

12th March 2013

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

Dear Sir

Re: MT WINDARRA DRILLING RESULTS INDICATING INITIAL POTENTIAL FOR FURTHER RESOURCE INCREASES

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

Mr David Singleton – MD & CEO
P: 61 8 9382 8799
F: 61 8 9382 4760

E: admin@poseidon-nickel.com.au

Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

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

Principal Office

Unit 8, Churchill Court
331-335 Hay Street
SUBIACO WA 6008
P: 61 8 9382 8799
F: 61 8 9382 4760

Registered Office

Level 2, Spectrum
100 Railway Road
SUBIACO WA 6008
P: 61 8 9367 8133
F: 61 8 9367 8812

Media Enquiries

Mr Cameron Morse
FTI Consulting
P: 61 8 9485 8888 M: 0433 886 871
E: Cameron.Morse@fticonsulting.com

Home Exchange

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

ASX Announcement

12th March 2013

Mt Windarra Drilling Results Indicating Initial Potential for further Resource Increases

- To date 5 diamond drill tails have been completed into the Windarra Deeps mineralisation and results have been received from the initial holes.
- Drilling intersected C Shoot outside of its defined limits in an area of the deposit previously untested. This has the potential to increase the size of the Mt Windarra resource (WUG 0013).
- Drilling has also identified a 9.37m (true width) nickel intersection which is a thicker high grade section of C Shoot than was expected, further increasing confidence in a resource upgrade (WUG 0012).
- A high grade Hanging Wall lode below F Shoot has been intersected by WUG0021, ~30m below the previous deepest intersection into F Shoot. This has the potential to be a highly significant intersection as it infers the shoot may have reformed at depth.
- Further drill intersections through the targeted C, D and G Shoots are consistent with expectations in terms of grade and widths as modelled from previous drilling data.
- 2 underground rigs are now operating to increase drilling back to schedule.

Poseidon Nickel Limited (ASX:POS) is pleased to provide an update of drilling results from the underground diamond drilling program at the Windarra Nickel Project, the first drilling from underground in the newly refurbished decline. The assayed results are in the following table:

Hole_ID	Dip/Azi	From (m)	To (m)	Interval (m)	True Width (m)	Ni%	Comment
WUG0013	-45/248	472.00	475.72	3.72	3.10	2.02	C Shoot; Eastern Zone
		480.21	483.21	3.00	2.50	1.77	C Shoot; Western Zone
	<i>including</i>	482.17	483.21	1.04	0.87	3.47	Basal massive sulphide in Western Zone
WUG0012	-32/245	370.58	377.63	7.05	6.01	1.39	D Shoot; Disseminated sulphide
	<i>including</i>	376.94	377.27	0.33	0.31	7.15	D Shoot; Massive sulphide base
		463.74	474.6	10.86	9.37	2.05	C Shoot; Disseminated sulphide
	<i>including</i>	465.42	471	5.58	4.81	2.76	C Shoot; High grade base

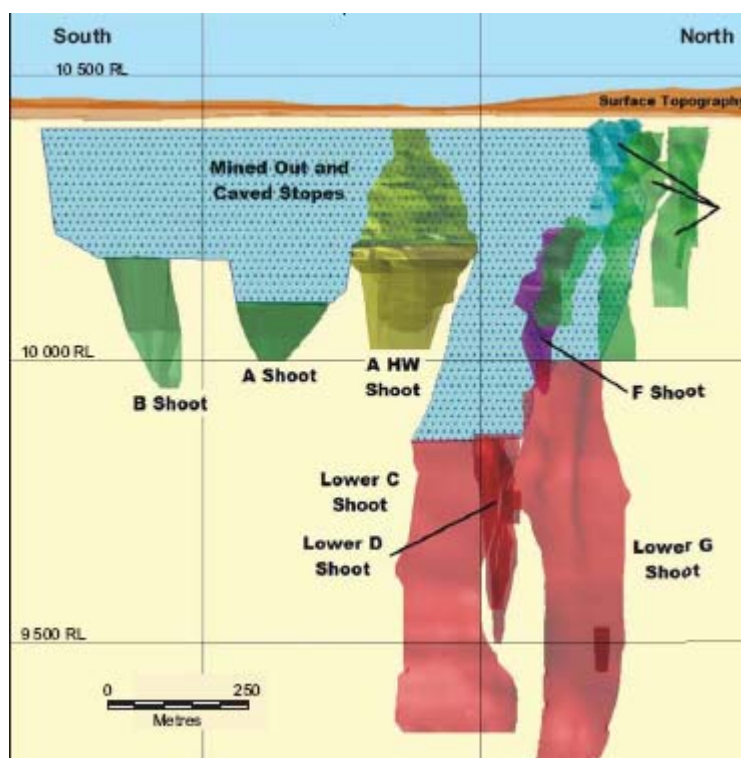
Poseidon's first underground drill hole into the Windarra Deeps mineralisation (WUG0013) intersected nickel sulphides approximately 20m north and beyond WMC's definition of the C Shoot mineralised body. The geological interpretation of the C Shoot intersection has the potential to increase the size of the Mt Windarra resource, as this area of the deposit, which lies within the hinge of a fold zone was previously untested by either Poseidon or Western Mining Corporation ("WMC") and warrants further testing as the drill program continues. Previous

drilling by WMC into similar fold hinges within the mine area yielded structurally concentrated higher grade deposits such as E Shoot, which produced 235,000t @ 2.39% Ni for 5,608t of nickel metal when mined.

The second hole WUG0012 intersected D Shoot at 362m down hole depth and passed through to intersect C Shoot (which sits behind D Shoot) at a down hole depth of 461m. The C Shoot intersection in particular produced a thicker, higher grade intersection which was better than the grade modelled from previous drilling in this area.

WUG0021 intersected a zone of interfingering disseminated and massive sulphides between 165.6-170.9m downhole. Niton XRF results returned between 1% and upto 8% Ni within this zone and laboratory confirmation of results is pending. This intersection occurs in a hanging wall position 30m vertically below the known position of the F Shoot system. F Shoot was interpreted to only occur as a small high grade lode in the upper part of the mine and was defined by short hole underground drilling by WMC, which was completed from the footwall (western) side of the mineralisation. Poseidon is currently drilling from the hanging wall (eastern) side which opens up opportunities for similar narrow high grade hanging wall positions to be discovered as the drilling progresses.

Intersections into the targeted C, D and G Shoots have been returning Niton XRF grades and widths which are consistent with the modelled WMC data and will be reported as the results arrive.



Long Section showing various underground Shoots at Windarra

The drilling programme commenced in November 2012 using a single rig and utilising a combination of Wassara pre-collar drilling with diamond core tails. The plan was that approximately 70% of each drill hole could be drilled with the Wassara system at high advance rates to reduce overall drilling times. A steep learning curve associated with using the Wassara system in the local rock types coupled with the drilling rig reliability issues means that the

drilling programme is now behind schedule. A second, brand new, drill rig also capable of combined Wassara, diamond drilling has been installed underground and has reliably completed initial drilling holes with the intention of recovering the programme.

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								
		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	54,000	4,755,000	1.89	89,900	9,274,000	1.56	144,400

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

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.