



Nickel Australia Limited

NICKEL AUSTRALIA COMMENCES DIAMOND DRILLING AT MAGGIE HAYS SOUTH AND BOUNTY

HIGHLIGHTS

- \$400,000 diamond drilling program commenced, comprising:
 - a 3 hole program currently underway at Maggie Hays South; and
 - a 6 hole program to follow immediately at Bounty.

EXPLORATION DETAILS

Nickel Australia Ltd (ASX: **NKL**) is pleased to announce that it has commenced a nine hole diamond drilling program, comprising three holes at the Maggie Hays South Project followed immediately by six holes at the Bounty Project, respectively located in the Lake Johnston and Forrestania greenstone belts of Western Australia.

Maggie Hays South

At Maggie Hays South (MHS), a joint venture with Hannans Reward NL where Nickel Australia can earn 55% of the nickel and base metal rights, the program comprises an initial three holes totalling approximately 900 metres. The target is a large nickel anomaly identified in the northern part of the project area by the recently completed aircore drilling (announced in December 2004).

This anomalous nickel is contained within a zone of significant thickening of the host ultramafic, and is coincident with two strong and coherent conductors identified by the surface electromagnetic (EM) survey carried out in November.

Analytical results are expected by the end of March, and further diamond drilling is scheduled for the southern part of the project area in April.

Bounty

Immediately following the completion of the MHS drilling, diamond drilling will commence Bounty where Nickel Australia is in joint venture with private interests and can earn 80% of the nickel and base metal rights.

This program will comprise six holes designed to follow up significant intercepts of nickel sulphide mineralisation made by previous explorers, including the following:



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- 0.45 metres @ 4.50% nickel in MD 106;
- 13.25 metres @ 1.23% nickel in MD 69;
- 7.4 metres @ 1.05% nickel in MD 99; and
- 3.5 metres @ 1.19% nickel in BUG 29.

These intercepts are located between 100-200 metres below surface over a strike length of about 200 metres. The presence of the narrow intercept of high grade massive nickel sulphides assaying 4.5% nickel is a strong indication that this area holds good potential for significant mineralisation.

In addition to this drilling program, Nickel Australia recently commenced a detailed surface EM survey covering the entire 42 square kilometre project area, which comprises five granted Mining Leases. It is expected to take about six weeks to complete this survey.

Released 18th February 2005
Tony Rovira
Managing Director
Nickel Australia Ltd

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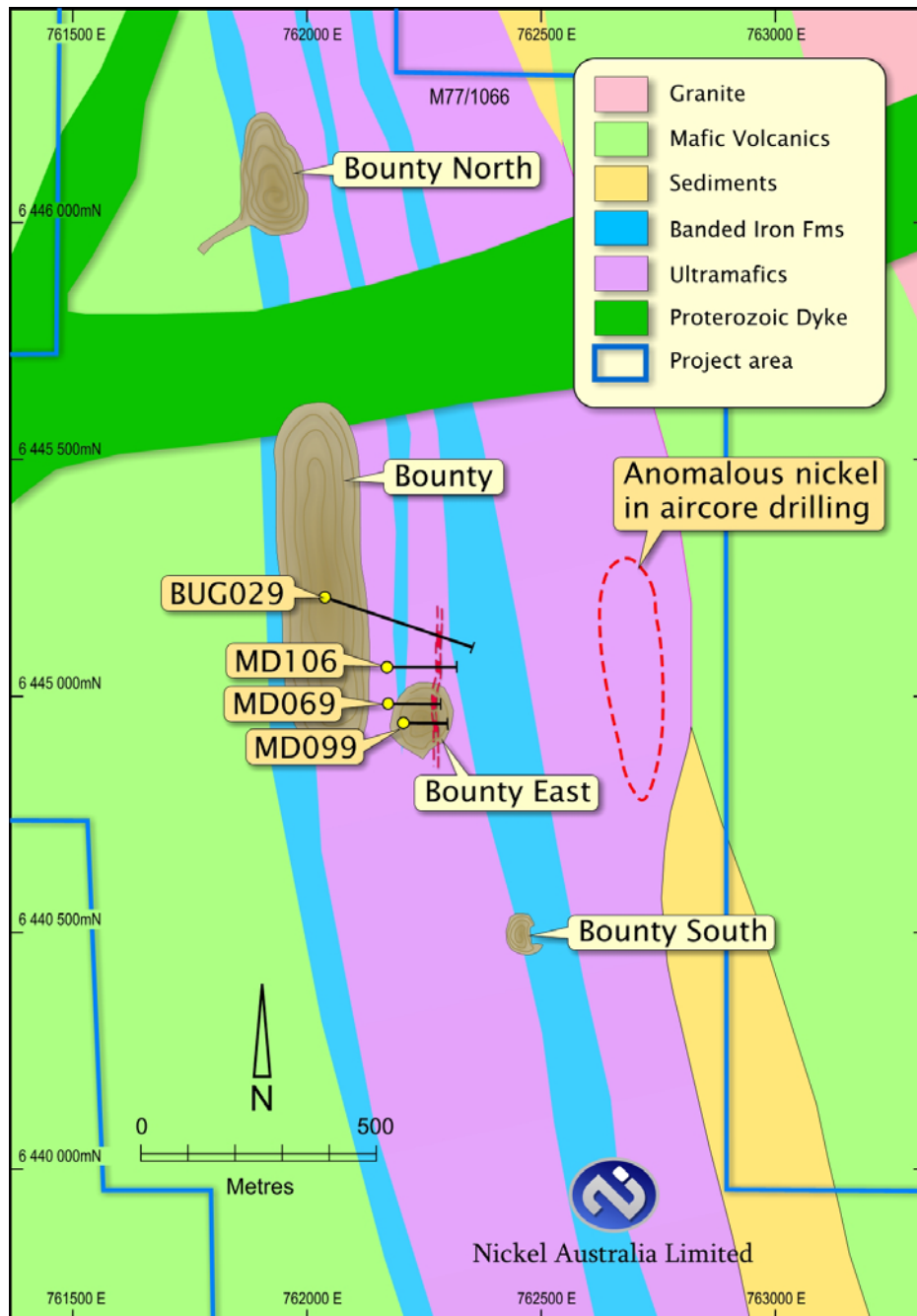
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The information in this report that relates to Exploration Results is based on information compiled by Mr Tony Rovira, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Rovira is a full-time employee of Nickel Australia Ltd. 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.



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BOUNTY PROJECT GEOLOGY & HISTORICAL DRILL INTERCEPTS





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MAGGIE HAYS SOUTH PROJECT GEOLOGY & PLANNED DRILL SECTIONS

