



Nickel Australia Limited

ANNOUNCEMENT

JOINT VENTURE TO EXPLORE FOR NICKEL IN THE FORRESTANIA BELT

HIGHLIGHTS

- Nickel Australia in Joint Venture to explore for and mine nickel and other metals around the historic Bounty Gold Mine in the Forrestania district of Western Australia.
- The project area contains 42 square kilometres of the Forrestania greenstone belt and more than 24 strike kilometres of ultramafic rocks known to be highly prospective for nickel sulphide mineralisation.
- Previous exploration returned nickel intercepts of **3.5m @ 1.19% Ni**, **5.0m @ 1.88% Ni**, and **4.2m @ 1.11% Ni** from diamond drilling.

COMMERCIAL TERMS

Nickel Australia Limited (ASX: NKL) is pleased to announce that the company has entered into a Joint Venture on the Bounty Project in the Forrestania Greenstone Belt of Western Australia with private company, Montague Resources Pty Ltd (Montague). The project comprises applications for four Mining Leases, two General Purpose Leases, and two Miscellaneous Licences.

Under this agreement, NKL has acquired the right to earn a 70% interest in the Bounty tenements and in all metals (except gold and silver) by sole funding exploration through to completion of a Bankable Feasibility Study (BFS) by June 2014.

Following completion of the BFS, Montague will retain a 30% interest in the tenements (including a 30% interest in nickel and other metals), and will elect to either contribute 30% of ongoing costs (both operating and development) or dilute according to a standard industry formula. Montague will retain 100% of the rights to explore for and mine gold and silver.

NKL paid to Montague \$300,000 cash upon execution of the agreement and will pay a further \$300,000 cash upon the grant of M77/1066 (the tenement on which the Bounty Gold Mine is located).

NKL has a further option to increase its interest by 10%, from 70% to 80%, by paying to Montague the sum of \$4 million following the completion of the BFS.

TECHNICAL DETAILS

The Bounty Project is situated within the northern part of the Forrestania greenstone belt, adjacent to the Forrestania nickel projects held by Western Areas NL and LionOre Australia Pty Ltd. The project area covers 42km² and contains more than 24km strike length of ultramafics known to be prospective for nickel sulphide mineralisation. It includes the northern extensions of the ultramafic unit hosting the Cosmic Boy and Digger Rocks nickel sulphide deposits previously mined by Outokumpu and currently the subject of a feasibility study by Western Areas.

Previous companies working in this part of the Forrestania belt were mostly gold-focused, and consequently the majority of historical exploration concentrated on gold. However some nickel exploration was carried out including shallow RAB drilling, surface and underground diamond core drilling, and some surface electromagnetic (TEM) surveying.

Diamond drilling carried out by Forrestania Gold NL in 1996-97 intersected nickel sulphide mineralisation about 250 metres east of the Bounty underground mine development. Following its successful takeover of Forrestania Gold, LionOre Mining International Ltd reported in its 1996 Annual Report that this mineralised zone had “an extent of about 200 metres along strike and down to 300 metres beneath the surface. Significant intercepts include **3.5 metres at 1.19% nickel** in BUG 29, **5.0m @1.88% nickel** in MD 69 and **4.2m @ 1.11% nickel** in MD 99.”

These intercepts confirm that the ultramafic units contained within the project area are very prospective for high grade nickel sulphides. In addition, TEM surveys carried out in the mid-1990's identified conductor anomalies which may indicate the presence of massive nickel sulphide bodies, and to date these remain untested.

NKL will commence an intensive exploration program on the Bounty Project immediately the tenement applications are granted. This work will include detailed surface and downhole EM surveys using the most modern techniques, surface diamond core drilling, and underground diamond drilling via the Bounty underground workings.

Released 12th May 2004

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This report has been compiled by Mr Tony Rovira (Managing Director – Nickel Australia Ltd) who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) with 20 years experience in the mining industry. Mr Rovira has relevant experience in relation to the geology and mineralisation being reported on and qualifies as a Competent Person as defined by the Joint Ore Reserve Committee (JORC) of the AusIMM.



Nickel Australia Limited

BOUNTY PROJECT – REGIONAL GEOLOGY & PROJECT AREA

