

13 March 2008

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

Dear Sir

Re: POSEIDON INCREASES NICKEL RESOURCE BY 35%

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
Geoff Brayshaw	Non-Executive Director
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 2, Spectrum
100 Railway Road
SUBIACO WA 6008
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

13 March 2008

Poseidon Increases Nickel Resource by 35%

Poseidon Nickel is pleased to announce a 35% increase to its nickel sulphide resource at the Windarra Nickel project. Poseidon has increased its resources in the Indicated and Inferred category to 60,370 tonnes of contained nickel. In addition, the average grade of the resource has increased significantly to 1.45%. This grade correlates with the average achieved over 20 years of production at Windarra and the total tonnage identified in the Deeps zone closely matches that reported by Western Mining in its closure report.

This statement is Poseidon's first update since the initial JORC compliant resource was announced in January 2008. Poseidon has continued over the last few months to drill the near mine resource with diamond drill rigs from the surface. The recent and subsequently verified historic drill data has increased the numbers of mineralisation intersections in the Windarra Deeps by approximately one third. An additional 8 mineral intersections have been added making a total of 32 in the Windarra Deeps zone. The Windarra Deeps is defined as the region below the existing decline and below 550 metres underground. This new data, combined with further optimisation work, has led to today's update.

It should be noted that this resource statement does not include all of the known mineralisation at Mount Windarra or any of the mineralisation at South Windarra and is therefore subject to potential further updates in the coming months.

The new resource statement is as follows:

Sulphide Deposits	Tonnes	Ni% Grade	Ni Metal t	Resource Category
Mt Windarra CDG Deeps	2,816,895	1.57	44310	Inferred
Mt Windarra A Shoot	166,625	1.74	2899	Inferred
Mt Windarra B Shoot	68,810	1.36	936	Inferred
Mt Windarra A HW Extended	112,393	1.15	1296	Inferred
Mt Windarra Upper G Shoot	552,441	1.03	5701	Indicated
Mt Windarra A HW Shoot	339,500	0.99	3361	Indicated
Mt Windarra F Shoot	111,186	1.68	1868	Indicated
Total Indicated	1,003,127	1.09	10930	Indicated
Total Inferred	3,164,723	1.56	49441	Inferred
Total All Categories	4,167,850	1.45	60370	

The following parameters were used in the Indicated and Inferred Resource calculations:

Inferred Resource: cut-off grade of 1.0% Ni using IDW² block modelling.

Indicated Resource: cut-off grade of 0.75% Ni using IDW² block modelling.

Oxide Deposits	Tonnes	Ni% Grade	Ni Metal t	Resource Category
Woodline Well Oxide	266,382	1.38	3676	Inferred
South Windarra Oxide Dump 1	149,872	0.83	1244	Indicated
South Windarra Oxide Dump 2	161,440	0.74	1195	Indicated
Total Indicated	311,312	0.78	2439	Indicated
Total Inferred	266,382	1.38	3676	Inferred
Total All Categories	577,694	1.06	6115	

*The following parameters were used in the Indicated and Inferred Oxide Resource calculations:
Cut-off grade of 0.5% Ni using IDW² block modelling.*

David Singleton, Managing Director and Chief Executive said “We have made excellent progress in further updating our resource statement to 60,370 tonnes of contained nickel sulphide. Poseidon’s primary drilling focus will now be on exploration drilling at the other highly prospective targets along the ultramafic sequence that hosts the Mount Windarra and South Windarra mine sites. We will continue with extending the mine resource at Mount Windarra when we have completed the rehabilitation of the decline and we can access the ore body more efficiently and cost effectively from 550 metres below the surface. The commencement of the dewatering, which we announced last week, is a necessary prerequisite and is proceeding on schedule. We have high expectations for the drilling at depth based on the good grade intercepts that have been achieved previously.”

ENDS

Note: The information in this report relates to Exploration Results and Mineral Resources based on information compiled by Mr N Hutchison and Mr M O’Mara who are both Members 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.