



Nickel Australia Limited

EXPLORATION COMMENCES AT SPLINTER PROJECT, WA TARGETING MAJOR GOLD ANOMALY

HIGHLIGHTS

- Surface geochemical sampling and geological mapping has commenced, initially targeting the large (8.5 x 5.5km) Splinter gold anomaly.
- Aerial photography is in progress to be followed by two geophysical surveys (gravity and aeromagnetics) to be undertaken in October.
- Aircore drilling is planned to follow-up surface geochemical sampling, leading to deeper RC and/or diamond core drilling.

Nickel Australia Ltd (ASX: **NKL**) is pleased to announce that it has commenced an intensive exploration program on its 100%-owned Splinter Project in Western Australia. The Company will initially target a major gold-in-calcrete anomaly, with exploration activities underway leading to aircore and possible deeper RC and/or diamond core drilling in the last quarter of 2004.

Exploration Details

The Splinter Project is located in the Albany-Fraser Province, about 120km northeast of Esperance. It contains 840km² of ground considered prospective for shear-hosted gold deposits, iron oxide copper-gold deposits (Olympic Dam and Ernest Henry style), and intrusive hosted nickel sulphide deposits (Voisey's Bay style).

Nickel Australia exercised its First Right of Refusal to acquire a 100% interest in the Splinter Project from joint venture interests in June this year ahead of a planned intensive exploration campaign.

Within the project area, previous exploration identified a large (8.5km x 5.5km) gold-in-calcrete surficial geochemical anomaly situated at the intersection of major structural trends. The dimension and magnitude of the Splinter anomaly is comparable to those that led to the gold discoveries at Tropicana (Independence Group Ltd / AngloGold Australia Ltd), Tunkillia (Helix Resources Ltd), Barns and Baggy Green (Adelaide Resources Ltd / Newmont Australia Ltd).

Two field crews have commenced a close-spaced calcrete sampling program over the existing geochemical anomaly. This is designed to infill the existing survey pattern and better define the orientation of the anomalous gold zones. Geochemical anomalies generated by these surveys will be followed-up by aircore drilling as soon as possible.

An aerial photographic survey is also currently being flown and two geophysical surveys are scheduled to be undertaken in October. The first of these is a detailed ground gravity survey with station spacings on a 1km x 0.5km pattern. Depending upon results, further infill gravity measurements may also be carried out to provide better anomaly definition.

Existing broad scale, regional aeromagnetics show that the Splinter project area contains a very interesting geological package. In late October a low-level aeromagnetic survey will be flown to provide detailed interpretation of the project geology.

Splinter represents a significant longer-term exploration target for Nickel Australia. Depending upon results from the geophysical surveys and surface geochemical sampling, the Company will implement an aircore drilling program and will review the option of deeper drill testing of targets with Reverse Circulation and/or diamond core drilling.

Background

The Splinter Project is located 120km northeast of Esperance and comprises one granted Exploration Licence and three applications for Exploration Licences, which together total 840km². In June Nickel Australia announced that it had exercised its Right of First Refusal under the terms of the Splinter Joint Venture Agreement to acquire all outstanding interests in this project. The Company now owns 100% of this project.

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Released by:
Jan Hope / Nicholas Read
Jan Hope & Partners
Telephone: +61 8 9388 1474

On behalf of:
Mr Tony Rovira
Managing Director
Nickel Australia Limited
Telephone: +61 8 9481 2555

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.



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SPLINTER PROJECT – REGIONAL GEOLOGY & PROJECT AREA

