

20 November 2007

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

Dear Sir

**Re: "FAST START CONCENTRATOR" PREFEASIBILITY STUDY SUCCESSFULLY COMPLETED**

We enclose herewith a copy of an announcement in relation to the above.

Yours faithfully



**David P.A. Singleton**  
CHIEF EXECUTIVE OFFICER

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**CORPORATE DIRECTORY**

**Director / Senior Management**

David Singleton	Chief Executive Officer
Andrew Forrest	Non-Executive Chairman
Richard Monti	Non-Executive Director
Chris Indermaur	Non-Executive Director
Ross Kestel	Company Secretary

**Corporate Enquiries**

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F: 61 8 9382 4760

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**Shareholder Enquiries**

Enquiries concerning shareholdings should be addressed to:

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

**Principal Office**

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331-335 Hay Street  
SUBIACO WA 6008  
Tel: 61 8 9382 8799  
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**Registered Office**

Level 1, South Mill Centre  
9 Bowman Street  
SOUTH PERTH WA 6151  
Tel: 61 8 9367 8133  
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**Home Exchange**

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

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ASX Announcement

20 November 2007

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**“Fast Start Concentrator” Prefeasibility Study Successfully Completed**

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Poseidon Nickel is pleased to announce the successful results of its prefeasibility study into the Nickel Concentrator Plant for the Mt Windarra mine. The “Fast Start” concept is expected to provide the mines initial 300,000 tonnes processing capability and utilises Windarra’s unique assets to move into production quickly. The “Fast Start” plant has been designed to be fully upgradeable to one million tonnes per annum with minimal operational downtime.

The prefeasibility study was undertaken by GR Engineering Services Pty Ltd who senior key personnel have completed over 20 similar studies for concentrator plants in Australia. The study was intended to confirm the optimum plant design and construction schedule in addition to defining the capital and operating costs. A key part of the study was to test the availability of major items of equipment against a schedule to meet the Company’s timeline. The study also reviewed design options for mounting the plant into prefabricated, road transportable modules so that onsite construction time can be substantially reduced, thereby reducing the overall project implementation schedule.

The study identified an overall installed capital cost for the Ball Mill and Flotation Circuit of circa \$35 million to a projected accuracy of  $\pm 35\%$ . This figure excludes the crushing and screening of ore which the company has recently issued to tender on a BOO basis. Other key areas of capital equipment including a process water supply system, additional tailings storage capacity, general infrastructure and mine refurbishment costs have been assessed independently by the Company.

Chief Executive Officer, David Singleton said “As a result of the successful outcome of this study we will now undertake the full feasibility for the concentrator circuit which we expect to be complete in the first quarter of next year. We are able to move so swiftly partly as a result of the wealth of data that already exists at this mine.”

The Company intends to proceed immediately to undertake the full feasibility of the concentrator circuit and will commission additional confirmatory independent laboratory testing of the circuit feed. This work is intended to be completed in the first quarter of 2008.

Yours faithfully



**David P.A. Singleton**  
CHIEF EXECUTIVE OFFICER