



# Nickel Australia Limited

## **ANNOUNCEMENT**

### **BOUNTY PROJECT**

#### ***EXPLORATION TO COMMENCE IN MID-JANUARY FOLLOWING GRANTING OF BOUNTY MINING LEASES***

##### **HIGHLIGHTS**

- The five Mining Leases comprising Nickel Australia's Bounty Joint Venture now granted with a \$500,000 nickel exploration program to commence in mid-January, 2005.
- Project area contains 42 square kilometres of Forrestania greenstone belt and more than 24 strike kilometres of ultramafic rocks known to contain nickel sulphide mineralisation.
- Previous exploration returned diamond drilling intercepts of:
  - **13.25m @ 1.23% nickel,**
  - **3.5m @ 1.19% nickel,** and
  - **7.4m @ 1.05% nickel.**

##### **JOINT VENTURE DETAILS**

Nickel Australia Limited (ASX: **NKL**) is pleased to announce that the five Mining Leases which comprise the Bounty Project were granted on Monday 13<sup>th</sup> December 2004 by the Department of Industry and Resources of Western Australia. In addition, two General Purpose Leases and two Miscellaneous Licences adjoining the Mining Leases have also been granted.

The Bounty Project is a joint venture between Nickel Australia and private company, Montague Resources Pty Ltd (Montague). Under the agreement with Montague, Nickel Australia has acquired the right to earn a 70% interest in the Bounty tenements and in all metals (except gold and silver) by sole funding exploration through to completion of a Bankable Feasibility Study (BFS) by June 2014.

Following completion of the BFS, Montague will retain a 30% interest in the tenements (including a 30% interest in nickel and other metals), and will elect to either contribute 30% of ongoing costs (both operating and development) or dilute according to a standard industry formula. Montague will retain 100% of the rights to explore for and mine gold and silver.

A payment of \$300,000 was made by Nickel Australia to Montague on execution of the agreement and a further \$300,000 has been paid on the grant of the Mining Leases. Nickel Australia has a further option to increase its interest by 10%, from 70% to 80%, by paying to Montague the sum of \$4 million following the completion of the BFS.

## **TECHNICAL DETAILS**

The Bounty Project is situated within the northern part of the Forrestania greenstone belt, adjacent to the Forrestania nickel projects held by Western Areas NL and LionOre Australia Pty Ltd. The project area covers 42 square kilometres with more than 24 kilometres strike length of ultramafics known to contain nickel sulphide mineralisation. It includes the northern extensions of the ultramafic unit hosting the Cosmic Boy and Digger Rocks nickel sulphide deposits previously mined by Outokumpu and currently the subject of a feasibility study by Western Areas.

Previous companies working in this part of the Forrestania belt were mostly gold-focused, and consequently the majority of historical exploration concentrated on gold. However, some nickel exploration was carried out including shallow RAB drilling, surface and underground diamond core drilling, and some surface electromagnetic surveying.

Diamond drilling carried out in the period 1993-96 intersected nickel sulphide mineralisation hosted in ultramafic rocks about 250 metres east of the Bounty mine. LionOre Mining International Ltd reported in its 1996 Annual Report that this mineralised zone had "an extent of about 200 metres along strike and down to 300 metres beneath the surface".

Significant intercepts included the following:

- **13.25 metres @ 1.23% nickel in MD69;**
- **7.4 metres @ 1.05% nickel in MD 99; and**
- **3.5 metres @ 1.19% nickel in BUG 29.**

These intercepts confirm that the ultramafic units within the project area contain nickel sulphide mineralisation. In addition, surface electromagnetic surveys carried out in the mid-1990's identified several strong conductor anomalies which may indicate the presence of massive nickel sulphide bodies. To date these remain untested.

Nickel Australia will be commencing an intensive exploration program on the Bounty Project in mid-January. The first phase will comprise two detailed geophysical surveys - a low-level aeromagnetic survey and a surface electromagnetic survey. This will be followed by aircore drilling, diamond drilling and downhole EM surveys. An exploration budget of \$500,000 has been allocated to the Bounty Project for 2005.

**Released 14<sup>th</sup> December 2004**

- ENDS -

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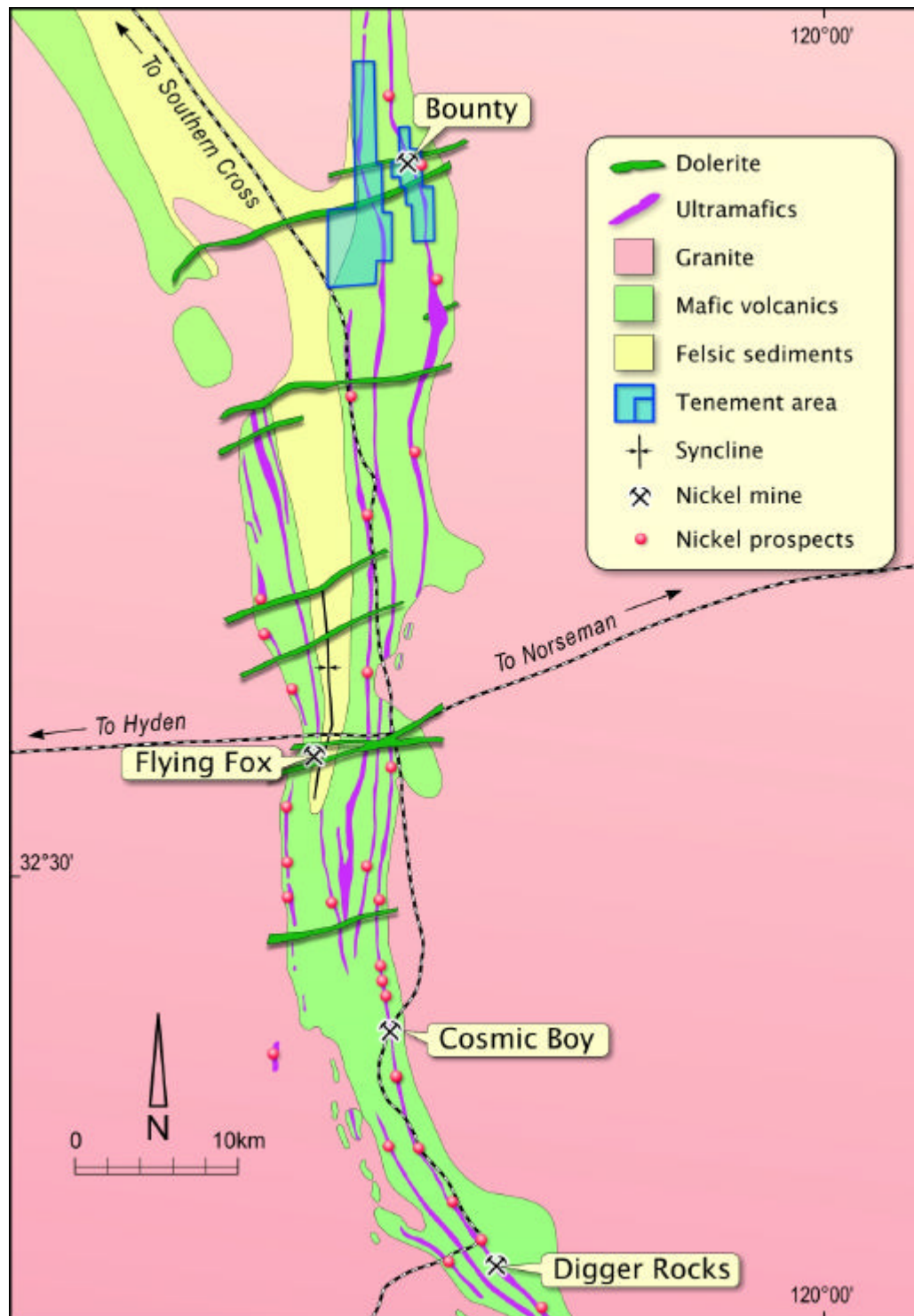
*This report has been compiled by Mr Tony Rovira (Managing Director – Nickel Australia Ltd) who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) with 20 years experience in the mining industry. Mr Rovira has relevant experience in relation to the geology and mineralisation being reported on and qualifies as a Competent Person as defined by the Joint Ore Reserve Committee (JORC) of the AusIMM.*



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## BOUNTY PROJECT

### REGIONAL GEOLOGY & PROJECT LOCATION





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