

Media Release

Thursday 29 September, 2011

**Maiden concentrate output by early 2013 from new
China-backed WA nickel mine says Poseidon Nickel**

Developers of Western Australia's newest emerging nickel producer say they expect first concentrate from the rejuvenated Mount Windarra mine as soon early 2013 and at estimated cash costs as low as US\$3.20 per pound.

Speaking in Perth on the first day of the **2011 Paydirt Australian Nickel Conference**, the only annual business forum for the sector, Poseidon Nickel's Chief Executive Officer, Mr David Singleton said refurbishment of the mine was on track for completion by year's end to allow a recommencement of production at a rate of at least 10,000 tonnes of nickel concentrate per annum.

The mine, near Laverton, closed in the low nickel environment of the 1980s but Poseidon Nickel has spent A\$50 million acquiring the project and investing in new drill out and mining infrastructure to get the project back into production.

Mr Singleton said current work included dewatering and installation of infrastructure and a recommencement of drilling to build the project's nickel reserves.

The project's Cerberus deposit, discovered in 2008 by Poseidon Nickel to the southeast of the mine and to the northeast of the project's South Windarra mine, is subject to mine planning on its known Indicated Resource of 38,000 tonnes of nickel concentrate at 2.05% Ni.

Mr Singleton said the Company plans to bring both Mount Windarra (62,200t @ 1.61% Ni) and Cerberus into production at the same time with a seven year mine life for both and including the construction of a new concentrator plant within two years to process ore from both target mining areas.

Poseidon Nickel has a fixed price turnkey Memorandum of Understanding with China Non Ferrous to fund, supply and build a \$50 million 700,000 tonne concentrator within the project area.

Mr Singleton said the final terms of the contract are expected to be completed this year and will cover an expected 80% of the vendor finance package for the concentrator.

"Offtake offers for maiden nickel concentrate are currently being negotiated and we expect to inform the market when those negotiations come to fruition," Mr Singleton said.

The Company plans to mine about 450,000 tonnes per annum at Mount Windarra and about 250,000 tonnes per annum from the higher grade Cerberus deposit.

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Poseidon's Windarra nickel coming soon

- From: AAP
- September 29, 2011 4:05PM
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PRODUCTION: Poseidon's Windarra nickel project is expected to start production in early 2013.
Source: Bloomberg

POSEIDON Nickel, chaired by Andrew Forrest, expects to start production at the revived Mt Windarra project in Western Australia as soon early 2013.

The Mt Windarra deposit near Laverton in the state's Goldfields region was discovered in 1969 by Poseidon Ltd, a company unrelated to Poseidon Nickel, creating one of the largest mineral booms ever seen in Australia.

The discovery of a second major deposit at the project prompted the development of the South Windarra open pit in the early 1970s, but by the time nickel started being produced, the price of the steel input had dropped, spelling the end of Poseidon Ltd.

It was then operated at half-steam by Western Mining Corporation until 1991 and closed in 1994 during a period of historically low nickel prices.

Poseidon Nickel plans to mine 250,000 tonnes of nickel per annum from its own high grade discovery at the project, the Cerberus deposit to the southeast of the Mt Windarra underground mine and to the northeast of the South Windarra open pit.

It also plans to mine about 450,000 tonnes per annum at Mt Windarra, from which rainwater is currently being removed.

De-watering should be completed this year, chief executive David Singleton told the Australian Nickel Conference in Perth on Thursday.

“Offtake offers for maiden nickel concentrate are currently being negotiated and we expect to inform the market when those negotiations come to fruition,” Mr Singleton said.

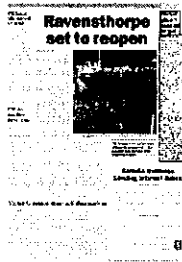
Poseidon Nickel has spent \$50 million buying the project and investing in new infrastructure to get it back into production.

It also has an agreement with China Non Ferrous for the funding, supply and construction of a \$50 million nickel concentrator at the project.

Shares in Poseidon Nickel were up half a cent, or 3.03 per cent, at 17 cents at 1443 AEST compared to losses in the broader market of about one per cent.

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Nickel giant's plan on target

REBECCA LE MAY

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Poseidon Nickel plans to mine 250,000 tonnes of nickel per annum from its own high grade discovery at the project, the Cerberus deposit to the southeast of the Mt Windarra underground

mine and to the north-east of the South Windarra open pit.

The company, chaired by Fortescue Metals Group founder Andrew Forrest, also plans to mine about 450,000 tonnes per annum from Mt Windarra, from which rainwater is currently being removed.

The de-watering should be completed this year, company chief executive David Singleton told the Australian Nickel Conference in Perth on Thursday.

Poseidon targets production

AAP

Friday, 30 September 2011 09:36



Poseidon Nickel eye production at its revived Mt Windarra project in WA as early as 2013.

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"Offtake offers for maiden nickel concentrate are currently being negotiated and we expect to inform the market when those negotiations come to fruition," Mr Singleton said.

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Shares in Poseidon Nickel closed up half a cent, or 3.03 per cent, at 17 cents compared to losses in the broader market of about 0.7 per cent.

Pic: Aerial shot of portal entrance.

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Poseidon targets nickel production in 2013

September 29, 2011

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HIGH GRADE

DRILLING DEEPER FOR THE NEWS

Single voice

Michael Quinn, 29 September 2011

HEARING a mining executive having something positive to publicly say about the hot job market and, shock, horror, the Federal Government authorities as well, is, on account of its rareness, a rather extraordinary event indeed.

The positivity came from David Singleton, the managing director of Poseidon Nickel, who, at the Australian Nickel Conference last week, said visas could be arranged for suitably qualified workers expeditiously.

He suggested that those who complained to the contrary probably hadn't tried – or tried hard enough.

Singleton also said the high turnover often bemoaned by the industry in recent times was a positive in terms of it increasing the potential for fresh ideas and new skills being introduced to companies. He contrasted this freshness and potential new ideas with industries in which he had worked previously where turnover was very low.

Singleton, a mechanical engineer who was appointed at Poseidon back in 2007, was previously the managing director and CEO at Clough and CEO of Alenia Marconi Systems based in Rome, Italy. He was also, previously, the group head of strategy, mergers & acquisitions with BAE SYSTEMS in London (which through consolidation became one of the largest aerospace and defence companies in the world), as well as being a former director of PT Petrosea Tbk.

Poseidon, in which Australia's richest optimist Andrew Forrest holds a 2.57% stake, is refurbishing the Mount Windarra mine at 10,000t per annum (nickel in concentrate), with the work expected to be completed by the end of the year.

A concentrator being built by a Chinese party under an innovative arrangement is anticipated to be producing first concentrate by early 2013, with cash costs for the operation put as low as \$US3.20 per pound.

Singleton's positive outlook could be seen back in 2008, with the company's AGM presentation (at the height of the GFC) to shareholders ending with a simple message.

"Every cloud has a silver lining, you just need to find it." **HG**