



# Nickel Australia Limited

## ANNOUNCEMENT

### **ANOMALOUS NICKEL RESULTS FROM MAGGIE HAYS SOUTH**

#### HIGHLIGHTS

- Anomalous nickel mineralisation intersected in reconnaissance drilling (128 aircore holes completed for 5,034 metres).
- Best drill intercepts include:
  - 20m @ 0.60% nickel
  - 16m @ 0.65% nickel
  - 16m @ 0.59% nickel
  - 16m @ 0.58% nickel
  - 20m @ 0.61% nickel
  - 15m @ 1.14% nickel
  - 12m @ 0.56% nickel
  - 12m @ 0.67% nickel
- Two strong conductor bodies representing priority drilling targets identified in electromagnetic survey.
- Diamond drilling to commence in February 2005.

#### EXPLORATION DETAILS

Nickel Australia Ltd (ASX: **NKL**) is pleased to announce that it has received very encouraging results from its first nickel exploration program at its Maggie Hays South project in Western Australia, where the Company is earning 55% of the nickel and base metal rights.

This exploration program commenced in November and consisted of reconnaissance aircore drilling and a surface electromagnetic (TEM) survey.

The aircore drilling was used to define the locations and boundaries of ultramafic units with nickel sulphide potential, and to test for anomalous geochemistry within these rock units. Drilling was undertaken on a 400m x 50m pattern over the four kilometre strike length within the project area. A total of 128 holes were completed for 5,034 metres, with all holes being drilled to refusal.

Holes were initially sampled as four metre composites and all analytical results have been received for these samples. Anomalous intervals were resampled as one metre individual samples and resubmitted to the laboratory. Results for these resamples are awaited.

Anomalous nickel and other pathfinder elements were intersected in numerous holes from within weathered ultramafic rocks. Details of significant drill intercepts are tabled below.

### Significant Drill Intercepts (at 21<sup>st</sup> December 2004)

Hole No	North	East	Dip	Azimuth	From (m)	To (m)	Width (m)	Grade (%Ni)	Comments
NMA 009	59000	11150	-60	090	4	20	16	0.65	
NMA 009	59000	11150	-60	090	28	44	16	0.59	
NMA 011	59000	11050	-60	090	16	24	8	0.66	
NMA 013	59000	10950	-60	090	32	47	15	1.14	End of Hole
NMA 014	59000	10900	-60	090	12	24	12	0.67	
NMA 015	59000	10850	-60	090	4	24	20	0.60	
NMA 026	58600	10850	-60	090	4	24	20	0.61	
NMA 030	58200	11200	-60	090	16	32	16	0.58	
NMA 031	58200	11150	-60	090	12	20	8	0.64	
NMA 031	58200	11150	-60	090	36	44	8	0.72	
NMA 032	58200	11100	-60	090	24	32	8	0.52	
NMA 122	55400	11150	-60	090	16	28	12	0.56	

Note – coordinates are in Local Grid

The TEM survey was designed to identify electromagnetic conductors which may represent deeply buried bodies of massive nickel sulphides. Exploration by previous companies did include surface TEM surveys which detected four conductors. However the more modern techniques provide deeper coverage and better discrimination of conductive effects. Nickel Australia's survey provided detailed discrimination of two strong conductors which are located in favourable geological positions adjacent to the basal ultramafic contact at the southern end of the project area.

To date no diamond drilling has been carried out on the Maggie Hays South property and the geochemical and geophysical anomalies identified by Nickel Australia remain untested. A diamond drilling program, consisting of six holes designed to test these areas, is scheduled to commence in early February 2005. Downhole electromagnetic (DHEM) surveys will then be carried out in all diamond drill holes.

#### **Background**

Nickel Australia's Maggie Hays South project is a joint venture with Hannans Reward NL and two private entities. Under the agreement, Nickel Australia has the right to earn a 55% interest in the nickel minerals (all minerals except gold and silver) by sole funding exploration through to completion of a Bankable Feasibility Study (BFS) within five years.

The Maggie Hays South Project comprises seven Prospecting Licences. The project area is situated in the central part of the Lake Johnston greenstone belt, approximately 110km west of Norseman, and is located about 25km south of the Maggie Hays and Emily Ann nickel mines operated by LionOre Australia Pty Ltd. The project area covers 12km<sup>2</sup> and contains a 4km strike length of the southern extensions of the rock units which host LionOre's mines.

**Released 21<sup>st</sup> December 2004**

- 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.*