

SE Business
HD **BHP finds feed at Poseidon's Windarra**
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BHP Billiton yesterday turned to the historic Mt Windarra mine to feed its hungry Leinster concentrator after the **mining** giant's unloved Nickel West division signed an offtake agreement with Poseidon Nickel.

With Swiss giant Glencore and **China's** Jinchuan frontrunners in the long-running Nickel West auction, BHP has locked in a contract to February 2017 to process Mt Windarra **ore**.

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The offtake deal, flagged by WestBusiness in February and hailed as "revolutionary" by Poseidon managing director David Singleton yesterday, is for a minimum 350,000 tonnes of **ore** annually but can be expanded to 700,000t by mutual agreement.

Nickel West will **purchase** all the concentrate produced at Leinster, in a similar arrangement to the status quo BHP maintains at Kambalda with nickel miners Mincor Resources, Independence Group and Panoramic Resources.

Mr Singleton said the Leinster concentrator was running at 10 per cent of its near three **million** tonne-a-year capacity, following the closure of the earthquake-hit Perseverance mine in December.

"The fact BHP has been able to sign this contract suggests there is a lot of confidence in the Nickel West business going forward," he said.

Mr Singleton said the deal would cut \$240 **million** from the start-up costs for Mt Windarra.

The discovery of the mine, near Laverton, sparked the 1960s nickel boom but it has been closed since 1990.

Mr Singleton said financing talks were "well advanced" but Andrew Forrest, who controls 25 per cent of Poseidon shares, had already "done the hard yards" and was unlikely to bankroll the mine redevelopment.

Costs are expected to be less than \$20 **million**.

First **ore** deliveries from Mt Windarra are due by February.

"I am very confident about the ability of the normal investment market," Mr Singleton said.

"I don't want to talk for Andrew but he believes the **company** is good enough to get funded."

Poseidon shares closed up 3.7 per cent yesterday at 19.2¢.

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salma : Panoramic Resources Ltd | wfgaus : Poseidon Nickel Limited | bkhlp : BHP Billiton Ltd | bltpc : BHP Billiton PLC

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