



GLADSTONE PACIFIC NICKEL LTD

15th October 2009

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

GPNL Signs MOU for a Feasibility Study on the Development of a Heap Leach Project at Marlborough

Gladstone Pacific Nickel Ltd announces the Company has today executed a Memorandum of Understanding ("MOU") for the development of a heap leach project at Marlborough ("MHLP" or the "Project") with China Tianchen Engineering Corp ("TCC"). The MOU is subject to a number of conditions including the satisfactory conclusion of a feasibility study, entering into an engineering procurement and construction contract with TCC, the identification of an equity partner and an offtake partner for the Project.

The Marlborough ore resource, which is 100% owned by GPNL, has a JORC compliant resource of 71 million tonnes of laterite nickel ore at 0.91% nickel and 0.06% cobalt. The resource is based on only five of the thirteen deposits on the Marlborough tenements. The Company believes that there is sufficient ore resource at Marlborough for it to supply 100% of the feed for a standalone heap leach operation in addition to providing partial feed to the Company's proposed high pressure acid leach plant at Gladstone.

The development of the MHLP would establish the Company as a nickel producer. The Directors believe that the Project has the potential to provide up to 24,600 tonnes/annum of contained nickel and 1,700 tonnes/annum of contained cobalt in intermediate product. Initially the product is expected to be sold to nickel refiners for further processing.

The Company has undertaken four column tests (150mm wide and 4 m high) on the Marlborough ore. These tests indicate high extraction of between 75-88% Ni over a relatively short period of 165 days with sulphuric acid consumption of 300-550 kg/tonne of ore, which compares favorably to other proposed heap leach projects. Testing has shown extractions of up to 80% within 126 days with sulphuric acid consumption of 261 kg/tonne from areas which are likely to be mined early in the Project.

TCC, formerly known as China Tianchen Chemical Engineering Corporation, was established in 1953 and is an engineering services company based in Tianjin, China. TCC is well placed to provide support for the project due to their involvement as the engineering, procurement and construction contractor for European Nickel PLC's project in Çaldag, Turkey which is expected to be the world's first commercial scale nickel laterite heap leach operation.

Mr Henderson, the Company's Chairman, said "We are very pleased to be working with a company like TCC which is at the forefront of nickel heap leach engineering. TCC has a worldwide reputation for supply of chemical plants with particular expertise in building large scale acid plants as required for heap leach operations."

Mr Henderson further added "The Company remains committed to the Gladstone Nickel Project, but delays to the project due to the global financial crisis have required the Company to pursue other value adding options. The heap leach project at Marlborough has valuable synergies with the Gladstone Nickel Project in that much of the infrastructure for the heap leach project could be utilised by the Gladstone Nickel Project at very little additional capital cost".

Highlights of the MOU

- TCC has confirmed it is prepared to provide a commercial offer for the turn key construction of the MHLP and will send its technical team to Australia to undertake an infrastructure and site review with the view to agreeing the scope of the Feasibility Study.
- TCC will be commissioned by GPNL to undertake the Engineering Study ("ES") to a standard acceptable to Chinese banks and investors.
- TCC and GPNL will set up a special team to finalise the commercial terms of the turn-key Engineering Procurement and Construction ("EPC") Agreement. The EPC offered by TCC shall be commercially competitive and provide guarantees for the construction price and process for the MHLP.
- TCC will assist with a targeted debt financing of 70% of the Project which is expected to be provided through Chinese banks.
- TCC will work with GPNL to secure funding or to identify potential strategic Chinese partners for the remaining equity funding required for the MHLP, and to arrange an off take agreement for the sale of MHLP nickel intermediate to China.

ENDS

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Background

Gladstone Pacific Nickel Ltd

Gladstone Pacific Nickel Limited is a publicly-listed, Australian mining development company, whose main aim is to establish a US\$3.65 billion long-life, nickel and cobalt refinery at the Gladstone State Development Area in Central Queensland, Australia.

GPNL is planning to build the refinery at the deepwater Port of Gladstone, treating 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.

In addition, the Company is seeking to develop a heap leach project at its 100% owned Marlborough deposits in Queensland, Australia.

Gladstone Pacific Nickel Ltd is listed on AIM in London, code: GPN.

China Tianchen Engineering Corp

China Tianchen Engineering Corp ("TCC") is a leading Chinese multidisciplinary company, engaged in Engineering, Procurement and Construction activities. TCC undertakes project planning, feasibility study, engineering design, equipment & materials procurement, construction management and project supervision in the fields of petrochemical, fine chemical, organic & inorganic chemical, coal chemical, pharmaceutical and light & textile industries.

TCC has been continuously listed as one of the top 225 Global International Contractors in American "Engineering News Records" (ENR).

TCC is currently undertaking 22 projects outside of China and clients include Exxon Mobil, Sinopec, Shell, Dow, DuPont, GE, Procter & Gamble, Mitsubishi Heavy Industries and many others.

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.