



Nickel Australia Limited

ABN 46 106 346 918

3 February 2006

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

Dear Sir

ALLOTMENT OF OPTIONS IN ACCORDANCE WITH EMPLOYEE SHARE OPTION PLAN

Nickel Australia Ltd (ASX: **NKL**) is pleased to advise that it has finalised the terms and conditions of an allotment of incentive options to the company's existing employees.

The directors have resolved to issue a total of 3 million options to existing employees and contractors of the company in three equal tranches with various exercise prices, listing dates and expiry dates. The details are contained in the table below.

TRANCHE	EXERCISE PRICE	LIFE OF OPTIONS	DATE OF ISSUE	EXPIRY DATE
Tranche 1	\$0.175	5 Years	1 February 2006	31 January 2011
Tranche 2	\$0.25	5 Years	1 February 2007	31 January 2012
Tranche 3	\$0.35	5 Years	1 February 2008	31 January 2013

Of the 3 million options to be issued, the directors have proposed to issue 1.5 million options to the company's Managing Director, Mr Tony Rovira. This allocation is subject to shareholder approval which will be sought at the next general meeting of the company. The issue of the options to the Managing Director will be on the same terms and conditions and in equivalent tranches as disclosed above.

The issue of these options equates to approximately 3.5% of the company's existing issued capital. Appendix 3B will be lodged following finalisation of the paperwork associated with the allocation.

Yours faithfully,

Campbell T Ansell
Chairman