

14 February 2013

DNi TEST PLANT HOT COMMISSIONING UPDATE

The logo for Direct Nickel (DNi) features the letters 'DNi' in a bold, sans-serif font. The 'D' is black, and the 'Ni' is green. The logo is positioned on the right side of the page, partially overlapping a decorative graphic of a hexagonal grid pattern that resembles a molecular or crystalline structure.

- **Stage 1 of Test Plant progressing to plan**
- **Campaign 1 & 2 of hot commissioning on nickel laterite materials completed**
- **No major mechanical issues and chemistry has performed to expectations**

Direct Nickel Limited (ASX: DIR and "DNi") is pleased to report that commissioning of Stage 1 of its nickel extraction process Test Plant in Perth is progressing to plan. The DNi board view the results of the first month of operations and the initial campaigns as promising.

DNi has developed a nickel extraction process that is a game-changer in the \$30bn a year global nickel sector. The DNi Process is a unique hydrometallurgical process that not only processes both limonite and saprolite ores, but also does so economically. In doing so, the process has the potential to add materially to the prospective value of the world's nickel laterite resources.

Hot Commissioning: Campaigns 1 & 2

Hot commissioning on laterite material from Indonesia commenced in mid-January at the Company's purpose-built test facility and operations will continue for most of 2013. Located at the Australian Minerals Research Centre at the CSIRO facility in Waterford, WA, the DNi Test Plant has completed its second ten day campaign with leaching, solid liquid separation and intermediate product precipitation all operating satisfactorily.

The Test Plant is designed to treat around 1 tpd of laterite feed and has operated Campaign 1 on 100% saprolite and Campaign 2 on a 50:50 mixture of saprolite and limonite. At the Waterford site, the operating team is a combination of personnel from DNI, CSIRO, RMDSTEM and Teck Resources Limited ("Teck") and has a combined experience in metallurgy and engineering of over 250 man years.

DNi's CEO Russell Debney said "The results during these first two campaigns are very pleasing. We have had no major mechanical issues and the chemistry has performed to expectations".

"The operating personnel have worked very hard through these campaigns and their work is contributing to our overall understanding of the extractive process and its potential. I am also pleased to advise we have had no significant safety incidents and this is a credit to the team and their supervisors' commitment to DNi's zero-harm approach," Mr Debney said.

DNi's technical partners include Teck and the Australian Government's premier science organisation, CSIRO. Both are world-class experts in the field and both groups are also investors in DNi.

In addition to assistance at the Test Plant, the CSIRO is supporting the process with A\$4.3 million in direct equity commitments and investment in DNi. A capital investment in the Test Plant was made possible through a Subscription Agreement via the Australian Growth Partnership (AGP) Programme and is one of its major investments.

Next campaigns

Following the successful results of the first month of operations and the initial campaigns, the Company will now look to commission the reagent recovery circuit. Here the barren solution will be thermally decomposed to regenerate nitric acid and MgO both of which will be recycled to the processing circuit.

This 'back end' of the circuit was successfully trialled in Charlotte, North Carolina USA during 2010.

Mr Debney said "This is an exciting time for the Company. Following the next two campaigns we will be in a position to have all components of the flowsheet running together and continuously for the first time".

As a result of a second AGP investment of \$2.1M, Stage 2 of the flowsheet is also being built at the Test Plant. This will allow a commercial mixed hydroxide product of 40-45%Nickel and 2-3%Cobalt to be produced.

Demonstration of the full flowsheet is expected in the third quarter of 2013.

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