

Letter to Shareholders of Gladstone Pacific Nickel Limited concerning the Extraordinary General Meeting of the Company

From Benjamin Hill, Director

23 March 2010

Dear Shareholder

Removal as a Director of Gladstone Pacific Nickel Limited (the "Company")

I refer to the proposed resolution to be considered by you concerning whether I should be removed as a director of the Company. I understand that this resolution has been proposed by entities associated with Mr Clive Palmer, and the reason why this resolution has been proposed is to permit you to consider the appointment of a replacement director who is employed by Mineralogy Pty, a shareholder of the Company and one that is wholly owned by Mr Palmer, the Company's largest shareholder. I wish to set out below some points for you to consider in deciding whether to vote for or against this resolution.

As you may be aware, the current economic and regulatory climate has resulted in a significant amount of focus on ensuring that boards of directors are representative, balanced and effective. A board of directors which reflects good practices of corporate governance is important to ensuring business success by providing efficient and effective formation and delivery of business strategy. A board of directors must provide the leadership to develop and deliver the business of a company for the benefit of all shareholders.

I am concerned the current proposal for my replacement as a director is inconsistent with the practice of good corporate governance. My removal could also be considered a failure to comply with international guidelines and best practice for good corporate governance. For example, the UK Quoted Companies Alliance ("QCA") publishes Corporate Governance Guidelines for AIM Companies which while not compulsory are considered by the QCA as guidelines of which all AIM companies should be able to satisfy (rather like a minimum level for corporate governance, rather than a maximum). I am concerned that the proposal could result in the board structure not complying with QCA guidelines if the removal of James Henderson and me as directors of the Company resulted in the board of directors of the Company being potentially dominated by the views of one person or group of associated persons.

In addition, the Corporate Governance Guidelines for AIM Companies of the UK National Association of Pension Funds states that a board of directors similar in nature to the Company's board should be comprised of at least two independent directors. I understand that currently Domenic Martino and myself are considered the only independent directors of the

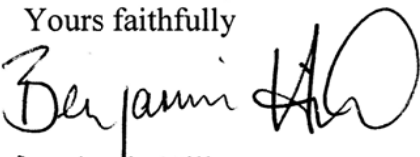
Company. The Company having only one independent director would not be in compliance with these guidelines. Such non compliance with these guidelines could affect the level of institutional investment in and support for the Company.

While I acknowledge that I am associated with RAB Capital plc and its funds (a shareholder of the Company), I have always sought to apply an independent mind and balanced approach to my role. I recognise the importance of a director to consider and take into account the interests of all shareholders and to consider himself or herself as a "steward" of the Company's business for the benefit of all shareholders. I consider that it is important for the board of the Company to represent the various interests of shareholders and not be concentrated by or representative of only a selected or small group of shareholders. A board representing the diversity of interests of shareholders is important to recognise and voice the views of the various different shareholders of the Company. I note that I am not aware of any suggestion that I am being removed due to poor performance or failure in my duties.

As a result, I consider it important that I remain a director of the Company to provide for a representative and effective board of directors. ***I am concerned that the proposal for my removal could result in the board being potentially dominated by the views of one person or group of associated persons.*** This may also be inconsistent with the combined group of directors holding the depth of different skills, views and experience necessary to ensure the maximum growth and development of the Company's business.

I URGE YOU TO REJECT AND VOTE AGAINST THE RESOLUTION FOR MY REMOVAL AS A DIRECTOR OF THE COMPANY.

Yours faithfully


Benjamin Hill