

## news release

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# European Nickel PLC

## Mining starts at Çaldağ

### 200,000 tonne ore sales contract signed

**LONDON: 11 September 2006** — European Nickel PLC (“ENickel” or the “Company”) (ENK.L) is pleased to report that it has signed an ore sales contract with GMM SA Larco (“Larco”) to deliver 200,000 tonnes of ore from the Çaldağ mine to Larco’s ferronickel smelter in Greece. The first shipment is expected to be made this week.

Çaldağ has previously supplied some 33,000 tonnes of ore to Larco in 2003 during an earlier period of trial mining which generated information used in the Bankable Feasibility Study which the Company completed in December 2005 for the development of the Çaldağ nickel laterite heap leaching project. Mining is being resumed as part of the build-up to the commencement of full-scale construction of the heap leach project. It is intended that there will be continuous mining at Çaldağ from now until the conclusion of the project life in 2020. Shipments to Larco will take place over a period of 12 months. After some six months and subject to the debt financing, mining for the Larco shipments will be concomitant to the mining of ore for development of the full-scale project.

Pricing is based on a fixed percentage of the London Metal Exchange 3 month seller’s price for the contained nickel in each shipment.

Simon Purkiss, Managing Director of ENickel, said today: “This is the start of mining operations at Çaldağ. By starting now we will be able to iron out any problems in grade control and other operational issues in advance of building the leach heaps next year. This forms part of our programme to ensure we can meet the timetable that we have set ourselves on the development of the heap leach project. It will also be a source of revenue and will be profitable.”

The Çaldağ project, located near Izmir in western Turkey, is designed to produce 20,400 tpa of nickel and 1,200 tpa of cobalt in a mixed hydroxide product that will be sold to refineries for processing into nickel and cobalt metal. The capital cost of the project is estimated to be US\$254 million and the full project development cost, which includes operating and other costs during the ramp-up period, is estimated at US\$310 million. The equity component required for the funding of the project has been raised through the recent placing together with an amount of approximately US\$23 million for working capital.

The Company anticipates being able to fund some 60% of the project development cost with project related debt. Standard Bank Plc has been appointed as the Company’s exclusive financial adviser for debt financing and prospective project finance lead arranger, and is currently determining the interest of prospective lenders in financing the debt component.

Subject to the availability of this project debt, ENickel expects to start construction of the full-scale plant in the autumn of 2006 with the first output of the mixed hydroxide product towards the end of 2007, following an estimated 12-month construction period for the precipitation plant.

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