European Nickel PLC - Unaudited Interim Results for the period ended 31 March 2010

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10 June 2010 - London: European Nickel PLC ("European Nickel" or the "Company") (AIM, PLUS: ENK) is pleased to report its unaudited interim results for the six months ended 31 March 2010.

Highlights:
* Shareholder and First Court Approval received for merger with Rusina Mining NL ("Rusina")
* Restructuring of Board and senior executive management
* Western bank finance mandate signed for Çalda? Project
* Expiry of Jiangxi Rare Earth and Rare Metals Tungsten Group Company Limited ("JXTC") option for equity participation in Çalda? and product offtake
* Withdrawal and pending re-issue of Forestry Permit
* Losses reduced from 2.8 cents per share to 1.4 cents per share

Simon Purkiss, MD of the Company commented: "The recent recovery of the financial markets has been sufficient to re-open the opportunity of western bank financing for our Çalda? project. The signing of a mandate letter with two well respected banks, Société Générale and UniCredit, coupled with the expected completion of the merger with Rusina next week and the closing of the placing a week later should enable us to complete the Çalda? project financing by the end of the year.

In the meantime the new Mining Law is being debated in the Turkish parliament at this moment and once it becomes law we expect to progress the re-issuance of our forestry permit."

The Chairman's Statement and the interim financial statements are set out below.

The report may be viewed on the Company's website www.enickel.co.uk shortly and will be posted to shareholders in due course.

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Chairman's Statement

Dear Shareholder

I am pleased to be able to report progress on a number of fronts, since my last report to you, in advancing the Company towards its goal of becoming an intermediate sized nickel producer.

Firstly, our proposed merger, by a scheme of arrangement, with Rusina, our joint venture partner in the Philippines, was overwhelmingly approved by Rusina's shareholders on 2 June 2010 with in excess of 99.5% of votes being cast in favour of the proposal. Consequently the scheme is due to be placed before an

Australian court for approval on 14 June 2010, following which we anticipate the completion of Scheme of Arrangement on 15 June 2010 and the issue of the new shares to Rusina's shareholders for admission to trading on 29 June 2010.

On completion of the merger, the senior management changes already announced will come into effect with Mr Robert Gregory, the current CEO of Rusina, becoming Managing Director of European Nickel and Mr Mark Hanlon the CFO of Rusina taking over from Mr Andrew Lindsay as Finance Director. Mr Simon Purkiss will become Executive Deputy Chairman. Mr Andrew Lindsay, Sir David Logan and Mr Euan Worthington will step down from the board. The Company anticipates the appointment of an additional independent non executive director shortly thereafter.

Following the completion of the merger, the second tranche of the placement and the previously announced share consolidation will be completed. The Company will receive approximately £6.7 million (US$9.7 million) of additional funds and it is anticipated that this, combined with Rusina's cash resources of US$1.6 million, will provide the Company with sufficient working capital to complete the project financing of the Çalda? project and recommence work on the feasibility study at Acoje.

Meanwhile, discussions with western banks have been significantly progressed with the signing of a joint mandate letter with Société Générale and UniCredit Bank AG, who will act as Initial Mandated Lead Arrangers for the Çalda? project financing, targeting completion of the debt funding by the end of the year.

The Company has successfully contained its administrative and other operating costs during the period, achieving a reduction of 18% relative to the comparable period last year. The loss for the period has been reduced by US$3.8 million to US$6.9 million and the Company is currently in the process of completing a recapitalisation.

The option granted to JXTC to take a 20% equity participation in the Çalda? project for an investment of US$20 million and to purchase 100% of the project's product was allowed to lapse given the progress made on obtaining Western bank finance. Progress on completing detailed agreements had been slow and it was therefore decided to focus on Western bank finance. Furthermore, the board considered that the sale of a stake in Çalda? at such a discount to the project's net present value of US$285 million[1] was no longer appropriate and we believe better terms for an equity investment by a third party can be obtained. The possibility of Chinese bank participation in the financing consortium remains open however, as does the sale of Çalda?'s product to JXTC, although we are negotiating with other parties as well.

In late May we were advised that due to technical legal conflicts between the Turkish Mining Law and the Forestry Law (under which the Çalda? Forestry Permit was granted) the grant of a number of Forestry Permits to mining companies were ruled unconstitutional by the Turkish Courts and our existing Forestry Permit was withdrawn. An amended Mining Law to rectify this situation has been drafted and placed before the Turkish Parliament for ratification. We have been advised that once the Mining Law has been approved, the Permits will be re-issued. Meanwhile the Forestry Permit annual lease payment does not now fall due.

While there continue to be challenges to our permits from a small section of the local community at Çalda? and we continue to defend these cases together with the relevant Ministry (the court challenges are against the Ministries not against the Company), we continue to enjoy a wide base of support from the local, regional and national government and from the majority of the local community.

The Company and BHP Billiton have patents covering the heap leaching of nickel laterites and these patents have been challenged by Minara Resources Limited. A European court has ruled that the Company's patent while innovative, was not novel. However, the Company is appealing this decision. While we believe this patent strengthens the Company's competitive position, we do not believe it is critical to the Company's business and the Company remains in a position to continue to use its heap leach technology.

Once again, I want to convey my appreciation of the efforts of our employees, the forbearance of our partners and the loyal support of our shareholders in our continued efforts to bring the Çalda? project to fruition. Special thanks are due to Andrew Lindsay, Sir David Logan and Euan Worthington for their dedicated efforts on behalf of the Company in these difficult times. Their participation in the completion of the merger, the refinancing of the Company and the real solid progress on debt financing the Company has put us in a much stronger position to achieve our goal of becoming a mid-tier nickel producer.

David Whitehead
Chairman
10 June 2010

[1] At a discount rate of 10% and a nickel price of US$6.00/lb.

Consolidated income statement
for the period ended 31 March 2010

	Note	6 month period ended 31 March 2010	6 month period ended 31 March 2009	Year ended 30 September 2009
		Unaudited	Unaudited	Audited
		US$000	US$000	US$000
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Administrative expenses		(3,804)	(3,694)	(9,215)
Other operating costs		(1,470)	(2,747)	(2,585)
Other operating income		-	26	123
Operating loss		(5,274)	(6,415)	(11,677)
Other interest receivable and similar income	3	4	165	82
Interest payable and similar charges	4	(1,329)	(3,112)	(1,288)
Share of results of associates		(286)	(1,281)	(1,486)

and joint ventures

Loss before tax	(6,885)	(10,643)	(14,369)
Tax	-	(4)	-
Loss for the period	(6,885)	(10,647)	(14,369)
Loss per share (basic and diluted) 5	($0.014)	($0.028)	($0.034)

Consolidated statement of comprehensive income
for the period ended 31 March 2010

	6 month period ended 31 March	6 month period ended 31 March	Year ended 30 September
	2010	2009	2009
	Unaudited	Unaudited	Audited
	US$000	US$000	US$000
Loss for the period	(6,885)	(10,647)	(14,369)
Other comprehensive income/(expense):			
Exchange differences arising on translation of foreign operations	22	6	197
Gain/(loss) on available for sale investments	33	(379)	173
Loss on disposal of investment in associate	(7,059)	-	(5,755)
Total comprehensive expense for the period	(13,889)	(11,020)	(19,754)

Consolidated statement of financial position
for the period ended 31 March 2010

	Note	6 month period ended 31 March 2010	6 month period ended 31 March 2009	Year ended 30 September 2009
		Unaudited	Unaudited	Audited
		US$000	US$000	US$000
Non-current assets				
Goodwill		1,096	1,096	1,096
Intangible assets		2,499	2,794	2,641
Property, plant and equipment	6	78,236	75,628	78,553
Investments accounted for using the equity method	7	43,699	50,346	50,169
Advance payments for investments		-	2,278	-
Available for sale investments		898	314	865
		126,428	132,456	133,324
Current assets				
Inventories		96	102	102
Trade and other receivables	8	15,782	14,038	16,549
Cash and cash equivalents		1,209	1,330	1,530
		17,087	15,470	18,181
Total assets		143,515	147,926	151,505
Current liabilities				
Interest-bearing loans		-	-	(3,922)
Trade and other payables		(3,539)	(1,538)	(3,073)

	(3,539)	(1,538)	(6,995)
Net current assets	13,548	13,932	11,186
Non-current liabilities			
Provisions	(2,400)	(2,400)	(2,400)
Total liabilities	(5,939)	(3,938)	(9,395)
Net assets	137,576	143,988	142,110
Equity			
Called up share capital	9,820	7,216	8,480
Share premium account	214,228	202,851	207,496
Merger reserve	776	776	776
Translation reserve	(333)	(546)	(355)
Fair value reserve	(1,245)	(1,830)	(1,278)
Accumulated losses	(85,670)	(64,479)	(73,009)
Total equity	137,576	143,988	142,110

Consolidated cash flow statement
for the period ended 31 March 2010

6 month period ended 31 March	6 month period ended 31 March	Year ended 30 September
2010	2009	2009
Unaudited	Unaudited	Audited

	US $000	US $000	US $000
Net cash used in operating activities	(2,922)	(5,539)	(7,211)
Interest and similar income received	4	165	82
Interest and similar charges paid	(223)	(145)	(180)
Purchase of property, plant and equipment	(209)	(387)	(3,937)
Purchase of intangible fixed assets	-	(11)	(13)
Purchase of investments in joint ventures	(1,542)	-	(4,861)
Advance payments for investments	-	(680)	-
Loans to associates	-	(280)	(221)
Proceeds from sale of shares in associate	958	-	-
Net cash used in investing activities	(1,012)	(1,338)	(9,130)
Issue of ordinary share capital	7,912	-	5,909
Net repayment of interest-bearing loan	(4,000)	-	4,000
Net cash from financing activities	3,912	-	9,909
Net decrease in cash and cash equivalents	(22)	(6,877)	(6,432)
Cash and cash equivalents at beginning of period	1,530	8,791	8,791
Effect of foreign currency rate	(299)	(584)	(829)

changes

Cash and cash 1,209 1,330 1,530
equivalents at the
end of the period

Consolidated statement of changes in equity
for the period ended 31 March 2010

Called
up Share

Fair
share premium Merger Translation value Accumulated Total

capital account reserve reserve reserve losses Equity

US$000 US$000 US$000 US$000 US$000 US$000 US$000

As at 30
September
2008 7,216 202,851 776 (552) (1,451) (54,268) 154,572

Loss for the
period - - - - - (10,647) (10,647)

Exchange
differences - - - 6 - - 6

Change in the
fair value of
available for
sale
financial
assets - - - - (379) - (379)

Total
comprehensive
income for
the period - - - 6 (379) (10,647) (11,020)

Issue of
shares - - - - - - -

Expenses
incurred
issuing
shares - - - - - - -

Share-based
payments - - - - - 436 436

As at 31
March 2009 7,216 202,851 776 (546) (1,830) (64,479) 143,988

Loss for the
period - - - - - (3,722) (3,722)

Exchange
differences - - - 191 - - 191

Loss on
deemed
disposal - - - - - (5,755) (5,755)

Change in the
fair value of
available for
sale
financial
assets - - - - 552 - 552

Total
comprehensive
income for
the period - - - 191 552 (9,477) (8,734)

Issue of
shares 1,264 5,026 - - - - 6,290

Expenses
incurred
issuing
shares - (381) - - - - (381)

Share-based
payments - - - - - 947 947

As at 30
September
2009 8,480 207,496 776 (355) (1,278) (73,009) 142,110

Loss for the
period - - - - - (6,885) (6,885)

Exchange
differences - - - 22 - - 22

Loss on
deemed
disposal - - - - - (7,059) (7,059)

Change in the
fair value of
available for
sale
financial
assets - - - - 33 - 33

Total
comprehensive
income for
the period - - - 22 33 (13,944) (13,889)

Issue of
shares 1,340 7,182 - - - - 8,522

Expenses
incurred
issuing
shares - (450) - - - - (450)

Share-based
payments - - - - - 1,283 1,283

As at 31
March 2010 9,820 214,228 776 (333) (1,245) (85,670) 137,576

Notes

1. Basis of preparation

The interim financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted in the European Union (EU) and on the basis of the accounting policies used in preparing the Group's financial statements for the year ending 30 September 2009.

Going concern and availability of project finance

The Group incurred losses of US$6.89 million in the period and at the period end had cash balances of US$1.21 million and refundable deposits of US$5.85 million. In common with many exploration and development companies the Group raises equity funds in discrete tranches in order to fund its activities. On 2 February 2010 the Company announced the placing of 172.4 million ordinary shares of which the first tranche of 76.3 million were issued on 8 February raising gross proceeds of US$8.6 million. Also on 2 February the Company announced that a Merger Implementation Agreement had been signed with Rusina Mining NL with the second tranche of the placing being conditional on the merger completing. The merger has been approved by Rusina's shareholders and is due to complete before the end of June. The second tranche of the placing is therefore not accounted for in the period. The Board has reviewed the forecast working capital requirements of the Group for the period to 30 June 2011 and believe that with this additional funding and Rusina's cash resources of US$1.6 million, the Group will have sufficient financial resources for going concern purposes. The Board has therefore concluded that it is appropriate to prepare the interim financial statements on a going concern basis.

On 26 May 2010 the Company announced that Société Générale and UniCredit Bank AG had been appointed as the Initial Mandated Lead Arrangers for the debt funding of the Çalda? project. Subject to some conditions precedent the Board anticipates completion of the debt financing by the end of 2010. However, if the financing is not completed in time there can be no certainty that alternative sources of funding will be available which would adversely affect the ability to progress the Çalda? project such that it could lead to an impairment of the Group's Çalda? related assets.

2. The directors do not propose an interim dividend.

3. Interest receivable and similar income:-

31 March 31 March 30 September

2010 2009 2009

Unaudited Unaudited Audited

US$000 US$000 US$000

Bank interest receivable 4 165 82

Net exchange gains - - -

4 165 82

4. Interest payable and similar charges

31 March 31 March 30 September

2010 2009 2009

Unaudited Unaudited Audited

US$000 US$000 US$000

Interest payable   996 145 459

Net exchange losses   333 2,967 829

1,329 3,112 1,288

A total of US$773,000 of the interest payable relates to non-cash share based payments in connection with the loan from Endeavour Financial Corporation repaid in full on 8 February 2010.

5.   The calculation of loss per share is based on a loss of US$6,885,000 (six months to 31 March 2009 - loss US$10,647,000) (year to 30 September 2009 - loss US$14,369,000) and on 492,416,084 (six months to 31 March 2009 - 384,727,857) (year to 30 September 2009 - 425,725,117) ordinary shares, being the weighted average number of shares in issue during the period. Outstanding options have no dilutive effect in the period or for the six months to 31 March 2009 and the year to 30 September 2009.

6.   Property, plant and equipment includes "Assets under construction" amounting to US$76,236,000 (six months to 31 March 2009 - US$72,982,000) (year to 30 September 2009 - US$76,183,000), which relates to expenditure on the Çalda? project and which is not yet being depreciated.

7.   Investments in associates relate predominantly to the 7.7% shareholding in Toledo Mining Corporation (Toledo) and the 18.7% shareholding in Berong Nickel Corporation. On 11 January 2010 the Company sold 2.5 million shares in Toledo reducing its stake from 13.7%. The loss on disposal was US$7.05 million recorded in equity.

8.   Trade and other receivables:-

31 March 31 March 30 September

2010 2009 2009

Unaudited Unaudited Audited

US$000 US$000 US$000

Trade receivables   - - -

Other receivables   8,505 6,883 9,118

Refundable deposits   5,845 5,845 5,845

Prepayments and accrued income   1,432 1,309 1,586

15,782 14,037 16,549

Other receivables includes an amount of US$7,519,000 (31 March 2009 - US$6,199,000) (30 September 2009 - US$7,719,000) recoverable in over one year.

This represents input VAT incurred in Turkey which will in due course be recovered against taxable sales in that country.

The refundable deposits are advance payments for equipment for the Çalda? project that may be recalled under a bank guarantee.

9. The results for the six months ended 31 March 2010 and 31 March 2009 are unaudited and do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 30 September 2009 have been delivered to the Registrar of Companies. The audit report was unqualified and included an emphasis of matter relating to going concern, the availability of project finance and the assumptions adopted for the Berong impairment review.

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