

20th October 2010

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

Dear Sir

Re: HIGHER THAN EXPECTED NICKEL SULPHIDE GRADES INTERSECTED AT CERBERUS

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

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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

20th October 2010

Higher Than Expected Nickel Sulphide Grades Intersected at Cerberus

Assay results for the first two nickel sulphide drill holes at Cerberus have exceeded expectations in both grade and widths as they were deemed to be at the outer edge of the ore body. The drilling programme at Cerberus aimed to extend the interpreted boundaries of the upper zone of mineralisation in order to extend the size of the resource as well as potentially increasing its JORC status. The two holes completed were designed to test the up-dip boundaries of the previously known higher grade mineralisation and have therefore confirmed the real potential for growing the Cerberus resource nearer to surface than the geological modelling estimates (Figure 1).

PNRCD0088 intersected **1.63m at 2.03% Ni** of moderate to highly disseminated sulphides at a vertical depth of 160m below surface and PNRCD0089 intersected **2.83m at 3.24% Ni** of matrix, channel style mineralisation at a vertical depth of 200m. This included a high grade zone in the core of the mineralisation which returned **1m at 4.91% Ni**. In addition a narrow footwall stringer below the main zone of mineralisation at Cerberus returned 0.34m at 0.99% Ni and may be associated with other higher graded footwall stringers that have been intersected in several holes below the deposit (Table 1).

Table 1: Cerberus Significant Intersections

Hole Id	Collar Coordinates		From (m)	To (m)	Length (m)	%Ni	Comments
PNRCD0088	430045mE 6838800mN		176.55	178.18	1.63	2.03	
PNRCD0089	430120mE 6838875mN		216.17	219.00	2.83	3.24	
		<i>incl</i>	217.00	218.00	1.00	4.91	High grade core
			228.36	228.7	0.34	0.99	Footwall stringer

These intersections indicate that the fringe mineralisation may be thicker and more extensive at shallower levels than has previously been interpreted from the wide-spaced drilling. This has the potential to increase the economic size of the Cerberus deposit. An additional four holes have been planned in the centre and around the eastern-down dip extent of the upper channel core. This drilling is scheduled to commence in November this year.

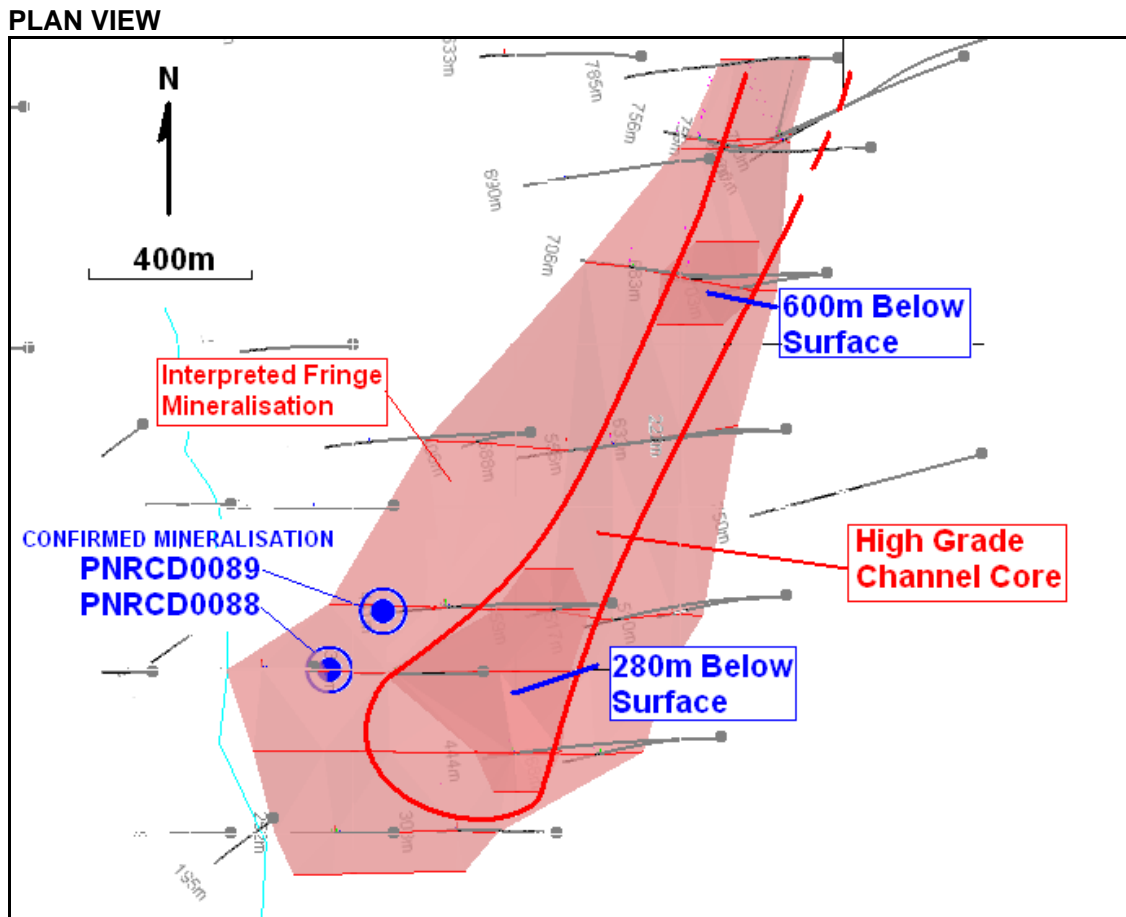


Figure 1: Plan View of the Cerberus Deposit Showing Recent Intersection Locations

Table 2: Windarra Nickel Project 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%	1,017,429	1.24	12,578	2,751,087	1.79	49,185	3,768,516	1.64	61,764
South Windarra	0.90%	820,326	1.15	9,434	82,404	1.05	864	902,730	1.14	10,298
Cerberus	1.50%				1,033,328	2.45	25,269	1,033,328	2.45	25,269
Total Sulphide		1,837,755	1.20	22,012	3,866,819	1.95	75,318	5,704,574	1.71	97,331

Note: The information in this report relates to Exploration Results and Mineral Resources based on information compiled by Mr N Hutchison who is a Member of The Australian Institute of Geoscientists. Mr Hutchison has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is 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.' He has 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 received and does not accept responsibility for the accuracy or adequacy of this release.