



Nickel Australia Limited

MEDIA RELEASE

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\$12M IPO CLOSES HEAVILY OVERSUBSCRIBED

NICKEL SULPHIDE EXPLORER SET FOR PRE-CHRISTMAS ASX DEBUT

One of the largest exploration fund raisings in Australia in recent times, the **\$12 million Nickel Australia Limited** IPO, has exceeded its target by 120%, receiving applications for more than **\$26 million** worth of stock ahead of a pre-Christmas ASX listing, setting a new benchmark for resource floats.

Nickel Australia is scheduled to list on the ASX on 9 December under the code **NKL**. The Company has a focused portfolio of nickel sulphide interests in Western Australia, mostly acquired from Croesus Mining Ltd.

The Perth-based Company – led by the former General Manager Exploration for Jubilee Mines, Mr Tony Rovira – officially closed its Public Issue late Friday (28 November). The Company will issue a total of 48 million shares at 25 cents (raising \$12 million). On listing, it will have 73 million shares on issue and 8.25 million options, with a market capitalisation at the issue price of \$18.25 million.

“The level of response from investors has been exceptional, with demand outweighing available stock by a factor of more than 2 to 1,” said Mr Rovira, Nickel Australia’s Managing Director. “Of particular note has been the level of demand from institutional investors which, together with applications from existing Croesus shareholders and retail investors, underpinned a highly successful capital raising.”

“Even though the market generally has slowed in recent weeks, the level of investor support for quality long-term nickel exploration companies such as Nickel Australia is clearly still exceptionally strong,” Mr Rovira said. “This bodes well for the longer term future of the current resource investment cycle.”

Mr Rovira said the strong response to the IPO reflected the positive long-term forecasts for the nickel market, with demand widely predicted to remain very strong through until the end of the decade. “With a balanced portfolio of projects in one of Australia’s most productive gold and nickel regions, the Norseman-Wiluna belt, Nickel Australia is very well placed to participate in this upside.”

“With limited scope for increased supply in the short to mid-term and the predicted oversupply of nickel from Australian laterite producers not eventuating, there is a significant opportunity for new nickel sulphide projects to help fill this gap. In this regard, there are few exploration projects with better geological credentials than Nickel Australia’s.”

The Company brings together an experienced team of exploration and corporate professionals, led by Mr Rovira and Chairman Campbell Ansell. Mr Rovira has over 20 years experience in the mining industry, and was previously Exploration Manager for Zapopan and Pegasus Gold Australia before spending 7 years as General Manager Exploration for Jubilee Mines.

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In this time, he led the team that discovered the Cosmos and Cosmos Deeps nickel sulphide deposits – an achievement for which he jointly received the 2000 AMEC Prospector of the Year Award.

Mr Ansell, a Chartered Accountant, is well-known for his involvement in the resource sector at senior board levels, and is also Chairman of Dragon Mining NL and a director of Croesus, Universal Resources and De Grey Mining Ltd. The other non-executive directors are Michael Fowler, Croesus' Exploration Manager, and John Saleeba, a former partner in law firm Clayton Utz.

Nickel Australia has four project areas, including 100% interest in the Nickel Rights over three key areas in the Kalgoorlie district of Western Australia acquired from Croesus Mining and the right to earn an 85% interest in the Splinter gold-copper project located south east of Norseman.

The **Norseman Project**, centred on the town of Norseman, is located approximately 20 kilometres south of Mincor Resources NL's Miitel, Wannaway and Redross mines and around 60 kilometres from the major nickel mining centre of Kambalda.

Limited previous exploration, by Central Norseman and WMC Resources, returned significant nickel sulphide intercepts at various prospects including Talbot Island (14.3 metres at 1.16% Ni), Jimberlana (10 metres at 1.03% Ni), Mt Thirsty, Polar Bear, Petersens Gossan and East Town. All of these areas represent high-priority target areas requiring immediate follow-up.

Nickel Australia has allocated a significant \$2.1 million exploration budget for Norseman in year 1, rising to \$2.6 million in year 2, with an active exploration program already planned to commence immediately after listing. This will include surface electromagnetic (EM) surveys and reconnaissance drilling targeting the Talbot Island and Jimberlana areas in the short term.

The **Davyhurst Project**, located approximately 130 kilometres north-north west of Kalgoorlie covers a major historical gold producing area, although it is also regarded as a significant greenfields nickel exploration project, with anomalous nickel geochemistry present within the ultramafics.

The **Beete Project**, located 60 kilometres south of Norseman, is located on the southernmost extension of the Archaean Norseman-Wiluna greenstone belt. Preliminary interpretation of aeromagnetic data by SRK Consultants and historical drilling indicates that the geology comprises a sequence of ultramafic, mafic and sedimentary units which are considered to be highly prospective for nickel sulphide mineralisation.

The **Splinter Project**, located 120 kilometres north east of Esperance, comprises a large gold-in-calcrete geochemical anomaly located at the intersection of major structural trends and represents an attractive longer-term exploration target for the Company.

Mr Rovira said Nickel Australia's priority would be its nickel sulphide projects in the Norseman area, which represented the best opportunity for short-term exploration success.

"With substantial funding now in place, we will move rapidly to build a focused exploration team and to implement our business plan, with drilling of our high-priority targets likely to commence very early in the new year," he added.

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