

12 December 2008

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

Dear Sir

**Re: POSEIDON ENTERS EXCLUSIVE NEGOTIATIONS TO ACQUIRE NICKEL PROJECT**

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
Ross Kestel	Company Secretary

**Corporate Enquiries**

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**Shareholder Enquiries**

Enquiries concerning shareholdings should be addressed to:

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GPO Box D182, Perth WA 6840  
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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

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**Poseidon Enters Exclusive Negotiations to Acquire Nickel Project**

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Poseidon Nickel Limited (ASX:POS) today announced that it has entered into a period of exclusivity which may lead to the acquisition of a significant project in Western Australia. At this stage the principal terms of an acquisition have been tabled by the parties but negotiations are ongoing and incomplete. The potential acquisition will be complementary to Poseidon's cornerstone asset namely the Windarra Nickel Project in the North East Goldfields.

Poseidon recently announced at its Annual General Meeting that it is progressing the resource evaluation of its Denny Bore discovery, following the completion of a major drilling campaign completed in November of this year. At this stage Poseidon believes it is likely that a resource statement will be issued next year.

Poseidon expects to be able to update the market on the status of these activities in the next few weeks.

ENDS