

12<sup>th</sup> November 2012

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

Dear Sir

**Re: POSEIDON PROJECT APPROVALS**

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**

Enquiries concerning shareholdings should be addressed to:

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GPO Box D182, Perth WA 6840  
P: 61 8 9323 2000

**Principal Office**

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SUBIACO WA 6008  
P: 61 8 9382 8799  
F: 61 8 9382 4760

**Registered Office**

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**Media 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

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ASX Announcement

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### **Poseidon Project Approvals**

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Poseidon Nickel Limited (ASX:POS) is pleased to announce that the Premier, The Hon. Colin Barnett MLA, Minister for State Development, has indicated conditional approval of the Company's application to recommence nickel mining at the Mt Windarra site in the North Eastern Goldfields of Western Australia. The application included all of the necessary environmental and infrastructure approvals which have been assessed by the Department of State Development (DSD) and other agencies over the last few months. The proposal for the recommencement of nickel mining and processing operations at the Mt Windarra site includes:

- Recommencement of nickel mining at the Mt Windarra underground mine;
- Commencement of nickel mining at the new Cerberus ore body located on the same tenement package;
- Construction of a nickel flotation concentrator plant capable of a minimum throughput of 700,000 tonnes of ore per annum;
- Construction of a gold tailings re-treatment facility;
- Installation of in-pit tailings deposition via a slurry pipeline to South Windarra.

The Windarra Nickel Project is located on tenements managed under the Poseidon Nickel Agreement 1971, as modified, ("Agreement"). The Agreement requires that in addition to the normal statutory approvals, Poseidon supplies reasonable evidence of its marketing (offtake) and project financing necessary for the fulfilment of the Company's proposals. The final formal approval is subject to Poseidon demonstrating that it has project financing and offtake contracts in place. The Premier, in his role as Minister for State Development, has given Poseidon until 30<sup>th</sup> June 2013 to meet these financing and offtake commitments. Under a Deed of Covenant associated with the Agreement, Poseidon was also required to submit a revised Mine Closure Plan to DSD. This has been submitted, as required, and approved in similar terms to the mining proposal.

David Singleton, MD & CEO said, "This is an enormously important and successful outcome for Poseidon as it essentially gives statutory approval for the project subject only to final financing and offtake. This announcement clears the environmental and construction approval risk for the Project prior to financing, and as a result we maintain an expectation of nickel mining restarting in this area of the Goldfields. We recently announced the completion of the Definitive Feasibility Study for the Project and as announced previously are continuing our preparations for financing the Project."

Poseidon Nickel is developing the first new Nickel Project in Western Australia for many years. The Windarra Project is a higher grade nickel sulphide deposit that has demonstrated high recovery levels through a standard nickel floatation concentrator.

The total current Mineral Resource is located at two positions approximately 10kms apart and includes the existing brownfields mine at Mt Windarra and a new discovery at Cerberus.

Poseidon has completed its Definitive Feasibility Study (DFS) and is targeting initial concentrate production in 2014. The concentrator plant to be constructed at Mt Windarra is expected to have a minimum throughput capacity of 700,000 tonnes of ore per annum.

**RESERVE STATEMENT**

Cerberus Nickel Project	Reserve Category - Nickel Sulphides		
	Probable		
	Tonnes	Ni% Grade	Ni Metal t
Total Sulphide	1,221,000	1.30	15,880

**RESOURCE STATEMENT**

Windarra Nickel Project Sulphides	Cut Off Grade	Resource Category - Nickel Sulphides								
		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%	974,000	1.25	12,400	2,977,000	1.88	55,900	3,951,000	1.73	68,300
South Windarra	0.80%	772,00	0.98	7,500	-	-	-	772,00	0.98	7,500
Cerberus	0.75%	2,773,000	1.25	34,600	1,778,000	1.91	34,000	4,551,000	1.51	68,600
Total Sulphide		4,519,000	1.21	54,500	4,755,000	1.89	89,900	9,274,000	1.56	144,400

Windarra Gold Tailings Project	Resource Category - Gold Tailings		
	Indicated		
	Tonnes	Grade (g/t)	Au (oz)
Total Gold Tailings	10,993,000	0.52	182,500

*Note: The information in this report relates to Exploration Results, Mineral Resources and Ore Reserves 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, 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 and Mr D Grubic, Technical Services Manager at Rock Team Pty Ltd. Mr Hutchison and Mr Glacken 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 Grubic is a full time employee of Rock Team Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting Ore Reserves."*

*Mr Hutchison, Mr Glacken and Mr Grubic 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.*