

22 July 2008

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

**Signing of New Agreements with Clive Palmer
Notice of EGM**

- GPNL today announces the signing of Share Sale Agreements with Egidia Pty Ltd and Dasines Pty Ltd, companies owned by Mr Clive Palmer, Chairman of GPNL, whereby GPNL will acquire the interest in Marlborough Nickel Pty Ltd ("MNPL") not owned by the Company for an interest in GPNL, subject to Shareholder approval.
- Pursuant to these Share Sale Agreements, Mr Palmer agrees to roll up the 50% interest in MNPL which he will earn on delivery of a fully funded turnkey project, as outlined in the announcement of Share Subscription Agreements on 11 December 2007, for a 50% interest in GPNL.
- Shareholder approval is being sought for the introduction of an alternative event to trigger Mr Palmer's entitlement to a 25% interest in MNPL. This possible future event being the making of an unconditional takeover bid or the completion of a takeover via a scheme of arrangement, by Resource Development International Limited, a Company associated with Mr Palmer and Mr Martino, at a minimum price of £2.20.
- The Company today notifies Shareholders of a General Meeting to be held on 14th August 2008 to approve these transactions.

The Board of Gladstone Pacific Nickel Limited ("**GPNL**" or "**Company**") announces today that GPNL has entered into agreements to acquire 100% of the issued share capital of Egidia Pty Ltd ("**Egidia**") and Dasines Pty Ltd ("**Dasines**") (the "**Acquisitions**"), companies owned 100% by Mr Clive Palmer, in consideration for the issue of GPNL Shares representing a minimum of 50% of the issued shares in GPNL on a fully diluted basis. The Acquisitions are subject to the approval by the shareholders of the Company not associated with Mr Clive Palmer and the satisfaction of certain conditions. Mr Palmer currently holds 13.95% of the issued share capital of GPNL.

"The general effect of the Acquisitions is that GPNL will regain 100% ownership of MNPL. Mr Palmer's interests in MNPL (held through Egidia and Dasines) will be rolled up to a direct interest in GPNL, thus simplifying the capital structure and facilitating the financing and development of the Project" said Mr John Downie, CEO of GPNL.

A shareholders meeting will be held in London at 9.00am (BST) on 14th August 2008 to obtain the approvals necessary to complete these transactions. The Notice of Meeting, Explanatory Memorandum and Independent Experts Report providing full details of the transactions were today mailed to shareholders and are available on the Company's website www.gladstonepacificnickel.com.au.

Summary of the Share Sale Agreements

a. Egidia

Mr Palmer will sell all of the issued shares in Egidia to GPNL in consideration for 28,645,233 new GPNL shares to be issued to Mr Palmer.

Egidia currently has a 33% interest in Marlborough Nickel Pty Ltd ("MNPL"). If GPNL was to satisfy the acquisition of Egidia with the issue of GPNL shares such that they equated to a 33% holding in GPNL, then it would have been required to issue Mr Palmer with 21,145,233 GPNL shares. However Mr Palmer is to receive 28,645,233 shares in GPNL. The additional 7,500,000 shares represent 50% of the shares which may be issued to Société Minière Georges Montagnat ("SMGM") in approximately August 2010 under the terms of the agreement between SMGM and GPNL. The reasons for the inclusion of these additional shares are set out in Section 2.9 of the Explanatory Memorandum.

b. Dasines

Mr Palmer will sell all of the issued shares in Dasines to GPNL in consideration for 28,645,233 new GPNL shares to be issued to Mr Palmer if and when the milestones triggering the conversion of the converting shares currently held by Dasines in MNPL are met.

In addition, the Company will issue further new ordinary shares in GPNL to Mr Palmer if certain other ordinary shares in GPNL are issued to third parties in accordance with agreements currently in place with those third parties.

Upon converting its converting shares to ordinary shares in MNPL Dasines will have a 25% interest in MNPL. If GPNL was to satisfy the acquisition of Dasines with the issue of GPNL shares such that they equated to a 25% holding in GPNL, then it would have been required to issue Mr Palmer with 21,145,233 GPNL shares. However Mr Palmer is to receive 28,645,233 shares in GPNL. The additional 7,500,000 shares represent 50% of the shares which may be issued to SMGM in approximately August 2010 under the terms of the agreement between SMGM and GPNL. The reasons for the inclusion of these additional shares are set out in Section 2.9 of the Explanatory Memorandum.

At the date of the Dasines Share Sale Agreement GPNL has the obligation to issue approximately 3,742,490 additional GPNL shares in the Company in respect of options that the Company has issued and agreements that it has entered into to issue Shares. The Dasines Share Sale Agreement provides

Mr Palmer the right to be issued with an equivalent number of fully paid Shares in GPNL if Shares in GPNL are issued to third parties. This right provides Mr Palmer with a minimum 50% interest in GPNL from the Acquisitions on a fully diluted basis by reference to those options and other agreements which exist at the date of the Dasines Share Sale Agreement. The MNPL shares form part of the consideration paid for this right by Mr Palmer and there is no additional consideration paid. This right may be assigned by Mr Palmer.

c. Conditions Precedent

Both agreements are conditional upon Shareholder approval and the Dasines agreement is conditional upon conversion of Dasines' converting shares in MNPL into fully paid ordinary shares in MNPL in accordance with their terms of issue. (See section 2.2 of the Explanatory Memorandum for details of the conversion milestones)

Summary of the Amendment to the Dasines Share Subscription Agreement

The effect of the proposed amendment to the Dasines Subscription Agreement is to include an alternative milestone for the conversion of Dasines' converting shares in MNPL to ordinary shares in MNPL, which then results in the Dasines Acquisition being completed.

That alternative milestone is the occurrence of a defined control transaction event in respect of GPNL on or before 31 December 2008, or a date up to 90 days later at GPNL's discretion.

The defined control transaction event in respect of GPNL which will satisfy the milestone is:

- (a) either:
 - (i) a takeover bid at a price equal to or more than a certain bid price (refer below) is made by Resource Development International Limited ("**RDI**"), a company of which Clive Palmer is a director and a major shareholder and Domenic Martino is a director, (the securities of which are intended to be quoted on the Hong Kong Stock Exchange or other recognised stock exchange) to GPNL's Shareholders to acquire all of the Shares in GPNL in which RDI does not already have a relevant interest; **OR**
 - (ii) a scheme of arrangement is approved at a meeting of GPNL shareholders and approved by a court of competent jurisdiction under section 411(6) of the Corporations Act under which RDI will acquire all of the issued Shares in GPNL in which RDI does not already have a relevant interest in exchange for shares in RDI at a certain effective price per GPNL share (refer below); and

- (b) RDI raises at least US\$1 billion in cash and RDI's shares are quoted on the Hong Kong Stock Exchange (or such other recognised stock exchange of a size and liquidity acceptable to GPNL); and
- (c) either:
 - (i) the takeover bid is, becomes or is declared unconditional:
or
 - (ii) the scheme of arrangement is approved by a court of competent jurisdiction under section 411(6) of the Corporations Act,

on or before 31 December 2008 or, at the absolute discretion of GPNL, a date no later than 90 days after 31 December 2008.

The takeover or scheme must be at an offer price which is a number of shares in RDI for each share in GPNL at a value equal to or exceeding £2.20 per GPNL share, which will be calculated according to a formula which values the RDI shares at their cash issue price under its intended IPO prospectus, converted to UK pounds sterling at the then prevailing exchange rate.

IMPORTANT NOTE: In relation to the control transaction milestone, the Board has not received notice of any public proposal or announcement of a control transaction from RDI at this point in time and the milestone should not in any way be interpreted as an announcement of an intention to make a takeover bid in respect of GPNL's shares. No control transaction proposal may be forthcoming from RDI or at all. The milestone only describes an event which, if it was to occur, will trigger the conversion of Dasines' converting shares in MNPL to ordinary shares in MNPL. There is also no certainty that £2.20 in RDI shares will be an attractive offer at the time it is made depending on the value of GPNL Shares and other prevailing circumstances at that time.

If Resolution 3 is not passed by GPNL's shareholders, the Dasines Subscription Agreement will remain unchanged and the milestones for conversion of Dasines' converting shares in MNPL into ordinary shares will be the execution by 8 December 2010 of a legally binding construction loan facility and a legally binding turnkey construction contract by MCC or a Chinese substantially government owned company to finance and construct the Project.

Resolutions to be Considered at the General Meeting

There are three Resolutions to be considered at the General Meeting. The first two are required to implement the Acquisitions of Egidia and Dasines, thereby giving effect to the indirect acquisition by GPNL of all the shares in MNPL which it does not own. The third resolution is to include an alternative milestone to the current finance and construction milestones for Dasines to earn its interest in MNPL and trigger the Dasines Acquisition by GPNL.

Each Resolution will result in a direct or indirect benefit to Mr Clive Palmer, a director of the Company. The extent of those benefits is discussed in the Explanatory Memorandum.

Extracts from the Notice of Meeting and Explanatory Memorandum issued today are set out in Appendices 1 and 2 below. A full copy of the Notice of Meeting, Explanatory Memorandum and Independent Experts Report providing full details of the transactions are available on the Company's website www.gladstonepacific.com.au

Related Party Transactions

a. Resolutions 1 & 2

Egidia Pty Limited, a company related to Clive Palmer, a director of GPNL, and of which Clive Palmer is the sole shareholder, will be issued 28,645,233 ordinary shares in GPNL. The transaction with Egidia is therefore classified as a related party transaction for the purposes of the AIM Rules.

Dasines Pty Limited, a company related to Clive Palmer, a director of GPNL, and of which Clive Palmer is the sole shareholder, will be issued 28,645,233 ordinary shares in GPNL. The transaction with Dasines is therefore classified as a related party transaction for the purposes of the AIM Rules.

Directors Mr John Downie, Mr Benjamin Hill, Mr James Henderson and Mr Domenic Martino being the only Directors who are not associated with Resolutions 1 and 2, consider, having consulted with Grant Thornton UK LLP, the Company's Nominated Adviser ("the Nominated Adviser"), that the terms of Resolutions 1 and 2 are fair and reasonable insofar as the Company's shareholders are concerned. Accordingly the Directors recommend that Shareholders vote in favour of Resolutions 1 and 2. The Directors in forming their view, as to their recommendation, have considered the advantages and disadvantages of the Acquisitions in sections 2.12 and 2.13 and have had regard to the opinions of the Independent Expert and the views of the Nominated Adviser.

The Nominated Adviser has considered the advantages of the proposals in Resolutions 1 and 2, together with the disadvantages, which include the lack of a control premium payable by Mr Palmer in gaining a controlling stake in GPNL and the receipt of additional shares in relation to the SMGM agreement (as outlined in Section 2.9) prior to and irrespective of whether shares in GPNL ever become issuable to SMGM. With regard to both the advantages and disadvantages, the Nominated Adviser has considered the proposals in their entirety, and views the proposals in Resolutions 1 and 2 to be fair and reasonable in accordance with Rule 13 of the AIM Rules for companies. This view, whilst required by the AIM Rules, does not conform with Australian legal requirements. The Nominated Adviser has not been engaged to and does not provide an opinion under the Australian Corporations Act and this AIM view does not meet the requirements of ASIC's Regulatory Guide 111.

b. Resolution 3

Resource Development International Limited is a company related to Clive Palmer and Domenic Martino, directors of GPNL, and of which Clive Palmer is a director and a major shareholder and Domenic Martino is a director. The amendment to the Dasines Share Subscription Agreement in respect of the defined control transaction event is therefore classified as a related party transaction for the purposes of the AIM Rules.

Managing Director, Mr John Downie, who is not associated with Resolution 3, considers, having consulted with the Nominated Adviser, that the terms of Resolution 3 are “fair and reasonable” insofar as the Company’s shareholders are concerned. Accordingly Mr Downie recommends that Shareholders vote in favour of Resolution 3. Mr Downie in forming his view as to his recommendation, has considered the advantages and disadvantages in section 3.3. Mr Downie states his reasons as follows:

“The opportunity to attract a proposal to acquire the Company at a significant premium to the current share price is attractive. In my opinion, it would be in the interest of Shareholders for Shareholders to encourage an unconditional takeover offer or scheme proposal by accepting Resolution 3 as I believe that the risk that the share price will exceed £2.20 at the time any proposal is made is quite small in comparison to the additional optionality that the offer provides to Shareholders. By Shareholders approving Resolution 3 it is arguable that Shareholders are forgoing the requirement for Mr Palmer to deliver a fully financed project with a turnkey construction agreement. Mr Palmer will in any event have a significant holding in the Company and in my opinion, he is commercially driven to advance the Project. If the proposal never happens or if Shareholders reject any offer, they retain their opportunity of being fully exposed to the Project.”

Non Executive Director, Mr Benjamin Hill, who is not associated with Resolution 3, considers, having consulted with the Nominated Adviser, that the terms of Resolution 3 are “not fair and not reasonable” insofar as the Company’s shareholders are concerned. Accordingly Mr Hill recommends that Shareholders do not vote in favour of Resolution 3. Mr Hill in forming his view as to his recommendation, has considered the advantages and disadvantages in section 3.3. Mr Hill states his reasons as follows:

“It is clear that given the current share price, a scrip offer of £2.20 would seem attractive. However, Shareholders at this point are unable to know if a proposal, when made, will be attractive. If an offer is made by scheme of arrangement, shareholders will be able to vote for or against the proposal. However, if it is a takeover offer, it is possible that no shareholders will accept the takeover offer. Nevertheless, if the takeover offer is unconditional, just the making of the takeover offer will trigger the issue of GPNL shares to Mr Palmer. This in my view is an unacceptable position for shareholders and hence I recommend shareholders do not vote in favour of Resolution 3.”

The Nominated Adviser concurs with the view of Mr Benjamin Hill that the terms of Resolution 3 are “not fair and not reasonable” insofar as the Company’s shareholders are concerned. In addition to the basis for this view

articulated by Mr Hill in the paragraph above, the Nominated Adviser also draws the Shareholders' attention to the fact that the alternative milestone in Resolution 3, for which no additional consideration has been paid, would grant Mr Palmer a controlling interest in GPNL without the achievement of a binding contract for the financing and construction of the Project, which was a necessary achievement of the milestones in the Subscription Agreement.

Further information in relation to these views and considerations can be found in the appendices below and the full notice of meeting and explanatory memorandum available on the Company's website www.gladstonepacificnickel.com.au

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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.

Appendix 1 - Letter from the Board

Dear Shareholder,

The Board of Gladstone Pacific Nickel Limited ("**GPNL**" or "**Company**") announced on 22nd July 2008 that GPNL had entered into agreements to acquire 100% of the issued share capital of Egidia Pty Ltd ("**Egidia**") and Dasines Pty Ltd ("**Dasines**") (the "**Acquisitions**"), companies owned 100% by Mr Clive Palmer, in consideration for the issue of GPNL Shares representing a minimum of 50% of the issued shares in GPNL on a fully diluted basis. The Acquisitions are subject to the approval by the shareholders of the Company not associated with Mr Clive Palmer and the satisfaction of certain conditions.

As announced on the 30th January 2008, Egidia has acquired a 33% interest in GPNL's subsidiary, Marlborough Nickel Pty Ltd ("**MNPL**"), through achieving the milestones described in the subscription agreements that were announced to the market on 11 December 2007. This milestone related to the execution of a Memorandum of Understanding ("**MOU**") for the financing and development of the Gladstone Nickel Project ("**Project**") with China Metallurgical Construction (Group) Corporation ("**MCC**").

Dasines holds 20,999,999 converting shares in MNPL which were issued by the Company on 11 December 2007. These will convert to a 24.99% interest in the ordinary shares of MNPL on the achievement of certain milestones, detailed in the subscription arrangements announced to the market on 11 December 2007. Those milestones are a legally binding 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.

Upon achievement of all the milestones, Egidia and Dasines will hold a combined interest of 49.99% in MNPL. Mr Palmer has an option to acquire an additional share in MNPL to take his total interest in MNPL to 50%.

The purpose of this General Meeting is to seek the Shareholder approvals necessary to allow the Company to complete the Acquisitions. The general effect of the Acquisitions is that GPNL will regain 100% ownership of MNPL and Mr Palmer's interests in MNPL (held through Egidia and Dasines) will be rolled up to a direct interest in GPNL, thus simplifying the capital structure and facilitating the financing and development of the Project.

The Egidia Acquisition will take effect immediately following Shareholder approval as the share conversion milestones have already been achieved. Upon completion of the Egidia Acquisition, Mr Palmer's interest in GPNL will increase from 13.95% to 48.70%.

The Dasines Acquisition will remain conditional on the achievement of the existing milestones for Dasines being satisfied or, if the third resolution on the agenda discussed below is passed, the satisfaction of an alternative milestone relating to a control proposal being made. Upon completion of the Dasines Acquisition, Mr Palmer's interest in GPNL will initially increase to 63.46% (see

section 2.9 of the Explanatory Memorandum for full details of the timing of dilution to 54.83% through the future issue of Shares).

The Company continues to progress the Project. Key recent events include:

- Signed a Memorandum of Understanding with MCC for both financing of the Project and a turn-key construction agreement for construction of the Project.
- Re-focussed strategy to concentrate on the Asia-Pacific region. The Company elected to delist from the Toronto Stock Exchange on 22 February 2008;
- Signed Joint Venture agreement with Société Minière Georges Montagnat ("**SMGM**") that provides GPNL with a 49% interest in nickel ore tenements in New Caledonia;
- Completed a drilling program to substantiate historical results on the New Caledonia Joint Venture tenements and commenced an 8,000 metre drilling program in February 2008;
- The Environmental Impact Statement in relation to the Project has been completed and a supplement to that statement is under consideration by Queensland's Coordinator-General;
- GPNL finalised an agreement with the Queensland Government to acquire land at Gladstone for its refinery and residue storage for A\$33 million;
- Feasibility study results were obtained confirming both operating and capital costs for the Project;
- A change in Board composition was made to provide additional strength and skill to fast track the Project to construction;
- Appointment of General Manager, China to further GPNL's interest in that country; and
- Management projections based on current global commodity prices indicate that the Project would, if successfully completed, be profitable.

The Project is now well positioned for development. However, it is the Board's view that it is extremely challenging for a company with a small capitalisation to progress with the development of a US\$3.84 billion Project. The arrangements that were entered into with Egidia and Dasines in December 2007 sought to recognise these challenges and provide the Company with a framework through which Shareholder value may be delivered.

A further proposal is brought to this meeting by way of Resolution 3 which describes the making of a control transaction by Resource Development International Limited ("**RDI**") by 31 December 2008 (or a date up to 90 days later at GPNL's discretion) as an alternative milestone to the current finance and construction milestones for Dasines to earn its interest in MNPL and trigger the Dasines Acquisition by GPNL.

To satisfy the new milestone, this future control transaction (which may be an unconditional takeover bid or a completed scheme of arrangement) must be an all scrip proposal to acquire all the shares in GPNL at a minimum price of £2.20 per Share. RDI is a newly formed company, which is in part being promoted by Mr Palmer and of which Messrs Palmer and Martino are directors. The Board understands that the intention of this company is to acquire a portfolio of resources assets and seek quotation of its shares on the Hong Kong Stock Exchange (or another recognised stock exchange) with a minimum capital raising of US\$1 billion cash.

Shareholders should be aware that there is no public proposal or commitment to implement such a control transaction, no proposal for a control transaction has been announced and no proposal for a control transaction may be forthcoming even if Resolution 3 is passed. Also, there is no certainty that £2.20 in RDI shares will be an attractive offer for GPNL shareholders at the time that any such control transaction is proposed or implemented.

Shareholder approval is sought to make this variation to the milestones in the Dasines subscription arrangements. Resolution 3 is not essential to give effect to the resolutions relating to the Acquisitions, which can stand without Resolution 3 being passed.

Resolutions 1 and 2 for consideration by the Shareholders will lead to a simplification of the capital structure of the Company and, in the opinion of the Directors, will help pave the way to securing finance and turnkey construction commitments for the Project.

Enclosed you will find a Notice of Meeting and Proxy Form, together with an Explanatory Memorandum and Independent Expert's Report, dealing with all the resolutions that the Directors are asking you to consider at the General Meeting of Shareholders scheduled for 9:00 am (BST), 14th August 2008.

Each Resolution will result in a direct or indirect benefit to Mr Clive Palmer, a director of the Company which generally will result in a significant personal gain for him. The extent of those benefits and that gain is discussed in the Explanatory Memorandum.

We recommend you carefully read the Explanatory Memorandum. The Explanatory Memorandum includes a report by an Independent Expert, BDO Kendalls Corporate Finance (Qld) Limited (“**BDO Kendalls**”) in relation to the Acquisitions (Resolutions 1 and 2). They have concluded that the Acquisitions are “fair and reasonable” to the shareholders in the Company not associated with Mr Palmer.

Directors Mr John Downie, Mr Benjamin Hill, Mr James Henderson and Mr Domenic Martino being the only Directors who are not associated with Resolutions 1 and 2, consider, having consulted with Grant Thornton UK LLP, the Company's Nominated Adviser (“the Nominated Adviser”), that the terms of Resolutions 1 and 2 are fair and reasonable insofar as the Company's shareholders are concerned. Accordingly the Directors recommend that Shareholders vote in favour of Resolutions 1 and 2. The Directors in forming their view, as to their recommendation, have considered the advantages and

disadvantages of the Acquisitions in sections 2.12 and 2.13 and have had regard to the opinions of the Independent Expert and the views of the Nominated Adviser.

The Nominated Adviser has considered the advantages of the proposals in Resolutions 1 and 2, together with the disadvantages, which include the lack of a control premium payable by Mr Palmer in gaining a controlling stake in GPNL and the receipt of additional shares in relation to the SMGM agreement (as outlined in Section 2.9) prior to and irrespective of whether shares in GPNL ever become issuable to SMGM. With regard to both the advantages and disadvantages, the Nominated Adviser has considered the proposals in their entirety, and views the proposals in Resolutions 1 and 2 to be fair and reasonable in accordance with Rule 13 of the AIM Rules for companies. This view, whilst required by the AIM Rules, does not conform with Australian legal requirements. The Nominated Adviser has not been engaged to and does not provide an opinion under the Australian Corporations Act and this AIM view does not meet the requirements of ASIC's Regulatory Guide 111.

Managing Director, Mr John Downie, who is not associated with Resolution 3, considers, having consulted with the Nominated Adviser, that the terms of Resolution 3 are "fair and reasonable" insofar as the Company's shareholders are concerned. Accordingly Mr Downie recommends that Shareholders vote in favour of Resolution 3. Mr Downie in forming his view as to his recommendation, has considered the advantages and disadvantages in section 3.3. Mr Downie states his reasons as follows:

"The opportunity to attract a proposal to acquire the Company at a significant premium to the current share price is attractive. In my opinion, it would be in the interest of Shareholders for Shareholders to encourage an unconditional takeover offer or scheme proposal by accepting Resolution 3 as I believe that the risk that the share price will exceed £2.20 at the time any proposal is made is quite small in comparison to the additional optionality that the offer provides to Shareholders. By Shareholders approving Resolution 3 it is arguable that Shareholders are forgoing the requirement for Mr Palmer to deliver a fully financed project with a turnkey construction agreement. Mr Palmer will in any event have a significant holding in the Company and in my opinion, he is commercially driven to advance the Project. If the proposal never happens or if Shareholders reject any offer, they retain their opportunity of being fully exposed to the Project."

Non Executive Director, Mr Benjamin Hill, who is not associated with Resolution 3, considers, having consulted with the Nominated Adviser, that the terms of Resolution 3 are "not fair and not reasonable" insofar as the Company's shareholders are concerned. Accordingly Mr Hill recommends that Shareholders do not vote in favour of Resolution 3. Mr Hill in forming his view as to his recommendation, has considered the advantages and disadvantages in section 3.3. Mr Hill states his reasons as follows:

"It is clear that given the current share price, a scrip offer of £2.20 would seem attractive. However, Shareholders at this point are unable to know if a proposal, when made, will be attractive. If an offer is made by scheme of arrangement, shareholders will be able to vote for or against the proposal.

However, if it is a takeover offer, it is possible that no shareholders will accept the takeover offer. Nevertheless, if the takeover offer is unconditional, just the making of the takeover offer will trigger the issue of GPNL shares to Mr Palmer. This in my view is an unacceptable position for shareholders and hence I recommend shareholders do not vote in favour of Resolution 3.”

The Nominated Adviser concurs with the view of Mr Benjamin Hill that the terms of Resolution 3 are “not fair and not reasonable” insofar as the Company’s shareholders are concerned. In addition to the basis for this view articulated by Mr Hill in the paragraph above, the Nominated Adviser also draws the Shareholders’ attention to the fact that the alternative milestone in Resolution 3, for which no additional consideration has been paid, would grant Mr Palmer a controlling interest in GPNL without the achievement of a binding contract for the financing and construction of the Project, which was a necessary achievement of the milestones in the Subscription Agreement.

Additional information regarding the resolutions is set out in the Explanatory Memorandum.

We look forward to welcoming you at this important General Meeting.

Yours sincerely

Mr John Downie, Director

For and on behalf of the Board of

Gladstone Pacific Nickel Limited

22nd July 2008

Appendix 2 - The Proposed Resolutions

RESOLUTION 1 Approval of acquisition of Egidia and for issue of Shares

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

"That, for the purposes of clause 7 of the Company's constitution, section 611, item 7 of the Corporations Act 2001 (Cth) and Chapter 2E of the Corporations Act 2001 (Cth) and for all other purposes, approval be given for:

- a) the Company's acquisition of the entire issued share capital of Egidia Pty Ltd ACN 097 333 554 from Clive Palmer, a related party of the Company, pursuant to the Egidia Share Sale Agreement between the Company and Clive Palmer, the terms of which are summarised in the Explanatory Memorandum accompanying the Notice of Meeting; and
- b) the issue of 28,645,233 Shares in the Company to Clive Palmer as consideration for the acquisition ."

RESOLUTION 2 Approval of acquisition of Dasines and for issue of Shares

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

"That, for the purposes of clause 7 of the Company's constitution, section 611, item 7 of the Corporations Act 2001 (Cth) and Chapter 2E of the Corporations Act 2001 (Cth) and for all other purposes, approval be given for:

- a) the Company's acquisition of the entire issued share capital of Dasines Pty Ltd ACN 097 333 545 from Clive Palmer, a related party of the Company, pursuant to the Dasines Share Sale Agreement between the Company and Clive Palmer, the terms of which are summarised in the Explanatory Memorandum accompanying the Notice of Meeting; and
- b) the issue of 28,645,233 Shares in the Company to Clive Palmer as consideration for the acquisition after the conversion of Dasines' shares in MNPL to ordinary shares on satisfaction of the milestones as summarised in the Explanatory Memorandum accompanying the Notice of Meeting and the issue of further Shares to Clive Palmer in the amount determined under the Dasines Share Sale Agreement as further consideration."

RESOLUTION 3 Amendments to Dasines Subscription Agreement

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

"That, for the purposes of Chapter 2E of the Corporations Act 2001 (Cth) and for all other purposes, the Company approve amendments to the terms of the Dasines Subscription Agreement to alter the milestones for conversion of the converting shares in Marlborough Nickel Pty Ltd held by Dasines Pty Ltd, in the form tabled at the meeting and described in the Explanatory Memorandum accompanying the Notice of Meeting."

Other business

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

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by James Henderson or any of his associates or by Domenic Martino or any of his associates.

The Company will disregard any votes cast on any of the Resolutions by Clive Palmer or any of his associates.