

# Poseidon Nickel Limited

ABN 60 060 525 206

10 October 2007  
POSECOR0213

Mr M Foy  
ASX Limited  
Level 8  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

**BY FACSIMILE: 9221 2020**

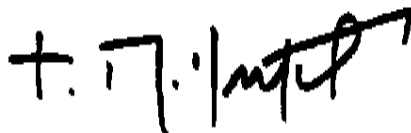
Dear Matthew

### Price Query

We refer to your query letter dated 10 October 2007 regarding the price and volume movements of Poseidon Nickel Limited ("the Company"). The Company wishes to advise the following:

1. The Company is not aware of any information that has not been announced which could explain the recent trading in the securities of the Company;
2. As the answer to question 1 is no, question two (2) does not require a response;
3. The Company is aware that the CEO is in the Eastern States meeting a number of parties including those from the Investment Community. This is the CEO's first visit and the first time that they have been able to hear about the Company directly from him. The CEO has confirmed that he is only using publicly available information. The Company is not aware of any material information that is to be imminently announced to the market. The Company has recently announced the recommencement of drilling operations and expects results from this to be announced in future weeks.
4. The Company confirms it is in compliance with the listing rules and in particular, Listing Rule 3.1.

Yours faithfully



**Ross Kestel  
Company Secretary**



**ASX**  
AUSTRALIAN SECURITIES EXCHANGE

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2 The Esplanade  
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**FAXED**  
10 October 2007

Ross Kestel  
Company Secretary  
Poseidon Nickel Limited  
Unit 8, Churchill Court  
331-335 Hay Street  
SUBIACO WA 6008

By Facsimile: 9382 4760

Dear Ross,

**Poseidon Nickel Limited (the "Company")**

**RE: PRICE QUERY**

We have noted a change in the price of the Company's securities from \$0.88 on 9 October 2007 to \$1.37 today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

In answering this question please address the recent press reports about

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5 p.m. WST today, Wednesday, 10 October 2007.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.


### **Trading halt**

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.



Matthew Foy  
**Adviser, Issuers (Perth)**

Direct Line: (08) 9224 0014