

## news release

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### GLADSTONE PACIFIC NICKEL LIMITED

#### DRILL RESULTS & UPDATES

Gladstone Pacific Nickel Limited ("Gladstone Pacific") announce drill results from its completed drill programme aimed at improving the confidence level of the resource estimate and to explore new areas and updates on its beneficiation programme and HPAL pilot plant testwork programme.

##### Drill Programme

The planned drill programme of 26,748 metres was completed on 20 December, and final assay results are expected in early February. The aim of the completed drilling programme was to in-fill between pre-existing drill holes to raise the confidence level of the resource estimate, and to explore for new areas.

The following table summarises some of the significant intersections obtained from the latest analyses:

Hole Number	Metres From	Metres To	Meters Width	(%) Nickel	(%) Cobalt
COR032	36	46	10	1.08	0.19
COR130	34	63	29	0.84	0.03
COR131	53	70	17	0.96	0.03
COR137	33	79	46	0.90	0.05
COR153	18	27	8	0.91	0.10
COR178	7	19	12	1.01	0.12
COR189	11	26	15	0.95	0.06
COR190	20	42	22	0.80	0.03
COR201	0	37	37	0.88	0.04
GUM070	6	16	10	1.04	0.06
GUM075	21	33	12	1.11	0.02
GUM084	0	9	9	0.99	0.02
GUM085	1	10	9	0.85	0.01
MGW006	0	7	7	1.01	0.09
SLP342	17	45	28	0.86	0.03
SLP352	17	40	23	0.88	0.09
SLP367	28	41	13	0.98	0.05
SLP368	16	22	6	0.85	0.05
SLP375	3	19	16	0.91	0.05
SLP377	12	35	23	1.18	0.04
WOD001	4	16	12	0.86	0.08

WOD006	21	27	6	1.15	0.08
WOD009	6	20	14	0.89	0.07
WOD012	9	24	15	0.87	0.06

The drill holes with prefix "WOD" are from a new deposit "Woodstock." The results encourage the company to believe that additional significant resources have been identified.

Additional drilling has been planned to increase the company's confidence in the other Marlborough orebodies and to establish a more substantial JORC resource base for the Project. The first of these programmes, comprising 26 drill holes (1100m), commenced at Lagoon Hill, in mid January.

#### Beneficiation & HPAL testwork

Beneficiation test-work has been largely completed and establishes the significant upgradeability of Marlborough Ni-laterite by scrubbing and screening.

High Pressure Acid Leach batch and pilot testwork in sea water has shown improved reaction kinetics, enabling the proposed autoclave residence time to be reduced from 75min to 60min while maintaining projected Ni and Co extractions at over 96%. Development of the saprolite neutralisation flowsheet is ongoing, with the benefits of sea water being explored further. The sulphide precipitation testwork has commenced and will be followed by sulphide leach testwork, which is estimated to be completed in the next 2 months.

#### Environmental Impact Studies

The draft Terms of Reference for the Environmental Impact Studies (EIS) has been published and public consultation is underway with the relevant agencies and communities. The Project timetable remains on schedule to see the EIS released for public comment in July 2006 and the Definitive Feasibility Study completed in Q3 2006.

Executive Chairman Robert Pearce said that he was particularly pleased with these results, especially from the new Woodstock orebody, that will add significantly to the company's resource base. "In addition the confirmatory results of the beneficiation testwork, and the reduction in residence time of the ore by 20% in the autoclave should result in an increased plant capacity of >25%. This again confirms expectations flagged in the Annual Report and demonstrates that the programmes undertaken to date are significantly and progressively removing risk from the project".

Enquiries to:

Robert Pearce, Chairman  
Gladstone Pacific Nickel

Tel: +61 8 9383 4932 (GMT +8 hours)

Louis Castro  
Insinger de Beaufort

Tel: +44 (0) 20 7190 7016

Keith Irons/Simon Rothschild  
Bankside

Tel: +44 (0) 20 7367 8888