

23 October 2007

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

Dear Sir

Re: POSEIDON ANNOUNCES SUCCESSFUL DRILLING RESULTS

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

Yours faithfully



David P.A. Singleton
CHIEF EXECUTIVE OFFICER

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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: admin@poseidon-nickel.com.au

Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

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

Principal Office

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

Registered Office

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

Home Exchange

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

ASX Announcement

23 October 2007

Poseidon Announces Successful Drilling Results

Poseidon Nickel is pleased to announce the successful conclusion of the first stage of its resource drilling programme and the assay results received to date. The drilling programme was focussed on the shallower ore bodies with the intent of proving up reserves for the first 12-18 months of operations in support of the "Fast Start" project. Poseidon has completed 8 diamond drill holes into the upper G Shoot, with the following results being returned to date:

Drill Hole Details				Intersection Summary			
Hole ID	Hole Depth	Dip	Azimuth	From	To	Intersection	
PND0001	153.1	-60	259.2	52.80	61.15	8.35m @ 0.85%	
				<i>incl</i>	58.80	61.15	2.35m @ 1.14%
					69.85	71.88	2.03m @ 2.42%
PND0002	162.7	-60	259.2	86.10	87.10	1.00m @ 2.15%	
					96.70	106.55	9.85m @ 2.06%
				<i>incl</i>	96.70	102.70	6.00m @ 2.84%
				114.55	122.90	8.35m @ 1.11%	
PND0003	186.6	-60	259.2	99.00	102.00	3.00m @ 1.26%	
				<i>incl</i>	99.00	100.00	1.00m @ 2.39%
					122.30	128.65	6.35m @ 3.84%
				143.00	150.75	7.75m @ 0.83%	
			<i>incl</i>	149.00	150.75	1.75m @ 1.20%	

Note: All results are down hole not true width intersections. Length weighted average calculations with an SG of 3.0 have been used.

The grade and intersection widths have generally exceeded the Company's expectations and have increased confidence in the grades and tonnages of the initial ore to be mined. Indications from testing carried out at the mine site are that all of the remaining, as yet unassayed, drill holes in this sequence have intersected Nickel Sulphides. Poseidon is intending to bring this ore body to a JORC compliant reserve status when the results of the final drill intersections are received.

Chief Executive, David Singleton said "We have completed this part of the drilling programme ahead of schedule and with very encouraging results from those assays received to date. We expect the remaining assay results to be received during the next month at which time we will use our internal resources to carry out the resource modelling."

The Company has now commenced drilling into the next series of resource zones using the 2 diamond drill rigs on site.

Yours faithfully



David P.A. Singleton
CHIEF EXECUTIVE OFFICER