



Nickel Australia Limited

ANNOUNCEMENT

JOINT VENTURE TO EXPLORE FOR NICKEL IN THE LAKE JOHNSTON BELT

Released 5th July 2004

- Joint Venture with Hannans Reward NL to explore for and mine nickel and other metals on the Maggie Hays South Project in the Lake Johnston Greenstone Belt of Western Australia.

COMMERCIAL TERMS

Nickel Australia Limited (ASX: **NKL**) is pleased to announce that the company has entered into a Joint Venture with Hannans Reward NL (ASX: **HNR**) on the Maggie Hays South Project in the Lake Johnston Greenstone Belt of Western Australia.

Under the agreement, NKL has acquired the right to earn a 55% interest in the nickel minerals (including all minerals except gold and silver) by sole funding exploration through to the completion of a Bankable Feasibility Study (BFS) within five years.

Following completion of a BFS and on NKL making a Decision to Mine, HNR will retain a 35% interest in the nickel minerals and may elect to either contribute or revert to a 2% Net Smelter Royalty.

The remaining 10% interest in the Maggie Hays South Project is held by two private entities, Murchison Resources Pty Ltd and D M Edwards. Both are also free carried to a Decision to Mine, whereupon they may elect to either contribute or dilute according to a standard industry formula.

TECHNICAL DETAILS

The Maggie Hays South Project comprises applications for seven Prospecting Licences. The project area is situated in the central part of the Lake Johnston greenstone belt, approximately 110 kilometres west of Norseman, and is located about 25km south of the Maggie Hays and Emily Ann nickel mines operated by LionOre Australia Pty Ltd.



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The project area covers 12km² and contains a 4km strike length of the southern extensions of the rock units which host LionOre's mines. Previous exploration for nickel at Maggie Hays South has been minimal. A RAB drilling program returned anomalous nickel and copper geochemistry from along the ultramafic footwall contact, and a surface electromagnetic (EM) survey identified four conductor anomalies, also located near the basal ultramafic contact.

None of these targets have been tested by deep drilling, and NKL will commence an intensive exploration program immediately the tenement applications are granted. This work will include diamond core drilling and downhole EM surveys to test the already identified targets. Further target generation work comprising infill aircore drilling and detailed fixed loop EM surveys will also be undertaken.

The presence of geochemical and geophysical anomalies located near a stratigraphic contact associated with large, high grade nickel sulphide deposits elsewhere in the district indicates the Maggie Hays South Project is prospective for hosting significant nickel sulphide mineralisation.

- ENDS -

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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

MAGGIE HAYS SOUTH REGIONAL GEOLOGY & PROJECT AREA

