

news release

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GLADSTONE PACIFIC NICKEL RAISES £11m IN PLACING & ADMISSION TO AIM

LONDON: 13 March 2005 - Gladstone Pacific Nickel Limited ("Gladstone Pacific" or "the Company"), a company focussed on establishing the feasibility for the development of a fourth generation high-pressure acid leach ("HPAL") plant together with a nickel and cobalt lateritic mine in Queensland, Australia, has raised £11 million through the Placing of 9,166,667 shares at £1.20 per share. The Placing is subject to the Admission of the Company's issued share capital on AiM. First dealings in the shares are expected on 17 March 2005.

The market capitalisation of the company at the Placing Price is approximately £35 million. Insinger de Beaufort is Gladstone Pacific's Nominated Adviser and Broker.

The Company's intention is to complete the feasibility study covering the construction and operation of a processing plant for nickel lateritic ores at Gladstone, a deepwater port on the coast of Queensland, Australia. The plant will use the latest HPAL technology to process ore initially from the Company's own nickel deposit at Marlborough, 175kms from Gladstone. Subsequently, ore will be sourced from other nickel lateritic mines in the Pacific Rim. The Company believes this is a propitious time for the new project because of the current large and widening gap between the demand for nickel and world supply.

Gladstone Pacific's executive chairman, Robert Pearce commented:

"The Company's vision is to create a value adding world class nickel and cobalt processing plant and refinery serving the SW Pacific, utilising the superb location, deep water port facilities and infrastructure at Gladstone."

"HPAL technology, after initial teething problems in Western Australia, has now been proven to the extent that INCO has committed US\$1.9 billion to the Goro Project and BHP Billiton US\$1.4 billion to the Ravensthorpe-Yabulu project. Both plants will use similar HPAL technology."

"The scale of this project is more than justified by the increasing deficit between the current and projected supply and demand for nickel during the next 5-10 years. This project is needed and will only partially meet the growing incremental shortfall of 60,000 tonnes per annum of nickel."

"We are delighted by the reception the Placing has received in the London market."

The Definitive Feasibility Study

The Definitive Feasibility Study ("DFS") will cover the design, engineering and environmental assessment of the mine, slurry pipeline and the HPAL plant at Gladstone for Stage One of the project as well as further work on delineating and beneficiating the nickel deposit at Marlborough. Stages Two and Three, a preliminary feasibility study for which will be included in the DFS, envisage the importation of nickel ore from the SW Pacific region. This region hosts two thirds of the world's known nickel lateritic reserves according to the US Geological Survey.

The Marlborough Deposit

Some A\$30 million has previously been spent on feasibility studies at Marlborough, where reserves and resources contained within the four principal deposits are estimated at 96.1Mt of ore at 0.79% Ni and 0.05% Co. The Proved and Probable open pit reserves within the Marlborough area are currently estimated at 72.4Mt averaging 0.82% Ni and 0.06% Co. Total resources are projected to be close to 200Mt. The project would beneficiate the ore to approximately 1.4% nickel content on site before transporting via a slurry pipeline to Gladstone.

The Board

The Company was formed in 2003 as the Pearce Matheson Group. The Board comprises two executive directors in Robert Pearce (Executive Chairman) and Peter Matheson both of whom have been involved in the resources sector for many years and together were involved in the importing of ore whilst at Queensland Nickel Industries in the mid to late 1980's. The non-executives include Andrew Daley, until recently a Director of Barclay's Capital responsible for the Bank's mining and metals business in Australia, Africa and the Far East; Peter Watson, who was for twenty years a partner with two Australian law firms specialising in commercial and resources practice and was also group legal counsel for Normandy Mining Limited from 1999 to 2002; and, James Henderson, the managing director of the investment banking group Transocean Securities.

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