Nickel Australia Limited

ANNOUNCEMENT

EXPLORATION UPDATE - MAGGIE HAYS SOUTH

HIGHLIGHTS

- First batch of results received from detailed resampling of anomalous aircore drilling.
- Confirmation of widespread anomalous nickel mineralisation, including high grade nickel values.
- Better drill intercepts include:
  - **43m @ 0.56% nickel**
  - **11m @ 1.45% nickel, including 6m @ 2.07% nickel.**
- Diamond drilling to commence in February 2005.

EXPLORATION DETAILS

Nickel Australia Ltd (ASX: **NKL**) is pleased to announce that it has received the first batch of analytical results from resampling of the zones of anomalous mineralisation intersected recently at its Maggie Hays South project in Western Australia.

Drill holes in this reconnaissance aircore program were initially sampled as four metre composites and the results were reported on Tuesday 21st December 2004. Anomalous intervals have been resampled as one metre individual samples and resubmitted to the laboratory. Results of the resamples have been received for the first 15 holes (NMA 001 – NMA 015).

NMA 013 returned a strongly mineralised interval of **11m @ 1.45% Ni**, including a higher grade intercept of **6m @ 2.07% Ni**. The detailed results confirm the presence of consistent high grade mineralisation, with all 11 samples exceeding the lower cut-off of 0.5% Ni, and a highest value of **3.02% Ni**.

NMA 009 returned a single mineralised intersection of **43m @ 0.56% Ni**. This hole previously reported two separate intercepts of 16m @ 0.65% Ni and 16m @ 0.59% Ni.

Details of significant drill intercepts from holes NMA 001 – NMA 015 are tabled below.

Significant Drill Intercepts (at 23rd December 2004)

Hole No	North	East	Dip	Azimuth	From (m)	To (m)	Width (m)	Grade (%Ni)	Comments
NMA 009	59000	11150	-60	090	2	45	43	0.56	Previously reported as 16m @ 0.65% Ni & 16m@ 0.59% Ni
NMA 011	59000	11050	-60	090	15	27	12	0.54	Previously reported as 8m @ 0.66% Ni
NMA 013	59000	10950	-60	090	35	46	11	1.45	Previously reported as 15m @ 1.14% Ni
including					35	41	6	2.07	
which includes					35	39	4	2.38	
NMA 014	59000	10900	-60	090	10	24	14	0.58	Previously reported as 12m @ 0.67% Ni
NMA 015	59000	10850	-60	090	7	23	16	0.52	Previously reported as 20m @ 0.60% Ni

Note – coordinates are in Local Grid Lower Grade Cut-off = 0.5% Nickel

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These results indicate the widespread presence of anomalous nickel, including high grade mineralisation. They are considered to be very encouraging and warrant early follow-up work. A diamond drilling program, consisting of six holes designed to test these areas, is scheduled to commence in early February 2005.

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^2 and contains a 4km strike length of the southern extensions of the rock units which host LionOre's mines.

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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.