

30 January 2008

Gladstone Pacific Nickel Signs MOU with Chinese Conglomerate to Accelerate Construction & Financing of Major Project

Gladstone Pacific Nickel Ltd (“GPNL” or “the Company”) today announced the Company had executed a Memorandum of Understanding (“MOU”) for the development of its \$3.65 billion Gladstone Nickel Project (the “Project”) with one of China’s largest conglomerates.

The MOU with China Metallurgical Construction (Group) Corporation (“MCC”) signed by the Company’s Chairman Professor Clive Palmer and MCC President Mr. Shen Heting.

Under the agreement MCC will provide a commercial offer for construction and financing of the Project, with the potential to establish an off-take agreement. GPNL will be responsible for operations of the Project.

Highlights of the MOU

- MCC has confirmed it is prepared to provide a commercial offer for the construction of the entire Project; and will send its technical team to Australia to work with GPNL to evaluate the full construction specification for the Project within 60 days. MCC has further confirmed its intention to provide a turn-key Engineering, Procurement and Construction (“EPC”) offer for the construction of the Project.
- MCC will establish a special team to meet with the Company to discuss and finalise the turn-key EPC contract specifications. The Company believes the MCC offer will be commercially competitive and provide guarantees for the construction price and EPC process. The parties will work together to enable MCC to prepare a commercial proposal and offer for the turn-key EPC construction of the entire Project by 21st July 2008. The target date for construction to commence in Australia is 31st October 2008 with a target to complete turn-key construction by 30th April 2011.
- MCC has also offered to finance or assist in arranging finance sufficient to fund the Project from Chinese banks. GPNL has requested and MCC has agreed to consider coordination of the sale and off take of nickel in China.
- Upon execution of the turn-key EPC construction contract for the Project, MCC intends to invest equity (in an amount to be agreed) in the shares of GPNL.
- MCC has an exclusive right to negotiate and finalise financing and construction agreements until September 2008.

Today’s announcement is in line with the Board’s strategy of targeting and dealing with China and the growth opportunities it offers. The Company appointed a full-time General Manager to Beijing in December 2007. (See announcement dated 20th December 2007)

GPNL Managing Director Mr. John Downie said “I am particularly pleased with the strong commitment MCC has given to the Project following the recent announcement of the financial results of the Project feasibility study.”

The financial results of the feasibility study for Stage 1 of the Project showed US\$625 million of profit after tax and interest in the first year of full production and a net present value of US\$4,322 million. (See announcement dated 18th January 2008)

“This agreement is another major step forward for our world-class nickel project in Gladstone”, Mr Downie said.

Newly appointed GPNL Chairman Professor Clive Palmer said, “The new Board composition has a renewed vigor to develop the Gladstone Nickel Project and a commitment to ensure GPNL achieves its full potential as a world-leading company providing appropriate shareholder returns”

“The GPNL team has achieved an outstanding result in obtaining the proposed co-operation with MCC”, Professor Palmer said.

“MCC is currently constructing a large resource project in Australia and has a presence in our country which will be invaluable in achieving an excellent result for MCC, GPNL and shareholders”, he said.

As provided for in the Share Subscription Agreement announced on 11 December 2007, a related party of Chairman Professor Palmer, Egidia Pty Ltd, will earn a 33% interest in the ordinary shares of GPNL subsidiary Marlborough Nickel Pty Ltd as a result of the execution of this MOU, though this will be diluted to 25% on the securing of financing arrangements for the Project.

Transocean Group Pty Ltd (Transocean), a related party of Director Mr Henderson, is entitled to a success fee of \$1 million payable by the issue of shares in the Company at an issue price of £1.20 following the signing of the MOU. These new ordinary shares will be issued and notification of the issue made in due course.

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Background

Gladstone Pacific Nickel Ltd

Gladstone Pacific Nickel Limited is a publicly-listed, Australian mining development company, which is establishing a US\$3.65 billion long-life, nickel and cobalt refinery at the Gladstone State Development Area in Central Queensland, Australia.

GPNL is planning to build the refinery at the deepwater Port of Gladstone, treating 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.

Gladstone Pacific Nickel Ltd is listed on AIM in London and the Toronto Stock Exchange, Canada - AIM & TSX code: GPN.

China Metallurgical Construction (Group) Corporation

China Metallurgical Group Corporation (MCC) is China's leading multidisciplinary multinational company, well known for its significant experience and strength in scientific research, industrial engineering practice and international trading. MCC is engaged in Engineering, Procurement and Construction activities (EPC business), natural resources exploration, papermaking, equipment fabrication, real estate development and the provision of related services.

MCC is a major driving force behind the growth of China's steel industry, and a major contractor on a number of key projects both in China and the Asia Pacific region. The company is a leading investor, licensed by the Chinese government, in natural resources exploration. MCC has to date invested as much as US\$1 billion in mining resources abroad, including production facilities and interests in mineral deposits. MCC is one of the largest equipment manufacturers in China and has total assets of RMB83 billion and over 50,000 technical and managerial employees.

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.