

9 November 2011

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

Dear Sir

Re: MOUNT WINDARRA MINING PROPOSAL SUBMITTED TO DEPT OF STATE DEVELOPMENT IN WA

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

Corporate Enquiries

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Shareholder Enquiries

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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

ASX Announcement

9 November 2011

Mount Windarra Mining Proposal Submitted to Dept of State Development in WA

- **Poseidon has submitted the Mount Windarra Nickel Project Mining Proposal to the Department of State Development**
- **Proposal outlines plans for up to 500,000 tonne per annum production from Mount Windarra**
- **Associated process plant will have a 700,000 tonne capacity and able to process Cerberus ore**
- **Proposal outlines low cost sub-level cave mining methodology**

Poseidon Nickel (Poseidon) is pleased to announce that it has submitted a detailed Mining Proposal for the Mount Windarra Mine to the Western Australian Government in order to seek approval to both restart mining operations and to build a processing plant on the site.

The proposal includes mining up to 500,000 tonnes of ore per annum from Mount Windarra with an initial mine life of six years. The Windarra Project has a resource base of 6.6 million tonnes of ore at an average nickel grade of 1.67%, of which approximately 58% is included in the Mount Windarra resource with the remaining ore located at Cerberus and South Windarra.

Poseidon plan to build a 700,000 tonne capacity nickel sulphide concentrator to process ore from Mount Windarra and from the Cerberus mine. The indicated construction time for the plant and associated infrastructure is approximately 12 months and will be built largely inside the footprint of the historical plant. The size of the plant selected provides good economies of scale and processing costs are likely to be in line with other nickel peer producers in Western Australia.

The Mining Proposal application includes the following major infrastructure:

- Existing underground mine, ventilation shafts, access portal and underground crusher chamber.
- Refurbishment of existing vertical haulage shaft to reduce decline haulage costs.
- Flotation concentrator plant including power plant and water.
- Accommodation camp, use of exiting administration buildings, workshops and lay down areas.

Following a detailed evaluation of the mine, in conjunction with the projects geotechnical and mining consultants, Poseidon has chosen a sub-level cave mining method as the safest and most cost effective method to recover the ore. This mining method is possible due to the sub-vertical nature of the ore body and should provide one of the lowest nickel sulphide mining costs in Western Australia.

Nickel ore will be mined by drill and blast methods and loaded into trucks for haulage to the existing underground truck tip. Ore will be crushed underground and then hoisted to the surface in five tonne skips, available on site from previous operations, using the existing three metre diameter haulage shaft and head frame. This haulage methodology is significantly cheaper to operate on a capital and operating cost basis than hauling with

trucks to surface. This approach also creates the flexibility to truck haul to surface if operational circumstances demand.

For the recommencement of operations, Poseidon is proposing to minimise land disturbance. It is proposed to redevelop approximately 29 hectares of land mostly located on previously disturbed and rehabilitated land. New land clearance is restricted to 1.9 hectares required for a water supply line. As a result Poseidon will not require a clearing permit under the Environmental Protection Regulations.

Poseidon is intending to submit other mining, environmental and works approval applications including a separate Mining Proposal for the Cerberus deposit. These proposals are likely to be submitted by the end of this year. The development proposals will be submitted to the Western Australian Department of State Development in compliance with the 'Poseidon Nickel Agreement Act 1971', the associated Variation Agreement and Deed of Covenant. The Act envisages a response by the Government within two months of the final Application being submitted.

Windarra Nickel Project Sulphides	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
Mt Windarra	0.75%	910,000	1.24	11,300	2,955,000	1.72	50,900	3,865,000	1.61	62,200
South Windarra	0.90%	820,326	1.15	9,434	82,404	1.05	864	902,730	1.14	10,300
Cerberus	1.25%	756,360	1.62	12,264	1,092,500	2.35	25,707	1,848,816	2.05	37,970
Total Sulphide		2,486,686	1.33	32,998	4,129,904	1.88	77,471	6,616,546	1.67	110,470

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 Australian 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.