



Nickel Australia Limited

ANNOUNCEMENT

SIGNIFICANT GOLD ANOMALY IDENTIFIED AT SPLINTER PROJECT

FOLLOW-UP DRILLING PROGRAM PLANNED

HIGHLIGHTS

- Strong, coherent gold anomaly (3km x 1km) identified at Splinter exploration project, together with several other unconstrained zones of gold anomalism.
- Strong copper anomalism associated with the gold anomalies.
- Several pronounced gravity anomalies outlined including one coincident with the gold and copper anomalies, highlighting potential for Olympic Dam-style iron oxide copper-gold mineralisation in the region.
- Follow-up work, including aircore drilling, is planned for the first quarter of 2005, leading to deeper RC and/or diamond core drilling.

Exploration Details

Nickel Australia Ltd (ASX: **NKL**) is pleased to provide a progress report on the first phase of exploration at its 100%-owned Splinter Project in Western Australia.

Nickel Australia recently completed a calcrete sampling program on a 400m x 400m pattern to provide better definition of zones of anomalous gold outlined in a previous wide-spaced geochemical sampling program. This earlier exploration had identified a large (8.5km x 5.5km) gold-in-calcrete anomaly located at the intersection of major structural trends.

Interpretation of the results indicates the presence of a strong, well defined and coherent gold anomaly, in an arcuate shape extending approximately 3km in length and 1km in width. This overlies the northern boundary of a 2.5km x 0.8km zone of copper anomalism.

Situated immediately to the south of the gold anomaly, and underlying the copper anomaly, is a very pronounced gravity high. This is a promising indication that the region has the potential to contain iron oxide copper-gold mineralisation similar to the Olympic Dam and Ernest Henry deposits.



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Other zones of gold anomalism are also present, however these have not been fully delineated and remain open along strike. Extensions of the calcrete sampling pattern are required in order to complete outlining the boundaries of these anomalies.

The gravity survey currently has station spacings on a 1km x 0.5km pattern. Collection of further infill gravity measurements is in progress to provide better anomaly definition. Other exploration activities being undertaken at Splinter include an aerial photographic survey (completed) and a detailed low-level aeromagnetic survey (scheduled for late November).

Further infill and extensional geochemical sampling is scheduled to be carried out in the first quarter of 2005. Following evaluation of these results, 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 comprises one granted Exploration Licence and three applications for Exploration Licences, and 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 owns 100% of the Splinter project, which represents a significant longer-term exploration target for the Company.

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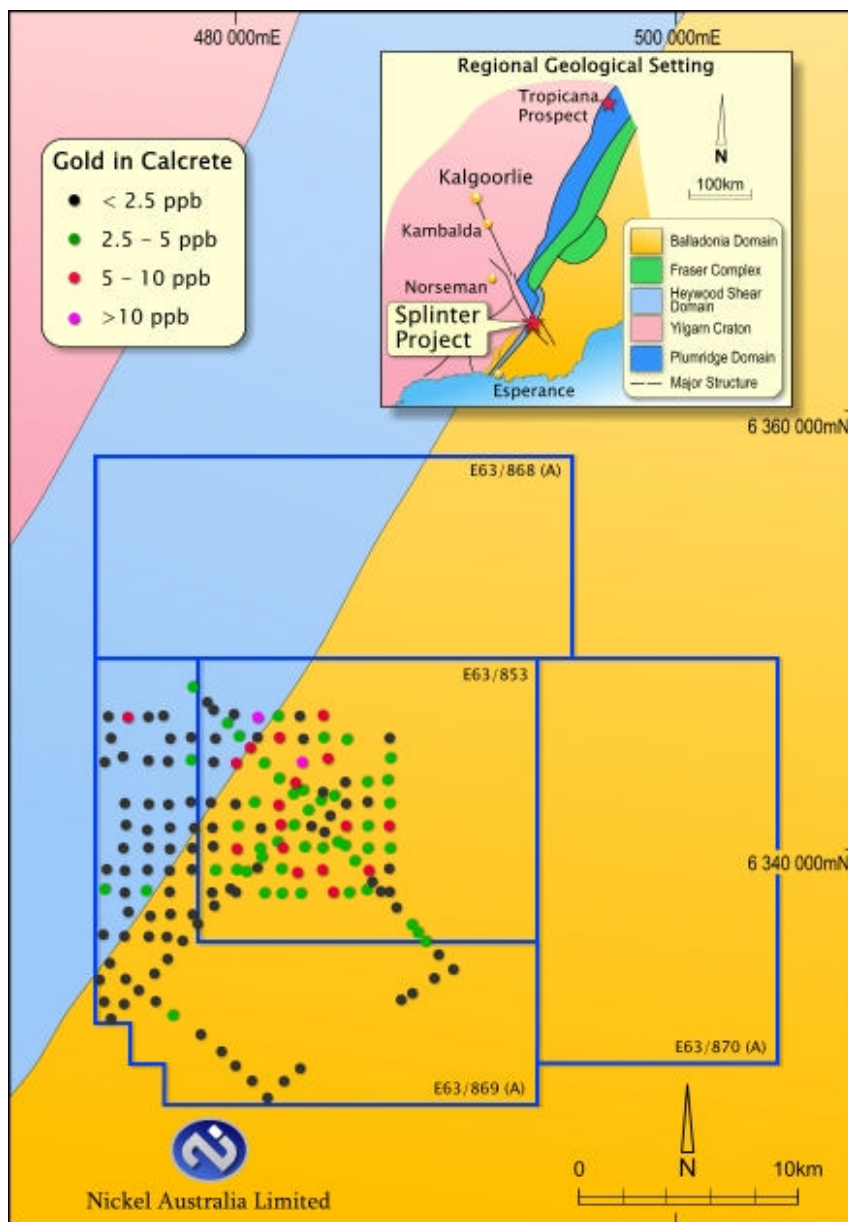
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This report has been compiled by Mr Tony Rovira (Managing Director – Nickel Australia Ltd) who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) with 20 years experience in the mining industry. Mr Rovira has relevant experience 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.



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SPLINTER PROJECT REGIONAL GEOLOGY & PROJECT AREA Including historical geochemical sampling





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