

news release

For immediate release: 11 December 2007

GLADSTONE PACIFIC NICKEL LIMITED

(ACN 104 261 887)

GLADSTONE PACIFIC NICKEL LTD PURSUES FINANCING AND CONSTRUCTION AGREEMENTS

Gladstone Pacific Nickel Ltd (“GPN” or the “Company”) is pleased to announce that it has entered into arrangements with entities associated with Professor Clive Palmer (newly appointed Chairman of the Company) to progress and secure funding and turn-key construction arrangements for the Gladstone Nickel Project (“the Project”).

Financing and construction agreements

GPN and its subsidiary, Marlborough Nickel Pty Ltd (“MNPL”), have entered into Share Subscription Agreements with Egidia Pty Ltd and Dasines Pty Ltd (the “Palmer Entities”), under which the Palmer entities may earn interests in the Project by securing pre-commitments and subsequent binding legal agreements to fund and construct the Project.

The First Share Subscription Agreement provides Egidia Pty Ltd with a right to earn 25% interest in MNPL if it secures a memorandum of understanding to finance or arranges finance sufficient to fund the Project and if it secures a memorandum of understanding with a Chinese party that provides for the Chinese party to make a bid for construction of all or a majority of the Project.

The Second Share Subscription Agreement provides Dasines Pty Ltd a right to earn a further 24.99% interest in MNPL if it secures a legally binding loan security agreement to finance or underwrite the arrangement of finance for 100% of the Project, or a lesser amount agreed by MNPL, and a legally binding turn-key construction contract to substantially construct the Project as the Company requires. The memoranda of understanding, as outlined in the First Share Subscription Agreement, must be achieved by 30 June 2008, otherwise the arrangements under both Share Subscription Agreements will cease.

If Egidia Pty Ltd achieves its milestones MNPL has agreed not to enter into alternative equity or debt funding arrangements for up to three years from the 8th December 2007 and has given certain undertakings to avoid material adverse events in relation to its assets during that period. As part of the Agreement, the Company must also make available to the Palmer Entities any assets of the Company (that may be held outside of MNPL) required to complete the Project.

In addition, a Palmer entity will hold an option, exercisable upon the Palmer Entities earning a 49.99% interest in MNPL, providing the right to acquire one additional ordinary share in MNPL, which on exercise will bring their shareholding in MNPL to 50%.

The Company's Chief Executive John Downie commented:

"Professor Palmer has a track record in successfully funding significant capital projects with Chinese entities and his experience will assist the Company in fast-tracking its development plans. It is planned that the culmination of these arrangements would result in a fully funded project with certainty of completion provided by the legally binding turn-key construction contract, with GPN shareholders retaining 50% of MNPL."

Transocean Securities Pty Ltd ("Transocean") acted as the Corporate Advisors to Gladstone and introduced Mr Palmer to the company. Transocean is an Australian based investment banking group and is a company of which Mr J. G. Henderson a Non Executive Director of Gladstone is the Principal...

Transocean may earn up to A\$3 million for corporate advisory fees related to these agreements. Upon Egidia Pty Ltd earning a 25% interest in MNPL, Transocean will receive A\$1 million payable by the Company in Ordinary Shares at an issue price of £1.20. Upon the Palmer Entities earning a 49.9% interest in MNPL, a further A\$2 million will be payable by the Company to Transocean in the form of Ordinary Shares in the Company at an issue price of £1.20.

For further information contact:

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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.

Disclaimer:

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.