



Nickel Australia Limited

ABN 46 106 346 918

12 January 2006

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

Dear Sir

RE: NICKEL AUSTRALIA WITHDRAWS FROM MAGGIE HAYS SOUTH JOINT VENTURE

Nickel Australia Ltd (ASX: **NKL**) has advised Hannans Reward NL that exploration results at the Maggie Hays South project did not meet the Company's corporate criteria and therefore NKL has elected to withdraw from the Joint Venture Agreement.

Nickel Australia intends to focus its exploration activities on the Monarch PGM-nickel-copper project at Norseman and on its gold-silver-copper projects in Mexico. Exploration programs on these projects have commenced and an update on these activities will be released in the near future.

Yours faithfully,

Tony Rovira
Managing Director

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.