

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**

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F: 61 8 9382 4760

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**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**

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

**Registered Office**

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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%        |
|                    |            |     |             |                      | <b>69.85</b>  | <b>71.88</b>  | <b>2.03m @ 2.42%</b> |
| 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>          | <b>96.70</b>  | <b>102.70</b> | <b>6.00m @ 2.84%</b> |
|                    |            |     |             | 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>          | <b>99.00</b>  | <b>100.00</b> | <b>1.00m @ 2.39%</b> |
|                    |            |     |             |                      | <b>122.30</b> | <b>128.65</b> | <b>6.35m @ 3.84%</b> |
|                    |            |     |             | 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

A handwritten signature in black ink, appearing to read 'D. Singleton', with a horizontal line extending to the right.

**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.*