GLADSTONE PACIFIC NICKEL LTD

Gladstone Pacific Nickel Ltd

ACN 104 261 887

Final Results for the year ended 30 June 2008

London, 22 September 2008: Gladstone Pacific Nickel Limited ("GPNL" or "the Company) is pleased to report its Final Results for the year ended 30 June 2008.

Chairman's and CEO's Report

It has been a busy year and it is pleasing to report that we have advanced the Gladstone Nickel Project ("GNP") to a point where the Company was able to progress negotiations with China Metallurgical (Group) Corporation ("MCC") to ensure commercialisation of this nationally significant project.

The Company has received a proposal for a merger from the Clive Palmer led Resource Development International Limited ("RDI") which when completed would result in shareholders becoming part of RDI, a company formed to acquire a portfolio of resource assets, which is seeking to raise US$5 billion and list on the Hong Kong Stock Exchange in the coming months. The base value for GPNL shareholders is to be set at £2.20, per GPNL share, in RDI shares.

The 2008 financial year has been packed with corporate and commercial activity and we are confident that the increase in the underlying value of the Company as a result of this activity is not reflected by the current share price.

Changes to the Board

The founding Directors, Robert Pearce and Peter Matheson together with Andrew Daley and Peter Watson stepped aside at the end of 2007, making way for new Board members to focus on funding and accelerating the development of the GNP. The contribution from the founding Directors has been outstanding and they have contributed significantly to the positioning of the Company for continued growth and development.

The new Directors, Domenic Martino, Geoffrey Smith, Benjamin Hill and Chairman, Professor Clive Palmer joined existing Directors James Henderson and John Downie on the Board. Since early 2008, the Company has moved through a change process which included finalisation of the Feasibility Study ("IDFS"), signing an MOU for funding and turnkey construction with MCC and restructuring ready for commercialisation of the Project.

In August 2008, RDI proposed a Merger Agreement with GPNL. Following this, Professor Palmer and Geoffrey Smith resigned, as Chairman and Non-Executive Director respectively. James Henderson, with his extensive experience and record as a Director of GPNL, became the new Chairman.

During the year, we moved office in Brisbane from the Christie Centre to 380 Queen Street. This significant move consolidated permanency, ownership and a sense of teamwork for the entire group.

Ore Supply

In August 2007, GPNL signed off on the Ouinne Joint Venture (JV) in New Caledonia and established a strong relationship with our partner Société Minière Georges Montagnat ("SMGM"). This provided impetus for continued operational and organisational growth and increased the Project's strength. Expansion into New Caledonia is consistent with our strategy to ensure high quality long term diversified ore resources are available for the Project.

This expansion required the development of a team to be based in Noumea. Our strong Geological expertise includes Albert Mostert and John Levings supported by Sarah Manzanares, Olivier Pecqueux and Murray Jerome.

The Ouinne deposit is proving to be a substantial ore body. Helicopter supported core drilling has confirmed initial expectations that a significant resource will be developed. Drilling is progressing with a total of 5,525 metres of our 9,000 metre drill program completed to date. The JV Board meets regularly providing strong support and constructive input to the JV team. SMGM has proven to be a most efficient and responsible mining company and we are working together to develop additional areas of interest.

Exciting additions to the team have been Tim Riley and Debra Carpin both from the large Goro nickel mine in New Caledonia. Their experience is invaluable, as the Goro Project is in many ways comparable with the GNP.

The Solomon Islands team has worked patiently to gain support and acceptance for the Project and our objective of obtaining mining rights in that country. Gaining access to the extensive ore deposits on Isabel Island would improve the diversification of ore supply for the future. GPNL will continue to work with government officials and the community to progress its plans to participate in the proposed international tender process.

Financial Strength

The finance group, headed by Julien McInally, resolved many complex issues. These included the completion of the US$40 million equity raising (led by Transocean Securities Pty Ltd, a Company associated with James Henderson and Research Capital Corporation) as part of achieving a listing on the Toronto Stock Exchange, progressing the SMGM Joint Venture Agreement, Share Subscription Agreements with Professor Palmer, the Independent Experts Report, the Extraordinary General Meetings and the proposed merger agreement with RDI. Following a shift in the Company's focus to the south-west Pacific region the Company delisted from the Toronto Stock Exchange. This was all achieved while the team of Ian Megom, Marianne Joseph, Karen Williams and Jane Kirchin continued to provide management with a high standard of financial support. During the year our banking business was transferred to the National Australia Bank with the Company ending the year with $23 million in the bank.

Commercial Persistence

The Commercial team of Bruce McCleary, John Miller and James Kastelein have completed the Land Purchase Agreement of approximately 2,000 hectares at Yarwun. This land positions the Company in an excellent industrial location, with deep water port access, established industrial work force and existing power, water, road, rail and shipping infrastructure. The plant will be strategically positioned alongside other large scale mineral and chemical industries with sufficient land for stage 1 and 2 of the Project.

The team has progressed towards finalisation of key terms to major contracts such as water supply, easement access, power, port access, rail transport, key reagents, earthmoving and land for rail sidings. The progress has been significant with the Project poised to complete many of these contracts upon conclusion of financing arrangements.

Marlborough Indigenous Land Use Agreement ("ILUA") Finalised

Gavin Becker, Bill Stacey and Peter Hughes worked tirelessly to finalise and secure agreements with the Traditional Land Owners (TO's) and ensure a fair and respectful long term ILUA which was registered with the Queensland Government. The TO's continue the operation of a successful, 2,000 head, cattle business on GPNL's 12,000 hectares Coorumburra property.

Environmental Approval and Community Acceptance

The Commonwealth government changed, global warming became a National priority and the intensity of competing projects in Gladstone put additional pressure on Gavin Becker and James MacDermott to deliver environmental approval for the project from state and federal regulators. At the time of releasing this annual report all submissions had been completed and licence conditions have been agreed and we are awaiting sign off from the regulators. Use of sea water in the process, very low carbon dioxide emissions, design of the world's most efficient sulphur dioxide gas cleaning equipment, new and innovative wastewater treatment design and advanced discussions on blending our residue with waste from the alumina plants will make GPNL's Plant a showcase which the Directors believe will set a new benchmark for environmental performance.

Progressed to Turn Key Bid

Gavin Becker's progressive team in Process and Engineering Tim Riley, Peter Mason, Paige Martin, Greg Bond, Jeremy Tape and Arnel Nalangan have considerable experience on High Pressure Acid Leach ("HPAL") projects including Goro, Ramu, Koniambo, Coral Bay, Ravensthorpe and Murrin Murrin. The Engineering team has worked closely with MCC in Beijing to progress the design. Our new office in Beijing headed up by Wang Gongping has been important in developing a strong relationship with MCC. The detail provided in the Feasibility Study ("IDFS") has been refined and optimised to incorporate improvements such as the Counter Current Atmospheric Leach process to improve performance and reduce capital and operating costs.

The Timing

The project is planned to commence production in late 2012. The Directors are confident that this will coincide with an increase in demand for nickel and the reduction and stabilisation of sulphur and shipping prices the combined effect of which will enhance shareholder value. .

Forward Outlook - Restructuring

The final step in positioning the Project for commercialisation will be the successful completion of the proposed merger with RDI. Following its planned listing on the Hong Kong Stock Exchange, RDI will be a diversified mining house with a planned capital raising expected to exceed US$5 billion. The Hong Kong listing and additional Chinese investor interest will further cement the Company's links with MCC leading to the Project achieving fully funded status, completion of detailed engineering design, ordering of long lead items and commencement of construction of the plant.

We would like to acknowledge the strong and continued support from the GPNL Board and the enthusiasm and commitment from our management and staff during the past year. The current year is proving to be every bit as exciting and we look forward to continuing on this rewarding pathway.

John Downie	**James Henderson**
Chief Executive Officer	Chairman

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Income Statement for the year ended 30 June 2008

	Notes	Consolidated		Parent	
		June 08 ($A)	**June 07 ($A)**	**June 08 ($A)**	**June 07 ($A)**
Interest Income	5 (b)	2,303,943	896,699	2,125,229	878,254
Revenues from Continuing Operations		**2,303,943**	**896,699**	**2,125,229**	**878,254**
Impairment Loss	11	2,114,981	-	1,423,082	-
Evaluation Costs		613,865	433,063	535,935	311,758
China Representative		228,588	-	228,588	-
Foreign Exchange Loss	5(a)	1,724,535	300,809	1,713,049	284,165
Directors’ Fees / Remuneration		789,409	649,038	789,049	649,038
Directors’ Option Expense	19(a)	24,101	353,200	24,101	353,200
Brokers’ Option Expense	19(a)	14,083	-	14,083	-
Professional Fees		1,207,513	262,026	888,019	253,638
Travel and Accommodation		459,662	229,477	397,059	224,288
Wages and On-costs	5(d)	1,190,582	442,888	928,806	438,823
Office Rental	5(c)	365,524	136,151	306,976	128,039
Public Relations and Ongoing Listing Fees		368,574	227,056	368,574	227,056
IT and Communication		182,551	72,709	142,432	72,709
Marketing		60,595	-	31,820	-
Depreciation	5 (a)	134,620	54,656	112,952	51,217
Other	5 (e)	482,442	212,733	380,458	203,792
Expenses		**9,961,625**	**3,373,806**	**8,284,983**	**3,197,723**
Profit / (Loss) Before Income Tax Expense		(7,657,682)	(2,477,107)	(6,159,754)	(2,319,469)
Income Tax (Expense) / Benefit	6	(1,274,440)	(5,673)	(1,228,001)	483,869
Profit / (Loss) After Income Tax Expense		(8,932,122)	(2,482,780)	(7,387,755)	(1,835,600)
Attributable to: Minority Interest		36,889	-	-	-
Parent Interest		(8,969,011)	(2,482,780)	(7,387,755)	(1,835,600)
		(8,932,122)	(2,482,780)	(7,387,755)	(1,835,600)
Basic and Diluted Earnings (Loss) per Share (Cents per Share)	23	(22.07)	(8.13)		

Balance Sheet as at 30 June 2008

	Notes	Consolidated		Parent	
		June 08 ($A)	June 07 ($A)	June 08 ($A)	June 07 ($A)
CURRENT ASSETS					
Cash Assets	7	23,735,508	37,563,730	23,381,961	37,163,764
Trade and Other Receivables	8	286,213	706,580	192,818	342,034
Other Current Assets	9	9,231	33,363	3,900	31,415
Total Current Assets		24,030,952	38,303,673	23,578,679	37,537,213
Non Current Assets					
Property Plant and Equipment	10	874,778	592,810	377,326	104,044
Investment in Subsidiaries	14	-	-	32,525,085	73,016
Deferred Evaluation and Exploration Costs	11	111,984,745	35,562,039	1,387,021	1,423,082
Trade and Other Receivables	12	8,767,140	575,415	12,538,865	26,404,374
Deferred Tax Asset	6 (d) (i)	-	-	10,617,537	8,640,273
Total Non Current Assets		121,626,663	36,730,264	57,445,834	36,644,789
Total Assets		145,657,615	75,033,937	81,024,513	74,182,002
Current Liabilities					
Trade and Other Payables	13	2,186,788	2,728,963	815,764	630,743
Provisions	15	130,614	98,345	92,131	85,514
Total Current Liabilities		2,317,402	2,827,308	907,895	716,257
Non Current Liabilities					
Trade and Other Payables	16	812,109	770,979	100,820	-
Deferred Tax Liabilities	6 (d) (ii)	2,429,251	1,233,720	-	-
Provisions	15	196,426	176,549	19,877	-
Total Non Current Liabilities		3,437,786	2,181,248	120,697	-
Total Liabilities		5,755,188	5,008,556	1,028,592	716,257
Net Assets		139,902,427	70,025,381	79,995,921	73,465,745
Equity					
Contributed Equity	22	84,259,743	70,943,008	84,259,743	70,943,008
Reserves	22	36,012,711	1,904,003	2,505,198	1,904,003
Retained Earnings / (Accumulated Losses)		(11,790,641)	(2,821,630)	(6,769,020)	618,734
Parent Interest		108,481,813	70,025,381	79,995,921	73,465,745
Minority Interest		31,420,614			
Total Equity		139,902,427	70,025,381	79,995,921	73,465,745

Cash Flow Statement for the year ended 30 June 2008

	Notes	Consolidated		Parent	
		June 08 ($A)	June 07 ($A)	June 08 ($A)	June 07 ($A)
Cash Flows from Operating Activities					
Payments to Suppliers and Employees		(6,351,983)	(1,879,498)	(8,055,763)	(4,227,868)
Payments for Exploration and Evaluation		(12,199,687)	(11,880,288)	-	(2,184,145)
Interest Received		2,202,129	913,547	2,017,139	911,061
Net Cash Flows from (Used) in Operating Activities	24	(16,349,541)	(12,846,239)	(6,038,624)	(5,500,952)
Cash Flows from Investing Activities					
Purchase of property plant and equipment		(416,589)	(519,948)	(386,234)	(29,130)
Escrow money paid for the establishment of a joint venture		(5,318,688)	-	(5,318,688)	-
Deposit for land purchase		(1,684,490)	-	-	-
Increase in other non current receivables		(1,086,733)	-	(179,988)	-
Purchase of Investment in Subsidiaries		-	-	-	(73,004)
Advanced to Subsidiaries		-	-	(12,855,573)	(8,019,796)
Net Cash Flows (Used) from Investing Activities		(8,506,500)	(519,948)	(18,740,483)	(8,121,930)
Cash Flows from Financing Activities					
Proceeds from Issue of Ordinary Shares and Warrants		12,249,479	31,847,889	12,249,479	31,847,889
Proceeds from Issue of Converting Shares		42,000	-	-	-
Net Cash Flows from (Used) Financing Activities		12,291,479	31,847,889	12,249,479	31,847,889
Net Increase / (Decrease) in Cash Held		(12,564,562)	18,481,702	(12,529,629)	18,225,007
Net Foreign Exchange Differences		(1,263,660)	(300,809)	(1,252,174)	(284,165)
Opening Cash Brought Forward		37,563,730	19,382,837	37,163,764	19,222,922
Closing Cash Carried Forward		23,735,508	37,563,730	23,381,961	37,163,764

Statement of Changes in Equity for the year ended 30 June 2008

Consolidated	Notes	Issued capital	Special Warrants	Retained Earnings	Other Reserves	Minority Interest	Total
As at 1 June 2006		37,942,416	-	(338,850)	217,991	-	37,821,557
Ordinary Shares Issued During the Year		20,100,232	-	-	-	-	20,100,232
Special Warrants Issued During the Year		-	11,747,658	-		-	11,747,658
Share Based Payment – Employees and Directors' Options		-	-	-	803,558	-	803,558
Share Based Payment – Broker Special Warrants		-	-	-	882,454	-	882,454
Share Issue Costs (Tax Effected)		714,906	437,796	-	-	-	1,152,702
Profit / Loss for the Year		-	-	(2,482,780)	-	-	(2,482,780)
As at 1 July 2007		**58,757,554**	**12,185,454**	**(2,821,630)**	**1,904,003**	**-**	**70,025,381**
Reserve Arising from deemed partial disposal of interest in subsidiary		-	-		(9,696,433) -	-	(9,696,433)
Ordinary Shares Issued During the Year	22 (d)	25,423,256	(23,554,042)	-	-	-	1,869,214
Special Warrants Issued During the Year	22(e)	-	11,368,588	-	-	-	11,368,588
Share Based Payment – Employees and Directors' Options	22 (g)	-	-	-	202,493	-	202,493
Share Based Payment – Director	22 (g)	-	-	-	43,290,591	-	43,290,591
Share Based Payment – Director	22(g)	-	-	-	398,702	-	398,702
Share Issue Costs (Tax Effected)		78,933	-	-	-	-	78,933
Translation Reserve		-	-	-	(86,645)	-	(86,645)
Minority Interest acquired in MNPL		-	-	-	-	31,383,725	31,383,725
Profit /(Loss) for the Year		-	-	(8,969,011)	-	36,889	(8,932,122)
As at 30 June 2008		**84,259,743**	**-**	**(11,790,641)**	**36,012,711**	**31,420,614**	**139,902,427**

Parent	Notes	Issued capital	Special Warrants	Retained Earnings	Other Reserves	Total
As at 1 June 2006		37,942,416	-	2,454,334	217,991	40,614,741
Ordinary Shares Issued During the Year		20,100,232	-	-	-	20,100,232
Special Warrants Issued During the Year		-	11,747,658	-	-	11,747,658
Share Based Payment – Employees and Directors' Options		-	-	-	803,558	803,558
Share Based Payment – Broker Special Warrants		-	-	-	882,454	882,454
Tax Effect of Share Issue Cost		714,906	437,796	-	-	1,152,702
Profit / Loss for the Year		-	-	(1,835,600)	-	(1,835,600)
As at 1 July 2007		**58,757,554**	**12,185,454**	**618,734**	**1,904,003**	**73,465,745**
Ordinary Shares Issued During the Year	22 (d)	25,423,256	(23,554,042)	-	-	1,869,214
Special Warrants Issued During the Year	22(e)	-	11,368,588	-	-	11,368,588
Share Based Payment – Employees and Directors' Options	22 (g)	-	-	-	202,493	202,493
Share Based Payment – Director	22 (g)	-	-	-	398,702	398,703
Tax Effect of Share Issue Cost		78,933	-	-	-	78,993
Profit / (Loss) for the Year		-	-	(7,387,754)	-	(7,387,754)
As at 30 June 2008		**84,259,743**	**-**	**(6,769,020)**	**2,505,198**	**79,995,921**

Notes to the Financial Statements for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporation Act 2001 and Australian Accounting Standards.

The financial statements have been prepared in accordance with the historical cost convention, except for available for sale assets which have been measured at fair value. The financial statements are presented in Australian dollars.

The accounts have been prepared using the going concern assumption. This assumes that the Group will be able to settle all debts as and when they fall due in the ordinary course of business. Management and the directors monitor the forecast cash flows to ensure that sufficient funds exists to cover overheads, retain title to mineral properties and to progress the project.

(b) Statement of Compliance

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2008.

2. EARNINGS PER SHARE

	Consolidated	
	Jun-08 ($A)	**Jun-07 ($A)**
Net Profit (Loss)	(8,969,011)	(2,482,780)
Earnings used in Calculation of Basic and Diluted Earnings per Share	(8,969,011)	(2,482,780)
Weighted Average Number of Ordinary Shares on Issue Used in the Calculation of Basic Earnings per Share	40,517,126	30,501,062
Basic Earnings per Share	(0.22)	(0.08)

Options on issue are not considered dilutive.

3. CASH FLOW STATEMENT RECONCILIATION

a) RECONCILIATION OF OPERATING PROFIT / (LOSS) AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS

	Consolidated		Parent	
	June 08 (A$)	June 07 (A$)	June 08 (A$)	June 07 (A$)
Operating Profit/(Loss) After Tax	(8,932,122)	(2,482,780)	(7,387,754)	(1,835,600)
Adjusted for :				
Provision for Employee Entitlements	32,269	34,717	6,617	39,038
Loss on Foreign Exchange	1,263,660	300,809	1,252,174	284,165
Impairment Loss	2,114,981	-	1,423,082	-
Depreciation- Charged to Operations	134,620	54,656	112,952	51,217
Depreciation- Charged to Evaluation	15,096	14,387	-	-
Movement in Shares Based Payments and other reserves.	49,118	1,686,012	49,118	1,686,012
Changes in Assets and Liabilities:				
(Increase)/Decrease in Receivables	444,499	(314,419)	176,731	(40,599)
(Increase)/Decrease in Deferred Evaluation Costs	(12,289,066)	(13,022,977)	-	(1,423,082)
(Increase)/Decrease in Prepayments and other Assets	24,132	(232,982	-	(12,532)
(Increase)/Decrease in Deferred Tax Asset/ Liability	1,274,440	5,673	(1,977,264)	(3,488,497)
Increase/(Decrease) in Payables	(542,175)	1,142,681	185,021	(761,074)
Increase/(Decrease) in Non-Current Payables	41,130	(61,428)	100,822	-
Increase/(Decrease) in Non-Current Provisions	19,877	29,412	19,877	-
Net Cash Flow Used from Operating Activities	(16,349,541)	(12,846,239)	(6,038,624)	(5,500,952)
Reconciliation of Cash:				
Cash Balance Comprises				
Cash at Bank and on Short Term Deposit	23,735,508	37,563,730	23,381,961	19,222,922
Closing Cash Balance	23,735,508	37,563,730	23,381,961	19,222,922

b) NON CASH FINANCING AND INVESTMENT ACTIVITES

	Consolidated		Parent	
	June 08 (A$)	June 07 (A$)	June 08 (A$)	June 07 (A$)
Share Based Payments (note 21)	66,322,904	-	1,387,022	-
Conversion of Special Warrants to Ordinary Shares(note 22 (e))	12,185,454	-	12,185,454	-
Conversion of Subsidiary Debt in parent to Equity (note 14)	-		32,452,079	-

4. EVENTS AFTER BALANCE DATE

a) Finalisation of shares to be issued to Société Minière Georges Montagnat

On 01 July 2008 the Company agreed to amend its Joint Venture Agreement with Société Minière Georges Montagnat ("SMGM") and fix the number of shares to be issued to SMGM at 15 million. The original agreement provided for the issue of approximately 12 million shares with the exact number of shares to be determined using a formula based on the Company's share price at the time of issue. The remaining conditions of the agreement are unchanged. Following the finalisation of certain administrative matters, GPNL will acquire an initial 1% shareholding in a JV entity established under the agreement and appoint half the JV Company's directors. In return the shareholders of SMGM will be offered a seat on the GPNL board. The issue of the fixed 15 million GPNL shares, in August 2010, will be consideration for the purchase of an additional 48% interest in the JV entity taking GPNL's interest in the Joint Venture entity, at that time, to 49%.

b) Share Sale agreements

On 22 July 2008 the Company entered into agreements to acquire 100% of the issued share capital of Egidia Pty Ltd ("Egidia") and Dasines Pty Ltd ("Dasines") from Mr. Clive Palmer, in consideration for the issue of GPNL Shares representing a minimum of 50% of the issued shares in the Company on a fully diluted basis. Egidia and Dasines together hold or will hold 49.99% of MNPL. The acquisition of Egidia and Dasines was approved by the shareholders of the Company not associated with Mr. Clive Palmer on 14 August 2008 and is conditional on the satisfaction of certain conditions. Mr. Palmer currently holds 13.95% of the issued share capital of GPNL. The effect of the acquisitions is that the Company will regain 100% ownership of MNPL whilst Mr. Palmer's interests in MNPL (held through Egidia and Dasines) will be rolled up to a direct interest in GPNL which will simplify the capital structure and facilitate the financing and development of the Project. The Egidia acquisition will be finalised during September 2008 whilst the Dasines acquisition is conditional upon achieving certain milestones, one of which is the success of the proposed Scheme of Arrangement ("the GPNL Scheme") referred to below. If the Scheme is successful it will trigger the issue of 20,999,999 MNPL shares to Dasines. This will result in the Company acquiring all of the shares in Dasines in return for the issue of 28,465,233 ordinary shares in the Company to Mr. Palmer. GPNL has agreed to issue to Mr Palmer the same number of shares as are issued by the Company pursuant to the exercise of options or any pre-existing agreements to issue shares. This will have the effect of ensuring Mr Palmers interest in GPNL is not diluted as a result of the issue of such shares.

c) Amendment to Share Based Payment Milestones

The shareholders approved an amendment to the milestones in the Dasines Share subscription agreement on 14 August 2008. The amendment provided for an alternative additional milestone being the entering into a Scheme of Arrangement with Resource Developments International Limited ("RDI"). The amendment allows for issue of 28,465,233 ordinary shares in the Company to Mr. Palmer in return for the successful implementation of a takeover event. On the 1st August, 2008 the Company entered into a Scheme Implementation Agreement, which once accomplished will satisfy the alternative takeover milestone. The amendment to the milestones will affect the accounting for the Share Based Payments to Director related entities.

Prior to the amendment the share based payment was recognised by capitalising the cost to deferred exploration and evaluation over the vesting period. Subsequent to the amendment the treatment is dependent on an assessment of the most likely milestone to be achieved by Mr Palmer.

If the most likely outcome is that the milestones relating to the execution of binding construction and financing agreements will be achieved, the company will continue to recognise the cost in accordance with the above treatment.

If however, it is more likely that the Takeover Milestone will be achieved then the post amendment cost , being the cost vesting after the 14th August, 2008 would be recognised as an expense. The accounting treatment for costs vesting prior to the 14th August would remain unchanged.

The Company expects that is most likely that the takeover milestone to be achieved prior to 31 December 2008 and consequently $ 43.7 million will be recognised as an expense in the 2008/09 accounts.

d) Turn key proposal

Pursuant to the Memorandum of Understanding signed by the Company and China Metallurgical Construction (Group) Corporation ("MCC") on 30 January 2008 the Company received construction proposal from MCC for the Gladstone Nickel Project ("GNP") in July 2008. The proposal is currently under evaluation by GPNL's project team following which negotiations with MCC will commence to develop an agreement for the construction of the GNP.

e) Merger Scheme Implementation Agreement signed

The company agreed, on 8 August 2008, to enter into a Scheme Implementation Agreement (SIA) with RDI a company recently formed, and controlled by Mr Clive Palmer, to acquire substantial iron ore, nickel, exploration and energy interests, including rights to extract 20 billion tonnes of iron ore from the Balmoral tenements in Western Australia held by Mineralogy Pty Ltd. The SIA provides for GPNL to propose a scheme of arrangement (the GPNL Scheme) under which RDI will acquire all of the shares in GPNL for a scrip consideration of £2.20 for each GPNL share based on RDI's share price. The GPNL Scheme which is subject to shareholder and court approvals, is conditional on RDI listing on the Hong Kong Stock Exchange or Australian Stock Exchange and raising a minimum of $1billion in cash and GPNL receiving a satisfactory Independent Experts Report.

It is anticipated that the GPNL Scheme will be finalised in December 2008. If the GPNL Scheme is successful RDI will own 100% of the Company and it is anticipated that the Company would seek to cancel its AIM listing.

f) Extension of memorandum of understanding with MCC

GPNL and MCC have agreed to extend the expiry date of the exclusivity period of the MOU from 30 September 2008 to 30 June 2009, due to previously noted corporate restructuring activities.

5. A copy of the Annual Report for the year ended 30 June 2008 will be sent to shareholders in due course.