

17 December 2007

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

Dear Sir

Re: POSEIDON ANNOUNCES FURTHER POSITIVE RESULTS FROM ITS DRILLING PROGRAMME

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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Shareholder Enquiries

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Home Exchange

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

ASX Announcement

17 December 2007

Poseidon Announces Further positive results from its Drilling Programme

Poseidon Nickel is pleased to announce further positive results from its diamond and Reverse Circulation (R.C.) drilling programme. As previously announced, the current 2 rig diamond drilling programme is undertaking confirmatory and near mine exploration activity to support the "Fast Start" production programme. The drill results are attached.

The drilling programme has confirmed grades and widths of mineralisation at the G Shoot and A Shoot hanging wall zones. In addition drill hole PND011 intersected mineralisation 75m below the current definition of the A Shoot hanging wall, potentially extending the mineralised zone originally identified by Western Mining. Further drill testing will be undertaken over the next few weeks to identify the full extent of the potential extension to this mineralised zone.

Poseidon believes that the current drilling programme has met its primary aim in providing sufficient confirmatory evidence that both the current and historical assay results can be utilised in calculating JORC compliant resources. Poseidon will now calculate JORC compliant statements for the near mine mineralisation to potentially meet production requirements in the first year of operation.

Regional exploration drilling has also been continuing away from Mount Windarra. This drilling includes the Woodline Well project where R.C. drilling of the surface material has confirmed the presence of near surface oxidised nickel sulphide mineralisation over a strike length of approximately 140m. The mineralisation was determined using a series of RC holes drilled in a grid pattern. Poseidon believes that the results provide sufficient confidence to warrant diamond drilling with the intent of locating the nickel sulphide mineralisation source.

Yours faithfully



David P.A. Singleton
CHIEF EXECUTIVE OFFICER



Drill Hole Details								Intersection Summary		
Hole ID	Prospect Locations	Target Names	Hole Depth	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intersection Ni%
PND0004	Mt Windarra	G Shoot	220.4	425280	6848823	-60	259.2	157.13	165.00	7.87m @ 1.25%
							<i>incl</i>	157.13	159.45	2.32m @ 2.18%
PND0005	Mt Windarra	G Shoot	240.6	425282	6848823	-65	259.2	175.58	179.93	4.35m @ 1.29%
								208.98	210.18	1.20m @ 1.25%
PND0006	Mt Windarra	G Shoot	341.0	425334	6848833	-60	259.2	240.80	241.45	0.65m @ 2.54%
								291.10	293.10	2.00m @ 1.25%
PND0007	Mt Windarra	A Shoot HW	315.3	425130	6848250	-57.5	259.2	249.40	256.25	6.85m @ 0.79%
PND0008	Mt Windarra	G Shoot	379.1	425334	6848833	-65	257.2	315.65	316.34	0.69m @ 2.46%
								373.00	377.12	4.12m @ 1.65%
PND0009	Mt Windarra	A Shoot HW	345	425130	6848250	-60	259.2	287.94	294.10	6.16m @ 1.00%
							<i>incl</i>	292.50	294.10	1.60m @ 1.21%
PND0010	Mt Windarra	Lower G Shoot	858.6	425459	6848659	-73	259.2	817.00	822.00	5.00m @ 1.74%
							<i>incl</i>	820.55	820.85	0.30m @ 10.5%
PND0010A	Mt Windarra	Lower G Shoot	770	425459	6848659	-73	259.2	670.48	671.08	0.60m @ 2.11%
PND0011	Mt Windarra	A Shoot HW	462.3	425150	6848254	-67	259.2	394.70	397.00	2.30m @ 1.20%
PND0012	Mt Windarra	A Shoot HW	222.3	425150	6848254	-60	259.2			Awaiting Results
PND0013	Mt Windarra	A Shoot HW	321.3	425134	6848293	-58.5	259.2	257.00	262.85	5.85m @ 1.69%
PWRC002	Woodline Well	RC Oxide Drilling	78	414829	6837799	-60	215	6.00	15.00	9.00m @ 0.78%
								19.00	20.00	1.00m @ 0.81%
PWRC037	Woodline Well	RC Oxide Drilling	78	414682	6837900	-60	215	3.00	31.00	28.00m @ 1.43
							<i>incl</i>	3.00	17.00	14.00m @ 2.06%
PWRC038	Woodline Well	RC Oxide Drilling	78	414693	6837918	-60	215	13.00	24.00	11.00m @ 1.82%

Note: All results are downhole not true width intersections.

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.