

25 January 2008

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

Dear Sir

Re: POSEIDON MEETS FIRST YEAR PRODUCTION RESOURCE TARGET

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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Home Exchange

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

ASX Announcement

25 January 2008

Poseidon Meets First Year Production Resource Target

Poseidon Nickel is pleased to announce that following its recent successful drilling results it is able to confirm an Indicated Resource to meet its first year production target. The Company is also, for the first time, able to state a JORC compliant Indicated and Inferred resource of 50,734 tonnes made up as follows:

UNDERGROUND DEPOSITS	SULPHIDE RESOURCES			
	Tonnes	Ni% Grade	Ni Metal t	Category
Upper G Shoot	552,441	1.03	5,690	Indicated
A HW Shoot	339,500	0.99	3,361	Indicated
F Shoot	111,186	1.68	1,868	Indicated
SUB TOTALS	1,003,127	1.09	10,919	Indicated
Windarra Deeps	3,063,633	1.10	33,700	Inferred
TOTALS	4,066,760	1.10	44,619	

*The following parameters were used in the Indicated and Inferred Resource calculations:
Cut-off grade of 0.75% Ni using IDW² block modelling.*

OXIDE DEPOSITS	OXIDE RESOURCES			
	Tonnes	Ni% Grade	Ni Metal t	Category
Sth Windarra Dumps	311,312	0.78	2,439	Indicated
Woodline Well	266,382	1.38	3,676	Inferred
TOTALS	577,694	1.06	6,115	

*The following parameters were used in the Indicated and Inferred Oxide Resource calculations:
Cut-off grade of 0.50% Ni using IDW² block modelling.*

The next stage of the drilling programme is to complete infill drilling and resource definition of the Windarra Deeps Inferred Resource mineralisation below the 550m decline level where Poseidon believes that higher grades will be encountered at depth. This is supported by historic drill intersections as shown in Table 1 and Figure 1, and confirmation drilling completed by the company in 2006 (NMD0001 series holes). Drilling completed by WMC below the workings and within the Windarra Deeps Inferred Resource zone is wide spaced and minimal. The company believes that with infill drilling around the higher grade intersections and the use of modern exploration techniques (i.e. DHEM and navigational drilling) that higher grade zones can be delineated and exploited within the Windarra Deeps Inferred Resource zone as defined above.

A graphical representation of the above resource data with spatial reference to the current underground development is presented in Figure 2.

Table 1: Windarra Deeps higher grade diamond drill results as shown in Figure 1:

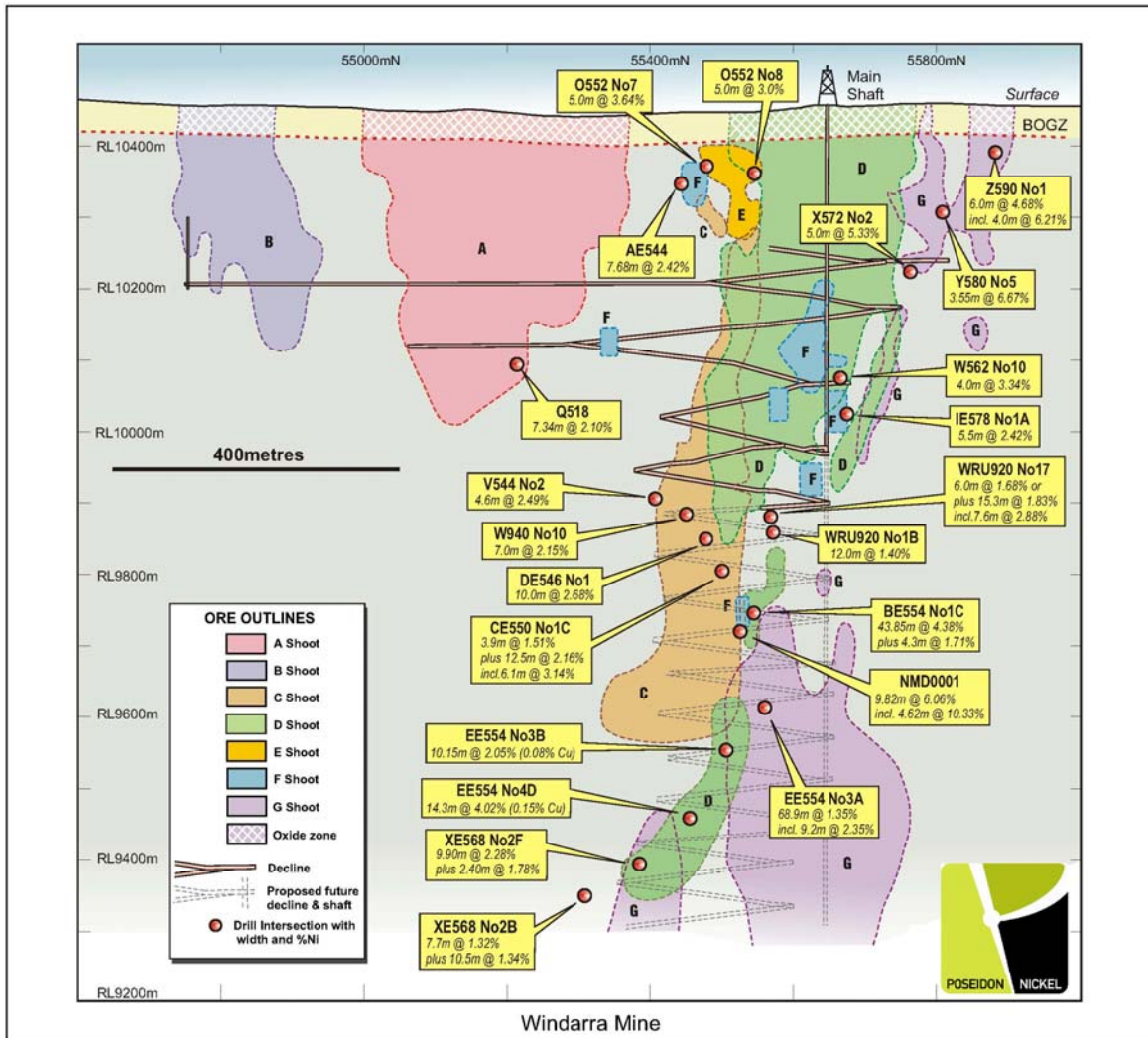
Drill Hole	Drill Intersection (m)	Ni%
A Shoot		
Q518	7.34	2.10
C Shoot		
CE550 No.1C	12.50	2.16
<i>including</i>	6.10	3.14
DE546 No.1	10.0	2.68
W940 No.10	7.00	2.15
V5444 No.2	4.60	2.49
XE568 No.2B	7.70	1.32
	10.50	1.34
D Shoot		
NMD0001	9.82	6.06
	2.54	3.97
	11.60	1.32
BE554 No.1C	43.85	4.38
EE554 No.3B	10.15	2.05
EE554 No.4D	14.30	4.02
XE568 No.2F	9.90	2.28
WRU920 No.17	6.00	1.68
	15.30	1.83
<i>including</i>	7.60	2.89
WRU920 No.1B	12.00	1.40
E Shoot		
O552 No.7	5.00	3.64
O552 No.8	5.00	3.00
F Shoot		
AE544	7.68	2.42
W562 No.10	4.00	3.34
IE578 No.1A	5.50	2.42
G Shoot		
EE554 No.3A	68.9	1.35
<i>including</i>	9.20	2.35
Y580 No.5	3.55	6.67
NMD0010	1.10	2.05

Note: All results are down hole 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.

Figure 1: Windarra Deeps long section showing historic higher grade drill intersections.

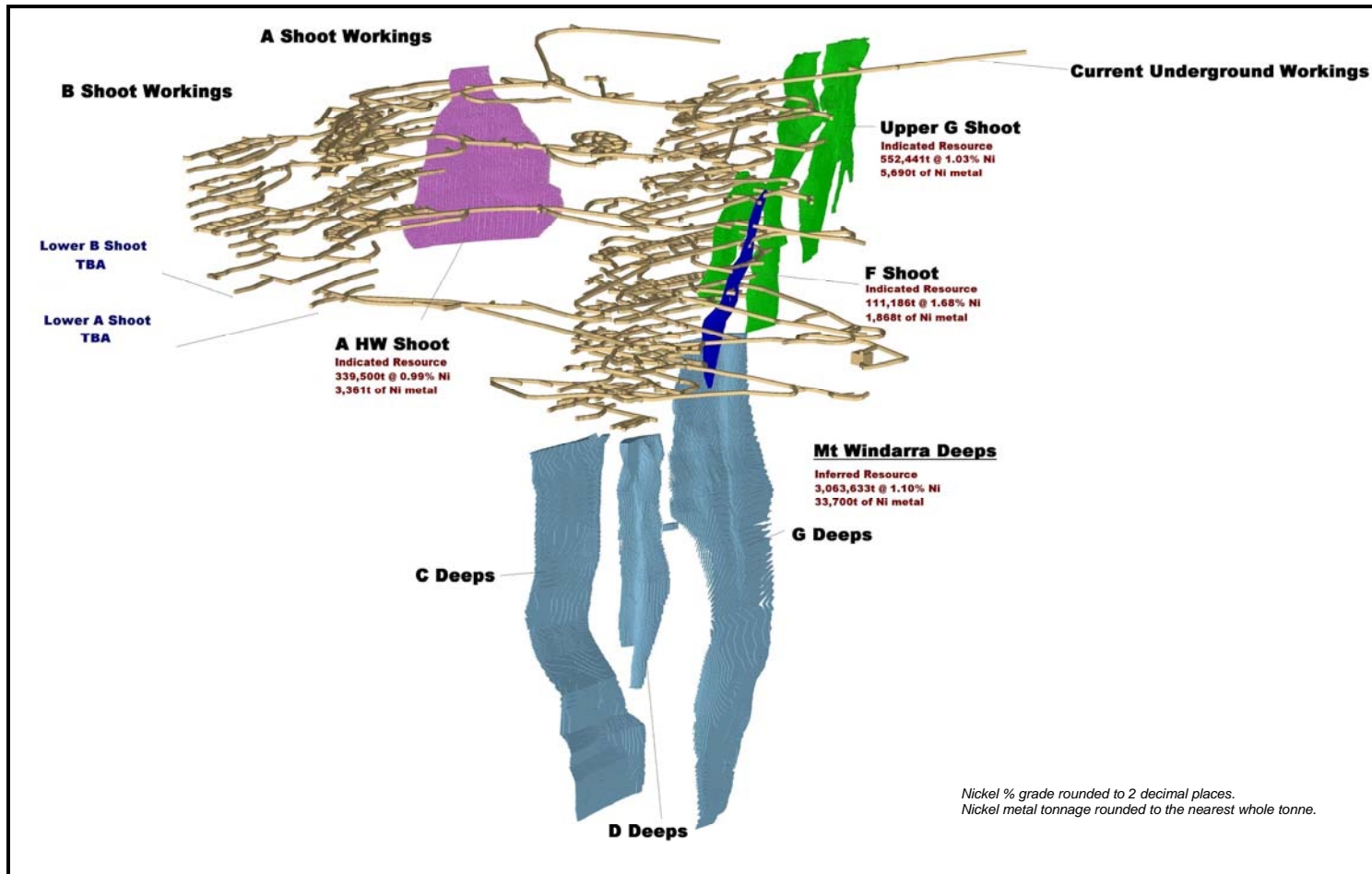


The resources statement above has been derived from historical assay results and confirmatory drilling undertaken over the last few months. It should be noted that the resource stated does not include all of the known mineralisation at Mount Windarra or any of the mineralisation at South Windarra. In these areas, confirmatory drilling has not yet been undertaken and therefore the company is not in a position to define associated JORC compliant resources. Chief Executive Office, David Singleton said “One of our stated milestones was to define a resource to meet the first year of production output. We believe that the indicated resource of 10,919 tonnes of Nickel meets that objective. In addition we stated that we would progressively bring the previously announced WMC defined resource up to a JORC compliant status. The initial stage of that is now complete giving an initial inferred resource 33,700 tonnes of Nickel Sulphide metal and 6,115 tonnes of Nickel Oxide metal.”

In addition to the Windarra Deeps infill and resource definition drilling programmes, near mine and regional exploration programmes are underway with initial progress focussed on Denny Bore, Woodline Well and Weebo Well, all of which have provided encouraging anomalous nickel results to date.



Figure 2: Mt Windarra Underground Nickel Sulphide Resources January 2008



ASX Release: Poseidon Announces JORC Compliant Resource 110108