The Windarra Nickel Project Feasibility Study Overview

Project Overview

The Windarra Nickel Project (WNP) is owned 100% by Poseidon Nickel Limited and is located in the North Eastern Goldfields, 260km north east of Kalgoorlie on sealed roads. The project contains four economic parts:

- Recommissioning of the Mt Windarra underground mine
- Development of the new Cerberus underground mine
- Reprocessing of gold tailings on site
- Nickel oxide processing from pre-mined material and historic tailings from year 4.

The WNP commenced production in 1974 and was closed in 1993 after a period of sustained low nickel prices and an end to the production of gold at the Lancefield Mine. At the time of closure a large number of Western Mining nickel assets were also closed and were subsequently sold off. Their successful recommissioning of some of these assets has led to the development of a number of a number of well known nickel companies namely Western Areas, Panoramic, Mincor and Independence Group. All of these mines recommenced operation with a substantially smaller resource base than at Poseidon but have successfully grown that resource faster on average than production over their operating lives. The geological model of Windarra is similar and Poseidon has grown its resource base at an annualised rate of 26% over the last 4 years.

In mid 2011, following the successful expansion drilling of the Cerberus mine, the Company decided to undertake a full DFS study for the project with the intention of moving into production. The DFS study is now being completed with review and assessment by an independent technical expert. Poseidon expects this final phase of work to be completed in the coming weeks so that the company can proceed to finance the project into production. In January 2012, Poseidon appointed a financial advisor to review a number of financing options predominantly around bank project finance and access to the US high yield debt market. The current rights issue is intended to provide part of the overall project funding package.

Mining

- Mt Windarra was mined to 550 metres below ground. Poseidon has completed drilling which demonstrates the continuity of the ore body to at least 900 metres vertical depth. Poseidon commenced refurbishment of the underground mine in 2011 and has dewatered to a depth of 450 metres. In addition the company has fully refurbished approximately 50% of the decline or 2.5km. This refurbishment includes the reticulation of power, water and safety equipment to the general standard necessary to recommence full operations. The mine planning at Windarra has been completed by a local independent mining consultant and the schedule for this has been contained within the DFS. The underground mine at Windarra includes an underground crushing station at approx 450m depth with a horizontal shaft for hauling ore to the surface. Ore is crushed underground in a crushing station at the 450m level. The mining method used is sub level caving, which is amongst the most economic methodologies available and is suitable for this style of resource, was used

at Mt Windarra for the last several years of operation and has been selected as the preferred method for the future. The cost of mining compares favourably with Kambalda style nickel mine and is similar to sub level cave mining costs in other locations in Australia, notably the Savannah nickel mine in northern WA. The Mt Windarra mine resources do not include several areas of believed potential extension parallel to the existing ore body. These extensions could provide substantially increased mine life if they are formally brought into resources in the future.

- Cerberus is a newly discovered ore body found in 2008 by Poseidon during its first and only regional exploration programme. The Cerberus ore body is approx 1.4km long to the extent of the current drilling up to 450 metres wide to a known depth of 700 metres. Cerberus is likely to have a substantial initial reserve life. Mining is by a caving method. The mine will be developed with a 40 metre deep box cut and a decline to the ore body.

Processing Plant

Full metallurgical studies have been carried out on both the Cerberus and Mt Windarra ores with both producing high metallurgical recoveries. The concentrate grade is approximately is likely to be over 11% nickel with minimal or no significant deleterious components. The combined ore feed will be processed in a 700,000 tonne per annum concentrator plant of standard configuration. The plant has been designed and is considered low risk with a construction period of approx 12 months. The processing plant includes facilities for cyanide treatment of the gold tailings reserve on the site which will be carried out in parallel with the nickel flotation. Final smelting of gold will be undertaken through toll treatment at Kalgoorlie and Perth. Poseidon does not need to invest in any substantial capital facilities outside of the project boundary, other than some highway access, as these are all available. This includes sealed haul roads to the rail head at Leonora and rail transport to the export ports of Esperance (bulk) or Fremantle (containerised). Substantial capacity exists on this rail line and quotations from mine gate to port have been received from local carriers.

Offtake

The company has received a number of offtake offers which contemplate multiyear production from the two mines.

Regional Geology

Archaean komatiites in the eastern Yilgarn Craton have been a focus for Ni-Cu-Co sulphide mineralisation. Basal accumulations of massive sulphides are generally concentrated in structural depressions and in the basal contacts of thick ultramafic flows (Kambalda-type) and as disseminated sulphides in thick dunite units (Mount Keith-type). Deposits in the Windarra Province are largely of Kambalda type.

The Windarra region forms part of the Mt Margaret Goldfield. Mafic and ultramafics, metavolcanics and intrusives form important members of the Windarra greenstone belt. A major granitoid pluton has intruded the stratigraphy and has locally stoped out the main BIF. Mafic-ultramafic and BIF xenoliths thought to be stratigraphically equivalent to the Windarra sequence occur within the granites in the region.

Bedrock consists of granite or granite gneiss, enclosed by north to northwest trending belts of metavolcanics, metasediments and intrusive rocks. Mafic dykes with an east-west strike are abundant in the region and cross-cut the greenstone, granite and granite gneisses. Regional trends are predominantly north-west but the main BIF horizon traces the regional Mt Margaret Anticline to South Windarra where the trend is more east-west.

Stratigraphy

The Windarra BIF is the lowest recognisable stratigraphic unit in the Margaret sector. The overlying ultramafic rocks host both the Mt Windarra and South Windarra nickel deposits and represent the base of the first cycle of ultramafic to mafic volcanics. It is the only ultramafic cycle in the region known to host economic nickel mineralisation. Three volcanic cycles are recognised in this sector with the rocks of the uppermost being overlain by conglomerate along the western margin of the Laverton tectonic lineament (B.J. Goss unpublished report, 1977). The stratigraphic sequence is intruded by a variety of granitoids, varying from granodiorite to monzonite or syenogranite in composition (Hallberg, 1985), many of which are pre- or syntectonic.

Structure

The Margaret sector is characterised by structural simplicity, the main feature being the Margaret anticline, a broad regional scale fold first recognised by Hobson & Miles (1950) and probably related to the diapiric ascent of batholitic granitoids. A granitic intrusive containing xenoliths of mafic and ultramafic rocks occupies the core of the Margaret anticline.

Metamorphism

The metamorphism is static style (Binns, Gunthorpe and Groves 1976), but there is a regional scale west to east metamorphic gradient from amphibolite facies at Windarra, through to greenschist facies near Laverton. Narrow contact metamorphic aureoles are developed in proximity to some of the granitoid intrusions.

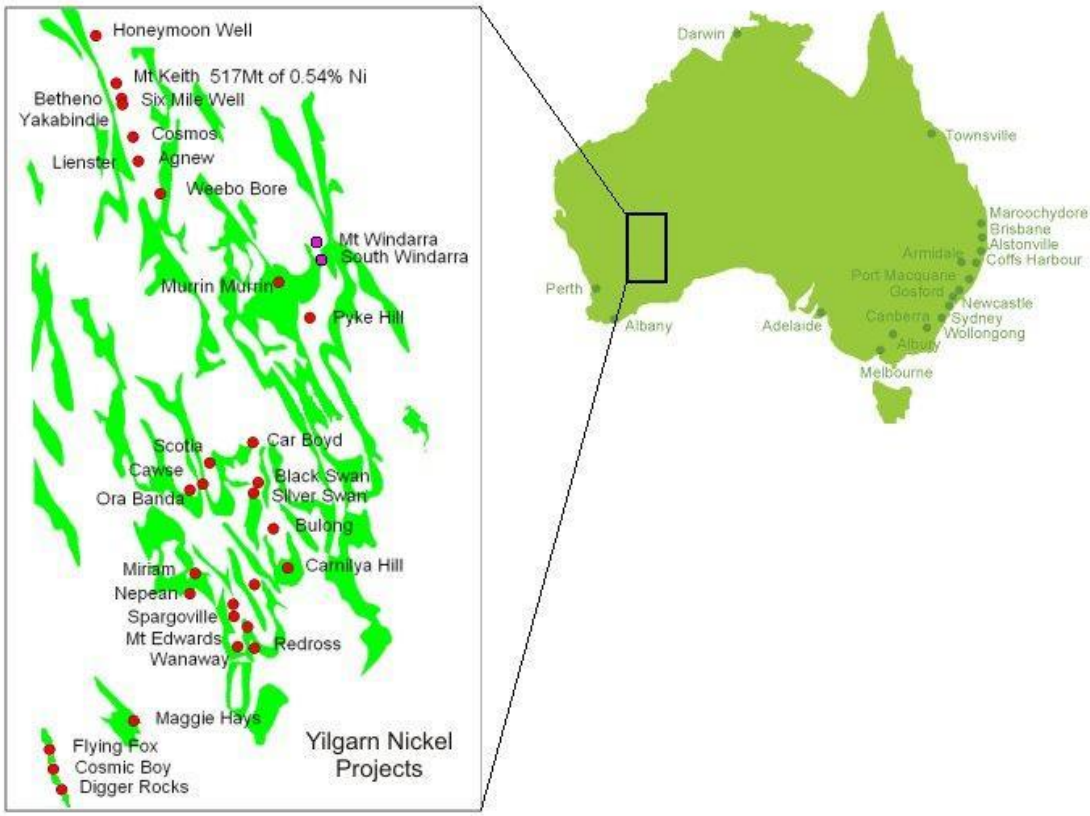


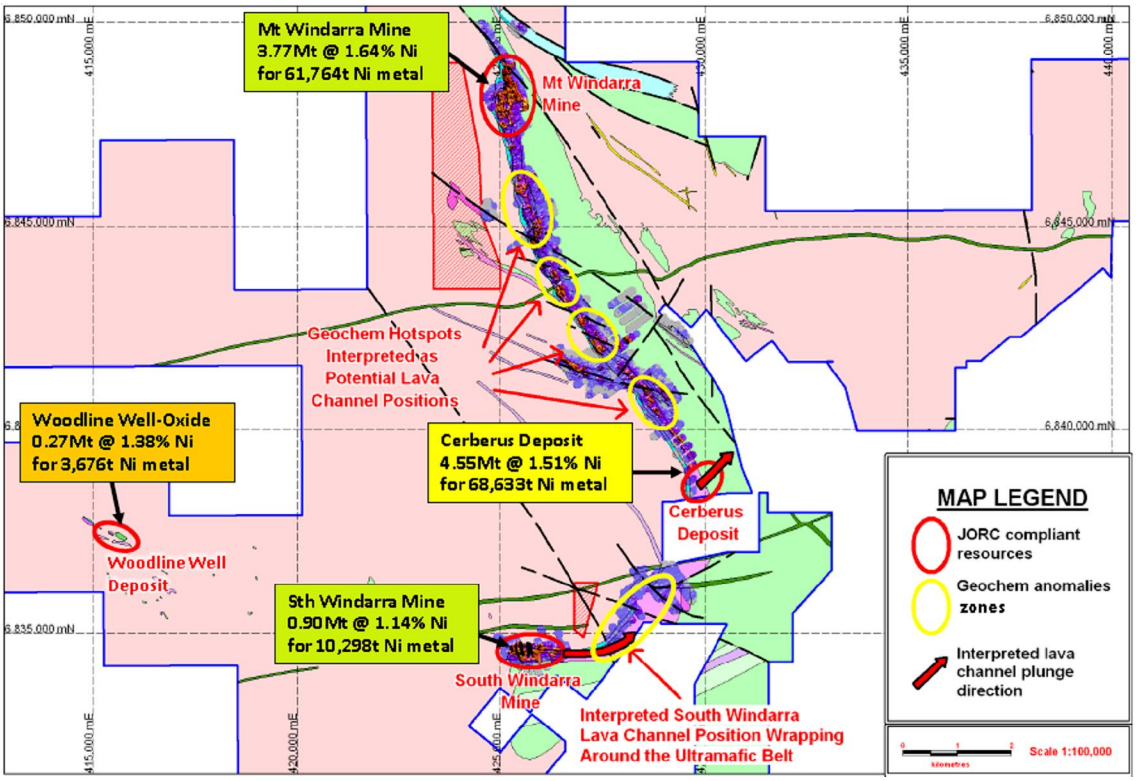
Figure 1 Regional Geology – Western Australian Greenstone Belts of the Yilgarn Craton

Mine Geology

Mt Windarra

The Mt Windarra nickel occurs towards the bottom of a thick ultramafic sequence at the base of the first volcanic cycle. Granular quartz-feldspar rocks in the Mt Windarra mine area may represent metamorphosed sandstone. The Windarra (Main) banded iron formation constitutes the base of the exposed stratigraphy, and the immediate footwall to mineralisation at South Windarra. The unit is an 80m to 150m thick sequence of siliceous and banded chemical sediments, containing variable amounts of quartz, grunerite, actinolite, magnetite, albite, chlorite, pyrrhotite, pyrite and garnet, typically silicate facies at the base and changing to sulphide facies towards the top. Local clastic sub-units, consisting of quartz grits and conglomerates, are found between Mt Windarra and South Windarra. Figure 2 below depicts the surface geology and target positions at WNP.

Figure 2 – Geology and Surface Geochemistry of WNP



Opportunity exists to drill the remaining five (5) anomalous geochemistry zones in order to continue the expansion of the nickel resources within the belt.

- The Corridor ultramafic is a 3 to 45m thick, unmineralised ultramafic unit, which occurs within and a short distance south of the Mt Windarra mine. The unit consists of a metamorphosed talc-chlorite-dolomite assemblage that lacks obvious igneous textures, but the magnesium content decreases towards its upper (eastern) chill margin.
- Inter BIF is 2 to 15m of siliceous sediment which forms the footwall to the nickel mineralisation at Mt Windarra. Portions of the unit are structurally thinned or thickened

in the hinge zone of drag folds. The Inter BIF is comprised of banded sulphidic chert (quartz-pyrite) and feldspathic quartzite, and it is distinguishable from the Windarra BIF by the absence of grunerite, a characteristic component of that unit. Slump and scour structures, and graded bedding have been observed in some of the finer grained banded units.

- The Windarra ultramafic sequence is a 100m to 300m thick sequence of differentiated ultramafic flows, exhibiting an overall decrease in magnesium content with increasing stratigraphic height. This sequence is overlain by magnesian, and then tholeiitic basalt. Away from the mine areas, the ultramafic sequence is dominated by metamorphosed picritic flows (tremolite-chlorite-talc), with local, thin peridotite flows at or close to the basal contact.
- The untextured, basal olivine peridotite flows are capped by thin picritic flow tops only 1 to 2 m thick, but 5 to 10 m thick peridotitic units higher in the sequence display distinctive spinifex textured picritic flow tops. Complete flow sequences have been documented in the upper part of the Mt Windarra ultramafic sequence, comprising flow top breccia, random spinifex, sheaf spinifex, skeletal and then basal cumulate textured zones; confirming an east facing direction for the flow sequence (J. Dwyer, unpublished data, 1977). At Mt Windarra the basal contact is occupied by two or three overlapping olivine peridotite flows.
- The ultramafic flow hosting B shoot on the south side of the A-B drag fold appears to be overlain by a separate flow hosting the A shoot, but this is difficult to establish unambiguously, considering the amount of sub parallel shearing and felsic instructive activity in this area. The barren picritic top of the A shoot flow is more laterally extensive than the basal mineralised zone, and overlaps it northward to directly overlie the Inter BIF in the A North Tail area.

This flow is in turn overlain by the mineralised E-C-D-G shoot flow, and where mineralisation from this flow overlaps the A shoot, it is referred to as `A hanging wallômineralisation. The E shoot flow is in direct contact with the Inter BIF to the north of the A shoot flow.

- Hanging wall basalt is a thick sequence of dominantly tholeiitic basalts (Hallberg, 1985), represented in the mine area by strongly foliated amphibolite. The contact between the ultramafic and mafic sequences is gradational, containing units of high magnesium basalt interfingered with picritic and tholeiitic flows.
- Intrusive rocks at mine scale include dolerites, generally intruded subvertically into tensional openings or parallel to fold axial surfaces; and numerous irregular quartz-feldspar porphyries.
- Ore Shoot Features at Mt Windarra, as defined by a 1.0% nickel cut-off, are up to 20m thick, have a strike length of between 50 and 350 m, and a down dip extent to 900m. D Shoot, the largest of the ore bodies, together with A and C shoots, account for over 80% of the original contained nickel. The 1.0% nickel cut-off forms a natural footwall and hanging wall boundary to most of the mineralisation at Mt Windarra, but at times lower grades extend for some distance along strike from the main shoots.

A series of steep south plunging dextral drag folds deform the stratigraphy and also control the distribution of the ore shoots. The fold style is heterogeneous & geometrically complex as indicated by pinching and swelling of the Inter BIF. There are seven distinct, steeply dipping ore shoots (A through G), separated by two or three overlapping flows, each of which contains iron-nickel-copper sulphide mineralisation at or towards the base.
What may have been a simple initial geometry has become more complex due to development of the steeply plunging dextral drag folds in the underlying Inter BIF. The A and B shoots are hosted by one (or possibly two) of the basal ultramafic flows, and are in turn on-lapped by the margin of the flow hosting the E, C, D and G shoots and A hanging wall mineralisation. The E, C, D and G shoots are separated by the hinge zone of drag folds

in the underlying Inter BIF. The F shoot lies east of D shoot, and may occur at the base of a stratigraphically higher flow, though it is associated with a discontinuous BIF and may be a structural repetition of the E-G system (J. Dwyer, unpublished data, 1977).

Brecciated BIF hosted ore occurs where massive sulphide ores at the base of an ultramafic flow have been physically mobilised along the contact with the Inter BIF. At Mt Windarra, the best example of this ore type occurs in the A North Tail area where the barren upper picritic portion of A shoot flow overlaps the peridotitic base, and lies in contact with the Inter BIF. This mineralisation type is always near primary massive sulphides, i.e. massive sulphides localised at the base of individual peridotitic flow units. Stringers of mobilised massive sulphide are also present in several areas where minor shear zones and/or tight infolds occur at the contact of the Inter BIF with overlying massive sulphide mineralisation.

The deposit structure includes major dextral shears that extend from the hinge zone of folds at Mt Windarra into the ultramafic pile. `Charlieôshear, the strongest of these, is a 1 to 3m wide zone of highly polished chlorite. It is a major dislocation zone which extends south from the D-G drag fold and separates the eastern part of the ultramafic sequence from the tightly folded ultramafics and Inter BIF adjacent to the Mt Windarra drag fold. These shear zones, especially where they parallel mineralisation, have initiated several major, open stope wall failures. Tensional openings between `Charlieô shear and the Inter BIF have been intruded by tabular subvertical dolerite dykes which subdivide D shoot into several stoping blocks.

Cerberus

Cerberus is the latest and most significant discovery made by PNL. The deposit is over 1100m long, 450m wide, dips 300m to the east and plunges 450m to the northeast. The Cerberus Deposit is located approximately 10.5 km south of the Mt Windarra nickel mine and consists of 3 types of nickel sulphide mineralisation:

a) **The Main Zone**: Generally consists of massive to stringer nickel and some disseminated sulphides which occurs towards the base of the komatiite lava channel within the Windarra Ultramafic unit. The sulphides characteristically have an element of sulphide remobilisation and high grading due to structural overprinting.
b) **The Hanging-wall Zone**: Occurs as disseminated sulphides and sits around 2-6m above the Main Zone within the lava channel. It is poddier and lower grade than the Main Zone.
c) **Remobilised Footwall**: Consists of structurally remobilised and high graded nickel sulphides which have squirted off into the footwall. These have not been modelled as they are erratic and cannot be tied together in the current wide spaced drilling. These may provide additional localised high grade nickel sulphide pods as drill density is increased. Typically drill intersect grades in this zone are between 3.5% and 7% nickel.

Recent drilling results have been encouraging and PNL has now decided to mine Mt Windarra and Cerberus simultaneously.

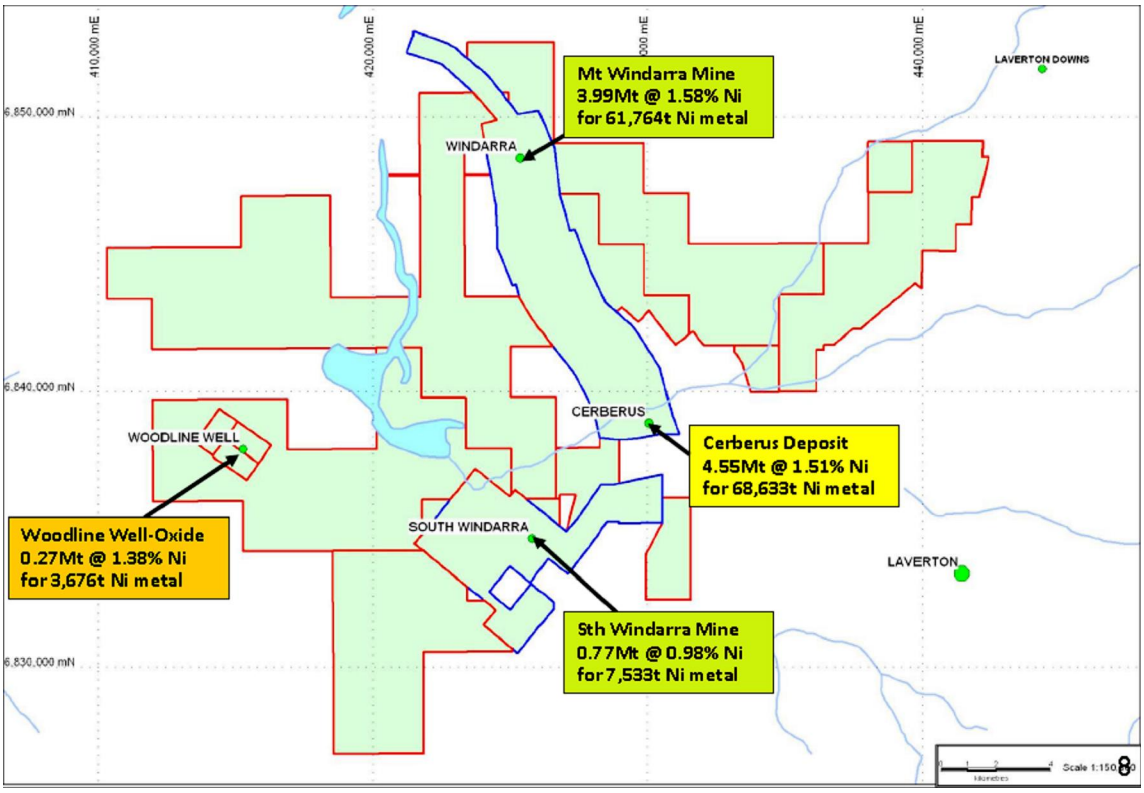
Mineralisation

Mineralisation at Windarra, associated with massive to disseminated sulphides (pyrite, pyrrhotite, pentlandite and chalcopyrite), is found to occur at the base of a sequence of ultramafic rocks known as komatiites with ore zones occurring as ribbon-like ore shoots around 20m thick and 50-350m in length and up to 900m down dip. At South Windarra, ore

shoots were found to be around 20m in thickness, 1,300m in length and extending to around 300m down dip.

Figure 3 shows mineralisation at it is known to occur over a 16km strike length at WNP.

Figure 3 – WNP Indicated & Inferred Sulphide Deposits



Mt Windarra

The Mt Windarra orebody consists of eight distinct, steeply dipping shoots named: A, A Hanging Wall, B, C, D, E, F and G Shoot. These shoots (at 1% nickel cut-off) vary in thickness up to 20m, have a strike length of between 50m and 350m and a down dip extent of greater than 900m. Table 1 lists the resource statement for Mt Windarra as determined in October 2009.

Nickel mineralisation is associated with multiple 10 to 45m thick olivine peridotite (metamorophosed to talc-magnesite or serpentinite) flows, located at the base of the ultramafic pile, and largely restricted to the immediate area of the Mt Windarra and South Windarra mines. In the primary ore, pyrrhotite, pentlandite, pyrite and chalcopyrite are the most common sulphide phases, in decreasing order of abundance. The pyrrhotite to pentlandite ratio varies from 1:1 in disseminated ore, to up to 8:1 in the matrix hosted ore. The average nickel to copper ratio is 9:1 for most ore types, though may be as low as 4:1 in the copper rich basal matrix hosted ore and remobilised massive sulphide stringers.

The non-massive sulphide mineralisation can be sub divided into three different textural types: matrix, blebby and disseminated type ores. Matrix type has a sulphide supported olivine cumulate texture, and occurs at the base of an olivine peridotite flow or in a transitional zone with underlying massive sulphide ore. It is rarely more than 2 m wide and generally contains between 25 and 40% sulphide. Blebby type disseminated sulphide is present in several areas of the mine, generally overlying massive sulphide and/or matrix ore,

and contains between 20 and 30% sulphide. Finely disseminated sulphide mineralisation, with between 5 and 25% sulphide, is the most common style of disseminated ore and overlies the other textural variations.

The nickel tenor of sulphides in the ultramafic rocks is normally 8 to 16% nickel, and invariably higher in the disseminated ores than in the massive sulphides. The massive ore in A and B shoots rarely assays more than 8% nickel, whereas in the E-C D-G and F shoots it may assay up to 12%. The brecciated BIF hosted and remobilised stringer sulphide ores are generally of a lower and more variable tenor, typically assaying between 2 and 8% nickel.

Supergene ore, which extends from 40m (the base of oxidation at Mt Windarra) to around 80 m below surface, consists primarily of pyrite and violarite, and is often associated with elevated ore grades. Violarite and pentlandite co-exist in a transition zone, to a vertical depth of up to 180m.

Table 1 – Mt Windarra Sulphide Resource Statement - October 2009

Mt Windarra Nickel Sulphides		Resource Category								
		Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
A Shoot					85,000	2.19	1,900	85,000	2.19	1,900
A-HW Shoot		340,000	1.06	3,600				340,000	1.06	3,600
B Shoot					80,000	1.42	1,100	80,000	1.42	1,100
CGD Deeps	C	120,000	1.61	1,900	1,100,000	2.10	23,100	1,220,000	2.05	25,000
	D				525,000	1.48	7,800	525,000	1.48	7,800
	G				1,090,000	1.48	16,100	1,090,000	1.48	16,100
G Shoot (Upper)		375,000	1.17	4,400	35,000	1.01	400	410,000	1.16	4,800
F Shoot		75,000	1.81	1,400	40,000	1.29	500	115,000	1.62	1,900
Total Sulphide		**910,000**	**1.24**	**11,300**	**2,955,000**	**1.72**	**50,900**	**3,865,000**	**1.61**	**62,200**

Cerberus

The Cerberus deposit comprises two lenses of relatively flat lying and north-easterly plunging mineralisation. The upper unit consists of disseminated nickel sulphide whilst the lower unit typically consists of stringer to massive nickel sulphide mineralisation. Both are hosted within the Windarra Ultramafic unit. The mineralisation occurs close to but above the basal contact with the underlying Corridor Ultramafic unit.

Currently higher grade mineralisation has been intersected at a vertical depth of 160m below surface and potential exists in the southern up-dip position to bring mineralisation to within 100m to 120m of the surface.

Nickel grades and widths are greatest towards the centre of the komatiite lava channel and form two higher grade zones towards the top and bottom of the mineralised channel. The nickel sulphide intersections typically become thinner and lower grade towards the edges of mineralised zone. This is consistent with Kambalda-style komatiite-hosted nickel models which helps the PNL geologists to interpret the geology and target the prospective mineralised channel.

The mineralisation at Cerberus is blind at the surface and is covered by transported material. The original discovery hole (WED4) intersected the mineralisation at a depth of 700m vertically below surface. In contrast to typical exploration discoveries, PNL has drilled the mineralised lava channel from the bottom up, and has now defined the mineralisation to within 120m vertically below the surface and over a strike length of 1100m.

Mining Tenements

PNL Tenements

Table 2 below contains a list of PNL mining tenements current at April 2012 as well as a plan layout of the WNP tenements.

TENEMENT NO.	PROJECT NAME	OWNERSHIP
MSA38/261	MT WINDARRA	100%
G38/21	MT WINDARRA	100%
E38/1450	LAVERTON	100%
E39/1325	LAVERTON	100%
E39/1326	LAVERTON	100%
E38/1752	LAVERTON	100%
E38/2705	EAST LAVERTON	100%
E38/2706	EAST LAVERTON	100%
E38/2707	EAST LAVERTON	100%
P38/3989	BROWN WELL	100%
P38/3990	BROWN WELL	100%
P38/3991	BROWN WELL	100%
E38/2060	THE BOATS	100%
M38/1243	POOL WELL	100%
M38/1244	POOL WELL	100%
M38/1245	POOL WELL	100%
P39/4493	WOODLINE WELL	100%
P39/4494	WOODLINE WELL	100%
P39/4495	WOODLINE WELL	100%
M39/1075	WOODLINE WELL	100%
L39/184	MT WINDARRA	100%
L38/118	POOL WELL	100%
L38/119	SOUTH WINDARRA	100%
L38/121	WINDARRA SOUTH	100%
L38/122	WINDARRA NORTH	100%
L38/199	WINDARRA-TSF	100%
L38/218	WINDARRA-PIPELINE	100%
P39/4782	MAGMA JV-WEST LAVERTON	Earning 80%
P39/4648	MAGMA JV-WEST LAVERTON	Earning 80%
E39/1296	MAGMA JV-WEST LAVERTON	Earning 80%
P38/3717	MAGMA JV-WEST LAVERTON	Earning 80%
E38/1930	MAGMA JV-WEST LAVERTON	Earning 80%
P38/3721	MAGMA JV-WEST LAVERTON	Earning 80%
P38/3718	MAGMA JV-WEST LAVERTON	Earning 80%
P38/3719	MAGMA JV-WEST LAVERTON	Earning 80%
P38/3496	MAGMA JV-WEST LAVERTON	Earning 80%
M38/46	MAGMA JV-WEST LAVERTON	Earning 80%
M38/372	MAGMA JV-WEST LAVERTON	Earning 80%

TENEMENT NO.	PROJECT NAME	OWNERSHIP
P38/3499	MAGMA JV-WEST LAVERTON	Earning 80%
P38/3497	MAGMA JV-WEST LAVERTON	Earning 80%
M38/694	MAGMA JV-WEST LAVERTON	Earning 80%
M38/101	MAGMA JV-CENTRAL LAVERTON	Earning 80%
M38/535	MAGMA JV-CENTRAL LAVERTON	Earning 80%
M38/40	MAGMA JV-CENTRAL LAVERTON	Earning 80%
M38/48	MAGMA JV-CENTRAL LAVERTON	Earning 80%
M38/49	MAGMA JV-CENTRAL LAVERTON	Earning 80%
M38/693	MAGMA JV-CENTRAL LAVERTON	Earning 80%

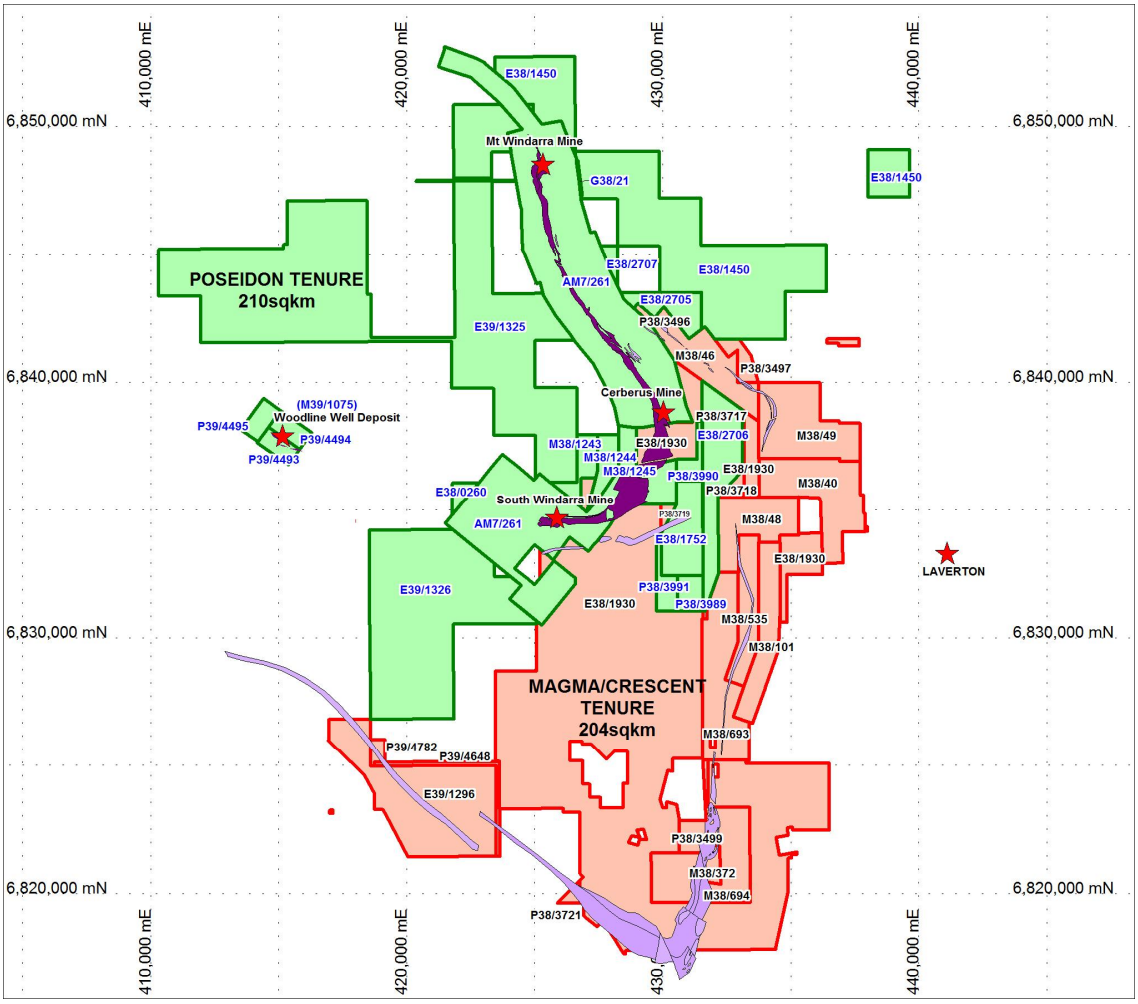
Potential Tenement Extension

On 28 September 2011 PNL announced that it has entered into an earn-in agreement with Magma Metals Limited (Magma) for nickel, copper and PGE rights to a large tenement package adjoining the WNP. The new tenements cover 204km^2 and include:

- Tenements adjoining the Cerberus high grade nickel deposit which could include potential extensions to currently known mineralisation;
- Tenements to the south east which PNL believes could be host at shallow depth to the South Windarra mine channel extension; and
- A distinct parallel trending and geologically similar ultramafic to the highly productive Windarra ultramafic. The Red Flag ultramafic has had limited nickel exploration to date.

The combined tenements cover 414km^2 of ground, giving PNL access to almost the entire lengths of the prospective Windarra Ultramafic belt and the parallel Red Flag Ultramafic belt. Figure 4 below shows a map of the existing PNL owned tenements in Green and the prospective extension resulting from the planned earn-in agreement with Magma is shown in Red.

Figure 4 – Map of Existing PNL Owned Tenements



Poseidon Nickel Limited (PNL)

In 2004, following approval in principle from the Minister for State Development, Niagara Mining Limited (Niagara) commenced negotiations with WMC for the sale of the WNP assets. Following the successful completion of commercial negotiations, the Minister for State Development approved a Deed of Assignment whereby WMC assigned all of its rights and obligations under the State Agreement to Niagara.

By Deed of Covenant dated 20 October 2006, between the Premier, on behalf of the State, the Minister for State Development and Niagara, Niagara agreed to:

- Become responsible for the performance of all of the rights and obligations of the Company under the State Agreement;
- Enter into a Variation Agreement that would serve to modernise the provisions of the State Agreement;
- Subject to the Company not proceeding with the processing of run of mine (ROM) stockpiles at South Windarra, implement the Mine Closure Plan referred to in clause 3.2 of the Deed of Covenant, to the satisfaction of the Minister responsible for the administration of the Poseidon Nickel Agreement Act 1971; and

- Provide an unconditional performance bond in the sum of AU$3.5 million for the performance of the Companyôs obligations under clause 3.2(a) or 3.2(b) of the Deed.

The Variation Agreement was signed on 22 January 2007. In July 2007, Niagara Mining Limited changed its name to Poseidon Nickel Limited (PNL) and restructured with the appointment of a new board and management team. Mining lease ML261SA pursuant to the agreement is now held by PNL.

To progress the development of WNP the following approval processes have been submitted:

- A Project Management Plan (PMP) pursuant to the MSIA Reg 3.13 for the Mt Windarra Mine Dewatering (stage 1) was developed and submit to DoCEP (now DMP) on the 13th March 2007 and was approved on the 16th March 2007;
- Application for a 5c ground water licence (Dept of Water) to enable the dewatering of the underground mine submitted 19 June 2007 and approved 24 September 2007;
- Application for water discharge to Lake Irwin Salina submitted 19 June 2007 and approved 18th October 2007 (DEC licence No. L8173);
- Draft proposal for a 150,000 tonne heap leach trail at South Windarra was submitted to Dept State Development (DSD) to both DMP and the Department of Environment and Conservation on the 15th February 2007;
- A Project Management Plan (PMP) pursuant to the MSIA Reg 3.13 for Reopening the Mt Windarra Nickel Stage 2 Underground Rehabilitation and Services was developed and submit to DoCEP (now DMP) on the May 2007 and was approved on the 30th June 2007;
- Supplement to Mining proposal No 5702 Recommencement of Mining ï Dewatering Stage 1 (ML261SA and L38/184) for the 4 km dewatering pipeline to Lake Irwin was approved by the DMP on 11 February 2008;
- Department of Environment, Water, Heritage and the Arts Referral Decision confirmed as ôNot Controlled Actionôon 17 March 2008; and
- Environmental Protection Authority Referral Decision confirmed as ôNot Assessedôï Managed under part V of the Environmental Protection Act (clearing) (14th April 2008); and
- The current PMP (December 2011) pursuant to the MSIA Reg 3.13 has been raised to reflect Poseidon Nickelôs intention to recommence mining at Mt Windarra and was approved on the 9th March 2012.

Tables 3 & 4 below detail the mining and ore processing statistics for the WMP from initial start-up, until cessation of mining and processing operations in 1991.

Table 3 – Windarra Mill Throughput WMC 1973 to 1991

Mine Site	Product	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84
Mt Windarra											
Mill Throughput	Tonnes	305,699	339,058	350,532	421,951	11,490		27,476	415,110	431,126	389,392
	%Ni	1.79%	1.74%	1.59%	1.95%	2.05%		1.95%	1.47%	1.44%	1.28%
	t Ni	5,472	5,900	5,574	8,226	236		459	6,083	6,191	4,984
South Windarra											
Mill Throughput	Tonnes	293,934	757,479	674,758	331,358						
	%Ni	1.57%	1.57%	1.28%	1.50%						
	t Ni	4615	11892	8637	4967						
Total											
Mill Throughput	Tonnes	599,633	1,096,537	1,025,290	753,309	11,490		27,476	415,110	431,126	389,392
	%Ni	1.68%	1.62%	1.39%	1.75%	2.05%		1.95%	1.47%	1.44%	1.28%
	t Ni	10,087	17,792	14,210	13,193	236		459	6,083	6,191	4,984
Mine Site	Prod	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	Total
Mt Windarra											
Mill Throughput	Tonnes	370,536	556,464	442,123	491,915	334,747	244,328				5,131,947
	%Ni	1.78%	1.60%	1.71%	1.54%	1.14%	1.35%				1.58%
	t Ni	6,596	8,876	7,560	7,576	3,813	3,293				80,837
South Windarra											
Mill Throughput	Tonnes			8,969	170,414	74,812	241,284	369,437	30,477		2,952,922
	%Ni			1.14%	1.31%	0.96%	1.39%	1.21%	1.06%		1.40%
	t Ni			102	2232	719	3348	4465	323		41,301
Total											
Mill Throughput	Tonnes	370,536	556,464	451,092	662,329	409,559	485,612	369,437	30,477		8,084,869
	%Ni	1.78%	1.60%	1.70%	1.48%	1.11%	1.36%	1.21%	1.06%		1.51%
	t Ni	6,596	8,876	7,663	9,808	4,532	6,641	4,465	323		122,138

As at September 2013

Table 4 – Windarra Concentrate and Nickel Production WMC 1973 to 1991

Mine Site	Product	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84
Concentrate											
Produced	Tonnes	58,290	121,676	105,822	102,324	2,011		4,033	45,954	40,808	44,610
	% Ni	11.35	10.7%	10.5%	10.4%	10.0%		9.3%	10.2%	11.6%	8.7%
	T Ni	6,587	12,971	11,138	10.595	201		374	4,705	4,743	3,880
Tails											
	Tonnes	541,343	974,861	919.468	650,985	9,479		23,473	369,156	390,318	344,782
	% Ni	0.65%	0.49%	0.33%	0.40%	0.36%		0.36%	0.37%	0.37%	0.325
	T Ni	3,500	4,821	3,074	2,598	34		85	1,378	1,448	1,104
Recovery %		65.3%	72.9%	78.4%	80.3%	65.5%		81.4%	77.3%	76.6%	77.8%
Concentrate											
Delivered	Tonnes	54,126	122,020	107,833	101,933	3,965		1,177	48,251	38,878	46,190
	% Ni	11.3%	10.7%	10.5%	10.4%	10.0%		9.3%	10.1%	12.0%	8.6%
	T Ni	6,124	13,051	11,341	10,583	395		110	4,886	4,663	3,072
Mine Site	Production	1984/85	1985/86	**1986/87**	**1987/88**	**1988/89**	1989/90	1990/91	1991/92	1992/93	Total
Concentrate											
Produced	Tonnes	48,598	65,665	57,544	78,126	40,090	56,409	35,095	2,603		909,658
	% Ni	11.0%	10.6%	11.0%	9.5%	8.4%	8.8%	8.5%	8.4%		10.2%
	T Ni	5,344	6,985	6,304	7,456	3,366	4,954	2,992	217		92,812
Tails											
	Tonnes	321,938	490,799	393,548	584,203	369,469	429,203	334,342	27,874		7,175,241
	% Ni	0.39%	0.39%	0.35%	0.40%	0.32%	0.39%	0.55%	0.69%		0.42%
	T Ni	1,252	1,891	1,358	2,352	1,186	1,681	1,850	193		29,806
Recovery %		81.0%	78.7%	82.3%	76.0%	74.3%	74.6%	67.0%	67.2%		
Concentrate											
Delivered	Tonnes	49,357	61,650	60,496	76,091	41,065	49,176	40,925	2,603		905,735
	% Ni	10.9%	10.7%	10.9%	9.5%	8.4%	8.9%	8.5%	8.3%		10.12%
	T Ni	5,402	6,598	6,608	7,253	3,467	4,381		216		91,628

As at September 2013