

news release

For immediate release: 20 August 2007

GLADSTONE PACIFIC NICKEL LIMITED (ACN 104 261 887)
(“GPNL” or “the Company”)

**GPNL ESTABLISHES 49% MINING JOINT VENTURE & INTEREST IN
SEVERAL MINING TENEMENTS IN THE SOUTHEAST REGION OF NEW
CALEDONIA**

- GPNL establishes a mining Joint Venture with the shareholders in Société Minière Georges Montagnat (“SMGM”) in New Caledonia.
- GPNL will acquire a 49% interest in the Joint Venture that will own and mine the tenements for US\$5 million in cash and approximately 12 million shares in GPNL issued to SMGM Shareholders.
- The Joint Venture which will own the tenements in New Caledonia will supply the laterite ore mined from them to GPNL’s proposed High Pressure Acid Leach (“HPAL”) facility in Gladstone, Australia

GPNL is pleased to announce the signing of an agreement with SMGM and its shareholders, which, once conditions precedent have been satisfied, will establish an incorporated mining joint venture (“JV”) in New Caledonia.

The agreement is conditional on the receipt of various approvals by 31 December 2007. These include all approvals required in connection with the proposed issue of GPNL shares to the SMGM Shareholders and those approvals necessary for SMGM to transfer the tenements to the JV Company. Four tenements in the region currently owned by SMGM will be transferred to the JV in which GPNL (through its wholly owned subsidiary Gladstone Nouvelle Calédonie SAS) will have a 49% interest and SMGM shareholders will hold 51%. GPNL will pay a deposit of US\$5 million immediately and issue, in about three years, approximately 12 million shares to the SMGM shareholders. In the meantime GPNL will have a nominal shareholding in the JV Company, and the right to appoint half the JV Company’s directors.

“SMGM, a highly regarded major New Caledonian mining company, has successfully managed mining operations in New Caledonia since 1956 and has considerable experience and an extensive mining fleet. GPNL is proud and very fortunate to be associated with SMGM “, said CEO, John Downie.

“SMGM has mapped the southern area of the tenements and already drilled 229 diamond drill holes for a total of 5,728 m. Based on our internal review of

the data, we believe that a resource exists of a size and grade that would significantly support GPNL's Gladstone Nickel Project for a period way in excess of 20 years.", he added .

Historical results from some selected drill holes referred to above are provided in the table below:

Drill Hole	Width (m)	Drill Hole depth: From	Drill Hole depth: To	Ni%	Co%
SGM5 02	32.6	12	44.6	1.42	0.17
SGM5 10	24	8	32	1.47	0.05
SGM5 13	26	15	41	1.27	0.14
SGM5 30	18	19	37	1.89	0.10
SGM5 37	22	11	33	1.47	0.09
SGM5 53	33	1	34	1.46	0.16
SGM5 74	16.2	16	32.2	1.37	0.29
SGM6 12	29.3	3	32.3	1.48	0.17
SGM6 14	33	8	41	1.37	0.10
SGM6 104	14	13	27	1.52	0.22
SGM6 112	22	14	36	1.47	0.09

Additional confirmation drilling, known as "twinning", is being undertaken in order to upgrade the existing known deposit to JORC compliant resource status. This work has already commenced and will be completed within two months. Over the next 6 months, further exploration drilling will be completed to generate detailed mining, water management and environmental plans for presentation to the Department for Industry Mines and Energy New Caledonia (DIMENC) in Noumea, for its approval.

Mr Downie said, "The tenement area covered by the JV is highly prospective beyond the previously drilled southern area and further resource verification work will be conducted. The mining tenements are ideally located with close access to deep water shipping channels.

"Our objective is to contribute to a sustainable, long term and mutually respectful relationship with our local communities and partners", said Olivier Pecqueux, GPNL's Director-General in New Caledonia. He added "As Gladstone completes the final processing of the ore in Australia there will be no requirement for residue dams to be constructed in New Caledonia, which is a distinct advantage for us in our environmental commitments".

It is intended that the JV's environmental commitment will include a plan to implement a revegetation strategy with the objective of re-establishing the native plant ecosystem and preserving the diversity of the flora. Floral inventories, species selection for reforestation, seed collection and propagation will be commenced well before mining begins.

The JV agreement is structured on commercial terms with final details of the ore pricing formula to be agreed within one month. All necessary approvals to mine and GPNL's access to appropriate funding for the Gladstone Nickel Project are key milestones associated with the success of the Project, failure

of which could result in the agreement ending. The JV will be funded by the parties in proportion to their respective interests in the JV. Development expenditures, to the extent not funded by external sources, would be funded in the same manner unless the SMGM shareholders elect not to contribute their share, when GPNL must contribute the shortfall. Any such shortfall is to be repaid in proportion to amounts contributed

GPNL will seek the approval of its shareholders for the share issue provided for in the JV agreement as soon as practicable.

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Note to Editors:

Gladstone Pacific Nickel Limited (GPNL) is an Australian mining development company presently undertaking an Integrated Definitive Feasibility Study (IDFS) for the Gladstone Nickel Project (GNP). The company's vision is to build a major long-life nickel cobalt refinery at the deepwater Port of Gladstone, in Central Queensland, Australia, treating abundant high grade nickel laterite ores from New Caledonia and other south-west Pacific islands, underpinned by beneficiated ores from its own Marlborough deposits. The Project has the potential to be one of the largest of its type in the world producing some 126,000 tpa nickel (8-10% of global nickel demand) and 10,400 tpa of cobalt metal from its first two stages.

This news release includes certain statements that may be deemed "forward-looking statements". All statements in this news release, other than statements of historical facts, that address future exploration drilling, exploration activities and events or developments that the Company expects, are forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include metal prices, exploration success, continued availability of capital and financing, and general economic, market or business conditions.