

news release

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GLADSTONE PACIFIC NICKEL LIMITED

DRILLING RESULTS & UPDATE

Gladstone Pacific Nickel Ltd ("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, announces further drilling results.

The new drilling results are from a new area at Coorumburra (between the previously identified Coorumburra West and Coorumburra East deposits). Although the company has not received a full run of results from the area, some significant intersections have been received. They are as follows:

Drill Hole	From (m)	To (m)	Thickness (m)	Ni%	Co%
COR089	29	32	3	0.94	0.17
COR111	18	26	8	0.95	0.09
COR115	41	53	12	0.88	0.02
COR116	5	21	16	0.86	0.03
COR107	0	15	15	1.01	0.04
COR125	27	36	9	0.75	0.22
COR126	14	22	8	0.77	0.07
	24	38	14	1.19	0.03
COR128	5	16	11	0.84	0.07
	18	26	8	1.00	0.02
COR132	54	69	15	0.93	0.02
COR133	34	49	15	0.87	0.07

Chairman Robert Pearce commented:

"The Company has only 1,000 metres left to drill of the 27,000m drilling programme for the year, which we expect to conclude before Christmas. Included in the new programme have been two new areas – at Gumigil East and now at Coorumburra – which we believe will enable the company to add to its resource numbers. Infill drilling in areas that had previously been identified has given us great confidence in previous drilling results."

"It is also satisfying to note that we are again seeing very high Cobalt values in some of the intersections within the new Coorumburra area, as we have at Gumigil East, Slopeaway and the existing Coorumburra prospects.

"The aim of the current drilling programme has been to in-fill between existing drill holes to raise the confidence level of the resource estimate and to explore for new

areas. I am confident that both objectives have been achieved, although analytical results are pending in a number of areas, and it is likely that we will report additional resources numbers in excess of the 96.1 Mt reported in the prospectus. Additional exploration drilling is being planned for the New Year.”

The Company also announces that a beneficiation pilot plant has been commissioned today at SGS Lakefield Oretest in Perth, Western Australia. The products from that plant will be utilised in the High Pressure Acid Leach (HPAL) pilot plant set for commissioning 9 January. This follows a period of bench-scale beneficiation, leaching and liquid: solid separation test work (including the use of seawater), which has proven successful.

Enquiries to:

Robert Pearce
Chairman
Gladstone Pacific Nickel Ltd
Tel: 00 (61) 7 3211 8899 (Brisbane is UK time +10 hours)
E-mail : info@gladstonepacific.com.au

Louis Castro
Insinger de Beaufort
Tel: 0207 190 7000

Simon Rothschild/Keith Irons
Bankside Consultants
Tel: 0207 367 8888