



GLADSTONE PACIFIC NICKEL LTD

8 August 2008

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

**Resource Development International Limited to acquire
Gladstone Pacific Nickel Limited**

- RDI to acquire GPNL by scheme of arrangement for scrip consideration of £2.20 for each GPNL share, based on RDI's IPO share price.
- The proposed acquisition is conditional on RDI listing on the HKSE or the ASX and raising a minimum of A\$1 billion in cash.
- Details of the timing of the proposed acquisition and the listing of RDI have yet to be determined, however, it is proposed that the acquisition and the listing would be completed by late 2008.
- If the GPNL scheme is approved, GPNL will become a 100% owned subsidiary of RDI. The assets of GPNL would form part of RDI's asset base.

Scheme Implementation Agreement

Further to its announcement on 30 July 2008 regarding the receipt of a proposal for a merger, Gladstone Pacific Nickel Limited ("GPNL" or the "Company") (AIM:GPN) announces that the non-associated Directors of the Board have unanimously approved the entry into a Scheme Implementation Agreement (SIA) with Resource Development International Limited ("RDI").

The SIA signed today, 8 August 2008, provides for GPNL to propose a scheme of arrangement (the GPNL Scheme) under which RDI will acquire all of the shares in GPNL for scrip consideration of £2.20 for each GPNL share based on RDI's IPO share price.

The value of GPNL shares on the AIM at market close, 7 August 2008 was £0.70.

In addition to GPNL Shareholder and Court approval, the GPNL Scheme will be dependent on certain conditions including:

1. approvals for RDI to list and have its shares quoted on the Hong Kong Stock Exchange ("HKSE") and/or Australian Securities Exchange ("ASX") being obtained on or before 31 March 2009 and a cash raising of at least US\$1 billion; and
2. GPNL receiving a satisfactory independent expert's report.

RDI may terminate the SIA if GPNL decides to pursue a competing proposal. Either party may terminate the SIA if the GPNL Scheme is not effective before 31 March 2009.

It is expected that the GPNL Scheme will satisfy the requirements for scrip for scrip roll-over relief from Australian capital gains tax ("CGT") under Subdivision 124-M.

Following the GPNL Scheme, RDI will own 100% of GPNL.

The GPNL Scheme participants will include all GPNL shareholders in Australia and any other jurisdiction in which RDI shares may be issued without unduly onerous regulatory requirements. Other foreign shareholders will have their allocation of RDI shares sold as soon as practicable and the proceeds (less brokerage, duty, taxes, expenses and other charges) paid to them.

If required by the HKSE and/or the ASX to obtain approval to list, the provision of RDI shares to GPNL Shareholders will be conditional upon them first agreeing to any restrictions on the RDI Shares (and executing any required documents).

RDI must use its reasonable endeavours to investigate the possible establishment of a share sale facility by which GPNL Shareholders who would receive less than A\$5,000 worth of RDI shares under the GPNL Scheme can elect to sell the RDI shares they receive as soon as practicable after the GPNL Scheme is effected, without brokerage being payable.

RDI must also make an offer to GPNL option holders for their GPNL options to be transferred or cancelled in consideration for either RDI options on equivalent terms or a cash amount based on the value of the consideration provided to GPNL shareholders and the terms of the options.

RDI

RDI is a company which has recently been formed to acquire substantial iron ore, nickel, exploration and energy interests, including rights to extract 20 billion tonnes of iron ore from the Balmoral tenements held by Mineralogy Pty Ltd. RDI has appointed Macquarie Bank and UBS to manage a proposed US\$5 billion IPO and listing on the HKSE, which is being planned by RDI for late 2008.

RDI is currently controlled by Mr Clive Palmer. Mr Palmer holds 13.95% of the shares in GPNL.

Effect on 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.

Resolution 3 in the Notice of Meeting sent to shareholders on 22nd July 2008 was referred to in the announcement of the EGM as follows:

“Shareholder approval is being sought for the introduction of an alternative event to trigger Mr Palmer’s entitlement to a 25% interest in Marlborough Nickel Pty Ltd (“MPNL”). 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 proposed alternative milestone for Mr Palmer's company, Dasines Pty Ltd (“Dasines”), to convert its converting shares in Marlborough Nickel Pty Ltd (“MNPL”) to ordinary shares is contained in Resolution 3 of the Notice of Meeting. The milestone, for a scheme of arrangement, has the following conditions:

- 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 (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); 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 the GPNL Scheme meets all of the above conditions, Mr Palmer would be entitled to convert the convertible shares in MNPL held by Dasines into ordinary shares in MNPL. This would in turn result in the completion of the acquisition of Dasines by GPNL, subject to that transaction being approved by shareholders at the EGM by the approval of resolution 2. Full details of these transactions are contained in the Notice of Meeting and Explanatory Memorandum sent to shareholders.

The GPNL shares issued to Mr Palmer would then participate in the GPNL Scheme and be acquired by RDI, if the GPNL Scheme is approved.

Shareholders should consider this information when deciding how to vote on Resolution 3 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 the GPNL Scheme will be approved or that a control transaction will occur.

Review of GPNL Scheme

GPNL intends to appoint an Independent Expert to advise on whether the GPNL Scheme is in the best interests of all GPNL Shareholders. A copy of the Independent Expert's Report will be included in the GPNL Scheme Booklet which will be sent to shareholders before the meeting to approve the GPNL Scheme.

The SIA requires RDI to provide assistance to GPNL to carry out due diligence on RDI which GPNL will now commence.

The non-associated directors committee formed to review the SIA, comprising Mr John Downie, Mr Benjamin Hill and Mr James Henderson, have considered the advantages and disadvantages of the RDI proposal. In the absence of a superior proposal and subject to the results of the due diligence and Independent Expert's Report, the committee unanimously recommend that the GPNL shareholders vote in favour of the GPNL Scheme. Reasons for this include:

- The offer under the GPNL Scheme provides a substantial premium over the market price of GPNL shares. The offer is 3.14 times the AIM closing price of GPNL shares on 7 August 2008.
- The GPNL Scheme will remove the single asset risk and corporate structure which may have adversely impacted the share price of GPNL and its ability to grow and develop as a company.
- The GPNL Scheme will provide GPNL shareholders with exposure to a broader portfolio of assets with upside potential from other projects of RDI. Shareholders will maintain their exposure to the Marlborough Nickel Project.
- RDI will be more likely to offer increased diversity, scale and market liquidity.

Next steps

GPNL will now appoint an Independent Expert and commence preparation of the Scheme Booklet. GPNL will also conduct due diligence on RDI and include relevant information from that due diligence in the Scheme Booklet.

Once approved by the Court, the Scheme Booklet will be dispatched to GPNL shareholders.

The GPNL Scheme will then require the approval of GPNL Shareholders and the Court, together with satisfaction of other conditions customary for a transaction of this nature. These conditions are included in the SIA, a summary of which is attached as Annexure A to this announcement.

Cancellation of GPNL's listing on AIM

Should the implementation of the GPNL Scheme be successful, GPNL will become a 100% owned subsidiary of RDI and it is the intention of the board of RDI that they will cancel the admission of GPNL's securities to AIM on the GPNL Scheme implementation date, expected at this stage to be during December 2008.

Further information

This announcement is available on GPNL's website www.gladstonepacific.com.au. For further information please contact:

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Information on GPNL:

Gladstone Pacific Nickel Limited 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.

Annexure A - Key terms of the Scheme Implementation Agreement.

Introduction

Gladstone Pacific Nickel Limited (“GPNL”) and Resource Development International Limited (“RDI”) entered into the Scheme Implementation Agreement (SIA) on 8 August 2008 which sets out the terms and the parties' respective obligations in connection with the implementation of a scheme of arrangement under part 5.1 of the Corporations Act (the “Scheme”). An outline of the key terms of the SIA (other than those discussed in detail in the announcement) is set out below.

1. Conditions

The Scheme will not become effective unless each of the following conditions precedent are satisfied or waived in the manner set out in the SIA before 31 March 2009 (Sunset Date).

- (a) The Independent Expert gives a report to GPNL.
- (b) GPNL Shareholders approve the Scheme at the Scheme Meeting (or at any adjournment or postponement of it at which the Scheme is to be voted on) by the requisite majorities under the Corporations Act.
- (c) The Court approves the Scheme under section 411(4)(b) of the Corporations Act.
- (d) No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme is in effect at 8:00 am on the last day on which the Court hears the application for an order under section 411(4)(b) approving the Scheme (Second Court Date).
- (e) Either:
 - (i) the Listing Committee of the HKSE grants the listing of, and permission to deal in, RDI's share capital (subject to such conditions as may be imposed by the HKSE and any other condition which is agreed by RDI and GPNL (each acting reasonably)); or
 - (ii) conditional only on the implementation of the Scheme and other customary conditions imposed by ASX and any other condition which is agreed by RDI and GPNL (each acting reasonably), ASX approving RDI for admission to the ASX official list and RDI Shares for official quotation on ASX,

and RDI would as a result of that listing or quotation, if it were completed, raise at least US\$1 billion in cash.
- (f) All Regulatory approvals are granted or obtained, on terms reasonably acceptable to RDI and GPNL (each acting reasonably), and those regulatory approvals are not withdrawn, cancelled or revoked.

2. Conduct of Business

GPNL gives undertakings about conducting its business in the ordinary course, preserving its business and not entering into certain material transactions without the approval of RDI.

3. Parties' Obligations

3.1 GPNL Obligations

- (a) GPNL must take necessary steps to implement the Scheme, including commissioning the Independent Expert's Report, preparing the Scheme Booklet and making necessary applications to the Court.
- (b) GPNL must cause its directors, subject to their fiduciary obligations, to unanimously recommend the Scheme and not withdraw that recommendation other than because of a material adverse change in RDI (Board Recommendation).

3.2 RDI's Obligations

- (a) RDI must make the offer for options described in the announcement.
- (b) RDI must provide information for the Scheme Booklet, apply for listing and quotation of its shares, enter into a Deed Poll in favour of GPNL Shareholders regarding its obligations under the Scheme and, on the Scheme becoming effective, provide the Scheme consideration to GPNL Shareholders.

4. Exclusivity

4.1 No shop, No talk

Until the Sunset Date or the Scheme becoming effective (Exclusivity Period), GPNL must ensure that neither it nor its directors, officers, employees, agents or advisers:

- (a) directly or indirectly solicit, invite, facilitate, encourage or initiate any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view to obtaining any expression of interest, offer or proposal from any other person in relation to a competing proposal; or
- (b) negotiate or enter into, continue or participate in negotiations or discussions with any other person regarding a competing proposal, even if the competing proposal was not directly or indirectly solicited, initiated or encouraged by GPNL or the other person has publicly announced its competing proposal.

4.2 Notification of approaches

During the Exclusivity Period, GPNL must promptly notify RDI in writing of:

- (a) any approach, inquiry or proposal made to, and any attempt to initiate negotiations or discussions with GPNL or any of its representatives with respect to any bona fide competing proposal (whether unsolicited or otherwise); and
- (b) any request for information relating to GPNL or any of their businesses or operations or any request for access to GPNL's books or records, which GPNL has reasonable grounds to suspect may relate to a current or future competing proposal.

The notice must include reasonable details including details of the competing proposal and the person making the approach.

4.3 Fiduciary exception

Nothing in the Exclusivity or Board Recommendation provisions:

- (a) prevents GPNL from taking or refusing to take any action with respect to a bona fide proposal in relation to a competing proposal (which was not encouraged, solicited or invited, facilitated or initiated contrary to the no shop obligations); or
- (b) requires GPNL to comply with the Exclusivity or Board Recommendation obligations,

to the extent that taking or refusing to take any action would, in the reasonable opinion of the GPNL Board, be likely to involve a breach of the duties of the directors of GPNL. The reasonable opinion of the GPNL Board must be based on a written opinion from its external legal advisers.

4.4 Matching right

If, at any time during the Exclusivity Period, GPNL receives a proposal in relation to a bona fide superior proposal then:

- (a) GPNL must give RDI a confidential notice in writing of that fact and that notice must provide all details of the superior proposal, including details of the proposed acquirer;
- (b) GPNL will not, until the end of the next Business Day, enter into any legally binding agreement with respect to the superior proposal and RDI may at any time until the end of the next Business Day put forward a counterproposal;
- (c) if RDI does provide a counterproposal, the GPNL Board must review it in good faith and in compliance with its fiduciary and statutory duties, to determine whether the counterproposal is more favourable to GPNL Shareholders; and
- (d) if the GPNL Board determines that the counterproposal is more favourable then the parties will amend the SIA accordingly or make an announcement and pursue any new transaction in good faith, and not enter into any legally binding agreement referred to in (b) for 2 Business Days.

5. Representations, warranties and indemnities

5.1 Representations and warranties

The parties give representations and warranties in a form usual for an agreement of this nature including warranties to the effect that their respective due diligence information is complete, accurate and not misleading.

5.2 Indemnities

Each party indemnifies the other in respect of losses or claims arising as a result of a breach of the representation and warranties.

6. Termination

The SIA may be terminated at any time:

- (a) before or after the Second Court Date, by either party, if a Condition cannot be satisfied and it is not waived by its date for satisfaction;
- (b) after the Sunset Date, by either party, if the Scheme has not become effective by that date;

- (c) by RDI if at any time before the Second Court Date GPNL decides to pursue a competing proposal; or
- (d) before the Second Court Date if there is a material breach of the SIA by the other party which is not remedied within 5 Business Days (and at least 2 Business Days before the Second Court Date) of being notified of the breach.