

Poseidon Nickel Limited

ABN 60 060 525 206

Unit 8, Level 1, Churchill Court
331-335 Hay Street
Subiaco WA 6008
PO Box 190
West Perth WA 6872
Tel: +61 8 9382 8799
Fax: +61 8 9382 4760

29 August 2007

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

Dear Sir

Re: NICKEL MARKETING AGREEMENT

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

Yours faithfully



David P.A. Singleton
CHIEF EXECUTIVE OFFICER

Enc

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

Mr David Singleton - CEO
P: 61 8 9382 8799
F: 61 8 9382 4760
M: 0403 121 037
E: davids@poseidon-nickel.com.au

Media Enquiries

Mr David Griffiths – Gryphon Management
P: 61 8 9382 8300
F: 61 8 9381 2349
M: 0419 912 496
E: david.griffiths@gryphon.net.au

Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

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

Registered Office

Level 1, South Mill Centre
9 Bowman Street
South Perth WA 6151
Tel: 61 8 9367 8133
Fax: 61 8 9367 8812

Principal Office

Unit 8, Level 1 Churchill Court
331-335 Hay Street
Subiaco WA 6008
Tel: 61 8 9382 8799
Fax: 61 8 9382 4760

Home Exchange

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

Poseidon Nickel Limited

ABN 60 060 525 206

Unit 8, Level 1, Churchill Court
331-335 Hay Street
Subiaco WA 6008
PO Box 190
West Perth WA 6872
Tel: +61 8 9382 8799
Fax: +61 8 9382 4760

ASX Announcement

29 August 2007

Nickel Marketing Agreement

In May this year, Poseidon Nickel Limited (then trading as Niagara Mining Ltd) entered a Nickel Marketing Agreement with Fortescue Metals Group Ltd (FMG). This agreement had a number of conditions precedent including the approval of the respective boards. While the relationship between the companies remains good both boards have decided not to ratify that agreement.

Poseidon is one of a limited number of new nickel sulphide mining companies and has the benefit of a published resource and major existing infrastructure. A continuing review of the Windarra Nickel project by the new management is reinforcing the Poseidon Board's confidence in the quality, scale and timetable of the project. It may now suit Poseidon to retain the marketing function in house or to outsource it. A decision on this function will be made when the scale of production and the timetable is more certain.

Yours faithfully



David P.A. Singleton
CHIEF EXECUTIVE OFFICER