

1st July 2010

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

Dear Sir

Re: Poseidon Commences Exploration Activity at the Newly Identified Windarra Nickel Targets

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

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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

1 July 2010

Poseidon Commences Exploration Activity at the Newly Identified Windarra Nickel Targets

Poseidon Nickel Limited (ASX:POS) ("Poseidon") will soon commence formal exploration activity at its 100%-owned Windarra Nickel Project to develop the newly identified and highly prospective lava channels as announced last month.

The Company will, over the next 4 weeks, conduct detailed localised electromagnetic testing of the seven lava channels at surface to determine the drilling priorities. The lava channels are situated between the Cerberus deposit and the historic underground mine at Mt Windarra.

Poseidon Managing Director, Mr David Singleton, said the identification of the lava channels and the decision to commence localised exploration recognised the Company's confidence and continuing commitment to Windarra.

"Early indications show potential for additional sulphide resources within the lava channels between Cerberus and Windarra. We are seeking to expose a significant and previously unidentified resource within the Windarra Project" Mr Singleton said.

Windarra is located 250km north west of Kalgoorlie, Western Australia and is one of the largest undeveloped nickel sulphide projects in Australia.

Previous wide area electromagnetics have identified signals in the areas of the lava channels but the presence of highly conductive banded iron formations within a few metres of the lava channels has partly obscured the results. The purpose of the new electromagnetic campaign is to attempt to better discriminate the presence of a conducting nickel sulphide body now that the potential positions are better understood.

The electromagnetics will also give an insight into the dip angles of the lava channels which will help to more accurately target the drilling programme.

Lava channels are believed to be fundamental sources for large scale nickel sulphide deposits in this area. The primary focus of the drilling program is to drill several of the lava channels in conjunction with the use of Down Hole Electromagnetics (DHEM) to determine if nickel sulphides indeed exist in the channels.

Drilling Contractor

Poseidon has contracted Apex Drilling for the upcoming drilling programme at Windarra. The drilling campaign is anticipated to commence by early August 2010 and will include a mix of reverse circulation and diamond core drilling. The drilling program is currently planned for a minimum of 4,000 metres.