



Nickel Australia Limited

ABN 46 106 346 918

29 April 2005

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

Dear Sir,

RE: THIRD QUARTER ACTIVITY REPORT

We lodge herewith a copy of the Company's Quarterly Report for the period ending 31 March 2005.

Yours faithfully,

Tony Rovira
Managing Director

Encl.



Nickel Australia Limited

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QUARTERLY ACTIVITY REPORT

For The Period Ended 31 March 2005

HIGHLIGHTS

- Exploration commences at Bounty with three diamond drill holes completed and strongly anomalous nickel sulphide mineralisation intersected.
- Anomalous nickel and copper grades returned from aircore drilling at Norseman.
- The Company's available cash at the end of the March Quarter was \$8.5 million.

EXPLORATION DETAILS

Bounty (NKL earning 80% of the Nickel Rights)

The Bounty project comprises five Mining Leases granted in December 2004. Exploration commenced in January 2005, with field work consisting of surface electromagnetic (EM) surveying, downhole EM (DHEM) surveying, and the first phase of diamond drilling which consisted of three holes totaling 926m.

The first hole (NBD001) tested beneath a zone of disseminated nickel sulphide mineralisation intersected in an historical drill hole (MD69: 13.25m @ 1.23% Ni). NBD001 successfully intersected several zones containing abundant disseminated sulphides, returning nickel intercepts of 11.15m @ 0.67% Ni from 127m and several other narrower intercepts in the range of 0.5 – 1.2% Ni. This mineralisation is associated with low tenor nickel sulphides (abundant sulphides that contain less nickel), suggesting that it represents the edge of the mineralised zone.

Minor anomalous nickel sulphide mineralisation was intersected in NBD002 (located along strike 200m to the north of NBD001), while no significant mineralisation was intersected in NBD003 (located 200m to the south of NBD001). The DHEM surveys undertaken in these three holes returned several strong conductor anomalies which are currently being interpreted.

Moving loop EM has been completed over the first of the Mining Leases and has identified six conductor anomalies considered prospective for nickel sulphide mineralisation. These were followed up with detailed fixed loop EM surveys which confirmed and defined the anomalies. Two of the anomalies are located in very favourable geological settings and drill testing of these anomalies will be carried out once the geophysical data interpretation is complete. Meanwhile EM surveying is continuing on the remaining leases.

Geological and geophysical data received to date is currently being interpreted, and further work will be planned and undertaken once this evaluation has been completed.



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Norseman (NKL earning 100% of the Nickel Rights from Croesus Mining NL)

Exploration continued at Norseman during the quarter with work including diamond drilling, aircore drilling and surface EM surveying.

At the Talbot prospect one diamond core hole was completed to a depth of 156m. The hole was designed to test a high quality EM bedrock conductor, situated on the basal contact of an ultramafic unit. This ultramafic contains widespread disseminated nickel sulphide mineralisation, and the target was considered to have good potential to represent a body of massive nickel sulphides. However no sulphide mineralisation was intersected and the anomaly remains unexplained.

Aircore drilling was undertaken at Chinaman's Well with 57 holes drilled for 2,713m. Anomalous nickel and copper grades were returned from weathered ultramafics (maximum intercept values of 0.8% Ni and 0.1% Cu). Planning of the follow-up exploration program is currently in progress, and this work is scheduled to be carried out in the September Quarter.

Maggie Hays South (NKL earning 55% of the Nickel Rights from Hannans Reward NL)

The Maggie Hays South (MHS) project is a Joint Venture between Nickel Australia and Hannans Reward. The project comprises seven Prospecting Licenses covering 12km² of the Lake Johnston Greenstone Belt in Western Australia, and is located about 25km south of the Maggie Hays and Emily Ann nickel mines operated by LionOre Australia Pty Ltd.

Nickel Australia completed a three hole diamond drilling program at the north end of the MHS project area during the quarter. The holes targeted a large zone of geochemical anomalism identified in aircore drilling carried out by Nickel Australia in the previous quarter. No significant nickel sulphide mineralisation was intersected in the diamond holes and no conductors were identified from the subsequent DHEM surveys. It is considered that the geochemical anomalism returned from the shallow aircore drilling was the result of near-surface lateritic enrichment, and not an indication of buried nickel sulphide mineralisation. Further exploration on this project will be evaluated following completion of a data review.

Beete (NKL earning 100% of the Nickel Rights from Croesus Mining NL)

The Beete project is located about 60km south of Norseman and comprises one granted Exploration Licence and one EL application. The southern EL contains farmland and wheat fields. A short reconnaissance aircore drilling program consisting of 26 holes totaling 637m was carried out at Beete during January. The drilling targeted aeromagnetic highs which were considered to represent ultramafic rocks covered by soil. The presence of ultramafic rocks was confirmed however geochemical results indicate that they are not prospective for nickel sulphide mineralisation. No further work is planned for this tenement.



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PLANNED EXPLORATION – JUNE QUARTER

Nickel Australia is continuing its exploration program during the June Quarter. Work programs either scheduled or already in progress are detailed below.

<i>Bounty</i>	Surface EM surveys
<i>Queen Victoria Rock</i>	Diamond drilling Downhole EM surveys
<i>Splinter</i>	Aircore drilling Surface EM surveys

Released 29th April 2005
Tony Rovira
Managing Director
Nickel Australia Ltd

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 more than 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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