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GLADSTONE PACIFIC NICKEL LTD
ACN (104 261 887)
("Gladstone'' or "the Company")

Feasibility Study Results

GLADSTONE NICKEL PROJECT FEASIBILITY STUDY SHOWS US$625 MILLION PROFIT AFTER TAX & INTEREST IN FIRST YEAR OF FULL PRODUCTION

The Managing Director of the Company, Mr John Downie, announced today the final financial results of the Feasibility Study for Stage 1 of the Gladstone Nickel Project ("the Project") ("IDFS").

The study demonstrated, in the first year of full production assuming a two year ramp up that the Project is expected to generate gross revenues of US$2,417 million and Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of US$1,373 million at real 1st January 2008 terms using current prices and exchange rates. Profit after tax and interest from the Project, in the first year of full production, is projected to be US$625 million in real terms at a gearing ratio of 70% debt for a 10 year loan period with an interest rate of 8.5% per annum.

"The study analysis confirmed the Project net present value ('NPV') at US$4,322 million[1] using an 8% discount rate and current prices and exchange rates. The Directors believe this is one of the most advanced projects in the nickel pipeline. It is situated in a low sovereign risk environment, and it has strong economics as well as potential for significant expansion." Mr. Downie said.

The previously reported cash unit operating cost as announced on 25th October 2007 has been revised from US$2.19 to US$2.71 per pound of nickel, net of by-product credits, due to overseas ore being indexed to the nickel price and due to a change in exchange rates. The capital cost, also reported in the 25th October 2007 market release has also been revised from US$3,400 million to $3,656 million as a result of a change in the exchange rates.

The Company plans to build one of the world's largest nickel and cobalt production facilities at its site in Queensland, Australia, treating 100% owned ore inventory from Australia together with ore from its Joint Venture in the South West Pacific. Stage 1 of the Project comprises a two autoclave plant including atmospheric leach at Gladstone, producing refined nickel and cobalt metal. The plant will process Marlborough ores blended with substantial tonnages of ore imported from Gladstone's joint venture in New Caledonia. The plant can expect to produce up to 64,753 tonnes of nickel and 6,164 tonnes of cobalt in the first year of full production.

[1] Refer background table of financial outputs, KPI's and major input variables

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Background

Stage 2 of the Project involves expansion to four autoclaves whereupon the Gladstone Nickel Project (GNP) will produce approximately 120,000 annual tonnes of nickel and 12,000 annual tonnes of cobalt. The total Project, once completed, would place Gladstone as one of the world's most significant nickel and cobalt producers.

The IDFS for Stage 1 of the Project is based on the Gladstone plant being supplied with a blend of Marlborough ore (~30%) and east coast New Caledonian ore (~70 %). Marlborough is a key element of the Project, providing secure local ore supply and risk mitigation for any foreign ore supply disruptions. Detailed mine plans and costs have been completed at the Marlborough deposits. The majority of the overseas ore required for the plant is to be obtained from a Joint Venture between Société Minière Georges Montagnat and the Company under an arm's length laterite ore purchase arrangement (as announced on the 20th August 2007). Drilling is now underway to generate a JORC compliant mine ore reserve for the JV deposits. Overseas ore costs also include the direct purchase of 800,000 tonnes of ore per annum from Société des Mines de la Tontouta, a company that owns nickel mines and numerous nickel tenements on the east coast of New Caledonia.

Outputs from Financial Model	**Unit**	**Current**
Real NPV @ 8% Discount Rate, 100% equity after Tax	US$M	4,322
IRR	%	17.6%
KPI's in First Year of Full Production		
Nickel Production	tonne	64,753
Cobalt Production	tonne	6,164
C1 cash cost after credits	US$/lb	2.71
Free Cash Flow	US$M	989
EBITDA	US$M	1,373
Major Input Variables (Real basis Jan 2008)		
Nickel Price	US$/lb	12.89
Cobalt Price	US$/lb	44.00
AUD:USD	AUD:USD	0.8852
Sulphur Price (FOB Vancouver)	US$/tonne	420
Capital Cost at relevant exchange rate	US$M	3,656

NB: All numbers in the above table are quoted in 1 January 2008 terms.

The consumption rates of reagents and consumables have been estimated by Aker Kvaerner Australia Pty Ltd as part of their role in completing the IDFS. Prices for key reagents have been based on current prices in January 2008. In addition, shipping costs have been calculated based on 10 year long term shipping contract rates provided by industry experts.

A comprehensive labour list has been developed for the proposed operations with an estimated 530 employees required at the Gladstone plant. Labour rates have been based on industry surveys in the Gladstone region.

Maintenance material costs for the refinery were estimated at US$40 million per year based on percentages of direct capital costs of plant, equipment and infrastructure. Additional mine maintenance estimates were provided by mining consultants IMC Consultants Pty Ltd and SRK Consulting Pty Ltd for both Marlborough and New Caledonia respectively.

Average expected feed grades from the mines are expected to produce nickel metal of 63,952 tonnes per annum and cobalt of 6,114 tonnes production per annum for the first 10 years of full production in Stage 1.

The Company has utilised a wide range of specialists and consultants in preparing the IDFS. Some of these consultants are:

Marlborough - Deposits	
▪ Geology and Mining	IMC Consultants Pty Ltd (IMC) & Golder Associates Pty Ltd
New Caledonia - Deposits	
▪ Geology and Mining	SRK Consulting Pty Ltd
▪ Stockpile / Wharf facilities	Kellogg, Brown and Root Pty Ltd & McConnell Dowell (NZ) Constructors Pty Ltd
Gladstone - Production Facilities	
▪ Refinery	
▪ Leach & Metals plant	Aker Kvaerner Australia Pty Ltd
▪ Residue & Return Decant Liquor Pipelines	Alcan Engineering Pty Ltd & Diversified Construction Pty Ltd
▪ Wharf, Conveyors & Seawater systems	Connell Hatch through Central Queensland Ports Authority (CQPA)
▪ Residue Storage Facility	Golding Contractors & URS Australia Pty Ltd
Other Activities	
▪ Native Title	Minter Ellison
▪ Environmental Studies	URS Australia Pty Ltd
▪ Financial modeling	KPMG
▪ Independent Review	Behre Dolbear Australia Pty Ltd