

15<sup>th</sup> February 2011

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

Dear Sir

**Re: POSEIDON TO RESTART UNDERGROUND OPERATIONS**

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

Yours faithfully



**David P.A. Singleton**  
MANAGING DIRECTOR &  
CHIEF EXECUTIVE OFFICER

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<b><u>CORPORATE DIRECTORY</u></b>	
<b>Director / Senior Management</b>	
David Singleton	Managing Director & Chief Executive Officer
Andrew Forrest	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Richard Monti	Non-Executive Director
Chris Indermaur	Non-Executive Director
Ross Kestel	Company Secretary
<b>Corporate Enquiries</b>	
Mr David Singleton – MD & CEO	
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F: 61 8 9382 4760	
E: admin@poseidon-nickel.com.au	
<b>Shareholder Enquiries</b>	
Enquiries concerning shareholdings should be addressed to:	
Computershare Investor Securities	
GPO Box D182, Perth WA 6840	
P: 61 8 9323 2000	
<b>Principal Office</b>	
Unit 8, Churchill Court	
331-335 Hay Street	
SUBIACO WA 6008	
P: 61 8 9382 8799	
F: 61 8 9382 4760	
<b>Registered Office</b>	
Level 2, Spectrum	
100 Railway Road	
SUBIACO WA 6008	
P: 61 8 9367 8133	
F: 61 8 9367 8812	
<b>Media Enquiries</b>	
Mr Paul Downie	
FD Third Person	
P: 61 8 9386 1233 M: 0414 947 129	
E: paul.downie@fdthirdperson.com.au	
<b>Home Exchange</b>	
The Company's shares are listed	
on the Australian Securities Exchange	
and the home exchange is Perth	
ASX code: POS	

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ASX Announcement

15<sup>th</sup> February 2011

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**Poseidon to Restart Underground Operations at Windarra**

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Poseidon Nickel is pleased to announce that it has entered into an agreement with GSM Mining Pty Ltd (GSM) to commence operations at the Mt Windarra Nickel Mine. Under Poseidon's direction GSM will complete the refurbishment of the underground mine down to 550 metres below the surface, which is where the previous mining operations came to an end. The completion of the refurbishment will allow Poseidon to undertake further drilling activity from underground and to complete preparations for the start of mining operations.

Under a similar contract in 2008, GSM successfully refurbished the initial 1,000 metres of the decline and will complete the remaining 3,500 metres. Refurbishment includes the removal of water from the mine, rock bolting and meshing of the decline and the installation of various infrastructures necessary to commence mining operations. The work will take approximately 10 months to complete and cost approximately \$8m.

The refurbishment of the underground carried out in 2008 demonstrated the viability of the procedure and the cost per metre. The decline was seen to be in good condition with steel supports and rock bolts installed when the mine was previously in operation remaining largely in place and competent. In January of this year, Poseidon commissioned an examination of the vertical shafts in the mine using a remote camera system. The results of this examination further added to the confidence that the areas not yet refurbished have remained in good standing. A sample of the inspection video can be viewed at <http://www.poseidon-nickel.com.au>

Over the past 2 years, Poseidon and GSM have acquired the light and heavy mobile machinery necessary to complete the refurbishment and to commence early mining operations. This equipment includes underground haulage trucks, underground boggers (LHD's) and drilling jumbos including an extensive supply of spare parts. The mobile machinery purchased also includes the necessary safety and support equipment. All of this equipment has been prepared for the immediate restart of operations. The equipment based at the Windarra mine site can be viewed at <http://www.poseidon-nickel.com.au>

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