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**GLADSTONE PACIFIC NICKEL LIMITED
("GLADSTONE PACIFIC" or THE "COMPANY")**

HEADS OF AGREEMENT REACHED ON ADJACENT MINING LEASES

Gladstone Pacific Nickel Limited announces that the Company has reached a binding Heads of Agreement to purchase 4 mining leases adjacent to and south west of Gladstone Pacific's Marlborough resource in Central Queensland. Under the Heads of Agreement Gladstone Pacific has acquired the right to mine the leases for nickel and cobalt. Gladstone Pacific's directors believe that, based on a drilling programme over the area by Inco in the 1960s, these leases contain in excess of 5 million tonnes of ore at broadly similar grades to the ore bodies at the existing Marlborough Mining Lease area.

Once contract terms have been finalised, Gladstone Pacific will undertake a further drilling programme over these leases, together with the new lease area on which Heads of Agreement were announced on 14 March 2006.

Robert Pearce, Executive Chairman of Gladstone Pacific commented:

"Together the two heads of agreement increase the tonnage available at Marlborough and the coherence of our mine plan: combined with the other developments announced with our recent interim results, these improvements represent substantial benefits for the Project overall."

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