

29th August 2008

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

Dear Sir

Re: NICKEL SULPHIDE PROCESS CONTINUOUS PILOT TESTING GETS UNDERWAY

The ASX announcement titled "Nickel Sulphide Process Continuous Pilot Testing Gets Underway" dated 28th August, 2008 omitted a competent person's statement and resource breakdown. A modified announcement is attached.

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

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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

29th August 2008

Nickel Sulphide Process Continuous Pilot Testing gets Underway

Poseidon Nickel is pleased to announce that the first stage of its ore processing tests for the Windarra Nickel Project has been successfully completed and that the results have exceeded Poseidon's expectations. Poseidon has now committed to proceed to continuous process pilot testing starting later this month. The Company has extracted a sample of approximately 3 tonnes of fresh nickel sulphide ore from the Windarra orebody which will be processed during the test programme.

The objective of the test programme is to demonstrate the reliability and efficiency of the metallurgical processes envisaged for the Windarra Project and to show that such results can be consistently reproduced during continuous operation.

David Singleton, CEO and MD said "The pilot test programme reflects our determination to deliver a robust, well researched prefeasibility study founded on actual test results at pilot scale. Further continuous testing programmes are scheduled for September and October this year which are intended to demonstrate to a high degree of confidence the proposed process parameters."

The results of the test work will support the Project prefeasibility currently under development.

Poseidon has reviewed various test facilities available and has chosen to engage Lakefield Ore Test to carry out the pilot programme. Preparation of ore samples has begun at Lakefield's facilities in Perth. The pilot testing is expected to run for 10-14 days.

The Company is currently progressing studies into a major nickel mining operation at Windarra capable of producing in the order of 20,000 tonnes of nickel per annum. The Project currently has JORC-compliant Indicated and Inferred resources of 60,370 tonnes of contained nickel, and significant potential for further increases as exploration progresses along the previously unexplored 24kms strike length host ultramafics.

The resource statement referred to below was published on 13th March 2008 and 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.

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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.