

# Poseidon Nickel Limited

ABN 60 060 525 206

Unit 8, Level 1, Churchill Court  
331-335 Hay Street  
Subiaco WA 6008  
PO Box 190  
West Perth WA 6872  
Tel: +61 8 9382 8799  
Fax: +61 8 9382 4760

26 September 2007

Company Announcements Officer  
ASX Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

**Re: Drilling Programme Underway to Support Fast Start Project**

We enclose herewith a copy of an announcement in relation to the above.

Yours faithfully



**David P.A. Singleton**  
CHIEF EXECUTIVE OFFICER

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**CORPORATE DIRECTORY**

**Director / Senior Management**

David Singleton	Chief Executive Officer
Andrew Forrest	Non-Executive Chairman
Richard Monti	Non-Executive Director
Chris Indermaur	Non-Executive Director
Ross Kestel	Company Secretary

**Corporate Enquiries**

Mr David Singleton - CEO  
P: 61 8 9382 8799  
F: 61 8 9382 4760

E: [davids@poseidon-nickel.com.au](mailto:davids@poseidon-nickel.com.au)

**Shareholder Enquiries**

Enquiries concerning shareholdings should be addressed to:

Computershare Investor Securities  
GPO Box D182, Perth WA 6840  
Tel: 61 8 9323 2000

**Registered Office**

Level 1, South Mill Centre  
9 Bowman Street  
South Perth WA 6151  
Tel: 61 8 9367 8133  
Fax: 61 8 9367 8812

**Principal Office**

Unit 8, Level 1 Churchill Court  
331-335 Hay Street  
Subiaco WA 6008  
Tel: 61 8 9382 8799  
Fax: 61 8 9382 4760

**Home Exchange**

The Company's shares are listed on the Australian Stock Exchange and the home exchange is Perth ASX code: POS

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ASX Announcement

26 September 2007

## **Drilling Programme Underway to Support Fast Start Project**

Poseidon Nickel Limited is pleased to announce that it has recommenced Diamond and R.C. drilling at the Windarra Mine site in support of its "Fast Start" project.

A diamond drill rig (Boart Longyear LF230) started work on Friday 14<sup>th</sup> as planned and has already completed 2 holes which have intersected and confirmed significant Nickel zones and is currently drilling its third hole. Poseidon's initial objective is to expand and bring to reserve status enough ore for the first 12-18 months of the production phase. The drilling activity is necessary to fully delineate the near surface ore bodies which have been identified previously. The company expects that this phase of the drilling will be completed in the next few weeks and if successful will provide confidence to initiate the construction project next year.

Once completed the drill rig will then carry out deeper exploration activity in an area identified to provide ore for subsequent years production. This phase of drilling is planned to continue for at least the next 6 months.

In addition an R.C. (Reverse Circulation) rig is operational on the site drilling known and potential Nickel oxide zones. Poseidon believes, following a laboratory test programme carried out previously, that oxide ore will be amenable to atmospheric acid leach and provide an economic addition to the sulphide production.

The R.C. rig has completed 3620 metres of drilling at South Windarra of previously mined material and has identified significant nickel bearing oxides. The results are currently being geologically modelled to ascertain the amount and average grade of the various dumps.

Chief Executive, David Singleton said, "combined with the "Fast Start" engineering study underway the drilling programme is designed to confirm ore resources prior to a Board decision on initiating the full development which we all remain very confident in."

Yours faithfully



**David P.A. Singleton**  
CHIEF EXECUTIVE OFFICER