

19 March 2008

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

Dear Sir

Re: POSEIDON NICKEL COMMENCES UNDERGROUND DECLINE REFURBISHMENT

We enclose herewith a copy of an announcement in relation to the above along with an updated Corporate Presentation.

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

19 March 2008

Poseidon Nickel Commences Underground Decline Refurbishment

Poseidon Nickel is pleased to announce that it has today commenced the trial rehabilitation of the underground decline at its Windarra Nickel project. The decision follows a recent announcement that the Company has gained the necessary approvals and has started removing water from the underground decline. The dewatering programme has advanced more quickly than anticipated and has now exposed the first 900 metres of the decline and thereby enabled the refurbishment to begin. Poseidon Nickel has appointed a contractor to undertake the work under its direct supervision. The contractor has the necessary equipment on site to carry out this work including a 2 boom Jumbo, a Load, Haul Dump Bogger (LHD), a 40 tonne underground truck and the necessary consumables including rock bolts and wire mesh.

The dewatering and rehabilitation of the Windarra Mine represents a critical milestone in reactivating the mine. As previously reported the Company is nearing completion of the first stage of the drilling at the mine site and has published a JORC compliant resource statement. The Company is confident of significantly expanding the resource by drilling from underground when the mine has been fully rehabilitated. In the meantime, the Company is continuing with its exploration programme in other highly prospective regions of the tenements.

ENDS

Windarra Nickel Project

Re-commissioning of the
550 Portal at Mt Windarra
19 March 2008

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Disclaimer

POSEIDON NICKEL

The information contained in this presentation has been prepared using the information available to Poseidon Nickel Limited at the time of preparation of the presentation.

External or other factors may have impacted on the business of Poseidon Nickel Limited and the content of this presentation since its preparation. In addition, all relevant information about Poseidon Nickel Limited may not be included in this presentation.

Accordingly, you should not rely on the content of this presentation in relation to any further action including investment in Poseidon Nickel Limited.

For further information about Poseidon Nickel Limited, you can obtain a copy of all recent ASX announcements made by Poseidon Nickel Limited at:

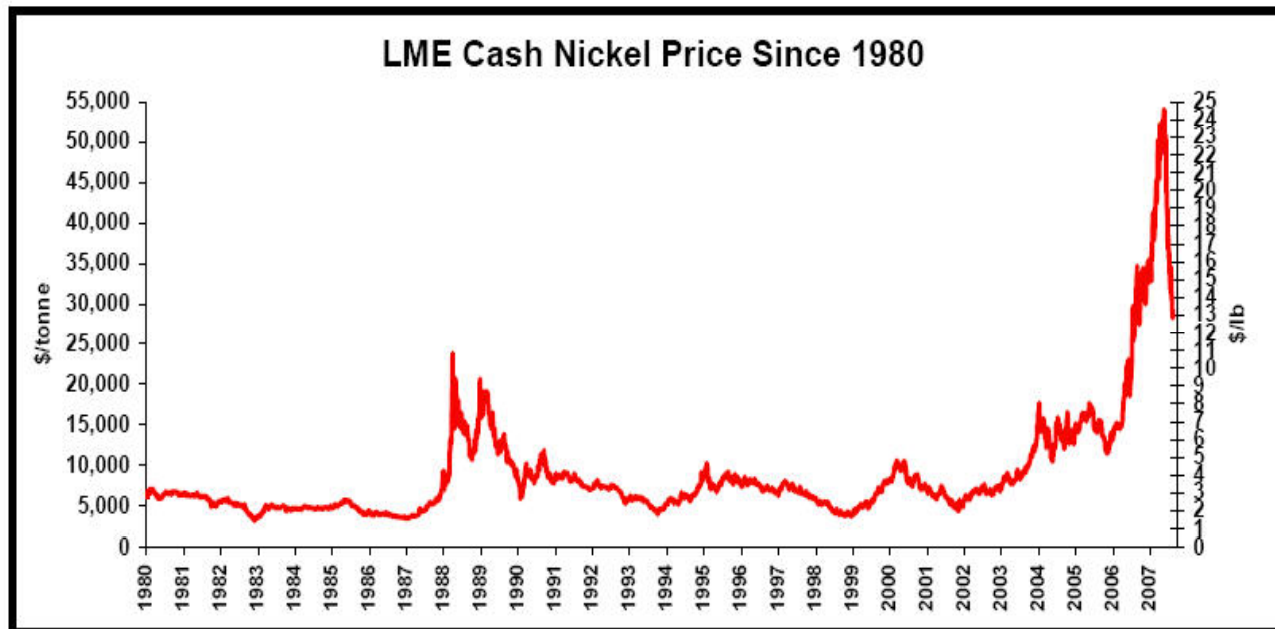
www.poseidon-nickel.com.au

Any person considering an investment in Poseidon Nickel Limited is advised to obtain independent financial advice prior to making an investment decision.

Nickel Market Overview

POSEIDON NICKEL

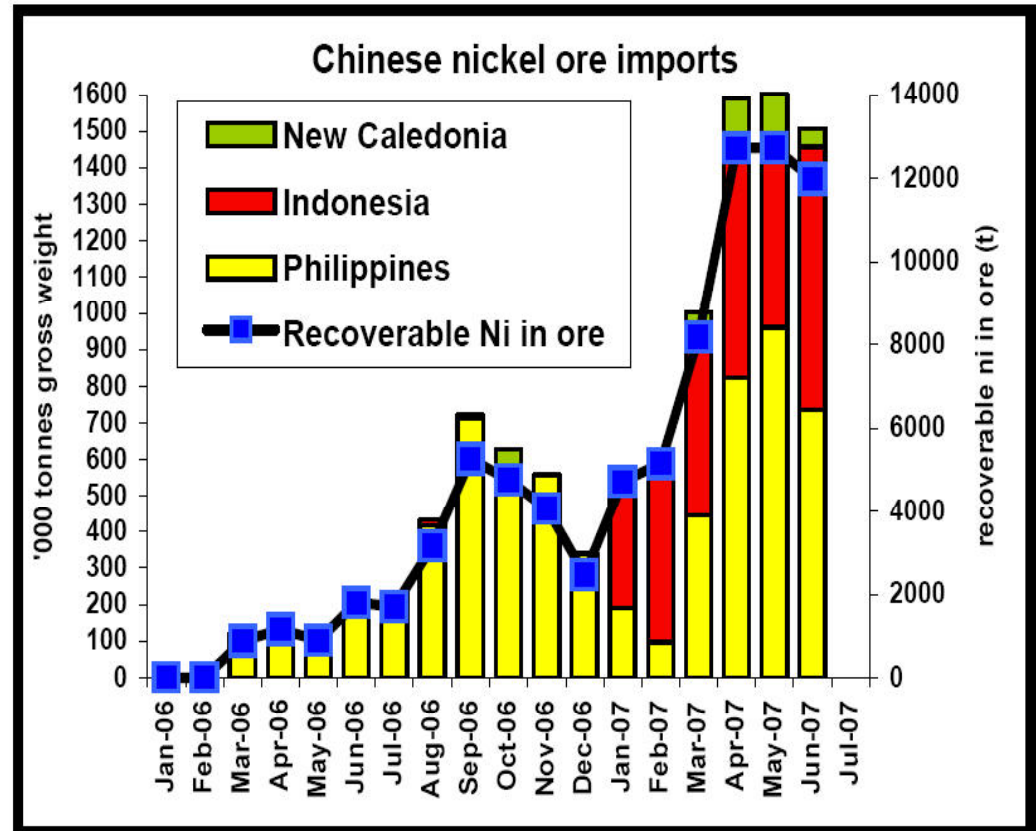
- Over 80% Nickel goes into steel
- Nickel growth mirrors steel including stainless
 - Worldwide stainless output grew by 4% p.a. from 2005 to 2007
 - China grew stainless production by average 40% p.a. over the same period
- Nickel Prices today remain 4-5 times long term average
 - Consensus above A\$24K for 3 years



Source: LME, August 2007

Nickel Market Overview

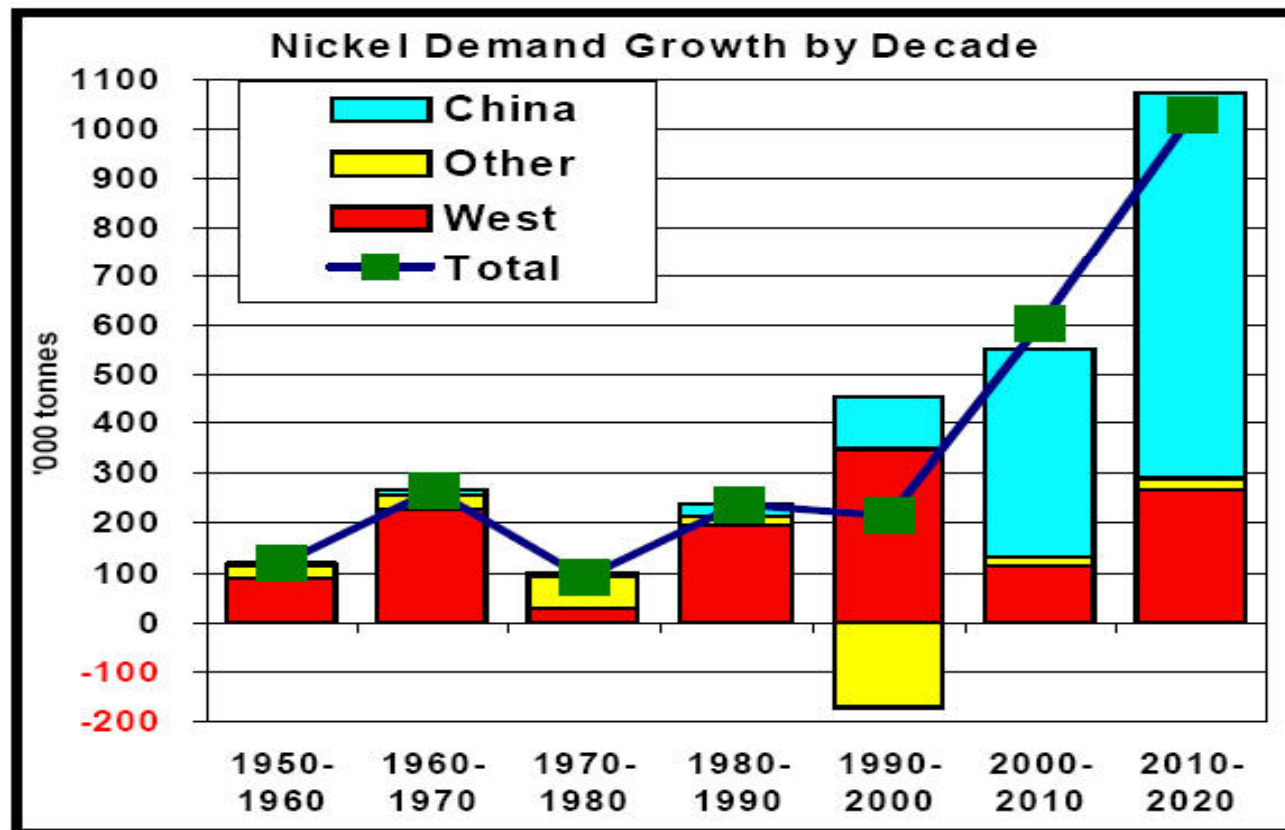
- China has gone from net exporter to importer driving consumption in 2 years
 - Now 25% of world demand
 - Still only 50% per capita of Japan
 - India 10% per capita Japan
 - China will account for 45% of world demand by 2020 plus India



Source: INSG, CRU International, Macquarie Research, August 2007

Nickel Market Overview

- Conservative demand view shows Nickel consumption increasing by 110,000 tonnes Nickel per annum to 2011
 - Estimate assumes Nickel increase at 7% per annum
 - China increased 23% p.a. from 2000 - 2006



Nickel Market Overview

POSEIDON NICKEL

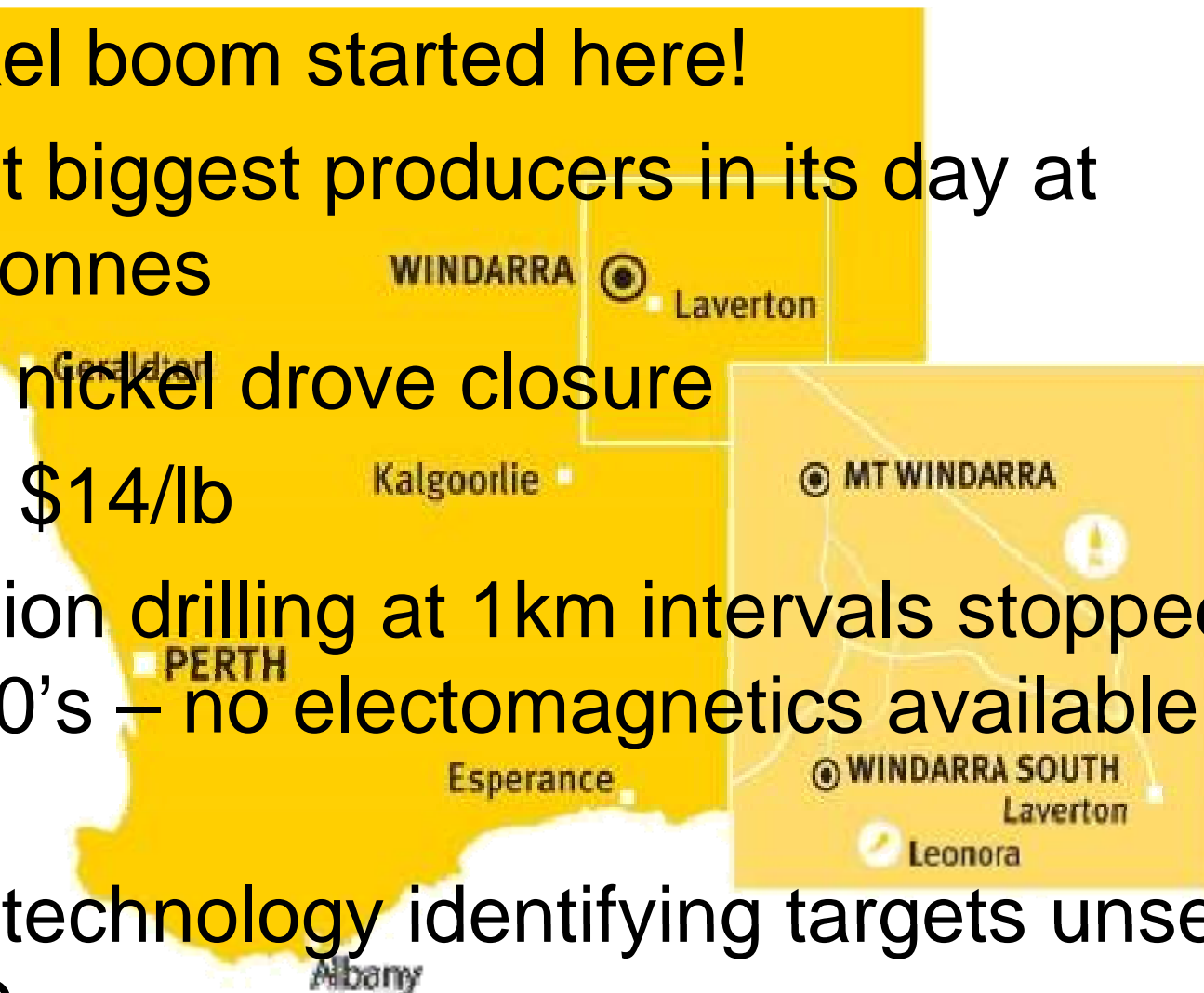
That's 3 Ravensthorpes EVERY YEAR



Windarra – Historic Nickel Producer

POSEIDON NICKEL

- WA nickel boom started here!
- Amongst biggest producers in its day at 84,000 tonnes
- \$1.80/lb nickel drove closure
 - Today \$14/lb
- Exploration drilling at 1km intervals stopped mid 1980's – no electromagnetics available then
- Modern technology identifying targets unseen by WMC



Why do we love Windarra?

POSEIDON NICKEL

- Resource now at 60,000 tonnes nickel*
- Near & surface material could add another 50,000 tonnes – process testing underway to confirm
- Ore to nickel can double in ground profitability
 - Peers profit averages 38% but no metal advantage
- Exploration Potential HUGE. 2 highly productive mines either end of 24kms of host rock
- Combination would enable a 6-7 year start up mine life reaching 20,000 tonnes p.a.
- Combined resource infers mine life many times most explorers and equal to sulphide producers

*JORC defined see Company announcement dated 13 March 2008

Where are we up to?

POSEIDON NICKEL

- Today marks a major development milestone re-entry to the mine 17 years after closure
- Removing over 1.5 million tonnes of water
- Completing Full Feasibility Study for initial 350k tonne “Fast Start” facility
- Advanced process development underway
 - Confirm flotation dynamics
 - Access surface & near surface oxidised material
 - Economic & flexible nickel metal process

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