

7 May 2008

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

Dear Sir

Re: NICKEL EXPLORATION COMMENCES AT MENZIES

We enclose herewith a copy of an announcement in relation to the above.

Yours faithfully



David P.A. Singleton
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER

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CORPORATE DIRECTORY

Director / Senior Management

David Singleton	Managing Director & 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 – MD & CEO
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Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

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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

7 May 2008

Nickel Exploration Commences at Menzies

Poseidon Nickel is pleased to announce that together with its Joint Venture partner, Proto Resources, it has commenced exploration activity at the Menzies Project in the North East Goldfields.

Drilling has today commenced on the site to follow up on the nickel mineralisation already identified and reported to the market. The Company intends to drill a minimum total of 2000 metres of Air Core holes in a grid pattern to better understand the extent of the mineralisation present. The Company will be using an XRF (X-ray Fluorescence) Niton Analyser to provide a rapid insight into the results and to guide the ongoing drilling.

In addition the initial surface exploration programme for nickel sulphide has commenced predominantly on the eastern side of the tenements. This will include surface mapping, surface sampling and Gossan searching. As previously reported, historical gold drilling identified the presence of nickel sulphides at the Cigar and Heron prospects located on the JV tenements. The tenement package at Menzies contains 23 square kilometres of ultramafic rocks and the basal contact which potentially hosts nickel sulphide mineralisation strikes for 18km within the project area.

Further information on the Menzies project can be found in Poseidon's Quarterly report for the period 31 March 2008 and available on its website.

ENDS