



Commercialising Heap Leach Technology for Nickel Laterites

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W: www.enickel.co.uk

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AN EMERGING NICKEL LATERITE PRODUCER

- ✓ Key USP is our proprietary, proven nickel laterite heap leach technology = lower capex, lower opex & "green"
- ✓ Identified pipeline of growth projects
 - Çaldağ near term production (20,400tpa Ni)
 - Acoje next development project (24,500tpa Ni)
- ✓ Geographic diversification: Turkey, Philippines & Albania
- ✓ Progressing Chinese funding option = strategic alliance
- ✓ Merger underway with Rusina Mining N.L
- ✓ Nickel production target 50,000tpa



We produce an intermediary mixed hydroxide product (MHP)

OBJECTIVE & STRATEGY

Objective: To become a mid-tier nickel producer with an annual production rate of 50,000tpa

Strategy:

- Develop existing assets into commercial production
- Utilise leverage of proprietary heap leach technology to partner in good quality laterite projects, eg. Toledo
- Secure strategic alliance with key Chinese partners – end users (JXTC¹) and engineers (TCC²)

Our current asset base



A YEAR IN REVIEW

Despite the challenging conditions presented by the global financial crisis....

•Çaldağ

- Forestry permit granted
- Chinese financing agreement announced & progressed
- Offtake agreement announced with JXTC
- Chinese DD completed
- Letter of Interest received from credit export agency
- Parallel financing route opened up: dialogue with Western banks being actively pursued

•Acoje

- Rusina Merger announced, logical transaction
- Onsite heap leach pilot plant constructed

Our current asset base

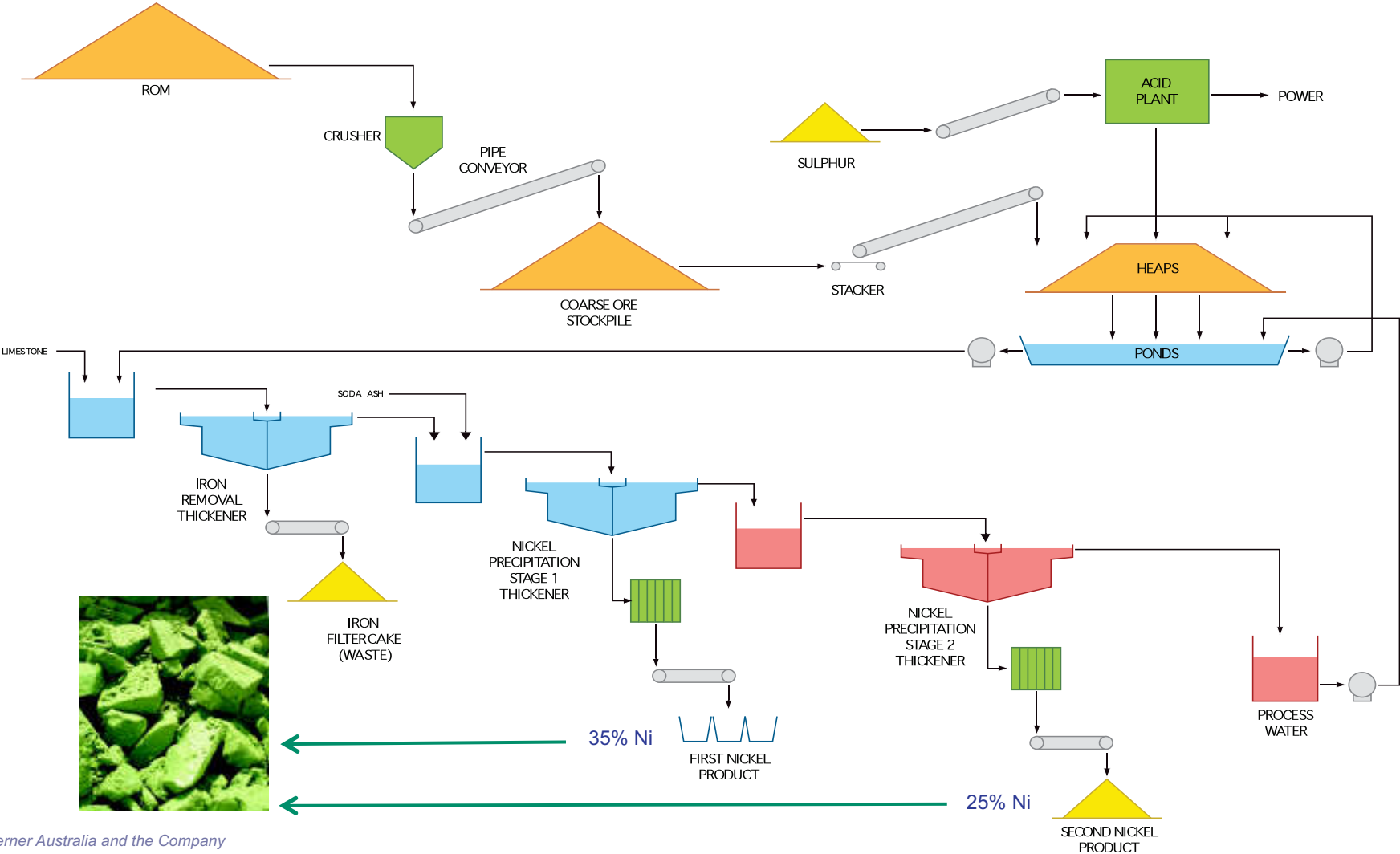


CREATING A UNIQUE NICHE IN NICKEL LATERITES - LOW COST HEAP LEACHING



- Heap leaching process commercialised by European Nickel
- Offers lower capex and lower opex than HPAL
- Continuous integrated testing over 3 year period at Çaldağ
 - Full height trial heaps
 - Demonstrate permeability and recovery
- Heap recovery 75%
- Precipitation plant
 - Generates plant design data
 - Produces mixed hydroxide product
- Partnering with BHP Billiton
 - Joint technology development

ÇALDAĞ SIMPLIFIED PROCESS FLOWSHEET



Source: Aker Kvaerner Australia and the Company

OUR COMPETITIVE EDGE OVER OTHER LATERITE TECHNOLOGIES

Atmospheric acid heap leach

- ✓ Low cost so viable for 'smaller' deposits
- ✓ Capex per annual lb Ni \$6/lb
- ✓ Simple process = straightforward engineering
- ✓ No army of specialists or expensive skills required
- ✓ Proprietary = 1st mover advantage
- ✓ Applicable to 'wet' and 'dry' clay laterites

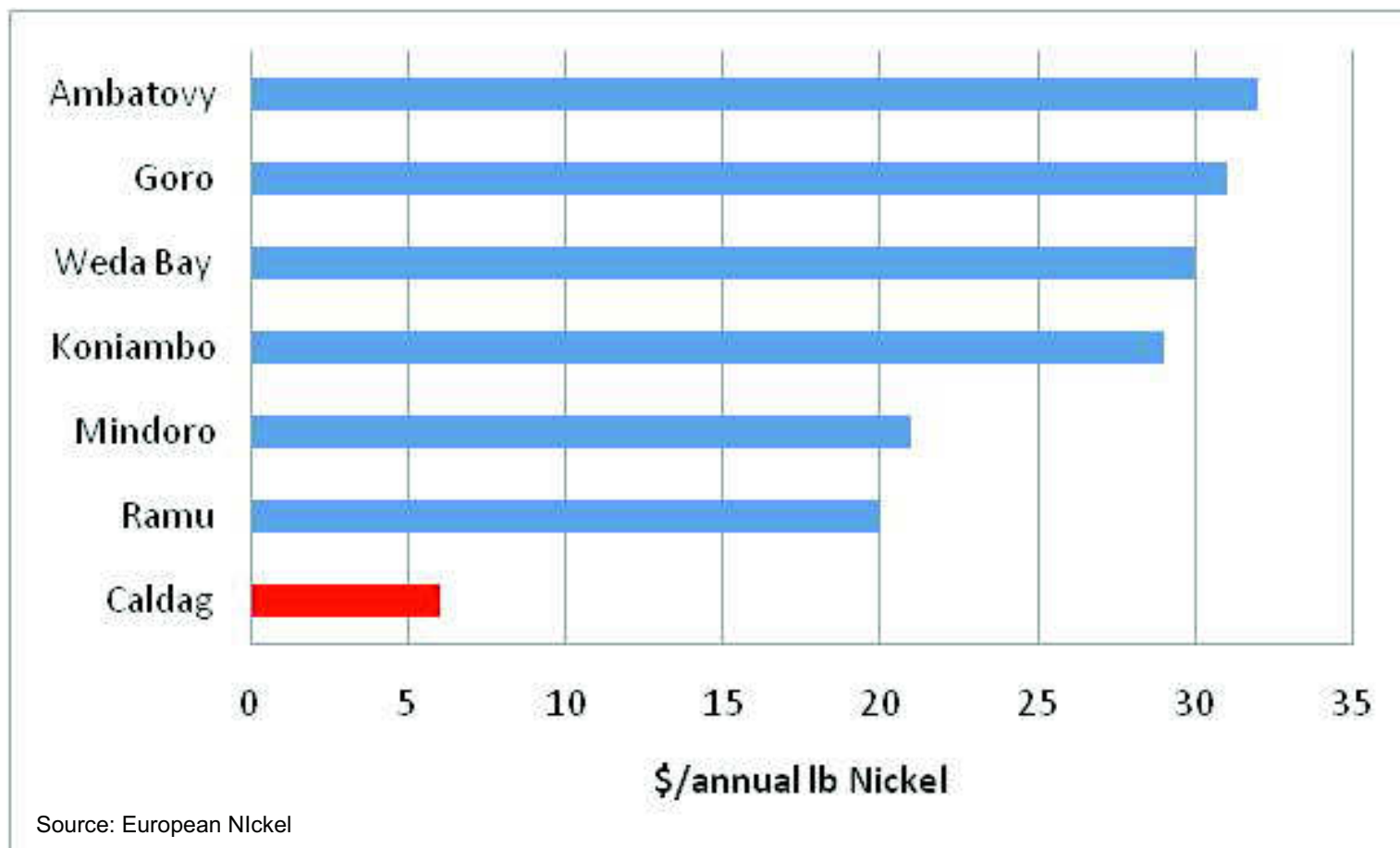
- ✓ Produces intermediate product – oversupply of global smelting capacity

- ✓ Generates own power
- ✓ Low carbon footprint

Conventional Technologies

- High capex demands large deposits
- Ferronickel = high energy consumption
- HPAL = engineering complexity & high energy consumption
- Expensive personnel & contractors
- All big projects facing cost pressure & execution delays
- Avg. capex per annual lb Ni \$20 - 30/lb & rising

CAPITAL INTENSITY GRAPH



MERGING WITH RUSINA MINING

Merger Rationale
Compelling Business Logic

Appropriate timing: Ahead of DFS and development decision

Consolidates JV into simpler corporate structure

Enables cost savings: rationalisation of administration, financial synergies

Secures Acoje's future & solidifies ENK's presence in the Philippines

Strengthens management team

Marries Rusina's Philippines experience with ENK's technology "know how"

THE TRANSACTION

- Merger by Scheme of Arrangement under the Australian Corporations Act
- Merger Implementation Agreement (“MIA”) agreed by both Boards. Signed on 2 February.
 - 4 ENK shares for 5 Rusina shares
 - Values Rusina at £20.6 million (A\$36.3 million), including \$4m cash
 - 15.5% premium to 10 day VWAP to 2 February
 - 50% value cap (73% premium to 10 day VWAP to 2 Feb)
 - ENK to list on ASX
 - Expect to complete late-May 2010
- Fund raising of US\$19 million



THE ACOJE & ZAMBALES DEPOSITS – THE PHILIPPINES

- Acoje is the next "cab off the rank"
- Heap leach trial site constructed
- Key environmental permit received for commercial operations
- Permitting for commercial development underway
- **Highlights from the Pre-Feasibility Study**
 - Production of 24,500tpa Ni & 930tpa Co
 - Cash cost of US\$3.10/lb of nickel, net of by-products
 - Total development cost US\$498m
 - Capital cost per annual pound of nickel of US\$7.84
 - Post-tax NPV₁₀ US\$375m (US\$6/lb Ni, US\$10/lb Co)
 - IRR 28.3%
 - 3 year payback period
 - Potential to increase JORC through conversion of additional Acoje & Zambales Chromite resources



COMBINED RESERVES AND RESOURCES

	ENK ¹	RML ¹	Combined ² (Contained Ni)
Çaldağ , Turkey	100% ⁵	-	375kt
Acoje, Philippines	20%	72%	491kt
Zambales, Philippines	40%	40%	222kt
Berong, Philippines ³	23%	-	35kt
Ipilan, Philippines ³	4%	-	17kt
Devolli/Koko, Albania ⁴	50%	-	213kt
TOTAL price			1,353kt

Notes:

1. Economic interests
2. JORC reserves and resources
3. Managed by Toledo Mining
4. Joint venture with Balkan Resources



Open pit, low cost, heap leach operation

JORC Proven reserve: 33.2Mt @1.13% Ni (375kt)

Production 20,400tpa Ni & 1,000tpa Co in MHP

14 year mine life

Total Ni production 256,500t

Net cash operating cost US\$3.35/lb Ni

Development cost US\$428m (US\$78m spent)

Capital per annual lb Ni US\$6.12

NPV₁₀ US\$285m*

IRR 23.3%*



*At US\$6/lb Ni

NEAR-TERM PRODUCTION - ÇALDAĞ

- Ready for construction
 - Mine infrastructure substantially complete
 - EIA granted
 - Forestry & construction permits granted
 - Engineering design work 76% complete
 - US\$78m spent & long lead items purchased
 - Offtake agreement in place
- Financing with TCC¹ & JXTC² extended by 6 weeks to 14 May 2010
 - Debt finance Expression of Interest received
 - Awaiting Letter of Intent
 - JXTC Board approval received
 - Jiangxi Provincial Govt. approval pending completion of debt finance
- Parallel route being pursued with Western Banks, term sheets being negotiated during Q2 2010



DOING BUSINESS IN TURKEY

- Çaldağ is one of largest direct foreign investment project in the mining sector
- Current Prime Minister & Cabinet are pro-mining
- Bureaucracy has been reduced
- Investment Support & Promotion Agency reporting to Prime Minister to assist foreign investment
- New tax incentive being introduced for new capital investments
 - 50% of fixed investment value can be deducted from corporate tax
 - During this period, corporate tax rate is reduced from 20% down to 4%
 - Social security payments reduced



BERONG & IPILAN - THE PHILIPPINES

- Berong & Ipilan will fuel long-term growth & production increase
- Berong is one of the world's largest deposits
 - Pre-JORC resource: 275Mt @1.3% Ni (3.6 Mt Ni)
 - Direct ore shipping operation (dependent on Ni price)
 - Drilling programme commenced in Feb 2010 to increase JORC resource, targeting 40Mt of resource
- **Positive Heap Leach Concept Study at Berong:**
 - Capital cost per annual pound of nickel of US\$7.62
 - Production of 25,000tpa Ni @ cash cost of US\$2.99/lb (incl. by-product credits)
 - LOM +33 years
 - Capital cost US\$420m, incl. port & infrastructure upgrades
 - Project NPV US\$625m & ungeared IRR of 25%

European Nickel has a 7.7% stake in Toledo Mining and a 23.0% beneficial interest in Berong



Toledo Mining's Deposits in the Philippines

PROJECT RETURNS FROM IDENTIFIED GROWTH PIPELINE

Combined Company Projects	Çaldağ	Acoje	Combined
Annual Ni production (Tonnes)	20,400	24,500	44,900
Total project capital cost (US\$m)	428	498	926
NPV ₁₀ (US\$m) – US\$6/lb Ni price	285 ¹	375 ²	660
NPV ₁₀ (US\$m) – US\$7/lb Ni price	490 ¹	586 ²	1,076
Free annual cashflow (US\$m) - US\$6/lb Ni price	51	108	159
Project IRR – US\$6/lb Ni price	23.3%	28.3%	
Project IRR – US\$7/lb Ni price	32.4%	37.2%	

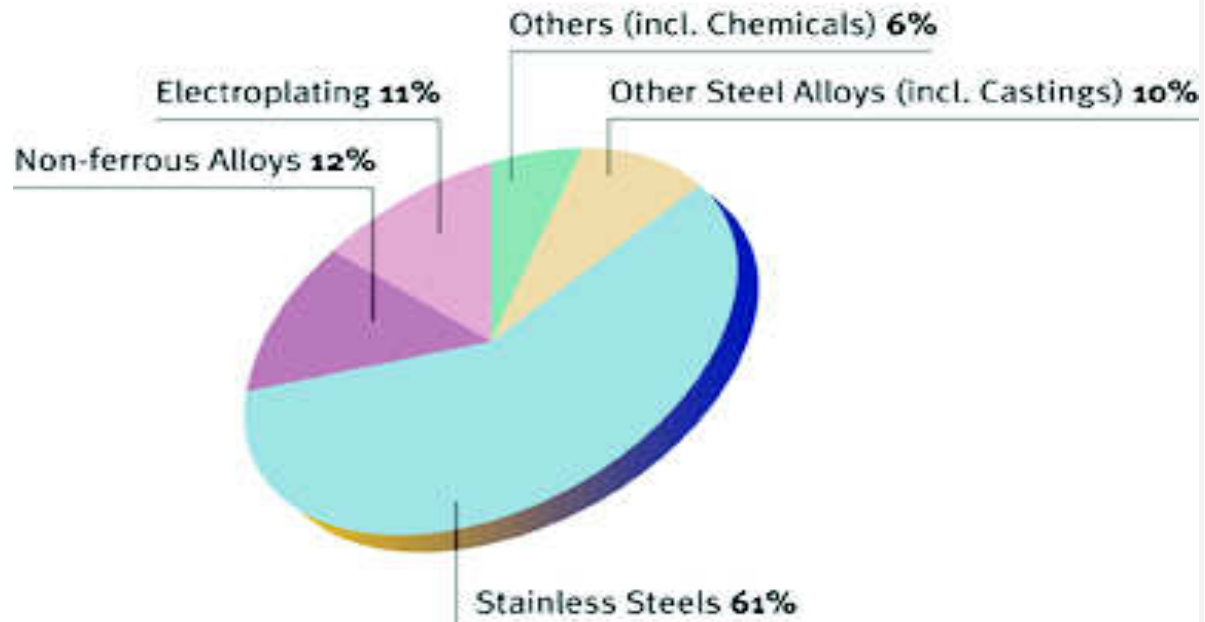
Notes:

1. Geared
2. Ungeared



NICKEL

Nickel Consumption by First Use



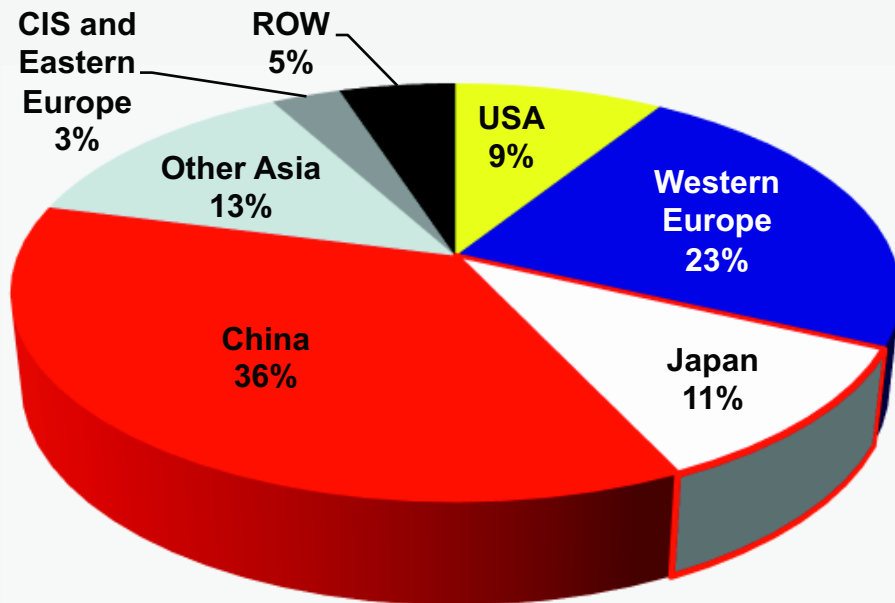
Source: Nickel Institute

Nickel

- A metallic element
- Resists corrosion
- About 85% used in alloys especially in stainless steel
- Stainless steel typically contains 8-10% nickel
- Used extensively in engineering, buildings and construction, transportation, electrical and electronics

NICKEL CONSUMPTION

Global Nickel Consumption



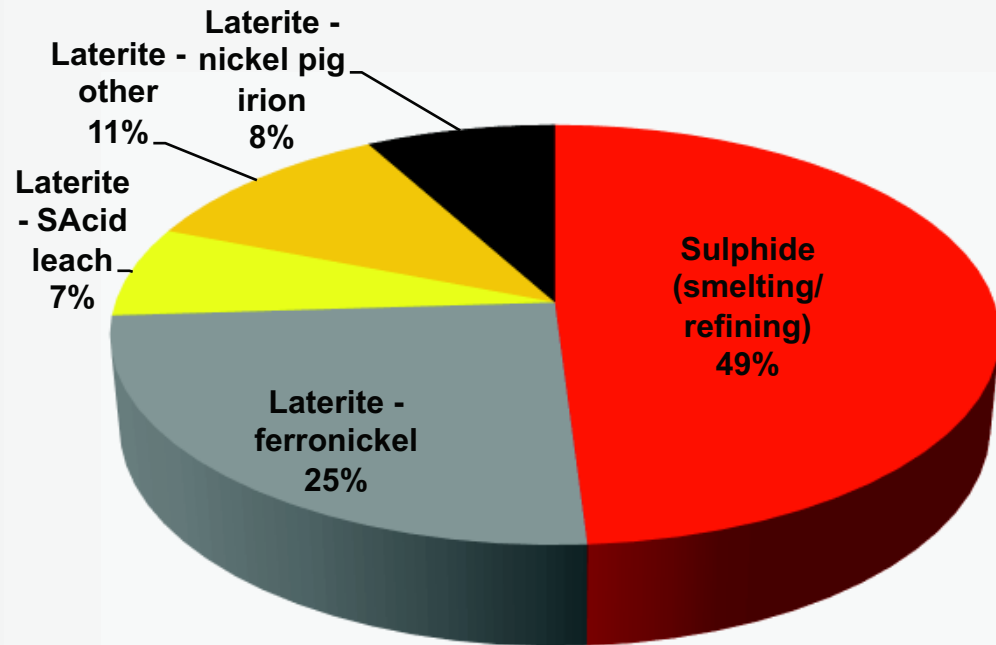
Source: CRU

Trends

- Annually the world consumes some 1.25 million tonnes of nickel
- This year (2010), world consumption of nickel is expected to rise by 12% led inevitably by China
- By 2015 global annual nickel demand is expected to reach over 1.7Mt

NICKEL ORES

Primary Nickel Production 2009



Source: Macquarie

- Nickel supply is derived from primary sources plus scrap and recycling
- Primary mine supply originates from two deposit types
 - Sulphide ore bodies (49%)
 - Oxide or laterite or bodies (51%)
- Sulphides are treated in a smelter, which often produces by-product sulphuric acid (e.g. Kalgoorlie, WA)
- Oxides are treated by smelting with coal or by hydro-metallurgy using sulphuric acid
- Sulphuric acid is either from sulphide metal smelters or manufactured from elemental sulphur

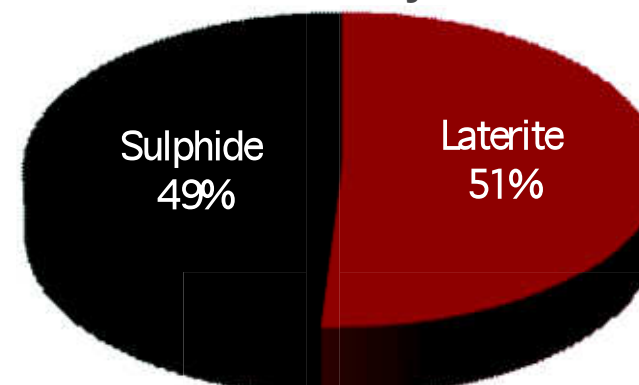


1. Other laterite processing by hydromet/bio-leach/smelting which includes ammonia leaching

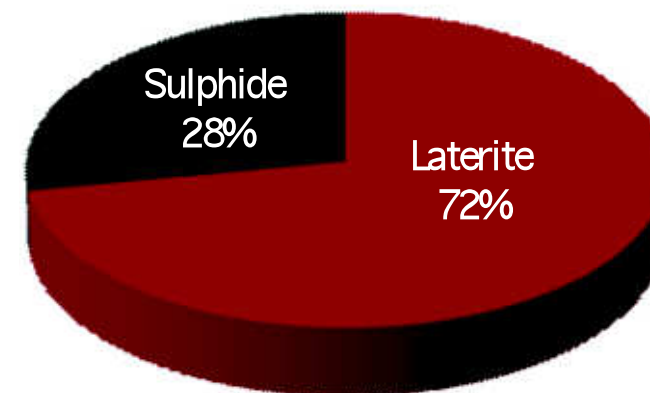
NICKEL SUPPLY TRENDS

- Currently 50% of production from sulphide sources, but global nickel resources are predominantly found in laterites
- So nickel must increasingly be sourced from laterites but the pyrometallurgical processing option is expensive to build and energy intensive and thus requires large, high quality ore bodies *and* a favourable mineralogy
- Hydrometallurgical processing has therefore been favoured and in almost all cases this will be via sulphuric acid leaching
 - High Pressure Acid Leaching (HPAL)
 - Heap Leaching
 - Atmospheric/Tank Leaching

Global Nickel Primary Production



Global Nickel Resources



POSITIVE OUTLOOK FOR NICKEL and EUROPEAN NICKEL

- Nickel firmly linked to stainless steel which is linked to industrial development
- Development of BRIC countries will call heavily on stainless steel demand
- Nickel production has to come from nickel laterites
- Nickel laterites are conventionally very expensive capital projects, only to be developed by majors
- Nickel supply will struggle to keep up with demand
- European Nickel has developed a new nickel laterite processing technology
- The significant reduction in the capital costs will enable smaller laterite deposits to be economic
- At a time when nickel supply is constrained and nickel prices have been climbing



THE ENLARGED EUROPEAN NICKEL

Opportunity

- Heap leaching technology for nickel laterites unique & offers leverage
- Low capex & opex process, well suited to “smaller” deposits
- Laterites are the future of nickel

Resource

- Merger increases attributable JORC reserves & resources to 1.35Mt of contained nickel

Low cost production

- Clear project pipeline: Çaldağ construction ready, Acoje next
- Logical time to consolidate Acoje ahead of development
- Medium term nickel production target of 50,000tpa

Corporate

- Strengthened management team = organisation capabilities to develop 2 projects
- Dual listing on AIM & ASX increases appeal to investors