

news release

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GLADSTONE PACIFIC NICKEL STARTS FEASIBILITY STUDY

LONDON: 05 May 2005 - Gladstone Pacific Nickel Limited ("Gladstone" or "the Company"), the AIM-listed company developing a fourth generation high-pressure acid leach ("HPAL") plant and cobalt and nickel laterite mine in Queensland, Australia, is pleased to report that it has started work on the Definitive Feasibility Study.

The drilling and associated contractors have been selected and formal contracts have either been signed or are in the final stages of negotiation. It is expected that work will commence onsite at Marlborough early next week. Comprehensive results from the drilling program as outlined earlier in the Company's AIM prospectus should be available in the next quarter.

Gladstone have also appointed Gavin Becker as General Manager, Project Development, with overall responsibility for the day to day management of the Feasibility Study process. A graduate in metallurgy from the Royal School of Mines, London, Mr Becker has wide experience of the nickel industry and served in technical and managerial roles with several Australian mining groups, including WMC Resources' nickel operations at Kambalda. He also worked as a consultant on a number of major nickel projects, including Yakabindie, BHP's Yabulu refinery and the Marlborough Nickel Project with its previous owners. He will be joining the Company in mid July.

Gladstone's shares began trading on AIM on 17 March following a Placing of new shares at £1.20 per share which raised £11 million gross, giving it a market capitalisation at the Placing Price of approximately £35 million.

The Company's intention is to complete the Definitive Feasibility Study covering the construction and operation of a processing plant for nickel laterite 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 laterite mines in the Pacific Rim.

Robert Pearce, chairman, commented today:

"We now have the definitive feasibility study for the first stage project underway and we are confident that we will complete it on schedule, together with the pre-feasibility study for stages 2 and 3, by the end of 2006. The Company's vision is to build on the experience and relevant successes of other operators to build a world class nickel and cobalt processing plant and refinery serving the SW Pacific, by utilising the superb location, deep water port facilities, and environmental infrastructure at Gladstone."

"The scale of this project is more than justified by the developing gap between the projected supply and growing demand for nickel, in both the industrialised world and the developing nations, especially in the Asia-Pacific region."

Notes:

The Definitive Feasibility Study

The Definitive Feasibility Study ("DFS") will cover the design and engineering for the development of the HPAL plant at Gladstone for Stage One of the project, together with some 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 Pacific Rim countries, which contain much of the world's known nickel laterite deposits.

The Marlborough Deposit

The previous owners of the Deposit, Preston Resources Limited, spent some A\$30 million on the Marlborough Deposit, including a bankable feasibility study. The Marlborough Deposit is estimated to contain within its four principal orebodies 96.1Mt of ore at 0.79% Ni and 0.05% Co, including a Measured and Indicated resource of 74.6Mt at 0.81% Ni and 0.06% Co. The Proved and Probable open pit reserves within the Marlborough area are estimated at 72.4Mt averaging 0.82% Ni and 0.06% Co. The Company would beneficiate the ore on site before transporting via slurry pipeline to Gladstone.

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