

## **Notice of Annual General Meeting - 2006**

**Notice is given** that the Annual General Meeting of members of Gladstone Pacific Nickel Limited (A.C.N. 104 261 887) will be held as follows:

**Date:** Thursday 30 November 2006  
**Time:** 8.00 pm – Brisbane, Australia (AEST)  
**Venue:** Suite 9, Level 3, Christie Centre,  
320 Adelaide Street, Brisbane, 4000, Australia.

### **Agenda**

#### **1. Receipt of Reports**

To receive the Directors' Report, Financial Report and Independent Auditor's Report of Gladstone Pacific Nickel Limited for the financial year ending 30 June 2006.

These Reports are contained in the Company's Annual Report distributed to shareholders, copies of which will be available at the AGM location.

#### **2. Election of Directors**

##### **2.1 Robert Pearce**

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That Robert Pearce, a Director retiring in accordance with the Constitution, being eligible, is re-elected as a Director of Gladstone Pacific Nickel Limited."

##### **2.2 Peter Matheson**

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That Peter Matheson, a Director retiring in accordance with the Constitution, being eligible, is re-elected as a Director of Gladstone Pacific Nickel Limited."

##### **2.3 Andrew Daley**

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That Andrew Daley, a Director retiring in accordance with the Constitution, being eligible, is re-elected as a Director of Gladstone Pacific Nickel Limited."

#### **3. Non-Executive Directors' Fees**

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That the maximum aggregate amount payable to Non-Executive Directors by way of Directors' Fees be increased from A\$250,000 to A\$500,000 per annum."

#### **4. Other business**

To consider any other business that may lawfully be brought to the meeting.

Please refer to the enclosed Explanatory Memorandum for further details.

By Order of the Board.

**R.A. Pearce**  
**Executive Chairman**

Dated: 30 October 2006

#### **Annual General Meeting Teleconference Registration**

Shareholders will have the opportunity to participate informally in the Annual General Meeting by Teleconference. However, you will not be considered to be in attendance for quorum and voting purposes unless you physically attend the meeting venue. If you wish to participate by Teleconference you will need to complete and forward a proxy form (in accordance with the instructions below) in order to vote your shares. If you decide to participate by Teleconference you will be allowed to speak and ask questions at the Annual General Meeting.

To register for participation in the Teleconference for the Annual General Meeting, please contact Gladstone Pacific Nickel by telephone, fax or email providing your contact details. The dial-in number and participant pass code details will be forwarded to you before the Annual General Meeting.

Local time on 30 November 2006 for participants in the United Kingdom to participate by Teleconference in the Annual General Meeting is: 10.00 am London (GMT)

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Notes:

- In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Australia), the Company determines that the shareholding of each shareholder for the purposes of ascertaining voting entitlements for the Annual General Meeting will be as it appears in the share register of the Company at 6.00 pm (AEST) on 28 November 2006.
- A member of the Company who is registered on the member's register, is entitled to attend and vote in person or by proxy. A proxy form is enclosed. The proxy form must be received at either address below by no later than 6.00 pm Australian Eastern Standard Time or 8.00 am Greenwich Mean Time on Tuesday 28 November 2006. A proxy can be sent or delivered to the following locations by mail or fax:

Computershare Investor Services PLC  
PO Box 1075  
The Pavilions  
Bridgwater Road, Bristol BS13 8FB UK  
or by facsimile to: +44 (0) 870 703 6116

Gladstone Pacific Nickel Ltd  
GPO Box 111, Brisbane QLD 4000  
Australia  
or by facsimile to: + 61 (0) 7 3211 8688

- Depository Interest holders are not entitled to appoint a proxy but should contact the Company's registrar, Computershare Investor Services PLC, regarding the exercise of rights as a Depository Interest holder.
- Any Directors of the Company who are unable to attend the meeting will participate by telephone.
- The Company's auditors, Ernst & Young, will be available by telephone to answer any questions.

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**Registered Office:**  
Suite 9 Level 3  
320 Adelaide St  
Brisbane Qld 4000 Australia

Web: [www.gladstonepacific.com.au](http://www.gladstonepacific.com.au)  
Email: [info@gladstonepacific.com.au](mailto:info@gladstonepacific.com.au)

GPO Box 111  
Brisbane Qld 4001

Ph: +61 (0) 7 3211 8899  
Fax: +61 (0) 7 3211 8688

## **Explanatory Memorandum – 2006 Annual General Meeting –**

This Explanatory Memorandum accompanies the Notice of Meeting for the 2006 Annual General Meeting (“AGM”) of Gladstone Pacific Nickel Limited and is designed to provide shareholders with information they need on how to vote on items set out in that notice.

**Item 1** set out in the Notice of Meeting relates to receipt of the Directors’ Report, Financial Report and Auditor’s Report for the financial year ending 30 June 2006 and requires no special explanation.

### **Item 2 - Election of Directors:**

Pursuant to the Company’s Constitution:

- a director appointed by the Board since the previous AGM and
- one third of the directors and
- a director, who if he/she did not retire at this AGM, would at the next AGM, have held office for more than three years

must retire, and may offer themselves for re-election.

Messrs Pearce, Matheson and Daley retire by rotation in accordance with the Company’s constitution. Each of these directors offer themselves for re-election.

The following information has been provided by each candidate in support of their election as a director.

#### **Robert Pearce**

CA

Mr Pearce has been a director of the Company since 31 March 2003 and is a member of the Audit Committee and is required to retire at this AGM. He has expressed a desire to continue to serve on the Board.

Mr Pearce is a Chartered Accountant. An original founder of the Project in 2003, he has held the position of Executive Chairman since 31 March 2003. He held the position of chief executive of a number of listed gold resource companies during the 1980’s as well as Queensland Nickel Pty Ltd. In recent years, he has consulted to and served on the boards of several small resource companies.

The remaining Directors recommend to shareholders that Mr Robert Pearce be re-elected.

#### **Peter Matheson**

ASTC(CE), FIEA, FAIMM, RPEQ(C&M)

Mr Matheson has been a director of the Company since 31 March 2003 and is Deputy Chairman.

An original founder of the Project in 2003, he spent 40 years involved in the technical, operational and corporate management of resources companies, particularly related to nickel, cobalt and stainless steel. He was part of the original team working on the Queensland Nickel Pty Ltd laterite project for 21 years, the last 5 years as chief executive. He has consulted to many other significant nickel and cobalt projects including Goro, Murrin Murrin, Calliope and Weda Bay. He established the Australian Stainless Steel Development Association in 1992. He was previously a director of Weda Bay Minerals Inc.

The remaining Directors recommend to shareholders that Mr Peter Matheson be re-elected.

**Andrew Daley**

BSc (Hons), Grad Dip (Geo Sc), C. Eng, FAIMM, MIOM3

Mr Daley has been a director of the Company since 11 February 2005 and is Chairman of the Audit Committee and a member of the Remuneration & Nominations Committee.

A Chartered Engineer and Director of Investor Resources Finance Pty Limited ("IRF"), a Melbourne-based company which provides financial and corporate advisory services to the mining industry. Mr. Daley is also a Director of Australian Resources Investment Group Pty Limited, a joint venture between IRF and Babcock & Brown, which was set up to seek investments in the resource sector. He is also currently a Non-Executive Director of ASX-listed Pan Australian Resources Limited, Kentor Gold Limited and Chairman of Dragon Mining NL.

Mr Daley commenced his career with Anglo American on the Zambian copper belt and later worked with Rio Tinto and Conoco Minerals elsewhere in Africa. He moved to Australia with Fluor Australia in 1981 and since 1983 has been focused on resource project finance with National Australia Bank, Chase Manhattan and more recently was a Director at Barclays Capital mining team in London.

The remaining Directors recommend to shareholders that Mr Andrew Daley be re-elected.

**Recommendation:**

Your Directors recommend shareholders vote in favour of the resolutions re-electing Messrs Pearce, Matheson and Daley as Directors, as set out in the Notice of Meeting.

**Item 3 – Non-Executive Directors' Fees:**

If shareholder approval is not forthcoming at the AGM the proposed increase in the maximum aggregate amount of the Directors' Fees for Non-executive Directors will not proceed.

Non-Executive Directors of the Company are eligible for payment for their services as Directors and for membership and Chairing of any committees of the Board of Directors, currently being the Audit, and Nomination / Remuneration Committees. The actual remuneration of individual Non-Executive Directors is set by the Board on the recommendation of the Executive Directors but must not, in aggregate, exceed the maximum amount set by the Shareholders from time to time. Currently individual Non-Executive Directors are paid Directors' Fees at the rate of A\$30,000 per annum and the maximum aggregate amount of their Directors' Fees is set at \$250,000.

The Board of Directors considers that the aggregate sum for Non-Executive Directors should be increased to A\$500,000. This would allow for, and reflect, the increasing complexity of the Company's activities and workload associated with the membership of Board Committees, the growth of the Company to date and the intended direction of the Company. It will enable the Company to remunerate Non-Executive Directors in line with market conditions from time to time. With the onerous responsibilities of Directors being recognised, Non-Executive Directors fees have generally increased considerably in recent times. Additionally, there is the likelihood that further Non-Executive Directors will be appointed to the Board. The Board is conscious that it must ensure fees paid to Non-Executive Directors are set at a level that will retain and attract the calibre of director necessary to effectively carry out the duties required.

If Shareholders approve the proposed increase in the maximum aggregate amount of Non-Executive Directors' Fees from A\$250,000 to A\$500,000, the Board, on the recommendation of Executive Directors, proposes to increase the Directors' Fees paid to Non-Executive Directors (with effect from 1 January 2007) to A\$50,000 per annum each, with an additional allowance for the Chairman of A\$20,000 per annum (if the Chairman is a Non-Executive Director). A search is underway for a Chief Executive Officer (CEO). Both Mr Robert Pearce (Executive Chairman) and Mr Peter Matheson (Executive Technical Director) will move to non-executive roles on the appointment of a new CEO. The residual of A\$230,000 will allow for additional Non-Executive Directors, if necessary as the Company grows and matures, as well as allow for future increases in individual Non-Executive Directors' Fees in response to market conditions. Your Board notes that at A\$50,000 per annum (A\$70,000 per annum for the Chairman) the proposed level of Non-Executive Directors' Fees is at the low end of the range of fees paid to Non-Executive Directors of companies in the resources sector.

**Recommendation:**

Your Directors recommend that Shareholders approve the proposed increase in the maximum aggregate amount payable to Non-Executive Directors by way of Directors' Fees from A\$250,000 to A\$500,000 per annum.

*Note:* The Directors will not, and will procure that their associates do not, vote on the resolution set out in Item 3 of the Notice of Meeting. However, this will not prevent the casting of a vote if:

- it is cast by any person referred to above as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

**Conclusion**

This Explanatory Memorandum is intended to explain to you items set out in the Notice of Meeting which it accompanies.

If you are in any doubt as to how to vote you may wish to consult a professional adviser.

For any enquiries please contact the Executive Chairman, Mr. Robert Pearce on +61 (0) 7 3211 8899.

**The Directors**  
**Gladstone Pacific Nickel Limited**

Date: 30 October 2006