

news release

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GLADSTONE PACIFIC NICKEL LIMITED

Annual General Meeting

At Gladstone Pacific Nickel's Annual General Meeting today, Chairman Robert Pearce made the following statements:

"This morning's meeting marks the first Annual General Meeting of your Company and concurrently a point close to the halfway mark in the development of the Definitive Feasibility Study. In general I believe we have made very significant inroads into the task of developing and improving all aspects of the Project.

I want briefly to mention some of the many matters progressed since listing and particularly cover the following topics:

- The drilling and other programmes at Marlborough
- Access to land
- The scale and scope of the Project
- People
- The importation programme
- Relationships

THE MARLBOROUGH PROGRAMS

The "infill and additional development drilling" program is proceeding well and the first phase will conclude mid-December after about 27,500 metres of drilling is completed. Regular reporting of the results of this drilling will continue as information becomes available. Further drilling results have been reported today. Some delays to these reports have occurred due to a log jam in the sample drying in the assaying laboratory undertaking this work, however the backlog should be caught up by the end of the year.

The results of the information so far available more than confirms the results of the previous drilling and is enhancing knowledge of the resource in new areas. The additional 2006 program, which will be based on a careful evaluation of all 2005 results, will further assess the potential of the six other ore bodies not covered in the 2005 program. We are confident that we should have a significant increase in the Company's resources.

GPNL's leases are contiguous with three separate mining leases, covering nickel/cobalt and semi precious gemstones, held by others. Discussions are well advanced with each of these organisations to acquire the right to mine the nickel and cobalt ore on these leases. Success in these negotiations should add at least an additional 30 million tonnes of ore at similar grade to the existing resource base.

LAND

Through the arrangements in hand with State Government, the land requirements for the project are being secured as follows:

Marlborough

Existing Mining Leases will be renewed at 31 December 2005. Major exploration permit EPM11195 is expected to be renewed by year end or shortly after.

Pipeline

The necessary permits to allow access to the pipeline route from Marlborough to the Yarwun plant site at Gladstone are in place. This will allow for detailed survey work and negotiations with individual land owners to proceed.

Gladstone

The State Government has offered the Company approximately 250 ha of land in the Yarwun precinct of the Gladstone State Development Area ("GSDA"). In addition, the Residue Disposal Facility area has been identified in the Aldoga precinct of the GSDA to provide for up to 50 years of waste from the Project.

SCALE & SCOPE OF THE PROJECT

Over the long term, as this Project's planned growth happens, it could become the 4th largest nickel company in the world behind Inco/Falconbridge, Norilisk and BHP-Billiton/WMC with the potential to expand further.

Over the last six months, the scope of the Project has been enhanced and accelerated as other matters influencing the project potential have been developed by outside bodies. In mid-October the Queensland State Government allocated "Significant Project Status" to both Stage 1 of your Project and to the Wiggins Island coal export terminal (that you will hear more about later) to be developed by the Central Queensland Government Ports Authority.

This terminal, now likely to be completed in 2009, will provide berths for the importation of bulk materials, including our imported ore, as well as coal export arrangements. The 2009 completion date should effectively mesh with our start-up date for Stage 1 and allow for immediate commencement of Stage 2, which includes the importation of ore and expansion of production to 60,000 tpa.

I am pleased to announce that a few days ago, the State Government also granted "Significant Project Status" to Stage 2 of the Project. This is a major step forward for your Company not only for ensuring continuing support and encouragement from the Government but also allows potential joint venture partners, purchasers or investors to plan for rapid expansion of the Project.

PEOPLE

The consultant group engaged to undertake the DFS includes:

- Environment - Connell Wagner and URS
- Process Engineering - Aker Kvaerner Australia
- Drilling & Mining - International Mining Consultants
- Pipeline Route - RLMS
- Pipeline Engineering - Slurry Systems
- Process Test Work - SGS Lakefield Ore Test
- Independent Technical Auditor - Behre Dolbear Australia

In today's mining development environment in the world and, particularly, Australia, it has not been easy to put together such a world class group of consultants.

Our own Project Team supervising this group is led by General Manager Gavin Becker. We need to source just one more person to balance the team to take us forward. We have been fortunate to source some senior BHP Billiton's stainless steel division people who elected not to transfer from Brisbane to Perth after the recent takeover of WMC. The team is well motivated with the remuneration and share option schemes outlined in the Annual Report sufficiently focussed on finalising the DFS & ongoing ore importation programme over the next 12 months.

IMPORTATION

Importation of high grade ore from the southwest Pacific region is fundamental to the ultimate long term realisation of this Project. In view of the accelerated program for the Wiggins Island facility, we have recently re-established our previous contacts and commenced discussions with new parties for purchase or

supply of potential ore sources in New Caledonia, Indonesia, Papua New Guinea and the Solomon Islands. The discussions are ongoing and I am confident they will be brought to a successful conclusion.

RELATIONSHIPS

This is a massive and significant project by any standard which requires building and establishing effective relationships at all levels. I have already referred to our involvement with State and Federal agencies which have been particularly fruitful and this comment also applies to local and departmental agencies. An effective and workable relationship is also in place with the land and traditional owners of the various Marlborough properties and pipeline.

In a wider sense, relationships, through visits and presentations, are being built with various organisations who may wish to participate in the development of this Project. This program, which is ongoing, includes a presentation and a booth at the Mines & Money Conference here, early next week and presentations and discussions in China later in the week."

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