

11 May 2010

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

Dear Sir

Re: POSEIDON SELLS ITS GHANA PROJECT TO HODGES RESOURCES

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
P: 61 8 9323 2000

Principal Office

Unit 8, Churchill Court
331-335 Hay Street
SUBIACO WA 6008
P: 61 8 9382 8799
F: 61 8 9382 4760

Registered Office

Level 2, Spectrum
100 Railway Road
SUBIACO WA 6008
P: 61 8 9367 8133
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Media Enquiries

Mr Paul Downie
FD Third Person
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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

11 May 2010

POSEIDON SELLS ITS GHANA PROJECT TO HODGES RESOURCES

- **Poseidon has agreed to sell its greenfields gold project in Ghana to Hodges Resources**
- **Consideration is A\$750,000 plus 1.25m shares in Hodges Resources**
- **Should Hodges Resources identify a JORC compliant resource of 400,000 gold ounces, Poseidon will have the option to buy back into the project or receive an additional cash and share consideration**

Poseidon Nickel Limited (POS:ASX) is pleased to announce that it has reached an agreement to sell its shares and interests in the Salman South and Mame gold prospects located in Southern Ghana.

As consideration for the acquisition, Hodges will pay \$750,000 and issue 1,250,000 Ordinary Shares. The agreement is contingent on Poseidon obtaining approval of the relevant Minister of the Government of the Republic of Ghana to transfer the Prospecting Licence to Niagara Wells Mining Company Limited ("Niagara") (see below).

Under the terms of the Agreement, Poseidon has an election to buy-back a 30% interest in the Project, at market value, upon Hodges defining a JORC compliant 400,000 ounce gold resource. In the event that Poseidon does not make such an election, Hodges will pay a final payment of \$500,000 and issue a further 500,000 Ordinary Shares.

Poseidon CEO David Singleton said: "Our core Windarra Project has proven to be highly prospective with one new discovery ore body and five additional high quality zones to drill. We have determined that concentrating our exploration monies on this project is likely to yield the best results for our shareholders."

Hodges will acquire 100% of the issued capital in Wells Gold Corporation (International) Limited, including all rights and interests in the Salman South and Mame prospects.

Wells Gold Corporation (International) Pty Ltd ("Wells") is a 100% owned subsidiary of Poseidon Nickel Limited. Well's owns 90% of the subsidiary Company, Niagara, which in turn owns the rights to 80% ownership in the prospect licenses. The remaining 20% is split between the Ghanaian Government and Sanu Resources.

Niagara is party to a farm-in joint venture agreement whereby Niagara has earned an 80% right to Prospecting Licence 25639 – the "Salman South and Mame" Gold Projects located in the East Nzema District of south west Ghana.