

5th June 2014

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

Dear Sir

Re: DEVELOPMENT TOWARDS PRODUCTION

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
Chris Indermaur	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Robert Dennis	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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P: 61 8 9323 2000

Principal Office

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331-335 Hay Street
SUBIACO WA 6008
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F: 61 8 9382 4760

Registered Office

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Media Enquiries

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FTI Consulting
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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

5th June 2014

Developments Towards Production

Poseidon Nickel Limited (ASX:POS) is pleased to announce that it has restarted mine refurbishment activities at the Windarra Mine site and employed new personnel as it accelerates development towards potential production later in the year.

Poseidon has previously advised that it is in negotiations with third parties which could lead to ore processing and offtake agreements. The Company remains confident that one or more of these will be successful and has therefore taken steps to reduce the lead time to production. The strong current nickel price and exceptionally strong nickel price forecasts have given added confidence to support re-opening of the Mt Windarra mine.

Poseidon has over the last few months, reported on progress made towards an offtake contract which would bring the Mt Windarra mine back into full scale operation. Poseidon is now preparing to recommence underground operations and is completing necessary maintenance work on the water extraction system. Poseidon has also recently purchased additional underground Mono pumps and will be commencing installation. Refurbishment activities were suspended in mid-2013 at the completion of the underground drilling programme.

To manage and expedite this critical path to production, Poseidon has contracted Cathy Cruikshank as General Manager Operations. Cathy has been the Deputy Underground Mine Manager at the Perseverance Underground Nickel Mine, an operation similar to the Mt Windarra sub level cave mine. Cathy has a first class mine management ticket and is proficient in mine design, scheduling and planning as well as underground operations. Cathy's responsibility is to complete the underground refurbishment at Mt Windarra and prepare the mine for operations later in the year.

To assist in the completion of Poseidon's current ore offtake (marketing) contracts and negotiate the major mining contracts to assist mine recommencement, Poseidon has retained the services of Robert Boston. Robert is a corporate executive with experience in projects, project finance, and resource development in the energy and resource sectors. Robert's background is a solicitor for two of Australia's top tier law firms and more recently corporate and business development roles with two of Australia's major mining houses.