

European Nickel Announces Joint Venture in Albania with Balkan Resources

13 November 2008 – London: European Nickel PLC (“European Nickel” or “the Company”) (AIM, PLUS:ENK) is pleased to announce it has, through its wholly owned subsidiary Adriatic Nickel Resources Sh.p.k, signed a binding term sheet with Balkan Resources Inc (“Balkan”), a privately owned Canadian company, to jointly develop Balkan’s Kokogllave (“Koko”) and the Company’s contiguous Devolli nickel laterite deposits in Albania.

The Company’s Devolli nickel laterite deposit is located in south-eastern Albania, close to the Greek border and has a JORC resource of 427,000 tonnes of contained nickel (35.6 million tonnes at 1.20% nickel). Balkan has completed a NI 43-101 technical report on its Koko nickel laterite deposit and it is intended to develop both deposits as one single mining operation. The Koko tenement has a historic resource estimate, which is neither JORC nor 43-101 compliant, of approximately 30 million tons at a grade of approximately 1.2% nickel.

Under the terms of the agreement, Balkan will earn its 50% interest in the joint venture by contributing the Koko deposit and funding, through to completion, a pre-feasibility study (“PFS”) on the combined Koko/Devolli deposits to Canadian NI 43-101 standards. European Nickel will earn its 50% interest by contributing the Devolli deposit and granting access, via a licence agreement, to its heap leach technology, knowledge and experience.

The agreement is subject to certain conditions, including the completion of legal and technical due diligence by both parties, and it is intended to complete a joint venture agreement by 31 December 2008. In the meantime the companies will combine their offices in Albania thus reducing the expenditure burden for each company, and Balkan will commence work on the PFS. Once a PFS acceptable to both parties has been completed, funding shall thereafter be on a 50/50 basis. If Balkan fails to complete the PFS by 31 December 2010, it shall transfer its interest in the Koko deposit plus all engineering, exploration and other data and studies conducted as part of the PFS to the Company for nil consideration.

The PFS, expected to cost some US\$5-7 million, will require extensive drilling to bring sufficient tonnes into the indicated category to support a proposed production of 15,000-20,000 tonnes a year of contained nickel over a mine life of 15 to 20 years. It will also be necessary to compile the engineering, mine development planning, environmental, infrastructure and other reports to substantiate the viability of this operation. The Company and Balkan expect the PFS to be completed by the end of 2009 and, if all of the studies are positive, the mine could be in production as early as 2011.

Commenting on the agreement, Simon Purkiss, Managing Director of European Nickel, said “Balkan bring high level Albanian contacts and funding to the joint venture which will advance Devolli/Koko’s development quickly while allowing European Nickel to concentrate on the development of Çaldağ in Turkey and Acoje in the Philippines, which are both more advanced than Devolli.

“The joint development of these two deposits makes much greater sense than developing them separately as they can utilise all of the same infrastructure and should logically be developed as a single operation.”

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