

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

6 September 2007

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

Dear Sir

Re: Poseidon Nickel – Fast Start Project

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

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

ASX Announcement

6 September 2007

Poseidon Nickel – Fast Start Project

Poseidon Nickel Limited is pleased to announce the next step in the development of the Windarra Nickel Project.

Poseidon has selected GR Engineering Services to carry out a prefeasibility analysis associated with a proposed “Fast Start” processing plant to be located at Mt. Windarra. The “Fast Start” plant concept under review is intended to have a design process capability of approximately 300kT of Nickel Sulphide ore per annum over a period of 12-24 months. It is intended that the plant design will be modular and transportable such that it can be installed efficiently on the site and potentially moved to new operations in the future.

The plant is intended to process ore from known ore resources accessible from the existing 550 decline. The Company has also engaged external mining consultants to assist in the geotechnical, development and mine design of these resources. The mining and processing would take place in parallel to the already announced drilling activities below the lower level of the Mt. Windarra decline. The aim of the “Fast Start” project is to establish early cash flow as well as to provide technical information to support investment in a significantly larger plant in the future.

In summarising the current activities the Company said “our primary focus is to develop the high grade ores already drilled by WMC below the current decline however in parallel to this, our studies so far have indicated that enough shallower ore exists to commence economic production much more quickly. Our approach still needs to be proven by more detailed studies of the resource, infrastructure and mining operations but we believe, at this stage, that an early restart of the mine is both feasible and highly desirable.”

Initial discussions on offtake options have been held with a number of interested parties and, subject to a successful completion of the prefeasibility work, will be progressed.

Yours faithfully



David P.A. Singleton
CHIEF EXECUTIVE OFFICER