



Nickel Australia Limited

ABN 46 106 346 918

13 November 2006

The Manager
Companies Announcement Office
Australian Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

Dear Sir

RE: NICKEL AUSTRALIA MAKES NEW COPPER DISCOVERY IN MEXICO

We enclose herewith a copy of an announcement in relation to the above.

Yours faithfully,

Tony Rovira
Managing Director

Encl.



Nickel Australia Limited

ABN 46 106 346 918

ANNOUNCEMENT

13 November 2006

NICKEL AUSTRALIA MAKES NEW COPPER DISCOVERY IN MEXICO

SUMMARY

Nickel Australia Limited (ASX: **NKL**) is pleased to announce that it has discovered high grade primary copper-silver mineralisation in first pass Reverse Circulation (RC) drilling at the **Potreritos** project in Mexico.

Highlights of the discovery include:

- **High grade mineralisation, ranging up to 8.5% Cu and 57g/t Ag over 1.52 metres.**
- **Shallow depth, with significant Cu and Ag values returned from 7.62 metres down hole.**
- **Gold mineralisation also intersected, ranging up to 2.17g/t Au over 1.52 metres.**

Better intercepts include:

POT-RC-01 4.57m @ 4.92% Cu & 38g/t Ag from 21.34m
POT-RC-01 1.52m @ 1.63% Cu & 26g/t Ag from 111.25m

DETAILS

The Potreritos project is located in the Cumobabi District on the western edge of the highly mineralised Sierra Madre Occidental region of Sonora, Mexico (Figure 1). The district contains numerous copper and molybdenum deposits hosted in intrusive breccias, including the historical Pilares copper (147Mt @ 1.04% Cu) and Cumobabi molybdenum (46.5Mt @ 0.2% MoS₂) mines (Figure 2).

Initial exploration undertaken during 2006 by Nickel Australia at Potreritos comprised geological mapping, geochemical sampling and Induced Polarisation (IP) surveying. Results include:

- chalcopyrite (copper sulphide: CuS₂) and copper oxide mineralisation identified in outcropping breccias;
- copper values ranging up to 1.66% Cu returned from rock chip samples;
- a surface copper anomaly 700 metres long and open along strike defined by soil sampling; and
- several strong near-surface chargeability anomalies indicative of significant accumulations of disseminated sulphides identified by IP surveying.

To follow-up these promising results, the company recently completed RC drilling of three holes for 507 metres. Holes were targeted beneath the outcropping copper mineralisation (POT-RC-01) and at the IP chargeability anomalies (POT-RC-02 & 03).

The first hole (POT-RC-01) intersected abundant quantities (up to 20%) of sulphides at shallow depth within quartz-tourmaline-sulphide breccia. The highest grade copper intersection returned **1.52M @ 8.5% Cu** within a wider intercept of **4.57m @ 4.92% Cu** from 21.34m.

Breccia outcrops continue for at least 500 metres northeast of POT-RC-01, where a rock chip sample returned copper, silver and gold values of **1.55% Cu, 83.5g/t Ag** and **0.22g/t Au**. The IP chargeability anomaly associated with strong copper mineralisation in POT-RC-01 extends to the east for at least another 200 metres and the copper soil anomaly is open to the northeast for at least 450 metres. These highlight the potential for significant extensions to the mineralised system (Figure 3).

Gold mineralisation was also intersected in POT-RC-01, with better intercepts of **1.52m @ 2.17g/t Au** from 105.16m and **1.52m @ 1.03g/t Au** from 170.69m.

POT-RC-02 tested the western edge of the southern IP anomaly and intersected a wide interval of copper mineralisation (53.3m @ 0.15% Cu) associated with quartz-tourmaline-pyrite alteration on the periphery of the breccia body. Drilling problems led to the third hole (POT-RC-03) being abandoned short of the target depth.

Further drilling on the Potreritos project is currently being planned and will commence as soon as a suitable drill rig has been sourced.

Mineralised intercepts are tabulated below. Drill hole details are listed in Appendix 1.

SIGNIFICANT DRILL INTERCEPTS

Hole No	From (m)	To (m)	Interval (m)	Cu (%)	Ag (g/t)	Comments
POT-RC-01	7.62	32.00	24.38	1.21	11.3	
<i>including</i>	19.81	28.96	9.15	2.65	21.4	
<i>including</i>	21.34	25.91	4.57	4.92	38.2	Abundant (>20%) sulphides
	99.06	121.92	22.86	0.24	5.4	
<i>including</i>	111.25	112.77	1.52	1.63	26.2	
	188.98	195.07	6.09	0.11	1.7	Hole ended in mineralisation
POT-RC-02	73.15	126.49	53.34	0.15	1.9	

NOTE: Samples collected in 5 foot (1.52 metre) intervals and assayed at ALS Chemex (Vancouver) using the ICP-AES method.

JOINT VENTURE BACKGROUND

Nickel Australia is exploring a portfolio of 14 projects in the Mexican state of Sonora in joint venture with Geoinformatics Exploration Inc (TSX-V: GXL). Under the terms of the agreement, which commenced in July 2005, Nickel Australia can earn an initial 51% interest in all projects by expending US\$4M within four years and a further 24% (totalling a 75% interest) by carrying all further expenditure to the completion of a pre-feasibility study.

For further information, please contact Tony Rovira on 08 9481 2555

APPENDIX 1 – DRILL HOLE DATA

Hole No	North (m)	East (m)	Dip / Azimuth	Total Depth (m)
POT-RC-01	3 294 150	602 400	-70° / 315°	195.07
POT-RC-02	3 294 080	602 340	-60° / 315°	188.98
POT-RC-03	3 294 410	602 310	-60° / 150°	123.44

Information in this report that relates to Exploration Results is based on information compiled by Mr Tony Rovira, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Rovira is a full-time employee of Nickel Australia Ltd. Mr Rovira has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Rovira consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

FIGURE 1

MEXICO – PROJECT LOCATIONS

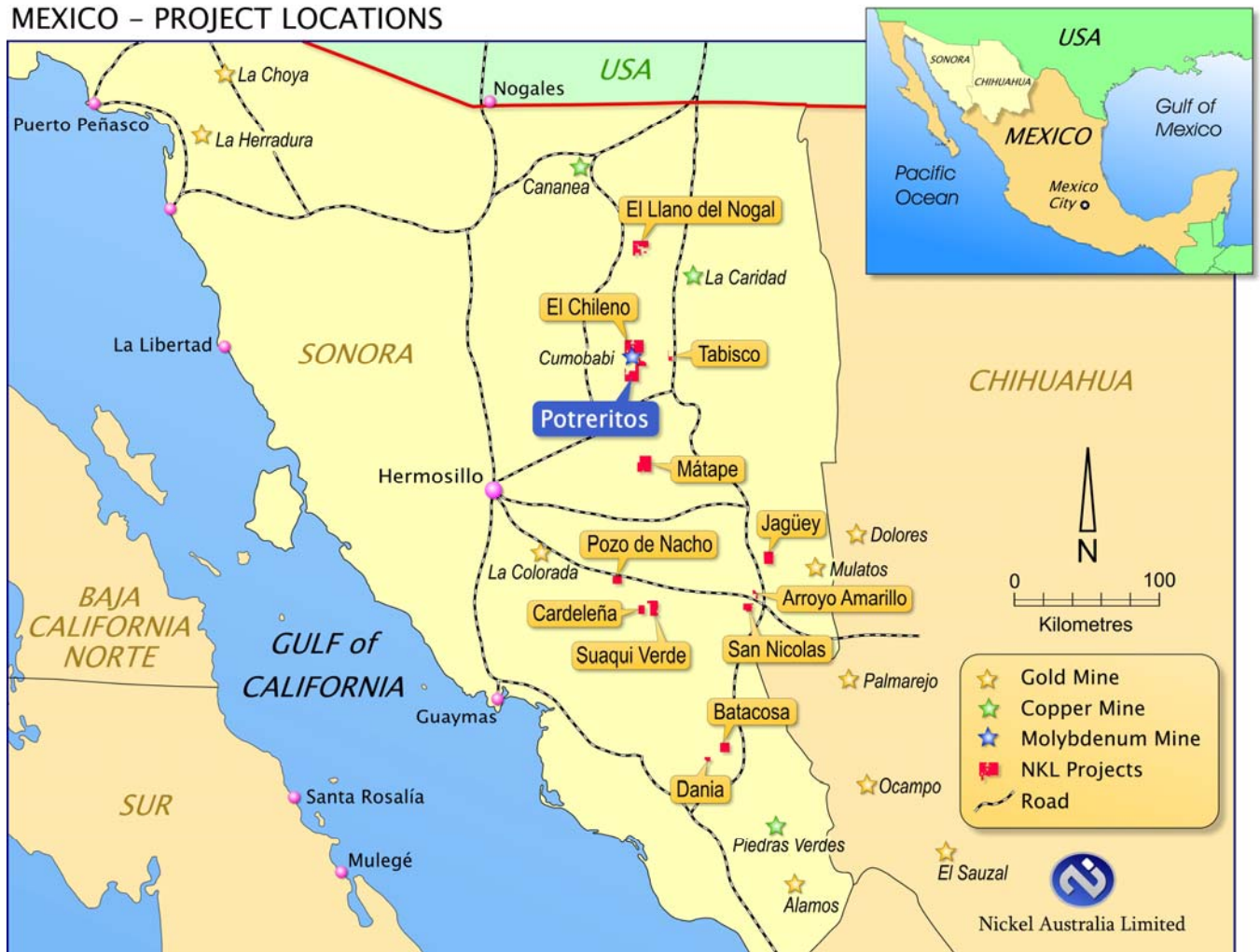


FIGURE 2

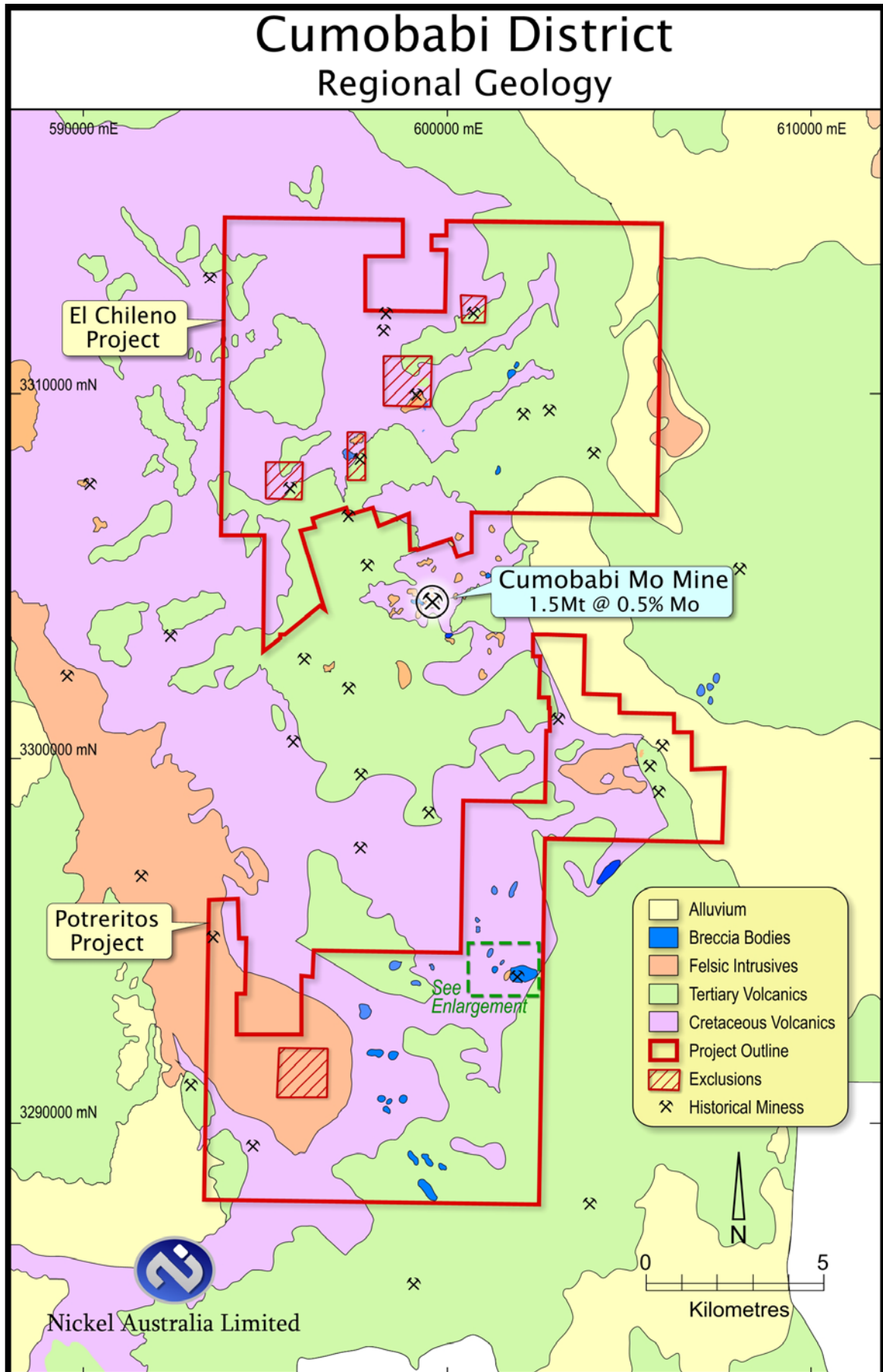


FIGURE 3 GEOLOGY AND DRILL HOLE LOCATIONS

