



GLADSTONE PACIFIC NICKEL LTD

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

GPNL TERMINATES ORE SUPPLY HEADS OF AGREEMENT WITH SMT

As announced on 22 July 2008, the cross equity participation arrangements on the Ouinne SAS JV have now been fixed with Société Minière Georges Montagnat ("SMGM"). GPNL today announces the termination of its Heads of Agreement ("HOA"), to secure limonite nickel ore supply from New Caledonia, with Société des Mines de la Tontouta ("SMT").

The agreement with SMT provided GPNL with an option, upon payment of an additional option fee before 1 January 2008, to participate in the development of a new mine in New Caledonia. The date for payment of the option fee was extended, however, despite the efforts of both parties; the lack of success in obtaining access to the tenements for drilling purposes, has resulted in the Company electing not to exercise its option.

GPNL's CEO, Mr. John Downie, said, "It became clear that access to the proposed new SMT mine site, to initiate drilling activities and then to continue with ultimate development, would be difficult and take a considerable amount of time. The Company's objectives will be better served by focusing its resources at other more immediate opportunities."

Mr. Downie further added, "GPNL's Feasibility Study (iDFS) did not include the supply of ore from the location under this HOA with SMT. Instead, it assumed that ore would be sourced from the Company's JV with SMGM at Ouinne in New Caledonia. Drilling is progressing at Ouinne with 3,871 metres of its 8,000 metre program complete."

The iDFS included the purchase of 600,000 to 800,000 wet metric tonnes of limonite nickel ore per annum from SMT's existing mines under the HOA. The Company will however now source this ore from Ouinne through its Joint Venture with SMGM subject to appropriate approvals being granted by New Caledonian authorities.

"The Company continues to progress development of its ore resource base and will continue to work with SMT, outside of the previous HOA, to explore additional resource opportunities" said Mr. Downie.

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