladstone. The ore will be trucked to a purpose-built rail siding near Marlborough and loaded from stockpiles into 50-wagon trains by front-end loader. Up to three trains per day will operate. At Gladstone the wagons will discharge onto stockpiles and the ore will be crushed, washed and screened. After this beneficiation process approximately 50% of the coarser, lower grade material will be rejected, with 0.5Mt blended with New Caledonian ore and processed through the HPAL autoclaves and 1Mt treated through the ESL circuit.

2.3 Ouinné Nickel Project (GPNL Acquiring 49%)

General

- GPNL, through a joint venture with SMGM can acquire a 49% interest in three mining leases in Ouinné on the east coast of the Southern Province of New Caledonia (Figures 2 and 4). GPNL can acquire the interest subject to the financing of the Gladstone Nickel Project, the identification of a 30Mt reserve at a grade of 1.35% Ni and the issue of 15 million GPNL shares to the shareholders of SMGM. Exploration activities, including drilling, have been undertaken over the deposit by SMGM and earlier explorers since 1992. SMGM has mined lateritic ores from various locations in New Caledonia for Société Le Nickel ("SLN") for several decades and has also delivered ore to QNI and to Sumitomo and is thus familiar with requirements and specifications for both saprolite and limonite ores.
- The Ouinné Joint Venture ("Ouinné SAS") commenced a drilling programme in 2007 and this continued to April 2009. Ouinné SAS commissioned Golder to estimate the Ouinné South resources and a preliminary draft report was released by Golder in April 2008. The estimate was updated in September 2008. BDA considers the Golder estimate to be a reasonable basis for valuation for the purpose of this review.
- BDA visited the Ouinné site in 2008, observed the drilling and sampling programme and procedures, and reviewed the initial resource estimate. The property contains significant thicknesses of medium to high grade nickel laterites, but detailed assessment of the resources is still at a relatively early stage.
- BDA has not conducted legal due diligence on land titles or tenement status at Ouinné. GPNL advises that appropriate agreements are in place with SMGM on the New Caledonian properties, and that the tenements are in good standing.

Geology and Resources

- Geological investigations rely largely on surface mapping and core drill sampling; these methods are appropriate. The geology of the deposits is reasonably well defined and understood. Two deposits have been identified on joint venture ground, while data has also been acquired over extensions into ground held by SLN shown in Figure 4, with drill spacing averaging 100-200m.
- The assay database comprises drilling and sampling by SMGM and GPNL. Limited information is available on the SMGM drilling regarding field procedures, logging, sampling, analytical and quality control methods and results. GPNL has undertaken twin drilling to validate the earlier data, supported by an assay quality monitoring programme that meets industry standards. This work indicates that the SMGM data is

compatible in terms of Ni and Co, but there are significant and unexplained differences for Fe, Mg and SiO₂. By April 2009, when the drilling programme was suspended, the majority of the drilling over the two deposits had been conducted by GPNL.

- Topographic survey information for the Golder April 2008 resource estimate and the September 2008 resource update is drawn from 5m contour information from New Caledonian government topographic maps; however, all drill hole collars have been surveyed by differential GPS. In late 2008 a new topographic contour map was produced with 0.5m contours and an accuracy of 0.3m.
- Limited density data was available for the April 2008 resource estimate and bulk densities were based on assumed values. Bulk density measurements were carried out by GPNL on all cores from the recent drilling for all major lithologies; results from this work were incorporated in the Golder September 2008 update.
- Limited validation of the earlier SMGM drilling and sampling data, particularly in relation to Fe, Mg and SiO₂ assays, and the lack of detailed density data results in some uncertainties in the Ouinné database. However, the GPNL programme of infill drilling and systematic density measurements, combined with the detailed topographic survey and some pitting, has largely rectified these shortcomings.
- The presence of boulders is recognised in the drilling and logging, but no estimate has been made to date of the impact of these boulders, or the potential to upgrade the mineralisation through screening; this will require future bulk sampling and process testwork. Detailed logging and sampling of the larger boulders by GPNL will allow simulation of the effect of removing the larger (>10cm) boulders by screening. Golder undertook an assessment based on preliminary data and found that screening off the larger boulders resulted in a 4%-6% increase in nickel grade and a beneficial 20% reduction in MgO grade.
- The Ouinné area is estimated by Golder in the September 2008 resource update to contain approximately 31.0Mt of Indicated and Inferred resources at 1.3% Ni and 0.13% Co at a 1.0% Ni cut off. BDA is satisfied that the Ouinné resources have been appropriately estimated in accordance with Australian industry standards and in compliance with the JORC Code. The mineralisation generally displays good continuity, and, accordingly, BDA believes that the global resource at a 1% Ni cut-off is reasonably reliable. Infill drilling, surveying, pitting and density investigations have brought the resources to a satisfactory level of confidence for a final feasibility study.
- Additional mineralisation occurrences have been identified in the extension of the deposits into SLN tenements (principally AM6 and Nouet - see Figure 4). Golder reported a global resource of 15.9Mt averaging 1.28% Ni and 0.15% Co for these extensions, but emphasised that this estimate was not considered JORC-compliant. Golder also reported that some 25% of the mapped laterite has not yet been drilled or modelled; these areas are likely to yield additional resources. Unquantified potential exists in the SGM3 Ouinné North tenement (Figure 4), where to date SMGM has undertaken only reconnaissance drilling.

Mining and Ore Transport

- Preliminary mining and engineering studies have been undertaken by SRK Consulting (Australasia) Pty Limited ("SRK") based on the Golder April 2008 report. As the majority of the resource was classified as Inferred at that time, no reserves have been reported. However, the resource is based on 10 x 10 x 3m selective mining units ("SMUs"), including internal ore losses and dilution, and can be considered a reasonable guide to the potential mining inventory. BDA accepts that a certain degree of selectivity in mining nickel laterite deposits is generally achievable, provided close-spaced systematic grade control drilling is carried out prior to mining.
- The area has a relatively steep and rugged topography and is subject to high rainfall. The mining study confirmed that the laterites are relatively soft, apart from a ferruginous caprock, and should be readily excavated using conventional backhoe equipment. Articulated six wheel drive trucks will be required to maintain operability during the wet season and haul roads and benches will require sheeting. However, these issues are common to a number of mining operations in New Caledonia, and there is significant operating experience available.
- It is likely that some beneficiation will be carried out on site to screen out the coarser, lower grade boulders. Approximately 3.5Mtpa of lateritic ores from Ouinné are planned to be loaded and shipped to Gladstone. A port facility to suit Panamax-sized vessels is to be constructed at the southern point of the Baie de Ouinné, adjacent to the first of the mining leases to be developed. The site has an area suitable for stockpiling ore hauled from the mine, for reclaim onto conveyors and transfer directly to a fixed-head ship loader at a rate of 2,500 tonnes per hour ("tph"). The berth is located in 30m of water.

2.4 Valuation Summary

BDA has conducted an independent technical review and valuation of the GPNL nickel laterite assets based on data provided by GPNL and assessments made during previous site visits. BDA has also estimated a value of the Gladstone project itself.

For company and project valuations, there are a variety of valuation methods, all of which have some merit and may be more or less applicable, depending on the circumstances. These include:

- discounted cash flow ("DCF")
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

BDA's role as independent technical specialist for the purpose of this technical review and valuation is to opine solely on the valuation of the tenements and contained nickel laterite resources and on the stand-alone value of the Gladstone project.

GPNL has secured a site for the proposed process plant and waste disposal at Gladstone, in a favourable location within the GSDA, well serviced with port, road, rail, power and water facilities. Substantial testwork and design work has been carried out to develop project flowsheets, plant design, production schedules and capital and operating cost estimates. This work has been consolidated into comprehensive feasibility studies to facilitate project financing and development, and environmental impact studies have been undertaken to obtain environmental and development approvals.

For valuation of a project as a whole, the *discounted cash flow* or net present value ("NPV") method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where ore reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, involves the application of alternative methods. The methods generally applied to exploration properties are the *related transaction* or real estate method, the value indicated by *alternative offers* or by *joint venture terms*, and the *past expenditure* method. *Rules of thumb or yardstick values* based on certain industry ratios can be used for both mining and exploration properties.

The fair market value of a property as stated in the Valmin Code is the amount a willing buyer would pay a willing seller in an arms-length transaction, wherein each party acted knowledgeably, prudently and without compulsion. BDA has considered this principle in deriving values for the GPNL nickel laterite prospects and the GPN project.

BDA has considered a number of valuation methodologies in arriving at a value for the Marlborough and Ouinné tenements and contained nickel laterite resources. These methods include:

- exploration expenditure on the Marlborough and Ouinné tenements
- acquisition costs and joint venture acquisition terms
- discounted cash flow of Ouinné ore shipments based on a stand-alone direct shipping operation
- yardstick valuations, based on a dollar value per tonne of nickel resource or per tonne of contained nickel
- recent transactions, based on recent acquisitions of other nickel laterite properties
- other recent independent valuations of nickel laterite properties.

BDA has assessed the value of GPNL's interest in the Marlborough and Ouinné tenements and resources based on a range of these methodologies. A summary of these valuations is given in Table 2.1.

Table 2.1
Summary of Valuation Ranges for GPNL Tenements and Resources - A\$M

Valuation Method	Basis	Marlborough			Ouinné		
		Low	Most Likely	High	Low	Most Likely	High
Exploration Expenditure/Acquisition Cost		34.5	37.1	39.7	20.9	22.0	23.2
Direct Shipping Ore Basis					40.0	44.0	48.0
Yardstick - Market Capitalisation	A\$/t resource	13.4	32.7	52.1	4.3	13.2	22.2
	A\$/t NiEq	11.0	26.3	41.7	5.4	16.5	27.5
Yardstick - Recent Transactions	A\$/t resource	44.1	55.1	66.1	14.1	21.1	28.1
	A\$/t NiEq	35.9	44.9	53.8	17.8	26.6	35.5
Independent Valuation	A\$/t NiEq	64.9	97.0	129.0	32.1	58.6	85.1
Selected Valuation	A\$M	34.0	48.9	63.7	19.2	28.9	38.5

Note: A\$/t resource refers to tonnes of in situ mineralised laterite resource; A\$/t NiEq refers to tonnes of contained nickel metal including the Ni equivalent value of the contained cobalt

Based on the estimates above, BDA considers that the Marlborough tenements and resources have a value ranging from A\$34.0-63.7 million ("M") with a most likely value of A\$48.9M. BDA considers that GPNL's interest in the Ouinné tenements and resources has a value ranging from A\$19.2-38.5M with a most likely value of A\$28.9M. In BDA's opinion, these valuations provide an estimate of the amount a willing buyer would pay a willing seller in an arms-length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

BDA recognises that GPNL's interests are subject to various agreements; BDA has valued a 100% interest in the Marlborough tenements and resources and a 49% interest in the Ouinné tenements and resources; any adjustments required related to the details of the agreements will be carried out by BDO Corporate Finance.

BDO Corporate Finance has requested that BDA opine on the value of the Gladstone project itself. BDA has reviewed the available project data including project expenditures to date, current approvals, projected production levels and projected capital and operating costs. GPNL has published various financial projections, but these incorporate the supply of nickel laterite ores which BDO Corporate Finance has requested BDA to value independently. The GPNL valuations also assume the availability of project finance and to date this has proved difficult to obtain due to a combination of factors, including the well-publicised examples of substantial cost overruns in developing nickel laterite HPAL projects, project underperformance and the general difficulties of raising project finance during and post the global financial crisis.

BDA considers that the GPNL net present value projections of the planned nickel laterite operation are not the basis on which a willing buyer, acting knowledgeably, prudently and without compulsion would assess the value of the Gladstone project itself. Nevertheless, an extensive period of study and testwork has been undertaken, engineering studies have been carried out, a project site has been allocated providing good access to the necessary port and rail infrastructure, and an Environmental Impact Statement has been prepared and approved. BDA considers that this work, directly related to the project itself, is of significant value and that that value is best assessed in terms of the actual expenditures and time incurred. Relevant expenditures are shown in Table 2.2; this list excludes expenditures specifically related to the tenements and resources which have been separately valued in Table 2.1. Given the time period over which the expenditure has been incurred, and the substantial time benefits which any incoming party would gain with detailed feasibility studies and environmental approvals in place, BDA has incremented the expenditure by 10% per annum over five years to assess a current valuation, and has adopted a $\pm 20\%$ range to define the high and low values.

Table 2.2
GNP Project Expenditure Summary and Valuation Ranges - A\$M

Expenditure/Valuation	Units	Gladstone Project Expenditure/Valuation		
		Low	Most Likely	High
Environmental Studies	A\$M		3.0	
Metallurgical Testwork	A\$M		4.9	
Engineering	A\$M		11.2	
Supervision	A\$M		8.5	
<i>Subtotal</i>	<i>A\$M</i>		<i>27.6</i>	
Selected Valuation	A\$M	35.6	44.5	53.3

Based on the estimates above, BDA considers that the Gladstone project itself has a value ranging from A\$35.6-53.3M with a most likely value of A\$44.5M. In BDA's opinion, these valuations provide an estimate of the amount a willing buyer would pay a willing seller in an arms-length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

BDA's overall assessment of value of the Marlborough and Quinné tenements and resources and the Gladstone project is summarised in Table 2.3.

Table 2.3
Overall Summary Valuation - Tenements/Resources and Gladstone Project - A\$M

Expenditure/Valuation	Units	GPNL Tenements/Resources and Gladstone Project		
		Low	Most Likely	High
Marlborough - Tenements, Resources	A\$M	34.0	48.9	63.7
Quinné - Tenements, Resources	A\$M	19.2	28.9	38.5
Gladstone Project - Site, Engineering, Approvals	A\$M	35.6	44.5	53.3
Valuation	A\$M	88.8	122.3	155.5

In BDA's opinion, these valuations provide an estimate of the amount a willing buyer would pay a willing seller for these assets in an arms-length transaction, wherein each party acted knowledgeably, prudently and without compulsion. BDA has not taken into consideration the commercial agreements surrounding the Quinné tenements or the Gladstone project as these aspects are addressed in the BDO Corporate Finance Independent Expert Report.

3.0 VALUATION METHODOLOGY

3.1 General Details

Effective Date

The effective date for the valuation is 25 June 2011.

Standards and Procedures

This report has been prepared in keeping with the Valmin Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005. Resource and reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, December 2004.

BDA has not undertaken an independent review of the status of the relevant tenements. GPNL has provided a summary of tenement status on which we have relied.

Valuation Principles

As a general principle, the fair market value of a property as stated in the Valmin Code (Definition 43) is the amount a willing buyer would pay a willing seller in an arms-length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

3.2 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are a variety of valuation methods, all of which have some merit and that may be more or less applicable, depending on the circumstances. The following are appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where ore reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, or valuing individual components of a project, involves the application of alternative methods. The methods generally applied to exploration properties are the *related transaction* or real estate method, the value indicated by *alternative offers* or by *joint venture terms*, and the *past expenditure* method. *Rules of thumb* or *yardstick values* based on certain industry ratios can be used for both mining and exploration properties. Under appropriate circumstances values indicated by *stock market valuation* should be taken into account as should any *previous independent valuations* of the property.

These valuation methods are briefly described below.

Net Present Value (NPV)

If a project is in operation, under development, or at a final feasibility study stage and reserves, mining and processing recoveries, and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair market value of the project necessarily is the NPV, but rather that the value should bear some defined relationship to the NPV. The NPV provides a technical value as defined by the Valmin Code (Definition 36). The fair market value could be determined to be at a discount or a premium to the NPV due to other market or risk factors.

If a project is at the feasibility study stage, additional weight has to be given to the risks related to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project and sometimes a lower degree of confidence in the reserves and recoveries. In an ongoing operation many of these items are relatively well defined.

In certain circumstances, the NPV method can be applied to the valuation of exploration properties, where those properties are adjacent to an existing or planned mining operation, and there is a reasonable likelihood that mineralisation delineated within the exploration properties could provide a future source of feed to the existing

plant. In purchasing such a property, a willing and knowledgeable buyer would be mindful of the opportunity of exploiting such mineralisation and would pay a higher price where this potential is considered high.

New Caledonian nickel laterite ores have for many years been shipped to Australia and Japan for processing (Direct Shipping Ores or "DSO"). One approach to valuing the Ouinné tenements would be to value the defined nickel laterite resources on the basis of a direct shipping operation. BDA has prepared a simple cash flow model of a DSO operation and applied the NPV method to estimate a value for the Ouinné tenements.

BDA has considered the NPV method as a means of valuing the Gladstone project, but BDO Corporate Finance has requested that BDA value the project on a stand-alone basis, with the resources being valued separately. BDA accepts that there are a range of uncertainties and risks relating to the development of major HPAL nickel laterite projects due to the well-publicised examples of cost overruns and project underperformance; to date GPNL has had difficulty securing development finance for the project. On this basis BDA has determined that a valuation based on past expenditure is more appropriate than a discounted cashflow valuation.

Alternative Offers and Joint Venture Terms

If discussions have been held with other parties and offers have been made on the project or tenements under review, then these values are certainly relevant and are worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project, or spends exploration funds in order to earn an interest, provide an indication of value.

GPNL signed a Scheme Implementation Agreement ("SIA") with Resource Development International Ltd ("RDI") in August 2008 that envisaged GPNL and RDI merging subject to the listing of RDI on the HKSE for scrip consideration of £2.20 per GPNL share based on the listing price of RDI; the SIA did not proceed.

GPNL has entered into a joint venture agreement with SMGM to acquire a 49% interest in the Ouinné tenements; similarly GPNL has concluded the purchase the Candala tenements at Marlborough. BDA has considered these transactions as potential guides to valuation of the Ouinné and Marlborough tenements.

Related Transactions

Recent related transactions can be relevant to the valuation of projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or tenements under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must be considered as there can be substantial change in value with time.

BDA has considered whether there have been any comparable transactions which can be used as a basis for estimation of value and has carried out a review of publicly available data. Several such transactions are discussed in the report. BDA is of the opinion that nickel laterite transactions which have taken place over the last few years can provide an appropriate basis for valuing the GPNL properties.

Rules of Thumb or Yardsticks

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects, namely dollars per ounce of gold in resources, dollars per ounce of gold in reserves, and dollars per ounce of annual production. The ratios used can cover a substantial range which is generally attributed to the 'quality' of the ounces in question. Low cost ounces are clearly worth more than high cost ounces. Where a project has substantial future potential not yet reflected in the quoted resources or reserves a ratio towards the high end of the range may be justified.

Similar ratios in terms of contained nickel are less commonly used and quoted, but can be derived, and can provide an overall guide to value. BDA has derived such ratios (dollars per tonne of resource and dollars per tonne of contained nickel or nickel equivalent) from recent known transactions and from market valuations and has used these as a guide to the value of the GPNL nickel laterite prospects.

Market Valuation

On the fundamental definition of value, as being the amount a knowledgeable and willing buyer would pay a knowledgeable and willing seller in an arms-length transaction, it is clear that due consideration has to be given to market capitalisation.

In the case of a one project company or a company with one major asset, the market capitalisation gives some guide to the value that the market places on that asset at that point in time, although certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. Commonly however a company has several projects at various stages of development, together with a range of assets and liabilities, and

in such cases it is difficult to define the value of individual projects in terms of the share price and market capitalisation.

BDA has considered the market capitalisation of other companies with nickel laterite tenements and has derived yardstick values on the basis of dollars per tonne of ore and dollars per tonne of contained nickel or nickel equivalent. These yardstick values have been used to derive a value for GPNL tenements.

Past Expenditure

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectivity enhancement multiplier' ("PEM"), which commonly ranges from 0.5-3.0, is applied to the effective expenditure.

Selection of the appropriate multiplier is a matter of experience and judgement. To eliminate some of the subjectivity, BDA has applied a scale of PEM ranges as follows to the exploration expenditure:

- PEM 0.5 - 0.9 Previous exploration indicates the area has limited potential.
- PEM 1.0 - 1.4 The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration.
- PEM 1.5 - 1.9 The prospect contains one or more defined significant targets warranting additional exploration.
- PEM 2.0 - 2.4 The prospect has one or more targets with significant drill hole intersections.
- PEM 2.5 - 2.9 Exploration is well advanced and infill drilling is required to define a resource.
- PEM 3.0 A resource has been defined but a feasibility study has not yet been completed.

BDA has used the past expenditure method as a guide to the value of GPNL's tenements. Both the Marlborough tenements and the Quinné tenements have been subject to exploration drilling, and nickel laterite resources have been defined. GPNL has not been able to supply full records of past exploration expenditure carried out by others, but has provided more recent data on its own exploration expenditures, and BDA has used this and records of the previous drill holes and drill metres to estimate overall expenditures.

BDA has used this methodology as a guide to the value of the Gladstone project itself, based on the expenditure and time to obtain a suitable site, undertake testwork and obtain environmental and other project approvals.

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. We have inquired of GPNL whether any other recent valuations of the nickel laterite properties have been undertaken and GPNL has provided various equity research documents.

Special Circumstances

Special circumstances of relevance to mining projects or properties can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- *environmental risks* - which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- *indigenous peoples/land rights issues* - projects in areas subject to claims from indigenous peoples can experience prolonged delays, extended negotiations or veto
- *country issues* - the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk
- *technical* - issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

We have considered, and have inquired of GPNL, whether any such factors apply to the nickel laterite properties under consideration.

4.0 MARLBOROUGH NICKEL PROJECT (GPNL 100%)

4.1 Marlborough Tenements

GPNL, through its wholly-owned subsidiary MNPL, holds Exploration Permits and Mining Leases over the Marlborough project area (Figure 3). GPNL owns a 100% interest in the Marlborough project tenements and is entitled to apply for additional mining leases over land for which it holds a mineral exploration permit. GPNL currently holds four EPMs totalling approximately 21,300 hectares ("ha") and sixteen granted MLs totalling approximately 7,830ha, which provide security over the nickel and cobalt laterite deposits at Marlborough; GPNL advises that applications for renewal of the EPMs pursuant to the Mineral Resources Act 1989 (Qld) have been lodged and are currently being considered by the Department of Employment, Economic Development and Innovation - Queensland Mines and Energy.

The mineralisation extends for over 40 kilometres ("km") within the exploration permit tenure. Nineteen separate deposits are known, but the MLs focus on the areas planned for initial mining, including Slopeaway, Coorumburra East, Coorumburra West and Junction/Whereat. All the proposed mining and residue storage activities will occur within granted mining leases. Additional infrastructure leases may be required to cover the proposed truck haulage and rail loading activities.

The tenements are administered by the Queensland Department of Mines and Energy. Table 4.1 lists the EPMs held by GPNL; Table 4.2 describes the MLs and the activities proposed within each lease.

Table 4.1
Exploration Tenements held by GPNL - August 2008

Tenement	Area (ha)	Description/Status	Station
EPM 11195*	17,400	Granted	Woodstock, Marlborough, Ramillies, Coorumburra
EPM 11582*	900	Granted - portion on freehold land	Coorumburra, Marlborough
EPM 14145*	300	Granted	Woodstock and State Forest
EPM 16931*	2,700	Granted	

*Note: GPNL advises that renewal applications have been lodged for all EPMs

Table 4.2
Mining Tenements held by GPNL - August 2008

Tenement	Area (ha)	Expiry Date	Description	Activities Proposed	Station	Title
ML 80056	230	30/11/24	Slopeaway N	Mining	Woodstock	Leasehold
ML 80057	957	30/11/24	Slopeaway Central and S	Mining, ore stockpile, haul roads	Marlborough	Pastoral lease
ML 80058	722	30/11/24	Gumigil East	Mining, ore stockpile, haul roads	Marlborough	Pastoral lease
ML 80059	277	30/11/24	Magpie W	Haul road	Marlborough	Pastoral lease
ML 80060	1,138	30/11/23	Coorumburra West	Mining, waste rock, ore stockpile, haul roads	Ramillies	Leasehold
ML 80061	207	30/11/23	Coorumburra Central	Haul road	Coorumburra	Freehold
ML 80062	418	30/11/23	Junction / Whereat	Mining, ore stockpile, haul roads.	Coorumburra	Freehold
ML 80063	556	30/11/23	Develin Flats	Plant, haul roads, reject stockpile	Coorumburra	Freehold
ML 80064	69	30/11/23	Develin	Potential residue storage facility	Coorumburra	Freehold
ML 80065	960	30/11/23	Wattle Hill	Process residue storage facility	Coorumburra	Freehold
ML 80073	375	30/12/24	Coorumburra East	Evaporation ponds, waste rock disposal	Coorumburra	Freehold
ML 80074	1,650	30/12/24	Surfers 1	Haul roads	Coorumburra	Freehold
ML 5772	18	30/4/27	Middle Lease	Haul roads, stockpiles	Marlborough	Pastoral Lease
ML 5780	129	31/5/28	Candala Camp	Haul roads	Marlborough	Pastoral Lease
ML 7577	107	01/6/12	Candala South	Resource Development	Marlborough	Pastoral Lease
ML 80004	17	31/8/12	Spoil Lease	Haul Roads	Marlborough	Pastoral Lease

Note: ML80065 lies within EPM 8388 held by others

Native Title Issue

The currently defined Marlborough nickel deposits are secured under sixteen mining leases, four of which are subject to a Native Title Project Agreement ("the Agreement") dated 14 August 1999. The other leases are on underlying freehold titles where Native Title is not applicable. The Agreement was reached following

consultation and negotiations with the three Native Title group claimants through a Working Group including representatives from each group and GPNL. The Agreement covers the whole Marlborough project area.

As a result of some of the project changes now envisaged, there may be aspects of the Agreement which may need to be reviewed or may need to be renegotiated. GPNL has advised that it foresees no difficulties arising from further negotiations for the modified project.

Marlborough Mine Site Land Tenure

The sixteen mining leases are located on four pastoral stations, Coorumburra, Ramillies, Marlborough Holding and Woodstock. A number of other properties to the north of the proposed leases are potentially affected by proposed realignment of Coorumburra Road near Develin Creek. GPNL owns Coorumburra Station and that part of Ramillies Station on the western side of Marlborough Creek. Compensation arrangements with the other pastoral lease holders and the Shire for use of roads and access for drilling campaigns have been completed. As a result of these various agreements, GPNL is able to conduct its exploration operations unimpeded by pastoral rights and activities, and there should be no land tenure impediment to development of the mine.

4.2 Geology and Mineralisation

Regional Geology

The Marlborough lateritic nickel-cobalt deposits lie within an extensive northwest-southeast trending belt of lateritised ultramafic rocks, in which significant enrichment of nickel and cobalt has occurred. Lateritic nickel deposits are formed by the weathering of primary ultramafic rocks. Under conditions of deep tropical weathering and movement of the water table, magnesium is depleted and nickel and cobalt become enriched in the limonite, clay and saprolite zones which develop beneath an iron-rich laterite capping. The Marlborough deposits occur mainly along hilltops and ridges, remnants of a once more extensive weathering blanket which has been eroded away within the valley areas.

The Marlborough ultramafic lies within the New England Fold Belt, which forms part of the north-south trending Great Dividing Range of Eastern Australia. Ultramafic outcrops are known over a large 50 x 20km area. Two principle bodies have been identified, forming an eastern and western intrusive. The Marlborough nickel laterite mineralisation lies principally along the western margin of the larger western ultramafic intrusive.

Local Geology

Nineteen nickel laterite bodies, Slopeaway North, Slopeaway, Gumigil East, Magpie East, Magpie West, Kurrawong, Wattle Hill, Coorumburra West, Coorumburra Central, Coorumburra East, Junction (Whereat), Lambing Gully, Mountain Hut, Woodstock, Surfers, Moores, Lagoon Hill, and Candala 5780 and 7577 are known within the Marlborough area, extending over a northwest strike of 40km (Figure 3). GPNL has conducted detailed work over the Slopeaway North, Slopeaway, Gumigil East, Coorumburra West, Coorumburra Central, Coorumburra East and Junction (Whereat) deposits. These seven deposits provide the initial Marlborough resources and reserves for the planned project.

The geology of each deposit varies to some degree, depending on the extent and development of the lateritic profile. Typically each deposit comprises four principal lithological units (Figure 6):

<i>Ferruginous Laterite Zone</i>	Surface layer, red-brown, typically 5-10m up to a maximum of 20m thick. Pisolitic, nodular. Ni and Co depleted, Mg levels also low, Fe generally more than 8%.
<i>Upper Saprolite Low Magnesium</i>	Most widespread regolith unit with relict primary texture; can be clay-rich or silica-rich. Typically brown to grey-green. Black Mn oxide-Co concentrations towards the top of the profile. Mg levels generally low (1-3%), increasing up to 6% MgO at the base of the unit. Forms the principal Ni/Co host.
<i>Lower Saprolite High Magnesium</i>	Lower portion of the saprolite zone, clayey, green brown. Upper contact marked by a significant increase in the Mg levels to >6% and typically 10% or above; lower Fe content; still enriched Ni/Co values; lower boundary transitional with serpentinised ultramafic bedrock.
<i>Ultramafic Bedrock High Magnesium</i>	Transition from saprolite to ultramafic saprock, grey-green, partially serpentinised. Slightly oxidised upper boundary, transitional with saprolite above and fresh primary ultramafic (harzburgite) below. High Mg, >15%, low Fe, Ni and Co.

Cross-cutting the succession are occasional mafic dykes. These are not readily recognised in drill chips but have been mapped at surface in some areas. They are typically low in Ni and Co.

The principal deposits have been investigated with rotary air blast ("RAB") and reverse circulation ("RC") drilling, selected diamond drilling ("DD"), Calweld (large diameter bucket) drilling and pitting. Bulk samples from each area have been submitted for metallurgical testwork.

The extent of the lateritic profile varies from deposit to deposit, largely dependent on the degree of erosion, which broadly relates to elevation. The more elevated deposits (Slopeaway and Coorumburra East and West) retain a relatively complete profile, whereas Junction (Whereat) has been largely stripped of the upper part of the profile and much of the deposit lies close to the present topographic surface. With the resulting low stripping ratio, Junction is planned as one of the initial mining areas.

Mineralisation

Nickel-cobalt mineralisation occurs within a sub-horizontal zone from near surface to depths of up to 40m (Figure 6). The thickness of the mineralised zone varies from deposit to deposit and from place to place within a deposit, but typically ranges from 10-20m. The movement of the water table over time, producing weathering effects generally related to depth, is considered to be the major influence on the mineralisation distribution.

The bulk of the nickel mineralisation occurs within the saprolite and limonite/clay zones. Nickel is enriched within the lattice of smectite and nontronite-rich clays. The upper mineralised contact is relatively sharp but the lower boundary is more gradational.

Cobalt tends to be concentrated in a relatively narrow 1-5m band towards the top of the nickel zone, associated with black manganese oxides. Nickel grades are also generally high within the manganese-cobalt zone.

Magnesium carbonate (magnesite) and magnesium silicate minerals are major acid consumers in the leaching process. Mg levels are generally low within the limonite/clay upper saprolite horizons but increase progressively with depth through the lower saprolite and into the weathered and unweathered ultramafic. There is typically a fairly marked rise from 1-3% Mg in the upper saprolite to >6% Mg and commonly +10% Mg towards the base of the lower saprolite zone. The limonite/clay upper low-Mg saprolite forms the principal feed material for the HPAL autoclaves. The high Mg saprolites below the magnesium discontinuity, which still contain elevated levels of Ni, are being variously considered for atmospheric leaching and neutralisation.

The Marlborough limonites and saprolites contain silica. Detailed sampling confirms that the bulk of the nickel mineralisation lies within clay-rich material while intercalated siliceous material is relatively barren. This provides a potential upgrading and beneficiation step if the coarser silica particles can be separated from the clay-rich material in the comminution and screening stages prior to leaching. It was formerly planned to beneficiate the ore on site prior to transport to Gladstone, but the current concept is to crush and screen at Gladstone.

4.3 Drilling

BHP and INCO Data

Early investigations of the Marlborough area were carried out by BHP and INCO in the 1960s and early 1970s. BHP drilled approximately 500 RAB holes and INCO drilled a further 3,000 mainly RAB holes; over 90,000m of drilling was completed. The BHP data is of variable quality and has generally not been used in the resource or reserve estimation work. The INCO data has been accepted but the Ni and Co values have been downgraded by 13% to accord with check assay data. Both INCO and BHP data have been used in deriving a preliminary polygonal estimate of the potential of the less well defined deposits.

MNPL/Preston Drilling Programme

When Marlborough Nickel Pty Limited (then a wholly-owned subsidiary of Preston) commenced drilling in 1997, the programme was aimed at confirming and infilling the mineralisation outlined by BHP/INCO. The central portions of the Marlborough deposits were primarily defined by RC drilling, with supplementary data provided by diamond drill holes. Preston completed approximately 1,390 RC holes (46,760m) and 21 DD holes (860m).

Preston used face-sampling RC hammer drilling using 4.5-5.5 inch diameter holes and high volume/high pressure compressors, providing a high quality sample. Drill spacing was reduced to provide a level of confidence where Measured and Indicated resources could be defined, adopting typically a 40-60m spacing along north-south/east-west lines over the main areas of mineralisation. Test areas in each deposit were drilled on closer spaced 15m grids to aid detailed interpretation and to provide data for geostatistical modelling. The

drill programmes were also designed to check the earlier drill results, with a number of RAB holes on each deposit twinned with RC holes.

A number of DD holes were drilled to provide a further check on the former INCO RAB drilling and to twin selected RC holes. The DD samples were used for detailed geological logging, for density measurements and for metallurgical testwork.

In January 1999, Preston drilled twenty 90cm diameter Calweld holes to a maximum depth of 19m. The holes were spread between the four deposits of Slopeaway, Coorumburra West, Coorumburra East and Junction (Whereat), concentrating on the planned initial production areas. These holes were sampled at 0.5m intervals and were used to provide bulk samples for lithological logging, beneficiation testwork and density measurement.

GPNL Drilling Programme

GPNL undertook an RC drilling programme at Marlborough through 2005 and January 2006, drilling 121mm diameter holes with face sampling hammer bits and high pressure compressors. The work was supervised by IMC. Drill statistics are summarised in Table 4.3 below.

Table 4.3
GPNL Drill Programme 2005/06

Area/Deposit	Holes Drilled	Metres Drilled	Assays Received
Woodstock	24	822	822
Slopeaway	169	8,119	8,119
Gumigil East	97	5,184	5,184
Magpie West	12	522	522
Magpie Track	8	470	470
Coorumburra	214	11,609	11,609
Lagoon Hill	19	790	790
Total	543	27,516	27,516

The drilling programmes comprised a combination of extension drilling around the periphery of previously defined resources, and infill drilling. Extension drilling was generally based on an initial 120m grid; infill drilling was undertaken at 60m infill spacing; drilling at Lagoon Hill was based on a 240m hole spacing. The drilling was successful in indicating extensions to previous resources at Slopeaway, Gumigil East and Coorumburra and in upgrading the confidence in the resource through closer drill hole spacing. The drilling also indicated potential resource extensions onto tenements owned by others, adjacent to the GPNL ground.

GPNL also drilled 12 large diameter Calweld holes to a maximum depth of around 24m to obtain further material for metallurgical testwork.

4.4 Resources and Reserves

Standards and Definitions

The Marlborough resources and reserves have been reviewed in accordance with the Australasian Joint Ore Reserve Committee (JORC) Code. The JORC Code differentiates between resources, which are effectively an inventory of mineralisation, and reserves, which represent that part of the resource which is planned to be mined, including mining dilution and mining losses, and for which the necessary mine planning and design work has been carried out.

A mineral resource is defined in the JORC Code as an identified in-situ mineral occurrence from which valuable or useful minerals may be recovered. Resources are classified as Measured, Indicated or Inferred according to the degree of confidence in the estimate. A Measured Resource is one which has been intersected and tested by drill holes or other sampling procedures at locations which are close enough to confirm continuity and where geoscientific data are reliably known. An Indicated Resource is one which has been sampled by drill holes or other sampling procedures at locations too widely spaced to ensure continuity, but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable level of reliability. An Inferred Resource is one where geoscientific evidence from drill holes or other sampling procedures is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.

An ore reserve is defined in the JORC Code as that part of a Measured or Indicated Resource which could be mined and from which valuable or useful minerals could be recovered economically under conditions reasonably assumed at the time of reporting. Reserve figures incorporate mining dilution and allow for mining losses, and

are based on an appropriate level of mine planning, mine design and scheduling. Proved and Probable Reserves are based on Measured and Indicated Resources respectively. Under the JORC Code, Inferred Resources are deemed to be too poorly delineated to be transferred into a reserve category. In this report, reserves are a component part of the quoted resource, rather than the resource being additional to the reserve.

Resource Estimate Methodology

Geological Modelling

The dominant geological features of the deposits are a strongly leached ferruginous lateritic zone, a nickel enriched saprolite zone which can be subdivided into an upper low magnesium zone and a lower high magnesium zone, and an underlying ultramafic. Superimposed on the nickel enrichment and concentrated towards the upper part of the nickel saprolite zone, is a narrow zone of Co-Mn enrichment.

Although the boundary between the upper, low Mg saprolite and the lower, high Mg portion can be gradational, typically there is a reasonably well-defined magnesium discontinuity, with relatively low Mg values in the upper zone (typically 1-3.5% Mg but generally <6% Mg) and relatively high Mg values below (>6% Mg and commonly >10%) in the lower saprolite. The upper zone comprises the primary source for HPAL feed.

The principal lithologies have been identified in the drill hole logging and review of the analytical data, and incorporated into the modelling process. The interpreted zones and boundaries have been digitised and used to control the modelling process.

GPNL and its consultants have undertaken selected re-logging of previous holes and systematic photography of all RC sample chip boxes to give a permanent photographic log of each hole and to assist in geological interpretation.

The principal guide to geological interpretation is the chemical log, particularly the Mg and Fe contents together with Al, Ni and Co. The Mg:Fe and the Mg:(Fe + Mg) ratios were computed and provided a valuable aid to correlation and interpretation. The major lithological units have been defined as the Ferruginous Laterite ("LAT"), Upper Saprolite ("USAP"), Lower Saprolite ("LSAP") and Basement ("BZ"). The units are defined on a range of lithological and geochemical parameters, but level of Mg provides one of the clearest indicators with boundaries set at approximately 0.6% Mg (LAT/USAP), 3.5% Mg (USAP/LSAP) and 17% Mg (LSAP/BZ) as shown in Table 4.4.

Table 4.4
Main Lithological/Geological Units

Code	Unit	Lithological Description	Geochemistry
LAT - Mg Zone 1	Ferruginous Laterite	Red-brown, coarse-grained, lateritic; goethite/haematite, pisolitic, nodular	High Fe, Al: Fe 5-15%, Al >4% Low Mg: <0.6% Mg/(Mg + Fe): <0.02 Ni barren <i>Lower Boundary 0.6% Mg</i>
USAP - Mg Zone 2	Upper Saprolite	Red-pale buff -green, blocky-earthy saprolite, high silica, bands of high Co/Mn; goethite/talc	Decrease Fe, Al: Fe 5-10%, Al <4% Increase Mg: 0.6-3.5% Mg/(Mg + Fe): 0.02-0.5 Ni economic ±1% <i>Lower Boundary 3.5% Mg</i>
LSAP - Mg Zone 3	Lower Saprolite	Pale buff-green, saprolite, clay and talc; possible subdivisions based on Mg boundaries of 6,10 and 13%	Decrease Fe/Al: Fe <5%, Al <2% Increase Mg: 3.5-17% Mg/(Mg + Fe): 0.2-0.8 Ni economic ±1% <i>Lower Boundary 17% Mg</i>
BZ - Mg Zone 4	Basement/Saprock/Protolith High Mg Zone	Green saprock, harzburgite ultramafic basement with pyroxene, olivine and serpentinite	Decrease Fe/Al: Fe <2% Increase Mg: >17% Mg/(Mg + Fe): >0.7 Ni background
DZ	Dykes	Green, crosscutting all units	Al high: 3-20% Ni background in fresh rock but can be high in weathered units

The USAP is taken to roughly correlate with material suitable for high pressure acid leaching in an autoclave; part of the LSAP material may be suitable for atmospheric leaching. Based on the 3.5% Mg boundary the HPAL material comprises approximately 64% of the combined saprolite zone. Metallurgical testwork suggests a 3:1

split would be optimum (75% HPAL material). On this basis the USAP/LSAP boundary (or the HPAL boundary) may be redefined at a slightly higher Mg level.

Lithological boundaries interpreted on section were digitised and a three dimensional wireframe model developed for each deposit. It was noted that cross cutting dykes were quite commonly observed in the field and perhaps had not been fully recognised in previous logging. If the dykes are weathered it appears that they commonly have a similar nickel distribution to the surrounding saprolite; if however they are relatively fresh the nickel content tends to be low. The dykes have not been separately modelled in the estimation process but any low grade dyke intersections will influence the adjacent block grade estimations (and vice versa).

The variography and resource estimation work was undertaken by Golder. A pattern of close-spaced drilling has been carried out on each of the deposits to facilitate variogram modelling. Generally good continuities were defined with low nugget effects and comparable structures for each of the deposits. BDA has reviewed the processes and procedures undertaken which appear broadly appropriate.

Systematic checking of the block model was carried out, reviewing model and data statistics and plotting out level plans and sections to compare block model and drill hole sample data. Overall BDA considers that the modelling processes and procedures are appropriate and that the work has been diligently performed. The model is judged to be a reasonable representation of the drill hole data.

The boundary between the USAP and LSAP material may need to be adjusted in practice to optimise the process operations. The optimum boundary will ultimately depend on the results of ongoing metallurgical testwork, the final flowsheet, and possibly the mix of materials being processed given that ore will also be imported from other sites; whatever figure is chosen is likely to change over time.

Resource Categorisation

Categorisation of blocks as Measured, Indicated or Inferred was based primarily on data density, but recognised the different degree of continuity in each of the deposits. A Measured classification required close-spaced drilling based on either GPNL holes or Preston holes.

- *Slopeaway* - demonstrates a fairly continuous nickel zone but no Measured blocks were defined due to the relatively rapid lateral changes in grade; blocks drilled on a 60 x 60m grid were defined as Indicated with areas of wider spacing classified as Inferred
- *Coorumburra East* - demonstrates the best continuity; central blocks drilled on a 60 x 60m pattern were classified as Measured, other areas on a 60 x 60m grid were classified as Indicated and peripheral areas were categorised as Inferred
- *Coorumburra West* - the most variable deposit with rapid variations in Ni, Co and Mg grades and thickness; Measured blocks were restricted to an area of 15 x 15m coverage and some more regular areas on a 40m grid pattern, Indicated to 40 x 80m drill spacing and Inferred for wider-spaced drilling; no Measured resources were defined for Coorumburra Central
- *Junction/Whereat* - blocks within a 45m grid pattern were classified as Measured; Indicated blocks were defined within a 60 x 60m grid spacing.

Drilling of Slopeaway North, Gumigil East and Coorumburra Central was considered adequate for Indicated and Inferred resources only.

Resource Estimate Results

Golder estimated the Marlborough nickel and cobalt resources based on a Multi-Indicator Kriged ("MIK") model, with SMU adjusted tonnages and grades at a 0.7% Ni cut off. Approximately 75% of the known resource is categorised as Measured or Indicated.

The resource tonnages and grades are summarised in Table 4.5.

Table 4.5
Marlborough Resource Estimate Summary - 0.7% Ni Cut Off

Category	Tonnage Mt	Grade % Ni	Grade % Co	Grade % Mg	Grade % Fe	Contained Ni Tonnes	Contained Co Tonnes
Measured	11.7	0.99	0.06	8.4	11.4	115,800	7,000
Indicated	42.9	0.91	0.06	5.5	11.9	390,400	25,700
<i>Subtotal</i>	<i>54.6</i>	<i>0.93</i>	<i>0.06</i>	<i>6.1</i>	<i>11.8</i>	<i>506,200</i>	<i>32,700</i>
Inferred	16.3	0.87	0.06	5.6	10.8	141,800	10,900
Total	70.9	0.91	0.06	6.0	11.6	648,000	43,600

Note: average grade of Al approximately 1.8%

The breakdown of the resource by deposit is shown in Table 4.6. Approximately 70% of the total resource lies within the four principal deposits of Slopeaway, Coorumburra West and East, and Junction/Whereat.

Table 4.6
Marlborough Resource Estimate by Deposit - 0.7% Ni Cut Off

Deposit	Category	Tonnage Mt	Grade % Ni	Grade % Co	Contained Ni Tonnes	Contained Co Tonnes
Slopeaway North	Indicated	3.5	0.91	0.07	31,900	2,500
	Inferred	0.4	0.81	0.08	3,600	400
	<i>Subtotal</i>	<i>3.9</i>	<i>0.90</i>	<i>0.07</i>	<i>35,500</i>	<i>2,900</i>
Slopeaway	Indicated	21.8	0.92	0.06	200,600	13,100
	Inferred	2.2	0.87	0.05	19,100	1,100
	<i>Subtotal</i>	<i>24.0</i>	<i>0.92</i>	<i>0.06</i>	<i>219,700</i>	<i>14,200</i>
Gumigil East	Indicated	4.2	0.90	0.03	37,600	1,300
	Inferred	3.0	0.89	0.05	26,800	1,500
	<i>Subtotal</i>	<i>7.2</i>	<i>0.90</i>	<i>0.04</i>	<i>64,400</i>	<i>2,800</i>
Coorumburra West	Measured	1.0	1.13	0.03	11,800	300
	Indicated	3.6	0.94	0.04	33,400	1,400
	Inferred	2.1	0.87	0.05	18,200	1,000
	<i>Subtotal</i>	<i>6.7</i>	<i>0.95</i>	<i>0.04</i>	<i>63,400</i>	<i>2,700</i>
Coorumburra Cent.	Indicated	0.5	0.92	0.06	4,600	300
	Inferred	7.3	0.85	0.08	62,100	5,800
	<i>Subtotal</i>	<i>7.8</i>	<i>0.86</i>	<i>0.08</i>	<i>66,700</i>	<i>6,100</i>
Coorumburra East	Measured	4.8	0.98	0.05	46,600	2,400
	Indicated	8.3	0.90	0.06	74,300	4,900
	Inferred	0.9	0.84	0.07	7,900	700
	<i>Subtotal</i>	<i>14.0</i>	<i>0.92</i>	<i>0.06</i>	<i>128,800</i>	<i>8,000</i>
Junction/Whereat	Measured	5.9	0.97	0.06	57,000	3,500
	Indicated	1.1	0.87	0.06	10,200	700
	Inferred	0.3	0.88	0.05	2,600	100
	<i>Subtotal</i>	<i>7.3</i>	<i>0.96</i>	<i>0.06</i>	<i>69,800</i>	<i>4,300</i>
Total	Measured	11.7	0.99	0.06	115,800	7,000
	Indicated	42.9	0.91	0.06	390,400	25,700
	Inferred	16.3	0.87	0.06	141,800	10,900
	Total	70.9	0.91	0.06	648,000	43,600

Note: the resources above relate to the seven deposits on which block modelling has been carried out; drilling on the remaining twelve prospects is more widespread and non-JORC compliant preliminary polygonal estimates have indicated the potential for a further 60-70Mt averaging 0.8% Ni

Of the deposits drilled, the northern deposit of Slopeaway contributes 34% of the resource tonnage, but due to the rapid lateral changes in grade, and the potential complication of dyke intrusions, none of the Slopeaway resource has been categorised as Measured.

Coorumburra West is also quite variable in both grade and thickness, but with some areas of higher than average grade mineralisation. The topography is quite steep and the geology is also complicated by dykes and some interpreted faulting.

Coorumburra East displays good continuity and the geology is reasonably well defined.

Junction/Whereat has been drilled at a relatively close spacing and a high proportion of the deposit is classified as Measured. The deposit lies at a lower elevation and some of the upper sequence has been eroded. Economic nickel grades lie close to surface and in some cases sub-outcrop. The stripping ratio is accordingly low, and this is the deposit planned to be mined first at Marlborough.

A polygonal estimate has been undertaken on the less-well drilled prospects and has indicated the potential for a further 60-70Mt of resources averaging 0.8% Ni. However, this work is preliminary and not at a stage where JORC compliant resources can be estimated.

Reserve Estimates

GPNL published a Marlborough nickel laterite reserve in 2006, based on the open pit planning work undertaken by IMC. At a 0.7% Ni cut off the Proved and Probable reserve totalled 48.7Mt at 0.94% Ni and 0.06% Co. Pit designs were based on Whittle 4X pit optimisation studies. It was estimated that about 50% of the material would require blasting. Mine plans were based on 5m mining benches and overall pit slope angles of 35°. The planned pits are relatively shallow, ranging from 10m to a maximum of 60m. It is assumed that detailed grade control drilling will be undertaken prior to mining. As the mineralisation is relatively flat lying, continuous and widespread, IMC did not incorporate any external mining dilution or mining losses, it being assumed that the MIK block estimation method and the selective mining unit adjustment adequately defined a recoverable resource. In broad terms BDA agrees; mining recovery of the mineralisation within the pit outlines should be high; however, BDA considers it would probably be prudent to assume a 5% reduction in overall grade due to mining dilution factors. Any Inferred resource blocks within the pit outlines have been treated as waste.

Table 4.7

Marlborough Reserve Estimate by Deposit - 0.7% Ni Cut Off

Deposit	Category	Tonnage Mt	Grade % Ni	Grade % Co	Contained Ni Tonnes	Contained Co Tonnes
Slopeaway	Probable	22.1	0.93	0.06	205,500	13,700
	<i>Subtotal</i>	<i>22.1</i>	<i>0.93</i>	<i>0.06</i>	<i>205,500</i>	<i>13,700</i>
Gumigil East	Probable	3.3	0.90	0.03	29,400	1,100
	<i>Subtotal</i>	<i>3.3</i>	<i>0.90</i>	<i>0.03</i>	<i>29,400</i>	<i>1,100</i>
Coorumburra West	Proved	1.0	1.14	0.03	11,500	300
	Probable	3.0	0.95	0.04	28,900	1,200
	<i>Subtotal</i>	<i>4.0</i>	<i>1.00</i>	<i>0.04</i>	<i>40,400</i>	<i>1,500</i>
Coorumburra East	Proved	4.6	0.98	0.05	45,600	2,400
	Probable	8.1	0.91	0.06	73,300	4,700
	<i>Subtotal</i>	<i>12.7</i>	<i>0.94</i>	<i>0.06</i>	<i>118,900</i>	<i>7,100</i>
Junction/Whereat	Proved	5.5	0.98	0.07	54,200	3,600
	Probable	1.0	0.89	0.07	8,900	700
	<i>Subtotal</i>	<i>6.5</i>	<i>0.96</i>	<i>0.07</i>	<i>63,100</i>	<i>4,300</i>
Total	Proved	11.2	0.99	0.06	111,300	6,300
	Probable	37.5	0.92	0.06	346,000	21,400
	Total	48.7	0.94	0.06	457,300	27,700

Note: the reserves above relate to the five deposits on which open pit mine planning was carried out and reserve estimates calculated by IMC in 2006; no reserve updates have been undertaken since these estimates

The Whittle optimisation work, cost assumptions and pit planning were based on the concept of on-site beneficiation. Subsequent to the DFS, development plans have focussed on processing a blend of Marlborough and New Caledonian ores and transporting un-beneficiated ore from Marlborough to Gladstone by rail for both beneficiation work and downstream processing. This will modify some of the cost assumptions, and input of current revenues and costs will change the details of the optimisation. An updated reserve estimate will need to take the current development concepts into account. However, as the laterite pits will be relatively shallow and the mineralisation is relatively widespread, mining recovery of the mineralisation within the pit outlines should be high and dilution levels should be relatively low.

5.0 OUINNÉ NICKEL PROJECT (GPNL EARNING 49%)

5.1 Ouinné Area Tenements

The Ouinné ore body is located on the East Coast of New Caledonia, slightly north of the latitude of Noumea. GPNL has entered into a joint venture agreement with SMGM concerning the Ouinné nickel laterite deposit under which GPNL can earn a 49% interest in the project. Exploration activities, including drilling, have been undertaken over the deposit by SMGM and earlier explorers since 1992. This work has identified two resource areas, SGM5 and SGM6 in Ouinné South, which lie immediately adjacent to the AM6, Leonard and Nouet deposits held by other parties (Figure 4).

BDA has not reviewed the land tenure situation or the joint venture agreement with SMGM. Ownership of the tenements in the area as advised by GPNL is summarised in Table 5.1.

Table 5.1
Tenement Names and Ownership

Lease	Owner
SGM3	SMGM
SGM5	SMGM
SGM6	SMGM
PR4 Reduite	SLN
Leonard	SLN
Nouet	SLN
AM6	SLN
Michel 97	SMT
Prince	SMT
Sans Pareille	SMT

Exploration permits in New Caledonia require minor environmental assessments, whilst mining operation permits require a full environmental impact assessment. For the Ouinné ore body, baseline environmental studies commenced in 2007. Key issues will relate to sediment run off and any potential impacts on the drinking water catchments for the various groups who reside on the coast. Other approvals required are for industrial activities and coastal land use. Any new port facilities for the export of laterite ore will be subject to a full approval process and this could be time consuming.

In 2007, GPNL drilled 19 twin holes and three triplicate holes to validate SMGM's data, and commissioned Golder to visit the area, review exploration practices and undertake initial resource modelling of the Ouinné nickel laterite resources according to the JORC Code. The Golder report of April 2008 forms the basis of the review of the Ouinné resources and reserves undertaken by BDA; BDA visited the area in 2008.

GPNL advises that the Ouinné JV holds additional tenement applications (Permis Reserche 'A' or "PRAs") located adjacent to the Ouinné South leases which cover lateritic areas which could potentially add further to the defined resources. GPNL also advises that there is potential for the Ouinné JV to negotiate on third-party leases within a reasonable transportation distance to Ouinné, which are owned by SMT and SLN and are observed to contain significant but as-yet untested areas of laterite. Areas of laterite not currently covered by any mineral tenement, and within a reasonable transportation distance to Ouinné have been subjected to first pass exploration and GPNL advises that areas of significant potential have been identified; it is intended to secure these areas by applications for PRAs.

5.2 Geology and Mineralisation

The Ouinné deposits as described by Golder appear typical of tropical nickel laterite deposits, having formed by intense weathering and leaching of ultramafic rocks. They occur on a plateau at elevations of 150-500m, with moderate internal relief. The deposits comprise surface hardcap, followed by a limonite zone, a saprolite zone and finally fresh harzburgite bedrock. The transition between limonite and saprolite at Ouinné is generally quite abrupt, although a transition zone of intermediate character is present locally.

The nickel mineralisation at Ouinné is concentrated in the limonite zone, which typically is about 15m thick. The underlying saprolite zone can be well-mineralised, but is less regular in its development, averaging about 5m thick. Within the laterite profile, Ni and Co mineralisation displays pronounced and relatively consistent trends, as shown in the summary statistics in Table 5.1. The limonite has been subdivided into upper and lower units, primarily to reflect the pronounced increase in Co in the latter. Fe, Mg and Si clearly identify the change from limonite to saprolite, reflecting fundamental changes in mineralogy.

Table 5.2
Summary Statistics for Ouinné Laterite Deposits by Lithology

Lithological Zone	Ni%	Co%	Fe%	Mg%	Si%
Hardcap	0.30	0.02	52.7	0.2	0.4
Upper Limonite	0.94	0.03	52.0	0.4	0.8
Lower Limonite	1.26	0.19	44.8	2.7	3.6
Saprolite	1.05	0.03	9.8	16.3	17.0
Bedrock*	0.27	0.01	5.2	22.7	17.9

Note: length weighted statistics, includes SLN's AM6 deposit

5.3 Drilling

All drilling has been by core methods, using small mobile rigs. SMGM conducted a number of drilling campaigns between 1994 and 2004, completing a total of 229 holes (5,705m) on SGM5, SGM6 and SLN's tenements AM6, Leonard, Prince and Nouet. Limited information is available regarding drilling equipment and procedures from this period.

GPNL drilled 19 twin holes (and three triplicate holes) in 2007 to validate the earlier data. GPNL used Jacro and UDR drill rigs, producing NQ2 core. Core recoveries were reportedly good, with 100% commonly recorded. Golder viewed GPNL's drilling practices, and determined that they were adequate for this type of deposit.

Between January 2008 and April 2009 GPNL completed a major drilling programme across the SGM5 and SGM6 deposits as well as within PRAs SGM20 and SGM22. The programme consisted of 320 holes and 7,448m of drilling, and was designed to both confirm and extend the mineralisation.

Drill spacing is generally at 50m intervals within the central parts of the deposits, extending to 100 to 200m intervals, towards the peripheries. Drill spacing is partly controlled by access and the presence of laterite. At the time of Golder's September 2008 resource estimate, assay results were available for some of the SGM5 infill and the SGM6 periphery drilling.

5.4 Resources and Reserves

Standards and Definitions

The Ouinné resources have been prepared and reviewed in accordance with the JORC Code. This code differentiates between resources, which are effectively an inventory of mineralisation, and reserves, which represent that part of the resource which is planned to be mined, including mining dilution and mining losses, and for which the necessary mine planning and design work has been carried out. Definitions of Measured, Indicated and Inferred resource categories and Proved and Probable reserve categories are given in Section 4.3.

Resource and Reserve Estimation Procedures

In April 2008, Ouinné SAS commissioned Golder to undertake an initial estimate of the Ouinné South resources using the historical SMGM data and the first phase of confirmatory drilling completed by Ouinné SAS in 2007/08. A report was released by Golder in April 2008. This estimate was reviewed in September 2008, incorporating the 2008 follow-up drilling. The September resource formed the basis for a mining study and preparation of a life of mine plan, mining schedule, and capital and operating cost estimates. Proved and Probable reserves were not stated as the majority of the resources used in the mining study were categorised as Inferred.

Resource Database

GPNL supplied Golder with separate databases for SLN's AM6 deposit and for the Ouinné drilling. These databases comprised collar, assay and geology data. Golder validated and modified the SMGM and GPNL data where appropriate, based on comparison with lab sheets, hardcopy information and other data sources. Missing sample intervals were added, zero values changed to missing data, a small number of unreasonably high values discarded, and a small number of errors corrected with reference to lab digital data files where available (for recent drilling only).

Domains

Golder used Ni, Co, Fe and Mg data to identify three key geochemical trends as follows:

- *Upper zone - limonite (dominantly) - high Fe, low Mg, high Co*
- *Lower zone - saprolite (dominantly) and bedrock - low Fe, high Mg, low Co*
- *Ni enrichment - restricted to the laterite unit, but extends across the Upper/Lower zone boundary.*

Five lithogeochemical domains were identified and wireframed using the following criteria:

- *Overburden* Fe>14% and Ni<0.5%
- *Upper Limonite* Fe>14% and Ni>0.5% and Co<0.08%
- *Lower Limonite* Fe>14% and Ni>0.5% and Co>0.08%
- *Saprolite* Fe = 10-14%
- *Bedrock/Unmineralised* Fe<10% and Ni<0.35%.

The separation between Upper and Lower Limonite is not always present in tropical laterite deposits. However, the strong and consistent enrichment of Co in the lower part of the limonite zone at Ouinné led to this separation, in order to improve the quality of Co grade estimation.

While material transitional between limonite and saprolite exists in both a geological and a geochemical sense at Ouinné, its distribution is irregular. Ni and Co values are similar to the overlying Lower Limonite unit and, consequently, Golder consolidated any transitional material into the Lower Limonite domain.

Wireframes were created for the lithogeochemical/geological domains, and a geological model was constructed with 25 x 25 x 1m blocks. Ni, Co and Fe were estimated by Ordinary Kriging.

Golder classified the Ouinné resources in the SMGM tenements in accordance with the JORC Code. Indicated resources were restricted to limonite material within areas drilled at 100m spacing. Saprolite in these areas and all other material drilled at 200m spacing, plus mineralisation extrapolated 100m beyond the drilling, were defined as Inferred resources. This classification approach took account of the variographic models and of the greater grade continuity seen in the limonite zone.

Resource Estimate

Golder's September 2008 estimate of resources within the SMGM tenements is summarised in Table 5.3. The figures are based on the orebody model at a 1% Ni cut-off, corrected for a 10 x 10 x 3m SMU.

Table 5.3

Ouinné Resource Estimate, SMGM Tenements - Golder, September 2008

Category	Tonnage (Mt)	Ni%	Co%	Fe%	Mg%	Si%
Indicated	16.6	1.29	0.16	46.4		
Inferred	14.4	1.34	0.10	29.6		
Total Resources	31.0	1.31	0.13	38.6	5.7	6.4

Note: resources are based on a 1% Ni cut off; Mg and Si were estimated by nearest neighbour assignment - these are indicative grades and are not estimated to the same level of accuracy; dry bulk density averaged 0.95.

In-house geological modelling by GPNL indicates that drilling has expanded the SGM 5 and 6 deposits. The in-house models were designed for the relatively rapid assessment and tracking of the progress of the drilling and were not intended to provide a JORC compliant resource estimates. GPNL suggests the indicated potential of the SGM 5 and SGM 6 deposits is in the range of 37-45Mt at 1.28-1.30% (using a 1% Ni+Co cut off).

Additional Resource Potential

In the April 2008 estimate, Golder extended its model into the adjacent tenements held by SLN, for which drilling data, mainly at 200m spacing, was available. Resources for these areas were modelled in the same way, and are reported in Table 5.4, also at a 1.0% Ni cut-off. Golder did not classify these resources, on the grounds that the Ouinné joint venture parties have no rights to the property. Based on drill hole spacing alone, they could be considered Inferred resources.

Table 5.4

Ouinné Resource Estimate, SLN Tenements - Golder, April 2008

Sub-Area	Tonnage (Mt)	Ni%	Co%	Fe%	Mg%	Si%
AM6	12.8	1.27	0.15	38.3		
Nouet	3.0	1.31	0.15	44.5		
Leonard	0.1	1.27	0.18	43.8		
Total Resources	15.9	1.28	0.15	39.5	4.3	6.2

Note: resources are based on a 1% Ni cut off; Mg and Si were estimated by nearest neighbour assignment; these are indicative grades and are not estimated to the same level of accuracy.

Additional potential exists within SGM5 and SGM6 areas, where Golder reported that drilling has covered only 75% of the mapped laterite area. However, it should be noted that mapping has shown the laterite to be partially stripped from parts of the untested area.

Further, as yet unquantified, potential is reported for tenement SGM3 to the north, where reconnaissance drilling has been undertaken by SMGM.

Reserve Estimate

No reserves have been estimated for the Quinné property. However, SRK carried out a Preliminary Mining Study in August 2008, estimated the open pittonnage of limonite and saprolite ore available within SGM5 and SGM6 based on Golder's resource estimates, developed a mining schedule and undertook a preliminary cost study. SRK estimated that a diluted tonnage of approximately 32.9Mt of mostly limonite material averaging 1.3% Ni, 0.14% Co, 38% Fe and 3.7% MgO and 4.7% SiO₂ would be available for mining and shipping at a waste to ore stripping ratio of 1:1. Initial mining capital (at an accuracy of ±30%) was estimated at US\$41M, including US\$7M of working capital, but excluding non-mining infrastructure such as building, roads and ship loading facilities. SRK estimated the mine operating costs at around US\$13 per dry tonne of ore mined, again excluding reclaim, transport and ship-loading.

Golder carried out a preliminary analysis on the potential upgrade that might result if the ore was screened to remove the larger (and typically lower grade) boulders. It was suggested that by screening out approximately 10% of the coarser material, a 6% upgrade in nickel grade might be achieved. Further work will be required to further refine these parameters and to determine whether this is an economic procedure.

6.0 GLADSTONE NICKEL PROJECT - SITE, PROCESS ENGINEERING AND APPROVALS

6.1 Project Site

The proposed plant site is ideally located within the Yarwun precinct of the Gladstone State Development Area (Figure 1). The site is adjacent to the Gladstone Port, with access to excellent port facilities for the importation of raw materials and consumables and the export of final products. A Residue Storage Facility ("RSF") is proposed in an area located within the Aldoga precinct of the GSDA, approximately 12km from the plant site (Figure 1). The thickened slurry will be pumped to the RSF via a pipeline.

Existing infrastructure provides a good basis for the project. The sealed Bruce Highway and railway line north of Gladstone runs a few kilometres northeast of the Marlborough mine area (Figure 1). Gladstone is a well-established heavy industrial area with an extensive range of support services and an established labour force.

Power is available to the Gladstone site from adjacent power stations and from the Central Queensland grid. The acid plants to be constructed on site will be power producers and overall the refinery will be close to self sufficiency in terms of electrical energy production. Cooling water is available adjacent to the Yarwun site and town water supply is also available.

Natural gas will be supplied to the Yarwun refinery for steam generation and to provide process gas to the hydrogen plant. Natural gas is available within the industrial area at Gladstone from an existing major pipeline.

6.2 Process Engineering

It is proposed to construct a HPAL plant and refinery at the Gladstone site, producing approximately 63,000tpa of nickel metal and 6,000tpa of cobalt metal. The EIS also addresses a potential expansion in nickel production to 126,000tpa.

The process flowsheet proposed by GPNL consists of generally conventional unit processes and unit operations and is considered suitable for the New Caledonian and Marlborough ores. The process steps include ore beneficiation and upgrading, high pressure acid leaching, iron/aluminium removal using limestone pre-neutralisation, mixed nickel/cobalt sulphide precipitation followed by oxidative leaching, solvent extraction ("SX") separation of the cobalt and nickel with metal powder production using hydrogen reduction and briquetting and sintering of the final products (Figure 5). All of these process steps generally represent proven technology.

Two autoclaves will treat 3.8-4.0Mtpa material at a temperature of about 250°C with a leach retention time in the autoclave of 40 minutes. Free acid levels will be controlled at about 50 grams per litre ("g/L") sulphuric acid. The associated plant will include three stages of flash vessels and three stages of pre-heat vessels. Slurry will be pumped into the autoclaves using two positive displacement slurry pumps per autoclave.

In addition GPNL intends to incorporate an enhanced saprolite leaching circuit; low Mg saprolite will be acid leached with high (>750kg/t) acid addition at atmospheric pressure utilising conventional agitated vessels. The slurry will be leached for three hours before joining with the hot HPAL discharge slurry; further ESL will occur in this stage. The leached pulp will join the HPAL pulp for neutralisation and Counter Current Decantation ("CCD") washing.

The washed solution following neutralisation and counter current decantation will be clarified and the nickel and cobalt precipitated with H₂S as a mixed sulphide precipitate ("MSP") in a low pressure autoclave.

The mixed sulphides will be re-leached using oxidative leaching techniques followed by solvent extraction separation of the Ni and Co. The two metal streams are then treated using hydrogen reduction technology to produce pure Ni and Co powders which are filtered and briquetted to produce metal briquettes for market. The circuit involves production of ammonium sulphate as a by-product that can be sold to the fertiliser industry

The ores tested require relatively high acid concentrations in the HPAL to obtain around 97% nickel and cobalt extractions. Aker has estimated overall plant nickel recovery at 92.8% and cobalt recovery at 93.7%. BDA considers that in an operating plant these recovery levels may be optimistic but that overall recoveries of around 89% should be achievable.

6.3 Project Approvals

The proposed Gladstone plant has been the subject of an Environmental Impact Statement which has been submitted to the Queensland and Federal Government authorities. In January 2009 GPNL announced that the Queensland State Government had approved the EIS for construction and operation of Stages 1 and 2 of the GNP. In May 2009 GPNL announced that the Federal Government had also approved the EIS. Licence conditions have been set out in the Coordinator-General's Report dated January 2009.

7.0 TENEMENT AND RESOURCE VALUATION

7.1 Overview

BDA has conducted an independent technical review and valuation of the GPNL nickel laterite assets based on data provided by GPNL and assessments made during previous site visits to Marlborough and Ouinné.

For company and project valuation, there are a variety of valuation methods, all of which have some merit and may be more or less applicable, depending on the circumstances. These include:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

BDO Corporate Finance has requested BDA as technical specialist to opine on the valuation of the tenements and contained nickel laterite resources. While the tenements and the contained resources are an integral part of the GNP, they are clearly only a component of the total value. BDO Corporate Finance has also requested that BDA separately estimate a value for the Gladstone project itself.

GPNL has secured a site for the proposed process plant and waste disposal at Gladstone, in a favourable location within the GSDA, well serviced with port, road, rail, power and water facilities. Substantial testwork and design work has been carried out to develop project flowsheets, plant design, production schedules and capital and operating cost estimates. This work has been consolidated into comprehensive feasibility studies to facilitate project financing and development; environmental impact studies have been undertaken to obtain environmental and development approvals. This value is not incorporated in this Section 7 tenement and resource assessment, but is considered in Section 8 of this report.

The fair market value of a property as stated in the Valmin Code is the amount a willing buyer would pay a willing seller in an arms-length transaction, wherein each party acted knowledgeably, prudently and without compulsion. BDA has considered this principle in deriving values for the GPNL nickel laterite prospects.

BDA has considered a number of valuation methodologies as described in Section 3.2 of this report in arriving at a value for the Marlborough and Ouinné tenements and contained nickel laterite resources. These methods include:

- exploration expenditure on the Marlborough and Ouinné tenements
- discounted cash flow of Ouinné ore shipments as a stand-alone operation
- acquisition costs and joint venture acquisition terms
- yardstick valuations (dollar value per tonne of ore or per tonne of contained nickel) based on market valuations of comparable nickel laterite companies
- yardstick valuations (dollar value per tonne of ore or per tonne of contained nickel) based on recent transactions (recent acquisitions of other nickel laterite properties)
- other recent independent valuations of nickel laterite properties.

In applying the yardstick method, BDA has reviewed a number of companies involved in the nickel laterite industry and a number of recent transactions involving joint venture, acquisition or purchase of nickel laterite properties.

7.2 Exploration Expenditure and Acquisition Costs

As discussed in Section 3.2, past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements. Acquisition costs or joint venture agreements are commonly determined on a similar basis, where the incoming party is effectively matching the value of the work carried out by the other party.

BDA has used the past expenditure method together with acquisition costs as a guide to the value of GPNL's tenements. Both the Marlborough tenements and the Ouinné tenements have been subject to previous exploration drilling, and nickel laterite resources have been defined. GPNL has not been able to supply full records of past exploration expenditure carried out by others, but has provided more recent data on its own exploration expenditures.

Marlborough

GPNL acquired the Marlborough property through the acquisition of MNPL in December 2003. The fair value of the exploration and evaluation work acquired was assessed as being equal to the net liabilities of MNPL at that date, or A\$8.04M.

Since acquiring MNPL, as at March 2011, GPNL has expended some A\$50M on the evaluation and development of the Gladstone project. A breakdown of this expenditure includes A\$7.37M on resource drilling and evaluation and A\$6.11M on site costs including tenement maintenance and rehabilitation, with a further A\$0.39M spent on the acquisition of the Candala tenements. Some A\$28M was spent on project evaluation, including engineering, metallurgical testwork, environmental studies and project supervision.

In assessing the effective exploration expenditure on the property, BDA has utilised the acquisition costs plus 100% of the resource evaluation expenditure and 50% of the site costs. BDA considers the acquisition costs for MNPL and the Candala tenements effectively represent the deemed value of exploration work carried out at that time or on those tenements.

On this basis BDA has estimated the total effective exploration expenditure, including the acquisition costs, at A\$17.9M. As described in Section 3.2, a Prospectivity Enhancement Multiplier or PEM is typically applied to exploration expenditure to reflect the effectiveness and success of that exploration effort in adding value to the property. The highest PEMs of 2.5-3 are applied when exploration has proved effective in developing a material resource capable of supporting a feasibility study and further development. Further infill drilling is required on several of the tenements, but a resource of 70.9Mt has been defined on the seven principal prospects and more widespread drilling suggests potential for a similar tonnage at the less-well drilled prospects.

BDA has applied a PEM range of 2.5-3 to the effective expenditure, excluding acquisition costs, on the basis that this expenditure has significantly enhanced the value of the property. This approach gives a valuation range of A\$34.5-39.7M with a most likely valuation of A\$37.1M.

Ouiné

BDA has adopted a similar approach to the valuation of the Ouiné tenements. The primary factor here is the acquisition cost and exploration expenditure since acquisition. GPNL has provided details of the costs incurred; past exploration expenditure incurred by previous parties is not available.

In August 2007, GPNL entered into an agreement with SMGM to acquire a 49% interest in the Ouiné tenements in New Caledonia. The SMGM agreement provides for SMGM to be spun off into two separate New Caledonian companies, one of which, to be called Ouiné SAS, will own the Ouiné tenements. This agreement has been subject to several amendments, with the result that GPNL can earn a 49% interest in the joint venture on the following terms:

- pay a non-refundable deposit of US\$5M to be held in escrow to earn a 1% interest, subject to GPNL funding the Gladstone project, and
- issue 15M GPNL shares to earn a 48% interest.

The date on which GPNL was to acquire the 49% interest was the later of:

- the third anniversary of the completion of the spin off of the two companies
- the date on which sufficient funding to construct Stage I of the GNP becomes available
- the date on which Ouiné SAS has a reserve of 30Mt at 1.35% Ni.

Under the original agreement, the value of the GPNL shares to be issued for the 48% interest was specified as US\$65M. This was later amended with the number of shares to be fixed at 15M with the value of the shares to be based on the GPNL share price and exchange rate as at 31 December 2009, specifically UK£0.17 and A\$:UK£ = 0.5549. The issue date was extended to August 2010 and now to December 2011. This is the date by which GPNL must obtain the funding to construct Stage I of the GNP, which can be extended another year if GPNL elects to pay an additional US\$1M.

This acquisition represents a transaction negotiated between two willing and knowledgeable parties. On this basis, the acquisition cost, effectively the consideration paid by GPNL for the Ouiné property comprising a non-refundable deposit of US\$5M plus 15M GPNL shares to be issued at UK£0.17 per share, could be used as a proxy for value. This is equivalent to approximately A\$9.6M for the 49% interest.

Since the initial acquisition agreement, total exploration expenditure to 31 March 2011 has been A\$9.2M and BDA considers this has added to the value of the property. BDA has applied a PEM range of 2.5-3 to GPNL's 49% share of the expenditure on the basis that it has significantly enhanced the value of the property. Including the acquisition cost and exploration expenditure, this approach gives a valuation range for GPNL's 49% interest in the Ouinné property of A\$20.9-23.1M with a most likely valuation of A\$22.0M.

7.3 Discounted Cash Flow of Ouinné Ore Shipments

Shipments of nickel laterite ores (Direct Shipping Ores or DSO) are made from several parts of the world, including New Caledonia, Indonesia and the Philippines to nickel smelters in Japan, China and Australia. New Caledonia has been direct shipping laterite ore to customers in Asia and Australia for more than 30 years, and these operations can be quite profitable depending on the nickel grade of the laterites and the nickel price.

DSO payments are typically based on a percentage of the value of the contained nickel in the ore. This percentage varies depending on a number of factors but is typically in the range of 10-12%. BDA has considered whether a value could be determined for GPNL's potential 49% interest in the Ouinné lateritic ores, based on a potential DSO scenario. The deposits are relatively close to the coast, although there are no current haul roads or shipping facilities available.

BDA has prepared a simple discounted cash flow model of a DSO operation at Ouinné based on the shipping of 32.9Mt at 1.3% Ni (SRK estimate) at a production rate of 3.7Mtpa, a long term nickel price of US\$15,000/t Ni and an operating margin of 25%. Revenue is based on a payability factor range of 10-12% of the contained nickel in the ore. The net present value using a real discount rate of 15% per annum, on an after-tax basis, ranges from A\$81.6-97.9M. GPNL's 49% interest in this operation would be valued at A\$40.0-48.0M, with a most likely value of A\$44.0M.

While this is a simplified cash flow based on a number of assumptions, it highlights the potential value of a DSO operation. While shipments of laterite ores from New Caledonia have typically been of higher grade material, such material is now in relatively short supply and lower grade material is being shipped.

7.4 Yardstick Valuations - Market Capitalisation

In this section BDA has considered valuations based on market capitalisation ratios. In Section 7.5 a similar approach is taken based on recent nickel laterite transactions.

Resource estimates have been defined for both the Marlborough and Ouinné properties. Using a yardstick or 'rule of thumb' approach, a value can be ascribed, as described in Section 3, by applying appropriate industry factors or ratios to relevant resource parameters. The relevant yardstick factors applied to nickel laterite projects are dollars per tonne of resource or reserve, and dollars per tonne of contained nickel or nickel equivalent. The factors applied can be derived from consideration of either market capitalisation of other nickel laterite companies or based on recent nickel laterite transactions. The derived ratios can vary considerably from company to company and project to project, commonly reflecting the 'quality' of the resource or the likelihood of development.

In determining yardsticks on the basis of market capitalisation (and comparable transactions), BDA has reviewed five nickel laterite companies to establish a range of yardstick values per tonne of resource and per tonne of contained nickel equivalent. Nickel equivalent rather than nickel is used to allow for the varying input of cobalt to the resource value. The value that the market places on a company is reflected in the company's market capitalisation. Where the company essentially owns only one major asset, the market capitalisation is indicative of the value the market places on that asset. In BDA's view, a major portion of the market capitalisation of the five companies reviewed can be attributed to their nickel laterite assets.

BDA acknowledges that the difficulty in this area of valuation is the extent to which the companies considered are in fact comparable. It is recognised that the companies reviewed below generally control nickel laterite resources somewhat smaller and without the potential longevity of the Marlborough or Ouinné deposits; some also are involved in heap leach projects or direct shipping of laterite ores, quite different to the HPAL process envisaged for GNP. A brief description of the companies considered to derive market capitalisation yardsticks follows.

Overview of Nickel Laterite Companies Considered for Market Capitalisation Yardsticks

European Nickel plc - ENK(AIM/ASX)

European Nickel plc ("European Nickel") is an ASX and AIM listed mining company involved in the development of heap leach technology to process nickel laterite ores. The company has been developing this technology at its flagship Caldag project in Turkey for several years. In 2010, European Nickel merged with Rusina Mining NL ("Rusina") with significant nickel laterite interests in the Philippines. In addition, European Nickel has a strategic 5.9% interest in Toledo Mining Corporation ("Toledo") and an effective 22% interest in the Berong Nickel Project ("BNP") in Palawan in the Philippines.

In December 2010, European Nickel announced the decision to put the Çaldag project on care and maintenance until such time that it receives the outstanding forestry permit. The project had been progressed to the point whereby the major outstanding item to completing project financing and commencing development of the project was the re-issuance of the forestry permit, which was not forthcoming despite repeated assurances from Government officials. An application for a separate permit to conduct DSO operations at Caldag is being prepared. This permit, covering the existing mining areas, is not considered to be contentious and should lead to a recommencement of operations.

European Nickel had completed a bankable feasibility study of the Caldag project in 2005 (revised in 2009), based on a JORC-compliant reserve of 33.2Mt at 1.13% Ni. Planned production was 20,000tpa Ni and 1,200tpa Co using the heap leach technology. The total capital cost of the heap leach project was estimated at almost US\$430M, of which approximately US\$78M had been spent to date. The reported resource for Caldag, at a 0.6% Ni cut-off, is 36.6Mt at 1.17% Ni and 0.07% Co with contained metal of approximately 426,500t Ni and 25,600t Co.

In February 2009, European Nickel entered into a framework agreement with Jiangxi Rare Earth and Rare Metals Tungsten Group Co Ltd ("JXTC") and China Tianchen Engineering Corporation for the provision of a credit guarantee insurance policy for the project finance facility for up to US\$350M with the funding to be provided by a consortium of predominantly Chinese banks. Due to a delay in receiving funds under the Caldag Framework Agreement, European Nickel investigated alternative financing options and in May 2010 announced that it had negotiated an indicative term sheet and signed a joint mandate letter with Société Générale and UniCredit Bank as the lead arrangers for funding for the project. The debt requirement is for a US\$300M term loan facility and US\$25M overrun facility.

In July 2010, European Nickel announced that it had entered into a binding agreement for a strategic partnership with Constantia Resources Ltd ("Constantia"), a member of the Hunter Dickinson Group, through a two tranche, non-brokered private placement. The first tranche was an immediate placement of 10.5M ordinary shares at a price of 32p (~A\$0.55) per share, raising £3.36M (approximately US\$5M). The second tranche of approximately 83.3M ordinary shares will raise £36.7M (approximately US\$55M) at a price of 44p (~A\$0.76) per share, and is to be completed within 30 days of completion of the Çaldag project finance facility.

In February 2011, European Nickel undertook a placement of 20.9M shares and a subscription for 9M shares by Constantia at a price of 20p to raise gross proceeds of approximately £6.0M. However, as a result of the decision to place the Caldag operation on care and maintenance, the project financing process has also been terminated and Constantia has extended the deadline date for the second tranche to 31 August 2011.

Coinciding with the decision to place Çaldag on care and maintenance, European Nickel announced that it was focusing its resources and expertise on fast tracking the feasibility study at its Acoje project in the Philippines. A positive pre-feasibility study released in November 2008 confirmed an economically viable nickel heap leach project. The base case scenario is an operation producing 24,500t of nickel metal per annum in a mixed hydroxide product over an initial ten year life of mine. The pre-feasibility study NPV, at a discount rate of 10%, was US\$586M with a project IRR of 37.2% using a long term nickel price of US\$7/lb and cobalt price of US\$10/lb. With the Çaldag technical team transferred to the Acoje project, a significant amount of metallurgical and engineering data is readily transferable to Acoje.

The feasibility study is expected to be complete by the middle of 2012, in parallel with remaining test work being undertaken at the Heap Leach Trial ("HLT") and Acoje Test Centre ("ATC"). The ATC is a custom built metallurgical laboratory which has been in operation for almost three years. Substantial progress has been made in the areas of agglomeration, heap leaching, wet weather mitigation measures, downstream nickel and cobalt recovery processing, nickel and cobalt product enhancement, and environmental issues specific to Acoje ore and environmental conditions.

The HLT facility is a 2,500t heap leach and integrated downstream nickel and cobalt recovery process plant which has been constructed and is ready to commence operation. The HLT will allow various nickel and cobalt

flowsheet options to be tested and compared. Tests conducted at the ATC show that it may be possible to increase nickel and cobalt recoveries and to produce a higher value end-product than assumed for the base case flowsheet used in the pre-feasibility study.

There is potential to extend the ten year mine life by converting the JORC Inferred resources at Acoje and Zambales Chromite Mining Corporation ("ZCMC") to JORC Indicated status, as well as the opportunity to add presently undrilled ore to the resource. This includes the untested saprolite horizon of the ZCMC tenement. The Acoje and ZCMC drilling programs are scheduled to commence in mid 2011.

In March 2011, European Nickel recommenced DSO operations at Acoje. A new mining agreement was entered into with strategic partner DMCI Mining Corporation and DMCI is presently mining ore at the Malimlim site. Under the new agreement, DMCI is undertaking all the financial risk, operations and marketing associated with the mining and sale of the nickel laterite ore and pays European Nickel a royalty fee on each shipment made. The royalty is based on the LME nickel price and grade of ore sold. It has also been agreed with DMCI that, once the present mining area at Acoje has been completed, the DSO operation will move to the ZCMC tenement 5km north of Acoje.

As a consequence of the merger with Rusina, European Nickel has a 92% interest in the Acoje and ZCMC projects. The resource estimate for Acoje, at a 0.8% Ni cut-off, is 34.2Mt at 1.09% Ni and 0.052% Co Indicated and 15.9Mt at 1.01% Ni and 0.054% Co Inferred, for total contained metal of 533,300t Ni and 26,300t Co; 68% of the resource is classified as saprolite. The reported Inferred resource for the ZCMC property at a 0.75% Ni cut-off is 23.6Mt at 1.18% Ni and 0.05% Co containing approximately 277,300t Ni and 11,800t Co.

European Nickel is also evaluating its 100% owned Devolli nickel laterite project in Albania. A pre-feasibility study is underway and the company envisages an underground mine and heap leach plant producing some 15,000tpa Ni. The reported Inferred resource for this property at a 0.9% Ni cut-off is 35.6Mt at 1.2% Ni containing 426,800t Ni; cobalt grades are not reported.

Toledo Mining Corporation plc - TMC (AIM)

Toledo is an AIM listed mining company focused on nickel exploration and development in the Philippines. Toledo has substantial nickel laterite interests on the island of Palawan, comprising the BNP project in which it has an effective 56% interest, the Ulugan Nickel project in which it has a 58% interest, and the Ipilan Nickel project in which it has a 52% interest.

The most advanced project is BNP comprising the Berong, Moorsom, Long Point and Tagkawayan deposits situated on the west coast of Palawan and covering an area of some 10,649 hectares ("ha"). The BNP project is based on the direct shipping of laterite ore to China and Australia, with initial operations restricted to a 288ha portion of the Berong tenure. The operation was commissioned in early 2007 with completion of the haul road and loading facilities, however mining later ceased due to low nickel prices and operational difficulties.

With a recent sustained increase in the nickel price, the operator Berong Nickel Corporation ("BNC") is targeting production of 500,000 wet metric tonnes ("wmt") of nickel ore by 31 December 2011 and aims to ship 300,000wmt by 31 September 2011 when the shipping window closes. The remaining target of 200,000wmt, planned for production in the last quarter of the calendar year, is targeted for shipping from 1 March 2012 when the shipping window reopens. The cash flow generated from this operation will be used to fund ongoing exploration and evaluation of onsite processing options, with the intent of completing a feasibility study into the development of a modern large-scale nickel processing operation at Berong.

The total JORC and non-JORC resource estimates for the BNP deposits is approximately 270Mt at 1.3% Ni and 0.08% Co with contained metal of approximately 3.6Mt Ni and 210,000t Co.

At Ipilan, exploration is well advanced with a JORC-compliant Inferred resource estimate of 52Mt at 1.1% Ni and 0.10% Co containing 570,000t Ni and 52,000t Co, and a non-JORC estimate of 46Mt at 1.2% Ni containing approximately 570,000t Ni, within the Celestial deposit which covers some 800ha of the 2,835ha tenement area. The non-JORC resources are based on estimates by previous explorers and while conceptual in nature are considered to be a reasonable estimate of the resource potential of the properties.

Acid leach testwork has been conducted on the deposit and a pre-feasibility study has demonstrated economic viability, subject to more detailed feasibility work being carried out. As Ipilan's average grade is not sufficiently attractive to Chinese buyers to make for a profitable DSO mining operation, Toledo is exploring sintering as a low cost alternative to upgrading Ipilan ore for consumption in ferronickel smelters.

In July 2008, the Ipilan joint venture partners signed a Memorandum of Understanding ("MOU") with JXTC on the future development of a leaching plant at the mine site. In July 2010, Toledo signed a MOU with Jinchuan Group Limited ("Jinchuan"), China's largest producer of primary nickel, with the objective of forming a strategic

alliance. To date, this has not occurred and while there is a continuing dialogue between the two parties, it has not proved possible to agree the details of the proposed strategic alliance and there is now no expectation of Jinchuan subscribing for shares in Toledo.

Heron Resources Limited - HRR (ASX)

Heron Resources Limited ("Heron") is an ASX listed company focused on the exploration and development of nickel laterite projects in Western Australia and the evaluation of a gold project in Victoria. Its key assets in Western Australia are the Kalgoorlie Nickel Project ("KNP") and the Yerilla nickel project. In Victoria, Heron is evaluating the resource potential of the A1 gold mine under a two year option to purchase, which involves underground development, drilling and metallurgical studies.

The KNP project is now wholly owned by Heron. In March 2005, Inco Limited ("Inco") entered into a joint venture with Heron to evaluate the KNP and injected A\$12.4M into Heron by way of a placement. Inco was subsequently acquired by Companhia Vale do Rio Doce ("CVRD") of Brazil and was renamed Vale Inco. Vale Inco completed a pre-feasibility study in early 2009 and subsequently withdrew from the agreement in May 2009.

The resource estimate for the KNP, at a 0.5% Ni cut-off, is 179Mt at 0.79% Ni and 0.052% Co (Measured and Indicated resource) and 565Mt at 0.71% Ni and 0.042% Co (Inferred resource), for total contained metal of approximately 5.42Mt Ni and 327,000t Co.

The Yerilla project comprises the Jump-Up Dam, Boyce and Aubils deposits with a combined resource of 71.4Mt at 0.80% Ni and 0.049% Co (Measured/Indicated) and 63.9Mt at 0.73% Ni and 0.056% Co (Inferred), for total contained metal of approximately 1.04Mt Ni and 70,000t Co. Heron has completed scoping study metallurgical testwork using BHP-proprietary technology under a technology licensing and product supply agreement entered into in early 2008. Based on the work completed to date, projected production is 21,500tpa Ni in intermediate products.

In May 2009 Heron entered into an agreement with Ningbo Shanshan Co Ltd ("Shanshan") with respect to the Yerilla project. The agreement provides for Shanshan to undertake a feasibility study utilising technology being provided by Shanshan, to produce a nickel and cobalt concentrate for further processing in China. Subsequent to a positive feasibility study outcome, Shanshan may earn a 70% interest in the Yerilla project by sole funding construction and commissioning of the project to an agreed capacity.

GME Resources Limited - GME (ASX)

GME Resources Limited ("GME") is an ASX listed company involved in the development of its wholly owned NiWest nickel laterite project in Western Australia. This project consists of a number of deposits with a current combined resource estimate at a cut-off grade of 0.8% Ni of 76Mt at 1.00% Ni and 0.66% Co containing approximately 761,000t Ni and 50,000t Co. A feasibility study is in progress and is based on a heap leach project producing 30-35,000tpa Ni.

Derivation of Yardstick Values

The market capitalisations for the five companies described are summarised in Table 7.1. The range is broadly based on the share price lows and highs over the past 12 months and the allocation factor represents the percentage of the market capitalisation attributed, in BDA's opinion, to the nickel laterite resource assets of the companies. The allocation factor does not take into consideration cash reserves; this would have a significant impact on the derived yardsticks for Heron which has cash reserves of approximately A\$56M.

Table 7.1
Summary of Market Capitalisations

Company	Market Capitalisation (A\$M)		Allocation Factor	Allocated Capitalisation (A\$M)	
	Low	High		Low	High
European Nickel	55	183	95%	52	174
Toledo	16	27	95%	15	26
Heron	42	66	80%	33	53
GME	14	44	95%	14	42

The attributed resources for each of the companies and the derived yardstick ranges are summarised in Table 7.2. The average yardstick range derived is weighted by the allocated market capitalisation of the companies.

Table 7.2
Yardsticks Derived from Market Capitalisations

Company	Attributed Resource Mt / % Ni / % Co	A\$/t Laterite Resource		A\$/t Nickel Equivalent	
		Low	High	Low	High
European Nickel	163 / 1.21 / 0.065	0.32	1.07	23.0	76.8
Toledo	206 / 1.30 / 0.083	0.07	0.12	4.9	8.1
Heron	879 / 0.73 / 0.045	0.04	0.06	4.4	7.0
GME	75 / 1.00 / 0.066	0.18	0.56	15.4	47.0
Weighted Average		0.19	0.73	14.3	54.1

Note: it is assumed that, as at the date of this assessment, Heron has a 100% interest in both nickel projects.

Applying these yardstick ranges to the GPNL properties results in valuation ranges of:

- A\$13.4-52.1M based on resource tonnage and A\$11.0-41.7M based on contained nickel equivalent for the Marlborough resources
- A\$2.9-11.1M based on resource tonnage and A\$3.6-13.7M based on contained nickel equivalent for the GPNL interest in the Quinné resources.

7.5 Yardstick Valuations - Recent Transactions

BDA has taken a similar approach to establishing yardsticks on the basis of recent lateritic nickel project transactions. BDA has reviewed several transactions involving nickel laterite properties; a brief description of these transactions follows.

Overview of Recent Transactions Considered for Recent Transaction Yardsticks

European Nickel/Rusina Joint Venture

In May 2007, Rusina entered into an agreement with European Nickel whereby European Nickel could earn a 40% interest in Rusina's Acoje property in Zambales by spending US\$10M over a three year period.

The terms of the joint venture effectively valued the Acoje property at US\$10.0-13.6M, with the range determined by the factors applied to take into account the time value of money over the three year term and the risk that the agreement will not be completed.

Based on the resource estimate at the time the agreement was entered into, the assessed valuation range is equivalent to US\$0.30-0.41/t of laterite resource and US\$26.7-36.4/t of contained nickel equivalent.

European Nickel/Toledo Investment

In May 2008, European Nickel acquired the 18.7% interest in the BNP project held by Investika for US\$25.75M. Based on the BNP resource, the acquisition price was equivalent to US\$0.50/t of laterite resource and US\$35.4/t of contained nickel equivalent.

As part of this transaction, European Nickel acquired Toledo shares held by Investika and another party, a total of 5.7M shares or 19.3% of the company, for US\$22.24M at a price of US\$3.91 (£2.00) per share.

Based on Toledo's attributed resources in the Palawan projects, the acquisition price was equivalent to US\$0.42/t of laterite resource and US\$27.4/t of contained nickel equivalent.

European Nickel Merger with Rusina

In February 2010, European Nickel announced that it had signed a merger agreement with Rusina. In consideration of the transaction, Rusina shareholders were offered four European Nickel shares for every five Rusina shares held, with the consideration valued at £18.1M, with Rusina option holders to receive consideration of £0.5M. The merger was completed on 14 June 2010.

Prior to the merger, European Nickel had approximately 548M issued shares and a further 96M shares were issued at 7p on 17 June. A consolidation of the share capital was undertaken on 23 June 2010 on a 1 for 4 basis, and approximately 60M shares on a post-consolidation basis were issued to Rusina share and option holders, resulting in a current issued capital of approximately 221M shares.

Rusina's interest in the Acoje project will be diluted to 40% following completion of European Nickel's funding of the feasibility study and transfer of an additional 12% interest to a local Philippine partner.

Based on the reported resources in February 2010, the acquisition price is equivalent to £0.63/t of laterite resource and £50.5/t of contained nickel equivalent.

Anfield Acquisition of Sechol

In May 2009, Anfield Nickel Corp ("Anfield" TSX-V:ANF) acquired a 100% interest in the Sechol nickel project in Guatemala from BHP for US\$2.5M plus the issuance of a 1.5% net smelter royalty. The Sechol project is located in the Mayaniquel area and has been extensively explored by BHP and prior to that by Jaguar Nickel. Anfield completed a NI 43-101 resource estimate prior to acquisition.

The combined resource estimate for several deposits within the area, at a cut-off grade of 0.8% Ni, is 18.3Mt at 1.41% Ni Indicated and 31.4Mt at 1.24% Ni Inferred, for total contained metal of approximately 649,000t Ni.

An acquisition price of US\$12.5M has been estimated, which includes the cash payment and the present value of the royalty. Based on the reported resources at the time, the acquisition price is equivalent to US\$0.25/t of laterite resource and US\$19.3/t of contained nickel equivalent.

Weda Bay Acquisition

On 15 March 2006, Eramet SA ("Eramet") agreed to acquire Weda Bay Minerals Inc for C\$260M. The company had a 90% interest in the Weda Bay nickel laterite project located on the island of Halmahera near Sulawesi in Indonesia. At the time, the resource estimate was 155Mt at 1.45% Ni and 0.09% Co Indicated and 123Mt at 1.53% Ni and 0.08% Co Inferred, for total contained metal of approximately 4.13Mt Ni and 238,000t Co.

The average MgO content of the deposits is approximately 14%. The deposit consists of around 50:50 saprolite and limonite with MgO grades of up to 25% in the saprolite but generally less than 3% in the limonite. The saprolite is likely to be treated in a ferro-nickel process while the limonite would be amenable to HPAL. The limonite grade averages around 1.2% Ni.

On 19 February 2009, Mitsubishi Corporation acquired a 30% interest in the project from Eramet for US\$145M. The resource estimate at the time was reported as 5Mt contained nickel. In October 2009, the consortium announced plans to build a US\$4.6 billion ferro-nickel operation producing 60,000tpa of product.

Based on the reported resources in 2009 of 181.7Mt at 1.35% Ni and 0.11% Co Measured and Indicated and 159.3Mt at 1.37% Ni and 0.11% Co Inferred, for total contained metal of 4.63Mt Ni and 375,000t Co, the acquisition price was equivalent to US\$1.42/t of laterite resource and US\$84.9/t of contained nickel equivalent. Weda Bay is a major deposit with significantly higher tonnage than Marlborough or Ouinné and significantly higher grade than Marlborough. For these reasons BDA does not believe the yardstick values based on the Weda Bay transactions are relevant to the valuation of GPNL and these values have been excluded from the estimation of the applicable yardsticks.

Hudbay Acquisition of Skye

In August 2008, Hudbay Minerals Inc ("Hudbay" TSX HBM) acquired Skye Resources Inc ("Skye" TSX SKR) which had a 98.2% interest in the Fenix nickel project in Guatemala. Consideration was 0.61 Hudbay shares plus C\$0.001 cash for each Skye common share. Hudbay issued a total of 31.3M shares for a total consideration of C\$448.6M.

Fenix is a development-stage ferro-nickel project. It is held by Companhia Guatemalteca de Niquel SA ("CGN"), a Guatemalan company that holds exploitation and exploration rights and a pyrometallurgical nickel processing plant that operated from 1977 to 1980, producing a nickel matte for export.

Hatch completed a feasibility study in late 2006 based on a ferro-nickel operation involving the refurbishment and expansion of the existing plant to produce annually 49Mlbs of nickel in ferro-nickel alloy over the first 20 years, with an estimated 30 year mine life.

In mid 2007, CGN received approval from the Guatemalan Ministry of Environment and Natural Resources for each of four component environmental impact assessments, and construction permits for the brownfield project.

The combined resource estimate for several deposits within the area is 156.4Mt at 1.43% Ni Measured/Indicated and 138.7Mt at 1.34% Ni Inferred, for total contained metal of approximately 4.08Mt Ni, of which 64% is classified as saprolite and the remainder as limonite.

Based on the reported resources at the time, the acquisition price was equivalent to C\$1.55/t of laterite resource and C\$109.0/t of contained nickel equivalent.

Ambatovy Transactions

In August 2003, Dynatec Corporation ("Dynatec") entered into an agreement with Phelps Dodge Corporation ("Phelps Dodge") to evaluate, develop and operate the large Ambatovy nickel laterite project in Madagascar. The initial agreement allowed Dynatec to earn 53% interest by spending US\$20M on the project and providing commercial licences for its hydrometallurgical technology.

In January 2005, Dynatec increased its interest in Ambatovy to 100%, giving Phelps Dodge 20.9 million Dynatec shares (9.9% of the company's equity) and 100 preferred shares of a Dynatec subsidiary.

In August 2005, Dynatec and Sumitomo Corporation ("Sumitomo") entered into an agreement, whereby Sumitomo acquired a 25% interest in Ambatovy; key features of the Sumitomo agreement included:

- Sumitomo to fund 25% of the equity requirement
- Sumitomo to provide Dynatec with a subordinated loan facility to be used to fund a portion of Dynatec's equity contribution to the project
- Sumitomo to provide project completion guarantees with respect to a substantial portion of Dynatec's project financing guarantees, for which Sumitomo would be granted a fee of 10.2 million shares in Dynatec
- Sumitomo to guarantee 30,000tpa of nickel offtake on arms-length terms for the first 15 years of production.

In October 2006, Dynatec and Sumitomo entered into an agreement with Korea Resources Corporation ("KORES"), leading a consortium of Korean enterprises. Under the terms of the agreement the project shareholdings became Dynatec 45%, KORES 27.5% and Sumitomo 27.5%, with Dynatec to transfer a 5% interest to SNC-Lavalin Engineers & Constructors Inc ("SNC Lavalin") on completion of Ambatovy's project debt financing.

Under the agreement Sumitomo, KORES and SNC-Lavalin will provide financial support and reimbursement of costs to Dynatec of US\$852M in aggregate, subject to certain conditions. However, of this amount, US\$598M million was in the form of cross guarantees on Dynatec's project debt financing. Maximizing cross guarantees was essential for Dynatec to achieve its objective of retaining as high an interest in Ambatovy as possible.

Dynatec will also receive cash payments of US\$17.6M, reflecting reimbursement of 35% of total project costs to October 2006 and an operator fee of US\$2M per year.

Sumitomo, KORES and SNC-Lavalin agreed to provide limited recourse subordinated loans to Dynatec totalling US\$236M with repayment of principal and interest from Dynatec's share of project distributions.

Under the terms of agreements Dynatec will issue 13.3 million shares to its partners.

KORES will have the right and obligation to purchase half of the project's nickel production (to a maximum of 30,000tpa) for the first 15 years of production. In addition, the Sumitomo guarantee remains to purchase any portion of the nickel production not sold to end-consumers up to a maximum of 30,000tpa during the first 15 years of production.

BDA has considered the above transactions as a means of deriving yardstick values, but has determined that the major emphasis on financing arrangements, offtakes and guarantees and the issue of shares makes it impossible to derive a meaningful yardstick measure from these transactions.

In April 2007, Sherritt International ("Sherritt") acquired Dynatec for a total value of C\$1.6B, with Dynatec shareholders receiving 0.190 of a Sherritt share and approximately 0.0635 of an FNX Mining Co Inc (TSX: FNX) common share, (owned by Dynatec), for each Dynatec share held. Backing out other assets in the deal, BDA considers that Sherritt acquired a 45% interest in the Ambatovy project for approximately C\$850 - 900M.

The Ambatovy deposit contains 134Mt of Measured and Indicated resources at 1.04% Ni and 0.1% Co. The 2007 Sherritt transaction is equivalent to approximately C\$14.50/t of ore or C\$1,099/t NiEq.

However, as seen above the interest acquired involved extensive funding arrangements and guarantees and the project was at an advanced stage of detailed engineering. On this basis BDA does not consider the yardstick values based on the Ambatovy transactions to be relevant for the valuation of GPNL and these values have been excluded from the estimation of the overall applicable yardstick.

A summary of the transactions-derived yardsticks is given in Table 7.3.

Table 7.3
Yardsticks Derived from Recent Transactions

Transaction	Date	A\$/t ore			A\$/t Ni Eq		
		Low	Mid Point	High	Low	Mid Point	High
European Nickel/Rusina	May 2007	0.36	0.43	0.50	32.5	38.5	44.4
European Nickel/Toledo	May 2008		0.45			28.9	
European Nickel/Rusina	Feb 2010		1.08			86.5	
Anfield/Sechol	May 2009		0.33			25.3	
Hudbay/Skye	Aug 2008		1.60			112.0	
Applicable Yardstick		0.62	0.78	0.93	46.6	58.2	69.9

Note: conversion to A\$ based on exchange rates at time of transactions; the lowest and highest values have been excluded from the calculation of the Applicable Yardstick value; the applicable High and Low values are calculated at +/- 20% of the mid-point value.

Applying these yardstick ranges to the GPNL properties results in valuation ranges of:

- A\$44.1-66.1M based on resource tonnage and A\$35.9-53.8M based on contained nickel equivalent for the Marlborough resource
- A\$9.4-14.1M based on resource tonnage and A\$11.8-17.8M based on contained nickel equivalent for GPNL's interest in the Ouinné resource.

7.6 Other Recent Valuations

BDA considers it appropriate to consider the views of other Independent Experts in deriving an estimate of value.

Independent Expert Valuation

In April 2010, Deloitte Corporate Finance Pty Limited ("Deloitte") completed an independent expert's report in respect to the proposed merger of European Nickel and Rusina via a scheme of arrangement.

Deloitte assigned valuation ranges of:

- US\$69-99M to the Acoje project, equivalent to US\$85-122/t of contained Ni
- US\$165-185M to the Caldag project, equivalent to US\$440-493/t of contained Ni.

The Caldag yardsticks are significantly higher than those for Acoje as project development is well advanced. In terms of its state of development, BDA considers the Acoje yardsticks more relevant to the GPNL resources. The Acoje values are the averages for the various resources, and the individual yardsticks range from a low of US\$40/t Ni to a high of US\$161/t Ni, as shown in Table 7.4.

Table 7.4
Summary of Acoje Valuation Ranges

	Value (US\$M)		Value (US\$/t Ni)	
	Low	High	Low	High
Acoje - Indicated	40	60	108	161
Acoje - Inferred	18	22	111	136
Zambales - Inferred	11	17	40	61
Total	69	99	85	122

The average yardsticks were US\$85-122/t of Ni or US\$75.2-107.9/t NiEq. Applying these average yardsticks to the GPNL properties results in valuation ranges of:

- A\$68.2-97.8M based on contained nickel equivalent for the Marlborough resource
- A\$22.5-32.3M based on contained nickel equivalent for GPNL's interest in the Ouinné resource.

BDA Independent Valuation

In July 2010, BDA completed a valuation of a significant undeveloped nickel laterite deposit located in Australia. The derived yardsticks ranged from A\$0.96-2.48/t of ore and A\$80-208/t NiEq. Applying this yardstick to the GPNL properties results in a valuation of:

- A\$61.6-160.3M based on contained nickel equivalent for the Marlborough resource
- A\$20.3-52.9M based on contained nickel equivalent for GPNL's interest in the Ouinné resource.

BDA has used an average of the Deloitte and BDA ranges in the valuation summary below.

7.7 Summary - GPNL Tenement and Resource Valuation

BDA has assessed the value of GPNL's interest in the Marlborough and Ouinné tenements and resources based on a range of methodologies including exploration expenditure, joint venture terms and acquisition costs, and yardstick methods based on both market capitalisation and recent transactions. BDA has also reviewed the valuations derived by other independent experts. A summary of these valuations is given in Table 7.5.

Table 7.5
Summary of Valuation Ranges for GPNL Tenements and Resources - A\$M

Valuation Method	Basis	Marlborough			Ouinné		
		Low	Most Likely	High	Low	Most Likely	High
Exploration Expenditure/Acquisition Cost		34.5	37.1	39.7	20.9	22.0	23.2
Direct Shipping Ore Basis					40.0	44.0	48.0
Yardstick - Market Capitalisation	A\$/t resource	13.4	32.7	52.1	2.9	7.0	11.1
	A\$/t NiEq	11.0	26.3	41.7	3.6	8.7	13.7
Yardstick - Recent Transactions	A\$/t resource	44.1	55.1	66.1	9.4	11.7	14.1
	A\$/t NiEq	35.9	44.9	53.8	11.8	14.8	17.8
Independent Valuation	A\$/t NiEq	64.9	97.0	129.0	21.4	32.0	42.6
Selected Valuation	A\$M	34.0	48.9	63.7	15.7	20.0	24.3

Note: ranges for the Independent Valuation Method are the average of the two cases discussed

Based on the valuation approaches summarised in Table 7.5, the valuation range assessed for the Marlborough tenements is A\$34.0-63.7M with a most likely value of A\$48.9M; the valuation range for GPNL's interest in the Ouinné tenements is assessed at A\$15.7-24.3M with a most likely value of A\$20.0M.

The yardsticks derived from these valuation ranges are:

- A\$0.48-0.90/t of ore and A\$44-83/t NiEq for the Marlborough resource
- A\$1.04-1.61/t ore and A\$62-96/t NiEq for the Ouinné resource.

In BDA's opinion, the valuation probably undervalues GPNL's interest in the Ouinné property as drilling is at a relatively early stage and no account has been taken of any potential resources within the SGM3 tenement. Golder also comments that there is potential to increase the resource, as around 25% of the mapped laterite area within tenements SGM 5 and 6 has not been drill tested. The Ouinné SAS joint venture has also applied for additional exploration ground in the Ouinné area. Golder estimated a nickel laterite resource of approximately 15.9Mt in two tenements owned by SLN adjacent to SGM 5 and 6. GPNL has no current interest in this ground but it appears possible, if Ouinné is developed, that a joint venture or acquisition agreement could be negotiated.

Overall, BDA considers that a willing and knowledgeable buyer would recognise the potential for GPNL's nickel laterite interests in the region to increase and would probably increment the yardstick-derived values based on current resources by 1.5-2 to recognise this potential.

The revised valuations are shown in Table 7.6.

Table 7.6
Summary of Valuation Ranges for GPNL Tenements and Resources - A\$M

Valuation Method	Basis	Marlborough			Quinné		
		Low	Most Likely	High	Low	Most Likely	High
Exploration Expenditure/Acquisition Cost		34.5	37.1	39.7	20.9	22.0	23.2
Direct Shipping Ore Basis					40.0	44.0	48.0
Yardstick - Market Capitalisation	A\$/t resource	13.4	32.7	52.1	4.3	13.2	22.2
	A\$/t NiEq	11.0	26.3	41.7	5.4	16.5	27.5
Yardstick - Recent Transactions	A\$/t resource	44.1	55.1	66.1	14.1	21.1	28.1
	A\$/t NiEq	35.9	44.9	53.8	17.8	26.6	35.5
Independent Valuation	A\$/t NiEq	64.9	97.0	129.0	32.1	58.6	85.1
Selected Valuation	A\$M	34.0	48.9	63.7	19.2	28.9	38.5

Note: ranges for the Independent Valuation Method are the average of the two cases discussed

Based on the valuation approaches summarised in Table 7.6, the valuation range for the Marlborough tenements is assessed as A\$34.0-63.7M with a most likely value of A\$48.9M; the valuation of GPNL's interest in the Quinné tenements is assessed to be in a range of A\$19.2-38.5M with a most likely value of A\$28.9M.

8.0 GLADSTONE NICKEL PROJECT VALUATION

8.1 Overview

The tenement and resource valuations in Section 7 do not ascribe any value to the Gladstone project itself. BDA has reviewed the available project data including project expenditures to date, current approvals, projected production levels and projected capital and operating costs. GPNL has published various financial projections, but these incorporate the supply of nickel laterite ores which BDO Corporate Finance has requested BDA to value independently. The GPNL valuations also assume the availability of project finance and to date this has proved difficult to obtain due to a combination of factors but including the well-publicised examples of substantial cost overruns in developing nickel laterite HPAL projects, project underperformance and the general difficulties of raising project finance during the global financial crisis. BDA considers that the GPNL net present value projections are not the basis on which a willing buyer, acting knowledgeably, prudently and without compulsion would assess the value of the Gladstone project itself. Nevertheless, an extensive period of study and testwork has been undertaken, engineering studies have been carried out, a project site has been allocated providing good access to the necessary port and rail infrastructure, and an Environmental Impact Statement has been prepared and approved. BDA considers that this work, directly related to the project itself, is of significant value and that that value is best assessed in terms of the actual expenditures and time incurred.

8.2 GPNL Net Present Values

In October 2008 GPNL published the results of a financial analysis of the project, based generally on the 2007 IDFS project assumptions, with an initial capital cost of approximately US\$3,500M and unit cash operating costs of US\$2.13/lb Ni after credits. The study assumed a three year construction period and a two year ramp up. Based on long term metal prices of US\$7.60/lb Ni and US\$15.00/lb Co, the study generated an NPV of US\$1,168M at a real discount rate of 8%.

Capital intensive projects such as GNP are highly sensitive to changes in the key variables, including the nickel price, ore grade and recovery, costs and the discount rate. The GNP is considered relatively high risk, based on the recent history of HPAL nickel laterite projects, with a material risk of cost and schedule overrun and an extended ramp up before achieving targeted output levels. BDA considers that a willing and knowledgeable buyer would probably apply a higher discount rate to the valuation to reflect this perceived risk. BDA has reviewed the NPV of the project based on a range of sensitivities and discount rates. At a discount rate of 10-12% the project has an NPV range of approximately -US\$161M to US\$385M, with a midpoint value of US\$89M.

BDA considers there is a relatively high level of uncertainty surrounding the likely project scope and parameters, and that in these circumstances the range of potential NPV values is wide and of limited benefit in assessing fair market value, especially in the circumstances where BDA has been requested to separately estimate the value of the tenements and resources and not to include these values in the GPN assessment. BDA considers that a willing and knowledgeable buyer would be likely to consider other indicators of value such as the project expenditures documented below.

8.3 Project Expenditures

GPNL has provided BDA with total project evaluation and exploration costs. BDA has deducted expenditures specifically related to the tenements and resources. The remaining Gladstone project-related expenditures are shown in Table 8.1.

Table 8.1
GNP Project Expenditure Summary and Valuation Ranges - A\$M

Expenditure/Valuation	Units	Gladstone Project Expenditure/Valuation		
		Low	Most Likely	High
Environmental Studies	A\$M		3.0	
Metallurgical Testwork	A\$M		4.9	
Engineering	A\$M		11.2	
Supervision	A\$M		8.5	
<i>Subtotal</i>	<i>A\$M</i>		<i>27.6</i>	
Valuation	A\$M	35.6	44.5	53.3

Given the time period over which the expenditure has been incurred, and the substantial time benefits which any incoming party would gain with detailed feasibility studies and environmental approvals in place, BDA has incremented the expenditure by 10% per annum over five years to assess a current valuation, and has adopted a $\pm 20\%$ range to define the high and low values.

Based on the estimates above, BDA considers that the Gladstone project itself has a value ranging from A\$35.6-53.3M with a most likely value of A\$44.5M. In BDA's opinion, these valuations provide an estimate of the amount a willing buyer would pay a willing seller in an arms-length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

9.0 GPNL OVERALL VALUATION

BDA's overall assessment of value of the Marlborough and Ouinné tenements and resources and the Gladstone project is summarised in Table 9.1.

Table 9.1

Overall Summary Valuation - Tenements/Resources and Gladstone Project - A\$M

Expenditure/Valuation	Units	GPNL Tenements/Resources and Gladstone Project		
		Low	Most Likely	High
Marlborough - Tenements, Resources	A\$M	34.0	48.9	63.7
Ouinné - Tenements, Resources	A\$M	19.2	28.9	38.5
Gladstone Project - Site, Engineering, Approvals	A\$M	35.6	44.5	53.3
Valuation	A\$M	88.8	122.3	155.5

In BDA's opinion, these valuations provide an estimate of the amount a willing buyer would pay a willing seller for these assets in an arms length transaction, wherein each party acted knowledgeably, prudently and without compulsion. BDO Corporate Finance has taken into consideration the commercial agreements in relation to the Ouinné tenements and the Gladstone project.

10.0 STATEMENT OF CAPABILITY

This report has been prepared by Mr Malcolm Hancock, Executive Director of BDA and Mr Bill Kable, Senior Associate of BDA. The report has been reviewed by Mr John McIntyre, BDA Managing Director. Mr Roland Nice, Mr John Wood and Mr Adrian Brett, Senior Associates of BDA, have contributed to various components of the review.

Behre Dolbear has offices in Denver, New York, Toronto, Vancouver, Guadalajara, Santiago, London, Hong Kong and Sydney. The parent company, Behre Dolbear & Company Inc. was founded in 1911 and is the oldest continuously operating mineral industry consulting firm in North America. The firm specialises in mineral evaluations, due diligence assessments, independent expert reports and strategic planning as well as technical geological, mining and process consulting.

The experience of the principal consultants engaged in this review on behalf of BDA are summarised below:

Mr Malcolm Hancock (BA, MA, FGS, FAusIMM, MIMM, MMICA, CP(Geol)) is a Principal and Director of BDA. He is a geologist with more than 30 years experience in the areas of resource/reserve estimation, reconciliation, project feasibility and development, mine geology and mining operations. Before joining BDA he held executive positions responsible for geological and mining aspects of project acquisitions, feasibility studies, mine development and operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground operations, on gold and base metal projects, and has been directly involved in the management and direction of many of the BDA independent engineer operations in recent years. Mr Hancock has undertaken the geological and resource/review components of the report, has visited both project sites, and undertaken the report compilation.

Mr Bill Kable (CGeol, BEcon, BComm, MAusIMM, SIA (Aff), MPESA) is an economic geologist with over 30 years experience in the minerals, oil and gas and broking industries. His specialisation is financial modelling and due diligence studies for public reports, corporate mergers, acquisitions and company floats. He has wide experience of projects throughout Australasia, South East Asia and Africa and has prepared numerous valuations for public and private sector transactions. Mr Kable has reviewed the tenements and resource assets and has undertaken the project valuations.

Mr John McIntyre (BE (Min) Hons, FAusIMM, MMICA, CP(Min)) is a Principal and Managing Director of BDA. He is a mining engineer who has been involved in the mining industry for more than 30 years, with operational and management experience in base metals, gold, uranium and coal in open pit and underground operations. He has been involved in numerous mining projects and operations, feasibility studies and technical and operational reviews in Australia, West Africa, New Zealand, North and South America, PNG and South East Asia. He has been a consultant for more than 15 years and has been primarily involved in the management of BDA since 1994, including the development of the independent engineering and technical audit role. Mr McIntyre has reviewed the report for consistency and quality control.

Mr Roland Nice (BSc, FAusIMM, LMCIM, MAIME, MIEAust, Chartered Engineer) is a Senior Associate of BDA with more than 40 years as a professional metallurgist. He has extensive experience in process engineering and operations, project evaluation, technical design and analysis. He has held senior management positions, including General Manager, Metallurgy and Concentrator Manager. Mr Nice has been closely involved with the process plant design, development and construction of gold, copper, non ferrous and base metal mines as well as numerous other metallurgical projects. He has worked in Australia, Canada, the Philippines, South America and Africa. Mr Nice has undertaken the GNP process reviews.

Mr John Wood (Dip.Electrical Eng., MBA, FIEAust., MAusIMM) is a Senior Associate of BDA with 35 years experience as a professional electrical and projects engineer. He has held senior management positions in mining companies, including General Manager Project Services, and has been involved in construction and management for mining and heavy industry operations throughout Australia. Mr Wood has managed the development of major resources projects in remote areas of Australia and is familiar with the challenges associated with their construction. Mr Wood has undertaken the project infrastructure, capital cost and implementation reviews

Mr Adrian Brett (BSc. (Hon) Geol., MSc. Envir., M. Envir. Law) is a Senior Associate of BDA with more than 25 years experience in environmental and geo-science, including the fields of environmental planning and impact assessment, site contamination assessments, environmental audit, environmental law and policy analysis and the development of environmental guidelines and training manuals. He has worked in an advisory capacity with several United Nations and Australian government agencies. He has completed assignments in Australia, Indonesia, Laos, Myanmar, Thailand, the Philippines, Africa and South America. Mr Brett has undertaken the project environmental and tenement reviews.

11.0 STATEMENT OF INDEPENDENCE

Neither the Principals nor Associates of BDA have any material interest or entitlement in the securities or assets of GPNL or any associated companies. BDA will be paid a fee for this report comprising its normal professional rates and reimbursable expenses. The fee is not contingent on the conclusions of this report.

12.0 LIMITATIONS AND CONSENT

This assessment has been based on data, reports and other information made available to BDA by GPNL and BDO Corporate Finance. BDA has been advised that the information is complete as to material details and is not misleading. A draft copy of this report has been provided to GPNL for comment as to any errors of fact, omissions or incorrect assumptions. The opinions stated herein are given in good faith. We believe that the basic assumptions are factual and correct and the interpretations reasonable.

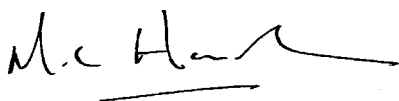
With respect to the BDA report and use thereof by GPNL and BDO Corporate Finance, GPNL agrees to indemnify and hold harmless BDA and its shareholders, directors, officers, and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law and will reimburse them on a current basis for any legal or other expenses incurred by them in connection with investigating any claims or defending any actions.

This report is provided to the Directors of BDO Corporate Finance and GPNL in connection with the proposed Waratah transaction and should not be used or relied upon for any other purpose. This report does not constitute a technical or legal audit. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any purpose without our written consent to the form and context in which it appears.

Report prepared by Mr Bill Kable and Mr Malcolm Hancock

Yours faithfully

BEHRE DOLBEAR AUSTRALIA PTY LIMITED



Malcolm Hancock
Executive Director - BDA



John McIntyre
Managing Director - BDA

APPENDIX I
GLOSSARY

APPENDIX I

GLOSSARY

Term/Abbreviation	Description
A\$	Australian Dollar
A\$M	Australian Dollar (Millions)
Agreement	Native Title Project Agreement
Aker	Aker Kvaerner Australia
Al	Aluminium
Anfield	Anfield Nickel Corporation
BDA	Behre Dolbear Australia Pty Limited
BDO Corporate Finance	BDO Corporate Finance (Qld) Limited
BHP	BHP Billiton
BNP	Berong Nickel Project
BZ	Basement
CCD	Counter Current Decantation
CGN	Companhia Guatemalteca de Niquel SA
Co	Cobalt
CVRD	Companhia Vale do Rio Doce
DCF	Discounted Cash Flow
DD	Diamond Drilling
Deloitte	Deloitte Corporate Finance Pty Limited
DFS	Definitive Feasibility Study
DSO	Direct Shipping Ore
Dynatec	Dynatec Corporation
EIS	Environmental Impact Statement
EPM	Exploration Permit
Eramet	Eramet SA
ESL	Enhanced Saprolite Leaching
European Nickel	European Nickel plc
Fe	Iron
g	Grams
g/L	Grams Per Litre
GME	GME Resources Limited
GNC	Gladstone New Caledonia SAS
GNP	Gladstone Nickel Project
Golder	Golder Associates Pty Limited
GPNL	Gladstone Pacific Nickel Limited
GSDA	Gladstone State Development Area
ha	Hectare
Heron	Heron Resources Limited
HPAL	High Pressure Acid Leach
Hudbay	Hudbay Minerals Inc
IDFS	Integrated Definitive Feasibility Study
IMC	IMC Consultants Pty Limited
INCO	International Nickel Company Limited
Jinchuan	Jinchuan Group Limited
JORC	Joint Ore Reserve Committee
JV	Joint Venture
JXTC	Jiangxi Rare Earth and Rare Metals Tungsten Group Co Ltd
kg	Kilogram
km	Kilometre
KNP	Kalgoorlie Nickel Project
KORES	Korea Resources Corporation
L	Litre
LAT	Ferruginous Laterite
lb	Pound
LSAP	Lower Saprolite

GLOSSARY CONTINUED

Term/Abbreviation	Description
m	Metre
M	Million
MCC	China Metallurgical Group Corporation
Mg	Magnesium
MgO	Magnesia
MIK	Multi Indicator Kriging
ML	Mining Lease
Mn	Manganese
MNPL	Marlborough Nickel Pty Limited
MOU	Memorandum of Understanding
MRC	Montemina Resource Corporation
MSP	Mixed Sulphide Precipitate
Mt	Million Tonnes
Mtpa	Million Tonnes Per Annum
Ni	Nickel
NiEq	Nickel Equivalent
NPV	Net Present Value
Ouinne SAS	Ouinne Joint Venture
£	British Pounds
PEM	Prospectivity Enhancement Multiplier
Phelps Dodge	Phelps Dodge Corporation
PRA	Permis Reserche 'A'
Preston	Preston Resources Limited
RAB	Rotary Air Blast Drilling
RC	Reverse Circulation Drilling
RDI	Resource Development International Limited
RSF	Residue Storage Facility
Rusina	Rusina Mining NL
SAP	Saprolite
Shanshan	Ningbo Shanshan Co Ltd
Sherritt	Sherritt International
SIA	Scheme Implementation Agreement
SiO ₂	Silica
Skye	Skye Resources Inc
SLN	Société Le Nickel
SMGM	Société Minière Georges Montagnat
SMU	Selective Mining Unit
SNC Lavalin	SNC Lavalin Engineers & Constructors Inc
SRK	SRK Consulting (Australasia) Pty Limited
Sumitomo	Sumitomo Corporation
SX	Solvent Extraction
t	Tonne
TCC	China Tianchen Engineering Corporation
Toledo	Toledo Mining Corporation plc
tpa	Tonnes Per Annum
tph	Tonnes Per Hour
UK£	United Kingdom Pound
US\$	US Dollar
USAP	Upper Saprolite
Valmin Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Waratah	Waratah Coal Pty Limited
ZCMC	Zambales Chromite Mining Corporation



GLADSTONE PACIFIC NICKEL LTD
AIM CODE: GPN

CORPORATE DIRECTORY

Company Gladstone Pacific Nickel Limited Level 2 380 Queen Street Brisbane Qld 4000 Australia Tel +61 7 3231 7100 Fax +61 7 3231 7199 www.gladstonepacific.com.au	Share Registry UK C/- Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS13 8AE UK
Directors Domenic Martino Blair Brewster Clive Palmer	Share Registry Canada C/- Computershare Investor Services PLC 100 University Avenue 11th Floor Toronto Ontario M5J 2Y1 Canada
Company Secretary Karen Williams	Share Registry Australia Gladstone Pacific Nickel Limited Level 2 380 Queen Street Brisbane Qld 4000 Australia
Auditor Ernst & Young 1 Eagle Street Brisbane Qld 4000 Australia	Lawyers for the Company Clayton Utz Level 28 71 Eagle Street BRISBANE QLD 4000