Regulatory Announcement

Go to market news section

Company	Gladstone Pacific Nickel Limited
TIDM	GPN
Headline	Project Achieves Milestone
Released	07:00 13-Apr-07
Number	7956U

RNS Number:7956U
Gladstone Pacific Nickel Limited
13 April 2007

Gladstone Pacific Nickel Limited (ACN 104 261 887)

Gladstone Nickel Project Achieves Milestone With Impact Statement Release

Gladstone Pacific Nickel Ltd (AIM: GPN) ("GPNL" or the "Company") is pleased to announce the release of its Environmental Impact Statement (EIS) on the Company's Queensland-based Gladstone Nickel Project ("the Project" or "GNP"). Following an 18 month period of intensive analysis and consultation, the EIS is now available for public review and comment.

Mr John Downie, Chief Executive Officer of GPNL, stated that "The release of the EIS is a major milestone for the Company. The report, compiled by consultants URS Australia, examined the natural, economic and social aspects of the Project. The EIS indicates no significant issues that would prevent construction going forward."

A number of benefits from the Project were highlighted, including the large number of jobs created for the local population of Gladstone and the significant benefits to both the local and state economy of Queensland. The EIS indicates that there are no significant environmental or social impacts resulting from the Project. Furthermore, the refinery will generate less greenhouse gas per unit of metal produced, compared with other nickel refineries in operation around the world.

The Project's objective is to contribute to reducing the widening gap between worldwide nickel supply and demand. The Project is planned to be completed in two stages with Stage 1 operations scheduled to start in late 2010 and Stage 2 operations thereafter as the market dictates. The refinery at Gladstone will produce nickel and cobalt metal and/or intermediate products for export to the global nickel market, which is expanding primarily due to growth in demand for stainless steel.

The first stage of the Project will involve an investment of approximately US$2.8 billion which would significantly benefit the local, state and national economies. During the construction period (Stage 1), the Project will increase Queensland's annual gross state product by approximately A$513 million. At the same time annual household income will increase by A$183 million. Once operational, Queensland's gross state product will increase by approximately A$1.36 billion a year while household income will rise by A$78 million annually. Further economic benefits are expected to be realised during the construction phase of Stage 2 when annual gross state product and annual household income will increase by A$268 million and A$155 million respectively.

The refinery will have the capacity to produce 8-10% of global nickel demand and

will result in a positive effect on Australia's balance of payments. Along with major economic benefits the Project will create significant job opportunities through the construction and operational phases. The construction workforce will peak at approximately 2,600 and, when operational, the refinery's workforce will be approximately 385 employees during Stage 1.

Mr Downie said the refinery design reflected the Company's efforts to strike an appropriate balance between environmental considerations and the social and economic benefits of the Project. Any impacts identified by the EIS could be mitigated and the environment protected by measures proposed during and after construction.

Recommended mitigation measures include:

- Realignment of pipeline route to avoid sensitive animal and plant habitats;
- Reuse of refinery liquid wastes and use of sea water (rather than precious fresh water) in refinery processes, where practicable;
- Use of trenching, boring and horizontal directional drilling methods to minimise temporary pipeline construction impacts, particularly at creek and river crossings; and
- A stormwater management system and a catchment strategy to ensure contaminants are not discharged to the natural drainage system.

The Company is investing heavily in technology, which would allow sea water instead of fresh water to be used in the leaching process. This will ensure the sustainability of the Project over the long term. Australia is facing its worst drought in more than a century, hence the Company has undertaken proactive measures to reduce its reliance on fresh water.

The EIS will be posted on the company's website www.gladstonepacific.com.au for a period of public comment of six weeks. The EIS documents will also be on display during business hours from Monday 16 April 2007 for a period of six weeks at Gladstone City and Calliope Shire Libraries, the Fitzroy Shire Council Chambers, and the State Library of Queensland in Brisbane.

Any submissions received during the public consultation period would be reviewed by the Queensland Government as part of the approval process. The Company welcomes the public's involvement in this process.

For further information please contact:

John Downie, CEO - Gladstone Pacific Nickel Tel: +61 7 3211 8899

Chris Caldwell - Insinger de Beaufort Tel: +44 (0) 20 7190 7000

Simon Rothschild - Bankside Consultants Tel: +44 (0) 20 7367 8888

Background information on the Gladstone Nickel Project

The Gladstone Nickel Project is a proposed nickel and cobalt refinery.

It will consist of a high pressure acid leaching (HPAL) plant and metals plant with supporting facilities to be located at Gladstone, Queensland.

The refinery site will be approximately 9km west of the Gladstone CBD and is located in the Yarwun precinct of the Gladstone State Development Area (GSDA).

The refinery will process ores from a nickel laterite mine near Marlborough, approximately 180km north-west of Gladstone, together with nickel laterite ores imported from the south-west Pacific region.

The ores from Marlborough will be beneficiated at a plant adjacent to the mine site and then pumped as a slurry through a pipeline to the plant. Alternatively, transport of ore from Marlborough to Gladstone may occur using existing rail infrastructure.

The refinery will initially be developed in two stages. It is anticipated that Stage 1 will produce up to 60,000 tonnes a year of nickel metal and 4,800 tonnes a year of cobalt metal. Stage 2 will produce up to 126,000 tonnes a year of nickel metal and 10,400 tonnes a year of year of cobalt metal.

The ore, after processing and extraction of metals, will be pumped to a Residue Storage Facility (RSF) located approximately 12km south-west of the refinery site, within the Aldoga Precinct of the GSDA.

Barren liquor and recycled cooling water will be discharged into Port Curtis.

The aim of the Project developer and operator, Gladstone Pacific Nickel Limited (GPNL), is to construct a major, long-life nickel and cobalt refinery to produce metal products for export to the global nickel market, which is expanding due to growth in demand for stainless steel.

Stainless steel is a "quality of life" material which has a number of properties including corrosion resistance, high-temperature stability, strength, ductility and suitability for recycling.

These properties support stainless steel's sustainable use and generally result in it being a long life material.

The Project is targeted at filling the growing gap between existing global production and demand.

The recent change in ownership of three of the four largest nickel producers in the last few years has some important ramifications for users of nickel, particularly in the stainless steel market.

WMC Resources has been absorbed by BHP Billiton, Falconbridge by Xstrata and Inco by CVRD.

The increase in production of "hybrid cars" has also opened a whole new market for nickel (nickel foam used in Nickel Metal hydride batteries).

The historical and projected 4% annual increase in stainless steel production requires a new 60,000 tonne nickel project each year and the impact of China and India's economic growth has exacerbated this situation.

London Metals Exchange stocks of nickel have recently fallen to less than 5,000 tonnes down from 35,000 tonnes in FY2006, highlighting shortage of supply, and sending nickel prices to record levels.

Background on Gladstone Pacific Nickel Limited (GPNL)

GPNL is an Australian mining development company which owns the Marlborough Nickel/Cobalt lateritic deposits located near Rockhampton in Central Queensland, Australia.

These Marlborough deposits contain over 1.0 billion pounds of nickel and 60 million pounds of cobalt in JORC compliant reserves.

GPNL was listed on the Alternative Investment Market of the London Stock Exchange (trading code: GPN) on 17 March 2005 after raising £11 million.

These funds are being used primarily to carry out a Definitive Feasibility Study for the Gladstone Nickel Project.

GPNL is a Company limited by shares that is incorporated in Australia and has its registered (and main business) office in Brisbane.

Its wholly-owned subsidiary, Marlborough Nickel Pty Ltd is also incorporated in Australia. Other subsidiaries of GPNL include Gladstone Nouvelle-Caledonie SAS and Gladstone Solomon Islands Pty Limited.

Background on the Gladstone Nickel Project Technology

The process to be utilised by the Project (High Pressure Acid Leaching - HPAL) is now well proven.

Sherritt's Moa Bay facility in Cuba has successfully operated using this process for over 40 years.

Most of the world's major nickel producers have committed to this technology.

Third generation projects utilising this process include:

Sumitomo's Coral Bay Project (Philippines) - already successfully commissioned;

BHP Billiton's Ravensthorpe Nickel Project (Western Australia) - under construction and due to be commissioned later this year;

CVRD Inco's Goro Project (New Caledonia) - under construction and due to be commissioned next year;

CVRD Inco's Vermelho Project (Brazil) - committed and in detail design phase; and

Dynatec/Sumitomo (Madagascar) - Ambatovy Project - committed.

The metallurgical testing program on both the Marlborough and imported ores undertaken at SGS Lakefield Oretest's facilities in Perth, Western Australia, has indicated significant improvements in nickel recoveries, beyond those projected in GPNL's 2005 Prospectus, by using sea water rather than fresh water in the leaching process.

The overall process also requires the manufacture of sulphuric acid in a sulphur burning acid plant, to provide the reagent and steam for the high temperature and pressure hydrometallurgical process.

The generation of power from steam produced in excess of leaching requirements will provide approximately two-thirds of the power required for the plant, thereby minimising greenhouse gas emissions.

Because of the use of this environmentally-friendly HPAL process, greenhouse gas emissions per unit of metal produced are significantly lower than other nickel processing techniques.

This information is provided by RNS
The company news service from the London Stock Exchange

END

Close

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. Terms and conditions, including restrictions on use and distribution apply.

©2007 London Stock Exchange plc. All rights reserved