



GLADSTONE PACIFIC NICKEL LTD

30 July 2008

**GLADSTONE PACIFIC NICKEL LIMITED (ACN 104 261 887)**

**(“GPNL” or “the Company”)**

**SIGNIFICANT PROPOSAL RECEIVED  
To enter into discussions regarding a merger**

GPNL has received a proposal to enter into discussions regarding a merger with Resource Development International Ltd (“RDI”), an unlisted company controlled by GPNL’s chairman, Clive Palmer (the “Proposal”).

Under the Proposal, GPNL shareholders would exchange their shares in GPNL for shares in RDI valued at £2.20 per GPNL share, based on RDI’s IPO share price. The Proposal envisages that the merger would be implemented by way of a scheme of arrangement under the Corporations Act which would, amongst other things, require GPNL shareholder approval.

Clive Palmer holds approximately 13.95% of the shares in GPNL. Clive Palmer and Mr Domenic Martino are directors of RDI and GPNL.

**Resource Development International Ltd**

RDI is a company which has recently been formed to acquire substantial iron ore, nickel, exploration and energy interests. RDI is planning a proposed A\$5 billion IPO in late 2008 and listing on the Hong Kong Stock Exchange (“HKSE”) and/or the Australian Securities Exchange (“ASX”).

**RDI Proposal**

The Proposal does not constitute a formal offer by RDI for GPNL shares. Should the Proposal be accepted by the Board of GPNL, a Scheme Implementation Agreement would be executed between RDI and GPNL to progress the opportunity.

At present, the proposed terms and key features of the Proposal are:

- RDI will offer to acquire all shares in GPNL for shares in RDI by means of a scheme of arrangement;
- The Proposal places a notional price of £2.20 on each GPNL share. The Proposal provides that the consideration to be offered to GPNL shareholders will consist of RDI shares, with the number of RDI shares to be issued for each GPNL share to be determined by dividing the sum of £2.20 by the UK currency equivalent of the price of an RDI share offered under RDI’s disclosure document for its proposed IPO. It is not known at this stage what percentage interest GPNL shareholders would hold in RDI as a result, but it is likely to be a minority interest;
- The proposed merger would be conditional on RDI listing on the HKSE. It is understood RDI may also consider applying to list on the ASX;

- Details of the timing of the proposed merger and the listing of RDI have yet to be determined, however, it is proposed that the merger and the listing would be completed by late 2008;
- The merger would be conditional on Australian capital gains tax rollover relief being available to GPNL's Australian resident taxpaying shareholders, mutual due diligence, material adverse changes and other conditions usual for a transaction of this nature;
- Any scheme would be subject to the approval of GPNL's non-associated shareholders, Court approval and any other necessary regulatory approvals;
- It is proposed that option holders would be required to cancel their options in exchange for cash consideration equal to the difference between the price paid by RDI for GPNL shares and the exercise price of the options.
- Should terms of a proposed merger be agreed between RDI and GPNL, GPNL shareholders would be provided with an independent expert's report as to whether the proposal is in the best interests of GPNL shareholders;
- Under the proposal, GPNL would become a subsidiary of RDI. The assets of GPNL would form part of RDI's proposed diversified asset base.

#### **Implications for the EGM to be held on 14 August 2008**

On 22 July 2008, GPNL gave notice of an Extraordinary General Meeting ("EGM") to be held on 14 August 2008. The EGM has been called to obtain shareholder approval for certain transactions with Mr Palmer.

Resolution 3 in the Notice of Meeting sought Shareholder approval for the introduction of an alternative event to trigger Mr Palmer's entitlement to a 25% interest in Marlborough Nickel Pty Ltd ("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 following conditions were set out for this possible future takeover via scheme of arrangement:

- Approval by a meeting of GPNL shareholders and by a court of competent jurisdiction under section 411(6) of the Corporations Act, of a scheme under which RDI will acquire all of the issued Shares in GPNL in which it does not already have a relevant interest in exchange for shares in RDI, at a value equal to or exceeding £2.20 per GPNL share; and
- 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
- The scheme is approved by a court of competent jurisdiction on or before 31 December 2008 or, at the absolute discretion of GPNL, a date no later than 90 days after 31 December 2008.

If shareholders approve Resolution 3 and a merger by scheme of arrangement with RDI, meeting all of the above conditions, is completed then Mr Palmer would be entitled to convert the convertible shares in MNPL held by Dasines into ordinary shares in MNPL. This

would result in the completion of the acquisition of Dasines by GPNL subject to shareholder approval being obtained for Resolution 2 at the EGM. Full details of these transactions are contained in the Notice of Meeting and Explanatory Memorandum sent to shareholders.

The board had contemplated the potential for such a Proposal and this was the motivation for amending the milestones to include a control transaction as set out in Resolution 3.

**Shareholders should consider this information when deciding on how to vote on the Resolutions at the EGM and also refer to the information in section 3 of the Explanatory Memorandum.**

**Shareholders should also note that, even though RDI has made this Proposal, there is no certainty that agreement will be reached or that a control transaction will occur.**

#### **Next Steps**

Having received the Proposal, the Board is under a duty to consider it and to determine whether it is in the interests of shareholders to pursue it. A Board committee of non-associated directors of GPNL will be formed to consider the proposal and conduct negotiations on behalf of the Board. The Board committee will consider the Proposal and its implications for all GPNL shareholders, and will make a recommendation to GPNL's shareholders in due course.

Advisors will be appointed to assist in the further negotiation and consideration of the proposal and the implementation of any agreed scheme.

All other project and corporate activities of the Company will continue as normal.

#### *For further information contact:*

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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.