



**Placing of up to 172,357,000 New Ordinary Shares at £0.07p per share  
to raise US\$19.4 million**

2 February 2010 – London: European Nickel PLC (“European Nickel” or the “Company”) (AIM, PLUS: ENK) today announces that it has undertaken a placing to raise US\$19.4 million (approximately £12.1 million) (the “Placing”). The Placing was carried out by Mirabaud Securities LLP (“Mirabaud”) as lead broker.

A total of 172.4 million new ordinary shares (the “Placing Shares”) have been placed at a price of £0.07p with certain institutional investors (the “Placees”), of which 76.3 million are expected to be issued and admitted to trading on AIM on 8 February 2010 (the “Firm Placing”).

The Placing Shares have been placed in two tranches. The first tranche of 76.3 million Placing Shares, raising gross proceeds of US\$8.6 million (approximately £5.3 million) (the “First Tranche Placing Shares”), has been placed firm under the existing authorities granted by shareholders at the Company’s last annual general meeting (the “Existing Authority”). The remaining 96.1 million Placing Shares, raising gross proceeds of US\$10.8 million (approximately £6.7 million) (the “Second Tranche Placing Shares”), have also been placed firm but are conditional, *inter alia*, on the passing of the resolutions (the “Resolutions”) to be proposed at the Company’s annual general meeting (the “AGM”) to grant the directors the necessary authorities to issue the Second Tranche Placing Shares and the completion of the scheme of arrangement with Rusina Mining N.L., which was announced separately today (the “Scheme”).

The AGM will be held on 29 March 2010 and the Scheme is expected to complete in late May 2010. It is expected that admission will take place and that trading in the Conditional Placing Shares will commence no later than three business days after the date that the Company announces that the Scheme has become effective.

Concurrently with the issuance of the First Tranche Placing Shares, a further estimated 1.25 million new ordinary shares will be issued to Endeavour Financial Corporation (the “Endeavour Shares”) in lieu of interest on the loan facility provided to the Company as previously announced on 27 July 2009 and as increased on 8 December 2009 (the “Loan Agreement”). As with the First Tranche Placing Shares, the Endeavour Shares are being issued under the Existing Authority and will be issued at a price equal to the volume weighted average share price for a number of days prior to the date the shares are issued in accordance with the terms of the Loan Agreement.

**Reasons for the Placing**

Whilst the US\$20 million project level equity financing and the project debt financing funding for Çaldağ continues to progress through the necessary Chinese approval processes, both aspects of funding have taken longer than was originally indicated to the Company by Jiangxi Rare Earth and Rare Metals Tungsten Group Company Limited (“JXTC”) and China Tianchen Engineering Corporation (“TCC”) under the Çaldağ Financing Framework Agreement, which was signed in December 2008.

The Company now requires bridging finance for the period until the satisfaction of the conditions precedent relating to the US\$20 million investment by JXTC under the Framework Agreement, and this Placing will in part provide the bridging finance for this interim period.

The gross proceeds of the Placing will be used as follows:

	<b>Firm Placing</b>	<b>Conditional Placing</b>	<b>TOTAL</b>
<b>Use of funds</b>			
Repayment of Endeavour loan	5.0	--	5.0
Forestry licence annual fee	--	2.3	2.3
Acoje	1.0	4.3	5.3
Çaldağ	1.0	1.8	2.8
Working capital purposes	1.6	2.4	4.0
	8.6	10.8	19.4

The Placing Shares (together with the Endeavour Shares, the “New Shares”) will be issued credited as fully paid and will rank *pari passu* with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares after the date of issue of the New Shares. The issue of the total number of New Shares represents approximately 36.6 per cent. of the current share capital.

The Company advises that, following the issue of the Placing Shares, the total number of issued ordinary shares will be 643,084,857, each share having equal voting rights.

Simon Purkiss, Managing Director of European Nickel said “I am pleased by the strong support the placing has received on the back of the merger that we have also announced today with Rusina Mining NL our joint venture partner at Acoje. With these additional funds we will advance Çaldağ and Acoje while working to finalise the financing from China”.

**For more information**, please visit [www.enickel.co.uk](http://www.enickel.co.uk) or contact:

Simon Purkiss or Andrew Lindsay  
European Nickel  
Tel: +44 20 7290 3130

Mike Jones or Andrew Chubb  
Canaccord Adams  
Tel: +44 20 7050 6500

Alex Buck  
BuckBias  
Tel: +44 7932 740 452

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