

26 August 2010

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

Dear Sir

Re: SUCCESSFUL COMPLETION OF ELECTROMAGNETICS

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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Shareholder Enquiries

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Registered Office

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Media Enquiries

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Home Exchange

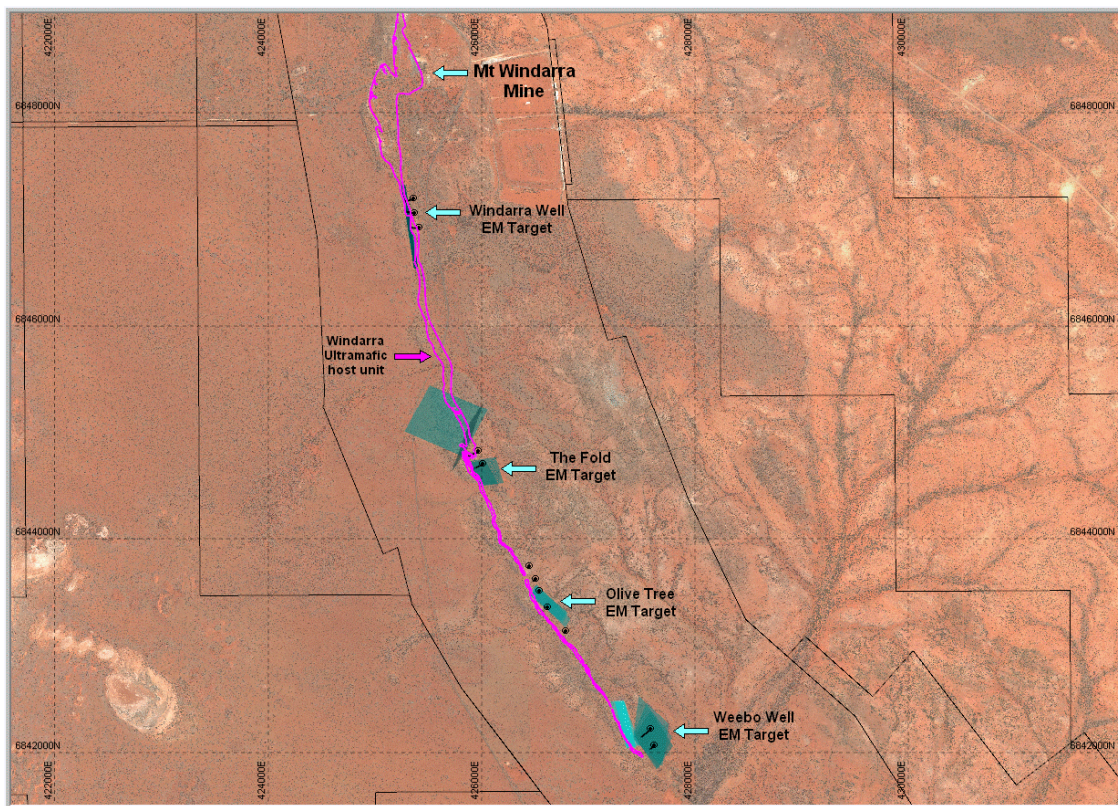
The Company's shares are listed
on the Australian Stock Exchange
and the home exchange is Perth
ASX code: POS

ASX Announcement

26 August 2010

Successful Completion of Windarra Electromagnetics

Poseidon Nickel is pleased to announce the results of the first stage of its current drilling programme at Windarra. As previously announced, Poseidon has identified 7 lava channel positions between the Mt Windarra and Cerberus channels, both of which contain massive sulphide ore bodies. Poseidon has now completed the preparatory surface electromagnetics which have revealed important sub-surface anomalies interpreted as lying inside the identified channels. Electromagnetics coupled with understanding of the lava channel geology led to the discovery of the Cerberus ore body at Windarra. Drilling at Windarra is now underway.



Aerial photo of the Windarra Nickel Project showing EM plates with planned drill hole positions at prospective targets.

RC drilling of the generated Fixed Loop Electro Magnetics (FLEM) anomalies has commenced by drilling pre-collars through the overlying rock units in preparation for diamond drill tails which will test the target zones and FLEM anomalies. The diamond tails will provide more valuable geological information than the RC alone and will also provide platforms for Down Hole Electro-Magnetics (DHEM) surveying. DHEM is a modern and powerful tool which was unavailable to previous explorers at Windarra and thereby severely restricted the potential to identify sub-surface anomalies.

A deep penetrating SQUID (Superconducting Quantum Interference Device) FLEM survey was completed over four of Poseidon’s seven identified lava channel target areas. The four survey areas were identified as prospective for potential nickel sulphide mineralisation based on geochemical results received earlier in the year and field mapping of the northern outcropping portion of the Windarra Ultramafic Belt.

The SQUID survey was successful in identifying electro-magnetic plates above the main BIF source. These plates are interpreted to be located in the down dip positions of the identified lava channels and have the potential to be associated with nickel sulphide mineralisation.

Windarra Nickel Project Sulphides	Resource Category								
	Indicated			Inferred			TOTAL		
	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Total Sulphide	1,837,755	1.20	22,012	3,866,819	1.95	75,318	5,704,574	1.71	97,331

Note: The information in this report relates to Exploration Results and Mineral Resources based on information compiled by Mr N Hutchison who is a Member 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.