

For immediate release: 12 July 2006

**GLADSTONE NICKEL PROJECT STAGE 1a
RECEIVES MAJOR PROJECT FACILITATION STATUS FROM FEDERAL GOVERNMENT**

Gladstone Pacific Nickel Limited (ACN 104 261 887) ("GPNL" or the "Company") is pleased to announce that the first Stage of the Gladstone Nickel Project (GNP) has been granted Major Project Facilitation (MPF) status by the Federal Government of Australia.

In a formal letter to the Company, the Australian Minister for Industry, Tourism and Resources, the Honourable Ian Macfarlane, has advised that the GNP has been granted this priority status in recognition of the Project's national significance and potential long-term benefits to Australia.

In his announcement dated 12 July 2006, Minister Macfarlane said: "The Gladstone Nickel Project will make a significant contribution to economic growth, employment, infrastructure and development in regional Queensland."

"As a result of the Project being awarded MPF status, the Australian government's inward investment agency, *Invest Australia*, will assist Gladstone Pacific Nickel to gain all necessary government, environmental and community approvals. *Invest Australia* will also identify relevant government programs that may assist the Project."

In thanking the Minister and the Government for the decision, Gladstone Pacific's Executive Chairman Robert Pearce said: "The MPF status provides a strong indication of the nature and scope of support that Australia's Federal Government is extending to GPNL to expedite the development of its GNP. The Federal Government has captured the vision and magnitude of the Project, recognising that it will be of significant standing for the economy of Australia in the future."

The GNP will include the construction of a nickel ore mine and a beneficiation plant to concentrate ores at Marlborough, and a large nickel/cobalt refinery at Gladstone. The refinery will be a modern, 'fourth generation' high pressure acid leaching (HPAL) facility. Provision for importation and refining of additional high grade laterite ores from the South West Pacific through the existing and planned future facilities, available at the deepwater port of Gladstone, are included in the Company's plans. The commencement date of ore importation is yet to be finalised.

Mr Pearce said: "Federal Government support via MPF status, together with the Significant Project Status granted by the Queensland State Government in 2005, demonstrates that this important Project has achieved appropriate positive support at the highest levels of Government."

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About Gladstone Pacific Nickel:

Gladstone Pacific Nickel Limited (GPNL) is an Australian mining development company presently undertaking a Definitive Feasibility Study (DFS) for the Gladstone Nickel Project (GNP). The company's vision is to build a major long-life nickel cobalt refinery at the deepwater port at Gladstone, in Central Queensland, Australia, treating abundant high grade nickel laterite ores from around the south west Pacific region, underpinned by beneficiated ores from its own Marlborough deposits. The refinery will have the capacity to ultimately produce some 8 -10% of global nickel demand.

Marlborough Nickel Pty Ltd (MNPL), a wholly owned subsidiary of GPNL, owns 12 mining leases and a number of exploration permits over lateritic nickel/cobalt deposits about 175km north of Gladstone. The GNP will be developed through various stages, initially comprising a modern nickel/cobalt mine at Marlborough with beneficiated slurried ore being pumped through a pipeline to a fourth generation, two autoclave, high-pressure acid leach (HPAL) plant sited at Gladstone.

Concurrently with the first stage DFS, GPNL is considering undertaking the completion of a DFS for an early expansion on the next stage of the Project, that will double the size of the Gladstone plant to four autoclaves with the commencement of significant ore importation from the south west Pacific region, and then a further doubling to eight autoclaves in the next stage, increasing substantially the ore importation programme.

GPNL was listed on the Alternative Investment Market (AIM) (**Trading Code: GPN**) of the London Stock Exchange on 17 March 2005 after raising £11million. These funds are being used primarily to carry out the DFS for the Project.

Website: www.gladstonepacific.com.au

About Invest Australia and Major Project Facilitation:

Invest Australia facilitates new investment by providing prospective investors with a single contact point within the Commonwealth Government. Through the Major Project Facilitation service, Invest Australia provides the proponent with information, advice and support to assist with necessary government approvals. Invest Australia also identifies the sequence and timings for key approvals and the relevant government programs that may assist the project.

The objectives of the MPF service are to: assist proponents of large projects to obtain decisions on necessary Commonwealth Government approvals wherever possible within that project's commercial timeframe; add value to those projects, particularly where the required approvals are complex and extensive, i.e. where MPF can assist with the prompt implementation of the investment; demonstrate the Government's commitment to support major new investments; and identify any impediments to the investment proceeding and where appropriate advise government of the need for policy or procedural change.

Each application for MPF status is individually assessed against the selection criteria. Investors can apply to the Minister for Industry, Tourism and Resources for MPF status if their project: is of strategic significance to Australia; needs Commonwealth Government approval(s); and is commercially ready to proceed through government approvals processes.

Website: www.investaustralia.gov.au

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MEDIA RELEASE

IAN MACFARLANE

Minister for Industry, Tourism and Resources

12 July 2006

QUEENSLAND NICKEL PROJECT EARMARKED AS NATIONALLY SIGNIFICANT PROJECT

The Gladstone Pacific Nickel Project, which could boost Australia's nickel exports by \$750 million per year, has today been awarded Major Project Facilitation status by the Australian Government.

Australian Industry Minister, Ian Macfarlane, today announced the new status in recognition of the project's national significance. The first stage is estimated to deliver \$1.5 billion worth of investment to the country and create 400 long term jobs.

"This project will make a significant contribution to national economic growth and regional job opportunities, but it will also offer Australia the chance to lead the way on a technological and mineral processing front," said Mr Macfarlane.

"Part of the project is to build a processing plant in Gladstone which will comprise a modern, 'fourth generation' high pressure acid leaching process plant and refinery. The introduction of this technology places Australia well in the global nickel market."

"The construction of a nickel ore mine and a beneficiation plant at Marlborough will also generate a significant number of regional jobs. 1300 positions are expected to be created at the peak of project construction with 400 permanent jobs to follow."

"Overall the project will meet some of the anticipated global short fall in future nickel supply and present the Australian industry with an opportunity to push Australia to the forefront of this type of processing technology," said Mr Macfarlane.

Gladstone Pacific Nickel will also implement world best practice to minimise pollution and environmental impacts of the project, including consideration of a 175 kilometre pipeline for transport of slurry to the process plant at Gladstone.

"Having achieved Major Project Facilitation (MPF) status, the Gladstone Pacific project will be assisted by the Australian Government's national inward investment agency, *Invest Australia*, with necessary government approvals at all levels."

"*Invest Australia* will work with the proponents to gain all necessary government, environmental and community approvals as well as identify relevant government programs that may assist the project," said Mr Macfarlane.

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