POSEIDONNICKEL

29 April 2008

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

Dear Sir

Re: QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2008

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

Corporate Enquiries
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Shareholder Enquiries
Enquiries concerning shareholdings should be addressed to:

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Tel: 61 8 9323 2000

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SUBIACO WA 6008
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Registered Office
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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

ASX Announcement 29 April 2008

Quarterly Report for the Period Ended 31 March 2008

HIGHLIGHTS

- De-watering programme has commenced with the intent to remove 1.5 million tonnes of water
- Commenced trial rehabilitation of the underground decline
- First JORC compliant Inferred and Indicated Resource announced and subsequently increased by 35% to 60,370 tonnes of contained nickel. Initial mine capacity milestone met and therefore near mine drilling from surface successfully completed.
- New high grade intersection of 1.56m @ 6.38% nickel
- Geological activity now focused on follow up of significant Nickel Sulphide intersections and EM identified prospective zones.
- Poseidon forms JV with Proto Resources to explore for nickel at Menzies
- Appointment of Mr Michael Rodriguez as Group Technology Manager
- Appointment of Mr David Singleton and Mr Geoff Brayshaw as Directors of the Company

1. REVIEW OF NICKEL OPERATIONS

During the quarter the Company has achieved three significant milestones in the re-commissioning of the Windarra Nickel mine.

The first milestone was the commencement of the de-watering programme that will remove an estimated 1.5 million tonnes of water from the underground mine in an operation which will take up to 12 months to complete. The removal of the water will allow access to the nickel ore bodies and for underground drilling of the deeper ores.

The mine dewatering programme is now possible after an exhaustive process of permit approval initiated several months ago, covering environmental control and necessary works approval. The Company will carry out a continuous programme of environmental monitoring as part of the management of the dewatering process. This monitoring programme will include equipment integrity, water quality and regular inspection at the water outflow point.

The Company had already installed and tested the necessary infrastructure to pump out the water down to an underground depth of 150m and expects pumping at 4,000 kilolitres (kl) per day. The second stage of the water removal programme will involve the installation of a specialised high head, high volume pumps able to lift water from 550 metres underground at a rate of nearly 6,500 kl per day.

The second milestone is the commencement of the trial rehabilitation of the underground decline that the Company announced on 19 March 2008. The dewatering programme had advanced more quickly than anticipated and exposed the first 900 metres of the decline and thereby enabled the refurbishment to begin. The Company has appointed a contractor to undertake the work under its direct supervision. The contractor has the necessary equipment on site to carry out this work including a 2 boom Jumbo, a Load, Haul Dump Bogger (LHD), a 40 tonne underground truck and the necessary consumables including rock bolts and wire mesh.

The third milestone is the announcement, for the first time, of a JORC compliant Indicated and Inferred resource of 50,734 tonnes in January 2008. This was subsequently increased by 35% in an announcement on 13 March 2008 to an indicated and inferred resource of 60,370 tonnes of contained nickel (see Section 3). In addition, the average grade of the resource has increased significantly to 1.45%, with evidence of grade increasing at depth. This grade correlates with the average achieved over 20 years of production at Windarra and the total tonnage identified in the Deeps zone closely matches that reported by Western Mining in its closure report and thereby provides Poseidon with significant confidence in its own resource estimation process.

The Company has also submitted in March 2008, a 'State Agreement Proposal' incorporating the 'Fast Start' development plan to the Western Australian Government thereby meeting an obligation in respect to the reopening of the Windarra Mine.

During this reporting period Poseidon submitted a Re-establishment and Recommencement Proposal to both the Federal and State Environmental authorities. In February 2008, Poseidon received notice from the Federal Department of the Environment, Water, Heritage and the Arts that the project was not considered a controlled action and therefore does not require approval under the EPBC Act. In April 2008, Poseidon received notification from the State EPA that subject to objection, the project is considered "not assessed – managed under part 5 of the EP Act."

2. EXPLORATION

2.1 Drilling Overview

During the quarter the Poseidon completed 20 diamond drill holes 7489.6m and 7 RC holes for 500m, totalling 27 for 7989.6m as detailed below.

Diamond drilling:	14 holes *incl* wedges for 3752.8m at Mt Windarra
	4 holes for 2649.0m at Denny Bore
	1 holes for 362.3m at Z Zone: Mt Windarra
	1 holes for 725.5m at Weebo Well
RC Drilling:	7 holes for 500m at Discovery Gossan

*The significant drill intersections are listed in **Table 1**.*

2.2 Resource Statement Update

During the quarter the Company made excellent progress in further updating its resource statement and increasing the Indicated and Inferred resources categories to 60,370 tonnes of contained nickel. In addition, the average grade of the resource has increased to 1.45%. It should be noted that this resource statement does not include all of the known mineralisation at Mount Windarra or any of the mineralisation at South Windarra and is therefore subject to potential further updates in the coming months.

The new resource statement is as follows:

Sulphide Deposits	Tonnes	Ni% Grade	Ni Metal t	Resource Category
Mt Windarra CDG Deeps	2,816,895	1.57	44,310	Inferred
Mt Windarra A Shoot	166,625	1.74	2,899	Inferred
Mt Windarra B Shoot	68,810	1.36	936	Inferred
Mt Windarra A HW Extended	112,393	1.15	1,296	Inferred
Mt Windarra Upper G Shoot	552,441	1.03	5,701	Indicated
Mt Windarra A HW Shoot	339,500	0.99	3,361	Indicated
Mt Windarra F Shoot	111,186	1.68	1,868	Indicated
Total Indicated	**1,003,127**	**1.09**	**10,930**	**Indicated**
Total Inferred	**3,164,723**	**1.56**	**49,441**	**Inferred**
Total All Categories	**4,167,850**	**1.45**	**60,370**	

The following parameters were used in the Indicated and Inferred Resource calculations:
Inferred Resource: cut-off grade of 1.0% Ni using IDW^2 block modelling.
Indicated Resource: cut-off grade of 0.75% Ni using IDW^2 block modelling.

Oxide Deposits	Tonnes	Ni% Grade	Ni Metal t	Resource Category
Woodline Well Oxide	266,382	1.38	3,676	Inferred
South Windarra Oxide Dump 1	149,872	0.83	1,244	Indicated
South Windarra Oxide Dump 2	161,440	0.74	1,195	Indicated
Total Indicated	**311,312**	**0.78**	**2,439**	**Indicated**
Total Inferred	**266,382**	**1.38**	**3,676**	**Inferred**
Total All Categories	**577,694**	**1.06**	**6,115**	

The following parameters were used in the Indicated and Inferred Oxide Resource calculations:
Cut-off grade of 0.5% Ni using IDW^2 block modelling.

Up to recently the Company's primary drilling focus has been defining the Mt Windarra resources and bringing them into JORC compliant categories using two diamond drill rigs, and utilising an RC rig on a campaign basis. Regional exploration to date has been largely limited to the Denny Bore area with localised RC drilling campaigns being completed on the known oxide resources.

The exploration strategy will now be more focussed on regional exploration, which will comprise the drilling of other highly prospective targets along the ultramafic sequence that hosts the Mt Windarra and South Windarra mine sites, as well as conducting first pass

sampling and drilling of grass roots targets on the Company's adjoining tenure. Reconnaissance field inspections and mapping have confirmed that fold repetitions and dislocated segments of the Windarra stratigraphy occur within the company's 426km^2 tenement package. In order to test these areas, in a timely and cost effective manner, first pass RC drilling has commenced. This will be followed up by deeper diamond drilling and DHEM surveying once the nickel sulphide prospectivity for these areas is confirmed. The RC drill rig has replaced one of the two diamond rigs operating on the site. For operational reasons, Poseidon intends to replace the existing RC rig with an alternative rig to complete the drilling programme. The Company has no plans to add any additional diamond drill rigs, to that currently operating, for the next few months until interpretation of the RC data has been completed.

The Company will continue with extending the Windarra Deeps mine resource once the rehabilitation of the decline is completed. Poseidon can then access and drill the ore body more cost effectively and efficiently from 550 metres below the surface with suitable underground diamond drill rigs. Poseidon has high expectations for the drilling at depth based on the good grade intercepts that have been achieved previously.

In the meantime, the retained diamond drill rig will continue drilling the shallower ore bodies at Mt Windarra from surface in order to complete the company's JORC compliant resource inventory, as well as continuing to test the regional drill targets as described above.

2.3 Denny Bore Drilling Programme

Drilling has continued at Denny Bore with 4 holes for 2649.0m (PND0021, PND0025, PND0029 & PND0031) being completed during the quarter. Hole locations were restricted due to heavy rains and flooding of local creeks during February, and holes were consequently designed to test the up-plunge and northern extensions of the previously intersected mineralisation from available drill sites. PND0029 was drilled from a dry platform above the water line and was intended to drill below the historic discovery hole WED4. The hole lifted and intersected the ore zone between WED4 and WED4A, returning 1.56m @ 6.38% Ni from 743.44m (include 0.61m @ 13.4% Ni). This is thicker than previous intersections which highlights the irregular nature of the nickel sulphide mineralisation.

No significant assays were returned from the northerly up dip drilling and further holes will be completed to test the southerly extension in the near future, now that the area has dried out.

2.4 Zed Zone Drilling Programme

PND0024 (362.3m) was drilled at the Zed Zone, which is located half way between the end of Mt Windarra's B Shoot and Niagara Mining's "Poseidon Anomaly". Niagara defined a highly nickel anomalous MMI soil target 300m south of B Shoot, and drilled NMD002 and NMD008 into surface TEM plates to the south of the soil anomaly. The holes were collared into the Corridor Ultramafic which underlies the prospective Windarra Ultramafic and therefore did not test the prospective basal contact. PND0024 was consequently positioned northwards and stepped back 120m to the east, in order to test the Windarra Ultramafic contact. PND0024 intersected a large intrusive dolerite which had stoped out the basal

contact position and also revealed this area to be structurally complex. RC drilling over this area is currently underway, and the Poseidon geologists are confident that they have unravelled the complex geology of the Zed Zone. The RC drilling will assist in interpreting the MMI soil anomaly and thereby in accurately locating diamond drill targets along the prospective basal contact. Poseidon anticipates that this drilling programme will commence during the next quarter.

2.5 General Regional Exploration

Reconnaissance field inspections and mapping on the company's recently acquired surrounding tenement package has confirmed that fold repetitions and dislocated segments of the Windarra stratigraphy occur to the east of Mt Windarra. In order to test these areas in a timely and cost effective manner, a first pass RC drilling has been planned and will commence in the June quarter. Limited historic surface trenching has occurred around these outcrops but no drilling is evident. The Company's geologists are excited by what they have seen at the "Cork Tree Well" prospect and are confident that drilling will confirm the connection with the Mt Windarra belt and hence its prospectivity for repetitions of Mt Windarra style mineralisation.

Evaluation and drilling of other highly prospective regional targets along the ultramafic sequence that hosts the Mount Windarra and South Windarra mine sites has also begun. One diamond drill hole (PND0026:725.5m) was completed at Weebo Well (6.5km SSE of Mt Windarra), and 7 RC holes for 500m (PNRC0050-0056) were drilled at Discovery Gossan (1.8km SSE of Weebo Well & 2.3km NW of Denny Bore). Nickel-Copper bearing gossanous material was uncovered in shallow surface trenches at WMC's Discovery Gossan prospect. Only shallow RAB drilling was evident in the area so deeper RC drilling was completed by Poseidon to determine the source and prospectivity of the near surface nickel gossans. The Company is awaiting the assay results for this drilling.

At Weebo Well PND0026 was drilled 270m to the NW of WMC's WED13 which intersected highly elevated base metals (Zn, Pb & Ag) mineralisation as well as weak Ni mineralisation. PND0026 did not intersect any anomalous mineralisation and the source of the base metal mineralisation is interpreted to have been sourced through hydrothermal veins associated with the Weebo Well intrusion to the west, rather than sed-ex style mineralisation as previously interpreted. The Weebo Well layered ultramafic intrusion will be the focus of future exploration activities.

2.6 Menzies Nickel Project – Heads of Agreement

Poseidon Nickel and Proto Resources announced on the 23 April 2008, that they have executed a Heads of Agreement to form a Joint Venture with the aim of defining and developing a mineable Nickel resource at the Menzies Nickel Project. The Menzies project is prospective for both Nickel Laterite and Nickel Sulphide mineralisation. The rationale for the Joint Venture is:

- Tenements have proven nickel laterite intersections (see below)
- The Menzies project contains 23sqkm of ultramafic rocks which are prospective for nickel sulphide exploration.

- Menzies is approximately 180kms from the potential concentrator plant to be built at Poseidon Nickel's Windarra Nickel Project.
- Proto Resources is currently developing the Barnes Hill Nickel Laterite project in Tasmania and is seeking additional laterite inventory for development from the Menzies Joint Venture.
- Poseidon & Proto believe that a jointly funded programme will accelerate exploration and that the two companies can provide project development opportunities and synergies.

Poseidon and Proto shall contribute in equal shares to the Joint Venture and shall each finance their share into production. Proto currently holds the Project in Joint Venture with Cazaly Resources Ltd ("Cazaly"), holding 90% of the nickel laterite rights, 50% of the nickel sulphide rights and 70% of the gold rights. Cazaly Resources will continue to hold its interests and will be free carried to completion of a bankable feasibility study.

The Menzies Nickel Project is a multi-commodity advanced exploration project including nickel laterite, nickel sulphide, cobalt and gold, previously worked by BHP. The project consists of 36 tenements in a continuous block located 10km south of the township of Menzies (Figure 1), about 130km north of Kalgoorlie in Western Australia.

Substantial nickel intersections known from prior drilling at Menzies include:

- Historical MZR01: 8m @ 1.21% Ni & 0.073% Co (from 20m to 28m) 22 October 2004
  New MZR01: 11m @ 1.16% Ni and 0.07% Co, inc. 7m @ 1.39% Ni and 0.08% Co (18 to 25m)
- Historical MZR02: 4m @ 1.00% Ni & 0.052% Co (From 20m to 24m) 22 October 2004
  New MZR02: 5m @ 1.00% Ni & 0.04% Co (from 19 to 24m)
- Historical MZR04: 12m @ 1.72% Ni & 0.127% Co (From 16m to 28m) 22 October 2004
  New MZR04: 14m @ 1.72% Ni and 0.13% Co, inc. 12m @ 1.92% Ni and 0.14% Co (16 to 27m)
- Historical MZR05: 4m @ 1.40% Ni & 0.068% Co (From 32m to 36m) 22 October 2004
  New MZR05: 7m @ 1.28% Ni & 0.063% Co (from 30 to 37m)

(Historical - Great Australia Resources Limited, GAU; New – resampling by Proto Resources)

The project is located in the central portion of the Norseman Wiluna Greenstone belt, within the eastern goldfields province of the Archaean Yilgarn Craton of Western Australia (Figure 1). The Norseman Wiluna Greenstone belt is a deformed and metamorphosed volcano-sedimentary sequence comprising of a lower succession of komatiites, tholeiitic intrusions and volcanic igneous rocks. It also contains subordinate shale units and an upper succession of felsic, tholeiitic to calc alkaline volcanic rocks and related sediments. Locally at Menzies there are multiple phases of deformation focused along the Menzies shear zone which underlies the project. The geology is metamorphosed to lower amphibolites facies, with higher grade zones generally related to granitoid bodies and discrete shear zones.

Previous exploration includes work by BHP Exploration Ltd in the mid 1980's where shallow RAB drilling defined the Cepline gold prospect (GSWA Report A19326). From 1994 to 2000

Dalrymple NL and Golden States Resources Ltd completed an extensive soil geochemistry program. They carried out follow up vacuum drilling of gold-arsenic anomalies, leading to the definition of the Cigar gold prospect. Most recently Great Australian Resources Ltd (GAU) completed two small drill programs and an orientation EM survey.

The historical work not only defined gold prospects but also intersected nickel laterite mineralisation, highlighting the potential for extensive nickel laterite development. The gold drilling also identified the presence of nickel sulphides at the Cigar and Heron prospects (GSR 1996 and Poseidon considers the ground to be highly prospective for nickel sulphide mineralisation. The project contains 23sqkm of ultramafic rocks, and the prospective basal contact which potentially hosts nickel sulphide mineralisation, strikes for 18km within the project area and has undergone limited previous nickel exploration (Figure 2). Most of the drilling occurs on the western side and in the centre of the folded anticlinal structure and was targeting gold mineralisation. Mineralised nickel laterites have been intersected near the Jowetts Well prospect in the NW region of the project area, as detailed previously, and indications of nickel sulphide have been reported in the gold targeted drilling at the Cigar and Heron prospects. The southern and eastern limbs of the folded ultramafic basal contact appear to be completely untested.

The Menzies ultramafic is stratigraphical above and to the east of the Cawse-Goongarrie-Ghost Rocks nickel laterite hosting belt, and is interpreted by the Poseidon geologists to be part of the same stratigraphic ultramafic unit which hosts the Scotia nickel mine 55km to the south-southeast of the tenements adding to its potential prospectivity.

The parties propose to develop mineable laterite and sulphide nickel resources and will now undertake the next stage of the exploration programme with the initial intent of following up on the mineralisation already identified. The programme will involve extending geochemical coverage and embarking on an aggressive drilling programme aimed at extending known nickel mineralisation, with a view to defining an inferred resource.

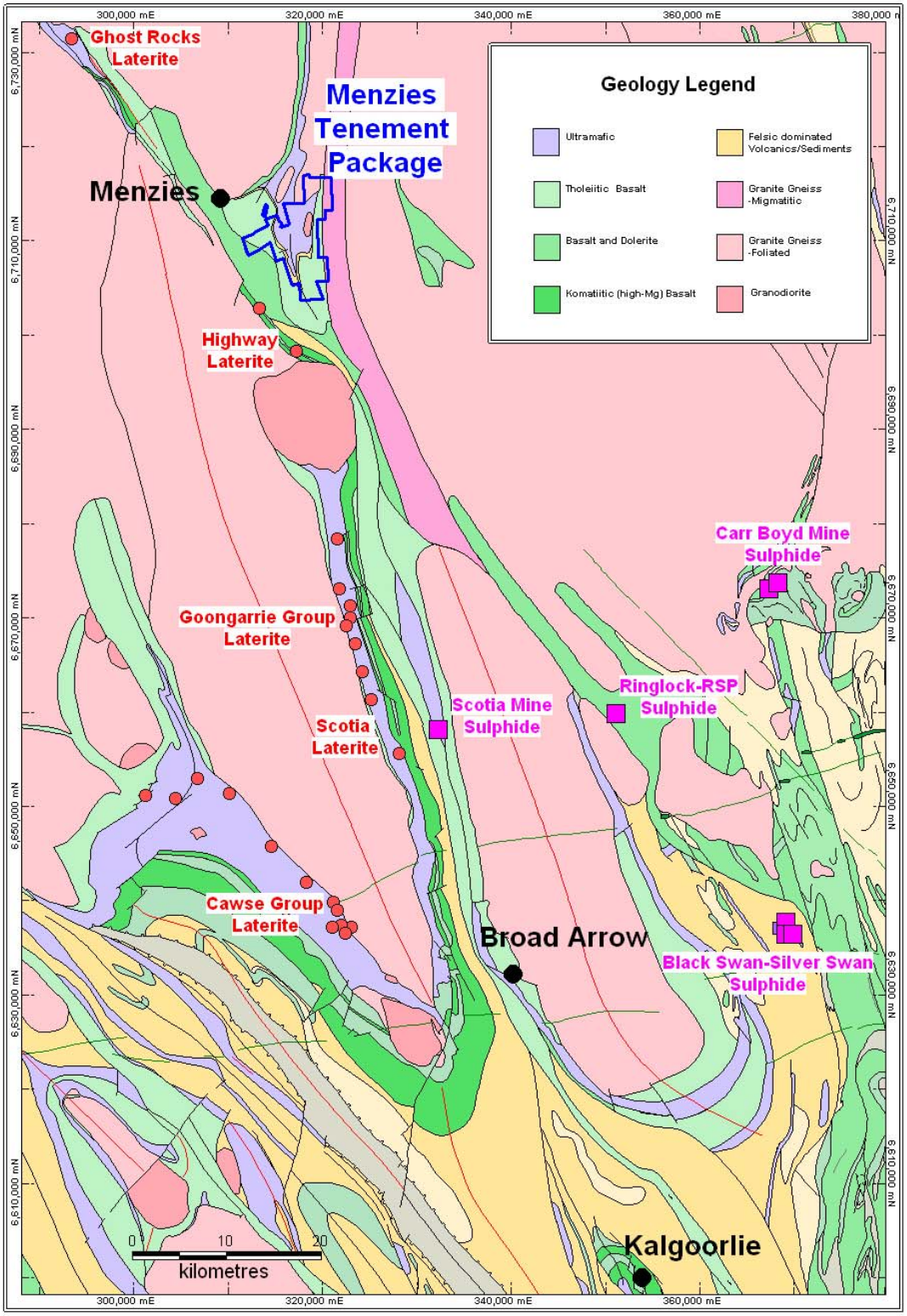

Figure 1: *Regional geology showing the location of the Menzies tenement package and surrounding nickel projects*

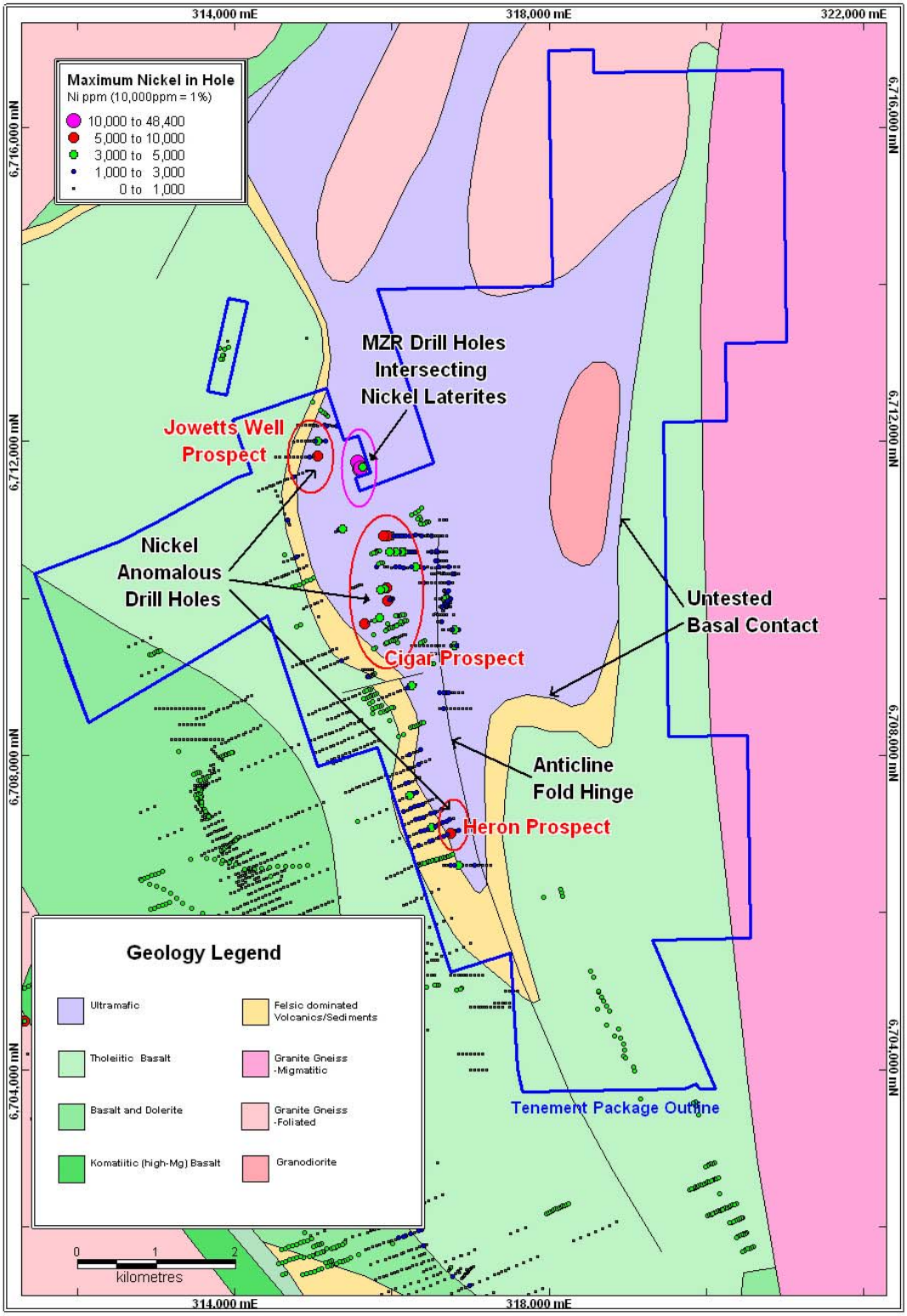

Figure 2: *Project geology with prospect locations and drill coverage. Nickel anomalous drill holes have been highlighted. Much of the ultramafic unit is untested for nickel mineralisation.*

3 CORPORATE

The Company announced on 19 March 2008 that it has appointed Mr Michael Rodriguez as its Group Technology Manager. Michael has spent the majority of his career in the nickel refining and processing industry. Michael's role will be to develop, trial and implement metallurgical process options with the aim of enhancing grade recovery and for producing nickel metal from the Company's ore resources. Poseidon has previously announced that it is reviewing options to maximise the value of its in ground nickel by going beyond the production of a concentrate. The scoping work carried out to date has supported this approach and Poseidon now intends to undertake additional investigation and test work to refine the various options. Poseidon has also indicated that it is reviewing various options for the treatment of its surface and near surface, sulphide and oxidised nickel assets, work which will be greatly accelerated under Michael's leadership. Michael's previous role was as Corporate Strategic Development Manager at Minara Resources Ltd where he has worked for the last 11 years.

Michael is a Metallurgical Engineer with over 25 years experience in the Mining and Minerals Processing Industry. Upon matriculating he was awarded a scholarship in Metallurgy with Goldcorp where he spent a number of years involved in processing and refining precious metals. He later commissioned and managed the Kalgoorlie Gold Project. During his career he has worked at several major facilities throughout Australia including Olympic Dam Operations, Kwinana Nickel Refinery and Murrin Murrin Operations.

In operations Michael has been involved in commissioning and ramp up of complex hydrometallurgical and pyrometallurgical plants, similarly in design and construction he has a strong background in the mineral processing and hydrometallurgical plants.

During his tenure at Western Mining Corporation (WMC) he gained extensive knowledge of the mining, concentrating, smelting and refining of nickel sulphides and he gained broad experience in the commercialisation of disseminated and massive nickel sulphides.

Whilst at Murrin Murrin Operations Michael held senior positions as Operations Manager, Projects Manager, Technical Services Manager and Corporate Strategic Development Manager. He was responsible for the development of their heap leach technology and the management and execution of the significant Research & Development programme concluding with the successful demonstration of the technology at Murrin Murrin.

As the inventor and author of a number of Australian and overseas patent applications and widely published technical papers Michael is well known in the industry.

The Company announced on 1 February 2008 that Mr David Singleton and Mr Geoff Brayshaw have been appointed as Directors of the Company.

Mr Singleton has been appointed Managing Director and was already the Company's Chief Executive Officer following his appointment in July 2007.

Mr Brayshaw has been appointed a Non-Executive Director.

Mr Brayshaw was formerly an audit partner with the Perth firm BDO Kendalls, having been in practice for some 35 years. He has also held a number of positions in commerce and

professional bodies including national president of the Institute of Chartered Accountants in Australia in 2002.

He is a director of a number of public and private companies, including independent director and audit committee chairman of both Fortescue Metals Group Limited and Fortron Insurance Group Limited. He also sits on the board of the Small Business Development Corporation.

Given Mr Brayshaw's wide ranging experience and exposure to audit services he will be an invaluable contributor to the Company's Audit and remuneration Committee as well as providing guidance and advice on the Company's adherence to its Corporate Governance regime.

On 23 January 2008, 32,094 Fully Paid Ordinary Shares were issued in lieu of Directors fees for the quarter to December under the Director Share Plan. The shares are issued at nil consideration but have a deemed issue price of $1.2853, based upon the volume weighted average sale price (VWAP) for the 90 days prior to the expiration of the quarter.

25,000 Fully Paid Ordinary Shares issued to Holders of Partly Paid Shares were converted contributing Capital of $2,500.

Poseidon Nickel had a small number of shares subject to sale emanating from the Opes Prime receivership. The Company believes that these shares were subsequently sold.

David P.A. Singleton
CHIEF EXECUTIVE OFFICER

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 Stock Exchange has not received and does not accept responsibility for the accuracy or adequacy of this release.

Table 1: Significant Drill Intersections

Drill Hole Details								Intersection Summary		
Hole ID	**Prospect Locations**	**Target Names**	**Hole Depth**	**Easting**	**Northing**	**Dip**	**Azimuth**	**From (m)**	**To (m)**	**Intersection Ni%**
PND0016	Mt Windarra	A Hanging Wall	333.4	425159	6848293	-60	259.2	292.17	294.00	1.83m @ 1.40%
								308.00	313.50	5.50m @ 1.10%
							incl	312.14	313.50	1.36m @ 1.96%
PND0017	Mt Windarra	A Hanging Wall	414.6	425159	6848293	-62	259.2	322.00	330.40	8.40m @ 1.26%
							incl	328.24	330.40	2.16m @ 2.25%
PND0018	Mt Windarra	A Hanging Wall	348.6	425131	6848220	-60	259.2	278.50	288.50	10.00m @ 1.06%
							incl	283.50	288.50	5.00m @1.25%
PND0019	Mt Windarra	A Hanging Wall	390.3	425129	6848219	-60	259.2	311.20	312.00	0.80m @ 2.48%
PND0022	Mt Windarra	A Hanging Wall	123.8	425244	6848571	-53	259.2	100.00	112.00	12.00m @ 1.16%
PND0023	Mt Windarra	A Hanging Wall	134.7	425244	6848571	-58	259.2	116.46	120.30	3.84m @ 1.87%
PND0028	Mt Windarra	A Hanging Wall	480.5	425174	6848291	-66	259.2	409.30	410.30	1.00m @ 2.33%
PND0029	Denny Bore	Denny Bore	789.6	425174	6848291	-62.5	259.2	743.44	745.00	1.56m @ 6.38%
							incl	743.44	744.05	0.61m @ 13.4%
PND0030A	Mt Windarra	A Hanging Wall	297.6	425174	6848291	-62.5	259.2			Assays Awaiting
PND0031	Denny Bore	Denny Bore	462.3	430000	6839600	-75	270			Assays Awaiting
PND0032A	Mt Windarra	A Hanging Wall	438.3	425174	6848292	-65.5	259.2			Assays Awaiting
PNRC0050-56	Windarra Well	Discovery Gossan	500 (total)							Assays Awaiting

Note: *All results are downhole not true width intersections.*

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Poseidon Nickel Limited

ABN	Quarter ended ("current quarter")
60 060 525 206	31 March 2008

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(2,981)	(9,374)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(790)	(2,724)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	128	461
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	9	224
	Net Operating Cash Flows	(3,634)	(11,413)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(121)	(1,083)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	262	262
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	921
1.12	Other	-	-
	Net investing cash flows	141	100
1.13	Total operating and investing cash flows (carried forward)	(3,493)	(11,313)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(3,493)	(11,313)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	3,185
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	227
1.17	Repayment of borrowings	(15)	(32)
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	(15)	3,380
	Net increase (decrease) in cash held	(3,508)	(7,933)
1.20	Cash at beginning of quarter/year to date	6,060	10,485
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,552	2,552

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	68
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The above Consolidated Statement of Cash flows has been adjusted to reflect amounts shown in the Half Year Report lodged on 14 March 2008.

On 22 January 2008, 32,094 ordinary shares were issued at a price of $1.2853 per share, to the Directors in lieu of Directors Fees for the December 2007 quarter as approved by the Shareholders at the Annual General Meeting in November 2007. This is not been included in the above cash flow.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	3,600
4.2	Development	-
	Total	3,600

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	2,552	6,060
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other	-	-
	Total: cash at end of quarter (item 1.22)	2,552	6,060

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2	Interests in mining tenements acquired or increased	N/A			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	157,268,540 5,752,200	157,268,446 5,752,200	 $0.102	 $0.002
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	32,094	32,094		
7.5	+Convertible debt securities (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options			*Exercise price*	*Expiry date*
	Listed	6,157,403	6,157,403	$0.81	5 December 2009
	Listed	6,157,904	6,157,904	$0.92	5 December 2011
	Unlisted	1,000,000	-	$2.00	30 June 2008
	Unlisted	1,000,000	-	$1.96	2 July 2011
	Unlisted	2,500,000	-	$0.40	31 July 2012
	Unlisted	115,000,000	-	$0.40	19 September 2012
		419,000	-	$1.41	22 October 2012
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures *(totals only)*				
7.12	Unsecured notes *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:

(Director) Date: 31 March 2008

Print name: Geoff Brayshaw

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.