

17<sup>th</sup> October 2011

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

Dear Sir

**Re: CERBERUS RESOURCES UPGRADE AND POTENTIAL EXTENSIONS**

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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**CORPORATE DIRECTORY**

**Director / Senior Management**

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

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**Home Exchange**

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

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### Cerberus Resource Upgrade and Potential Extensions

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- **Cerberus Reserve estimation underway and due for completion in Q4 2011**
- **Recent drilling has identified a thicker high grade core to the ore body**
- **Evidence of potential parallel mineralisation at Cerberus**

Poseidon Nickel Limited (Poseidon) is currently completing the drill out of the Cerberus deposit with the aim of expanding the current known resource and producing the first mining reserve. This drilling programme has identified extensions to the known mineralisation which are likely to increase the overall nickel resource at Cerberus as well as demonstrating the potential for additional parallel lying ore bodies.

Since commencing the resource infill drilling, Poseidon has completed ~9,500m of drilling at Cerberus this year. Significant drill intersections returned from the drilling campaign are collated in Table 1 and shown in Figure 1. The best intersections returned from the upper high grade zone are 4.07m at 3.00% Ni, 2.83m @ 3.24% Ni and 1.37m @ 3.55% Ni. This area will be evaluated for its economic potential in order to define a JORC Reserve towards the end of this quarter.

The current infill drilling programme has now defined the central lava channel system leading to a thicker, higher grade core to the ore body than previously reported. Diamond drill hole PND0144 returned an intersection of 5.56m @ 2.58% Ni at the lower most-northern hole of the resource infill drilling program (Figure 1) which intersected a position where the Upper and Lower Lodes of the channel meet thereby increasing the true thickness of the deposit. In addition to the thickening the drilling indicates a steeper plunging ore body which supports the presence of parallel systems (discussed below and shown on Figure 2) and improves the likely mining methods. Additional drilling has commenced into the down-dip central area of the mineralised system where grades above 5% Ni have been previously intersected.

An important new development is the discovery of another zone of mineralisation (Top Lode) which has been intersected in several holes above the Upper Lode (Table 1), indicating that Cerberus is a stacked flow system and therefore identifies the potential for multiple mineralised channels. At Mt Windarra, 10kms to the north, there are 7 stacked mineralised channels within the system which adds additional support to the possibility that more mineralised channels may exist at Cerberus. Recent holes at the southern up-dip end of the deposit also show three higher grade intersections (PNDRC0116, PNDRC0121 & PNDRC0122) which may be part of this stacked mineralised channel. These intersections open up a large untested area to the south as well as the north of and parallel to Cerberus.

The Cerberus Resource estimate was upgraded earlier this year and currently stands at **1.85Mt at 2.05% nickel for 38,000t** of contained nickel metal above a 1.25 %Ni cut-off grade (Table 2). A new Resource estimation is anticipated to be complete in November this year and an economic Reserve estimation will follow shortly afterwards.

**Table 1: Cerberus Significant Intersections**

Hole Id		m From	m To	Length	%Ni	Comment
PND0112		82.50	84.51	2.01	2.46	Lower Lode
	<i>incl</i>	83.61	84.51	0.90	4.42	
PNRCD0116		150.77	151.62	0.85	5.56	* New Top Lode
		159.91	161.95	2.04	0.91	Upper Lode
		170.48	171.90	1.42	1.75	Lower Lode
PNRCD0121		219.96	222.16	2.20	1.69	Lower Lode
PNRCD0122		257.67	258.45	0.78	1.80	Lower Lode
PNRCD0123		83.61	84.46	0.85	1.88	* New Top Lode
		101.00	102.34	1.34	1.49	Lower Lode
PNRCD0125		184.85	188.89	4.04	1.21	Upper Lode
		195.45	201.44	5.99	0.84	Lower Lode
	<i>incl</i>	195.45	196.46	1.01	1.39	
	<i>incl</i>	200.31	201.44	1.13	1.47	
PNRCD0127		328.52	330.00	1.48	1.30	Lower Lode
PND0130A		331.25	334.23	2.98	1.74	Lower Lode
PND0144		365.00	370.56	5.56	2.58	Upper + Lower Lode
PND0135		191.32	194.51	3.19	1.77	* New Top Lode
		202.17	204.91	2.74	1.02	Upper Lode
		208.58	210.09	1.51	1.85	Lower Lode
PNRCD0139		215.00	217.23	2.23	2.47	Lower Lode
	<i>incl</i>	216.20	217.23	1.03	4.42	

**Table 2: Cerberus Resource Statement above cut-off grades of 1.25%**

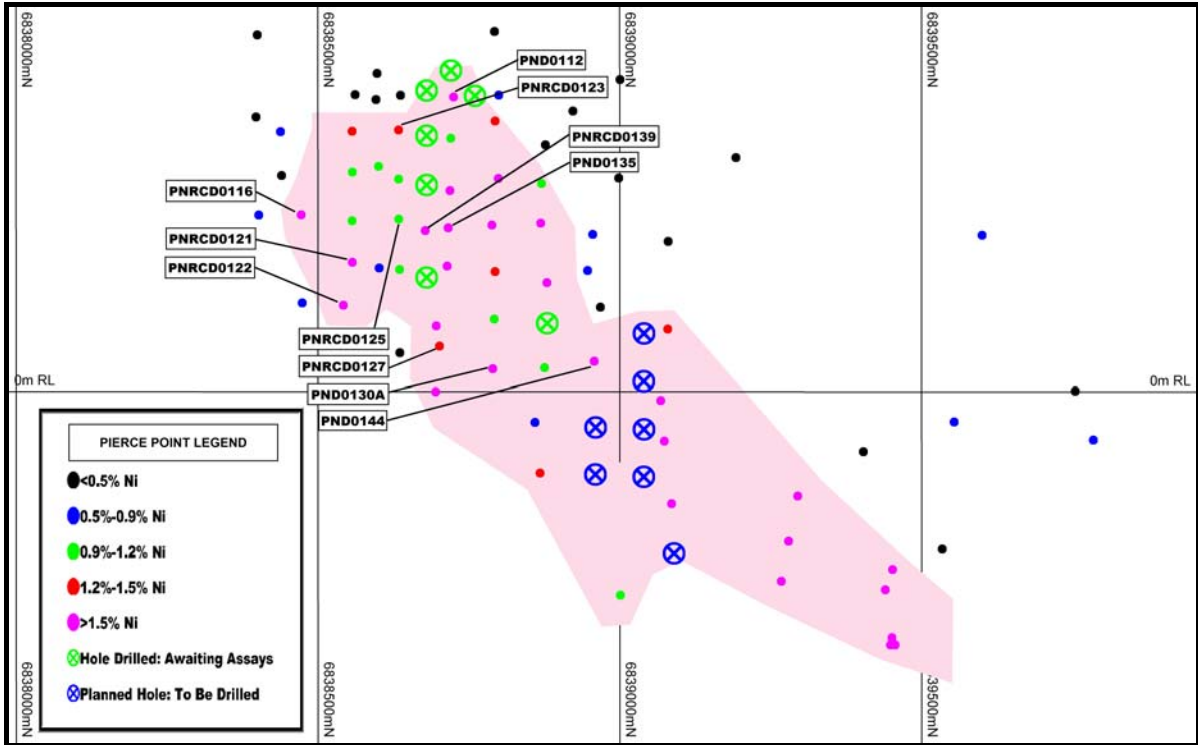
Cerberus Deposit	Cut Off Grade	Resource Category								
		Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Optimum cut-off grade used	1.25%	756,360	1.62	12,264	1,092,500	2.35	25,707	1,848,816	2.05	37,970

The Cerberus Mineral Resource has been reported at an optimum cut-off grade of above 1.25% Ni as shown in Table 1.

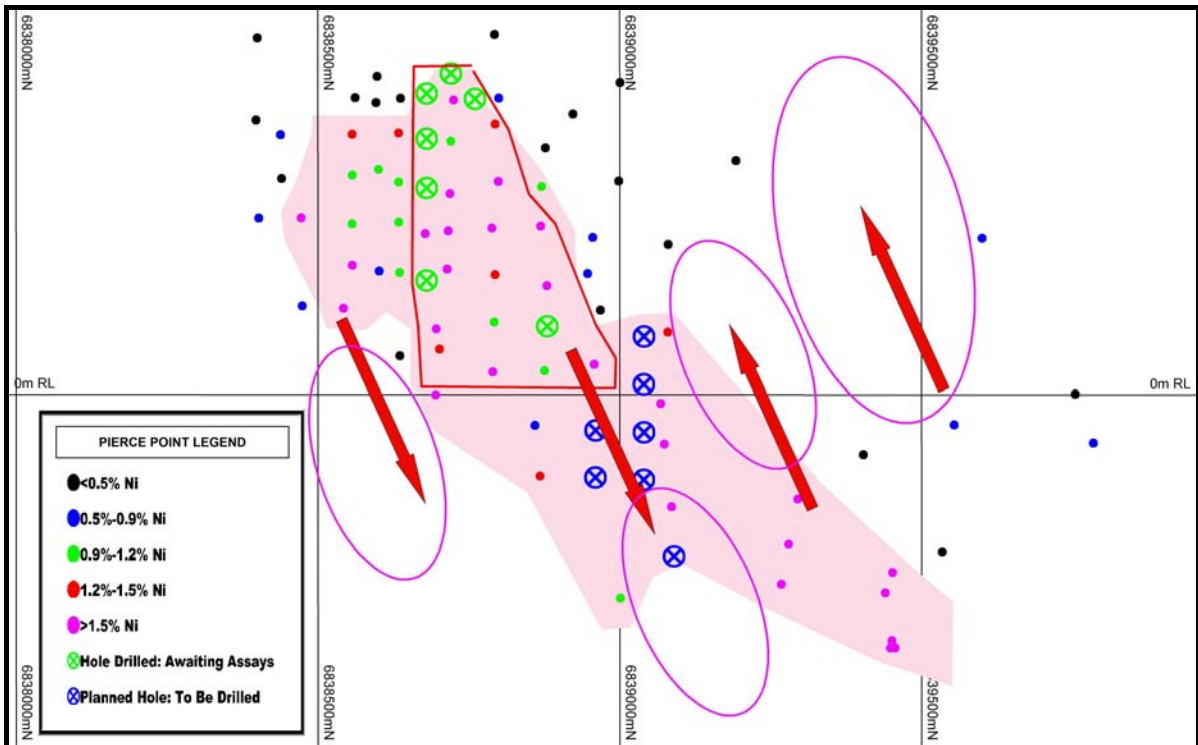
\*Note: Minor errors in totals exist due to rounding.

Note: The information in this report relates to Exploration Results and Mineral Resources based on information compiled by Mr N Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australasian Institute of Geoscientists and Mr I Glacken who is a Fellow of the Australasian Institute of Mining and Metallurgy as well as a full time employee of Optiro Pty Ltd. Mr Hutchison and Mr Glacken both have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Hutchison and Mr Glacken have consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.



**Figure 1:** Cerberus Long Section showing all drill hole pierce points and location of drill holes reported in Table 1. Green cross circles show recently completed drill holes which are awaiting assays from the laboratories and blue cross circles are the next round of drill holes which are to be completed.



**Figure 2:** Cerberus Deposit showing the upper-high grade zone (red outline) which will form the core area of the economic evaluation and the newly recognised mineralised trends (red arrows) opening up several potential parallel lode systems which trend into untested areas adjoining Cerberus. This multiple lode model is similar to the mineralised system at Mt Windarra where there are 7 stacked mineralised channels within the system. This adds additional support to the possibility that more mineralised channels may exist at Cerberus.