

28th September 2011

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

Dear Sir

Re: POSEIDON ACQUIRES NEW TENEMENT RIGHTS

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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Principal Office

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SUBIACO WA 6008
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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 Securities Exchange
and the home exchange is Perth
ASX code: POS

ASX Announcement

28th September 2011

Poseidon Acquires New Tenement Rights

Poseidon Nickel is pleased to announce that it has entered into an earn-in agreement with Magma Metals Limited (Magma) for nickel, copper and PGE rights to a large tenement package adjoining its Windarra Nickel Project in the West Australian Goldfields. The new tenements cover 203km² and include:

- tenements adjoining the Cerberus high grade nickel deposit which could include potential extensions to currently known mineralisation;
- tenements to the south east which Poseidon believes could be host at shallow depth to the South Windarra mine channel extension. Poseidon has previously advised that it has evidence from soil sampling and seismic work completed recently of the channel position and intends to commence exploration in this area; and
- a distinct parallel trending and geologically similar ultramafic to the highly productive Windarra ultramafic. The Red Flag ultramafic has had limited nickel exploration to date.

The combined tenements cover 443km² of ground, giving Poseidon access to almost the entire lengths of the prospective Windarra Ultramafic belt and the parallel Red Flag Ultramafic belt. This important addition to the Windarra Nickel Project gives Poseidon access to a strike length of 63km (previously 24km) of nickel prospective ultramafic rocks. Most importantly, Poseidon has access to the tenure immediately south and east of the Cerberus deposit as well as to the east of the South Windarra mine. Poseidon geologists are confident that Cerberus has the potential to deliver parallel mineralisation which may extend into, or be contained within, the tenements surrounding Cerberus that Poseidon is proposing to earn into. In addition, 3D modelling of the South Windarra mineralisation by the company's geologists indicates the system trends eastwards towards this newly acquired tenure. The Company can now explore the known mineralised trends more efficiently and not be limited by tenement boundaries.

An extensive LANDTEM geophysical survey which was previously completed over the Red Flag Ultramafic unit has generated numerous electro-magnetic conductors, potentially reflecting nickel sulphide mineralisation. Limited testing of the targets leaves a great opportunity for Poseidon to apply its experience in nickel exploration to unlock the potential of the largely unexplored Red Flag Ultramafics.

The nickel, copper and PGE rights on the tenements are currently held by Magma under a concurrent rights agreement with Crescent Gold Limited (**Crescent**), the tenement holder. The outline terms of the earn-in agreement are as follows:

- the Agreement is subject to a number of conditions, including Poseidon completing satisfactory due diligence and execution of a formal farm-in and joint venture agreement. The conditions must be satisfied or waived within 40 business days of the agreement being executed;
- from completion, Poseidon has an exclusive right to earn a 60% interest in the nickel, copper and PGE rights to the tenements during the 3 year earn in period for an expenditure of \$3,000,000.

- Magma will, following Poseidon earning a 60% interest and issuing a technical report, have the right to make an election to either contribute its share to further exploration expenditure or assign a further 20% interest (80% in total) to Poseidon;
- following the completion of a feasibility study on any project on the tenements and if a decision to mine is made, Magma may elect to assign its remaining 20% share to Poseidon in exchange for a 2.5% net smelter royalty. If Magma fails to make such an election, it will be required to enter a formal production JV agreement and be liable for its share of production expenditure; and
- Poseidon will have a first right to toll treatment or offtake of any nickel, copper or PGE ore produced, under the agreement, from the tenements.

Poseidon CEO and Managing Director, David Singleton, said “The Windarra tenements have already yielded a 110,000 tonne nickel resource, a brand new nickel ore body and a number of other exploration targets. The acquisition of nickel, copper and PGE rights to the new tenements will nearly double our exploration area and crucially include areas which may cover potential extensions to the Cerberus and South Windarra ore zones. In addition, the Red Flag ultramafic represents a new exploration zone with seemingly similar characteristics to the Windarra ultramafic.”

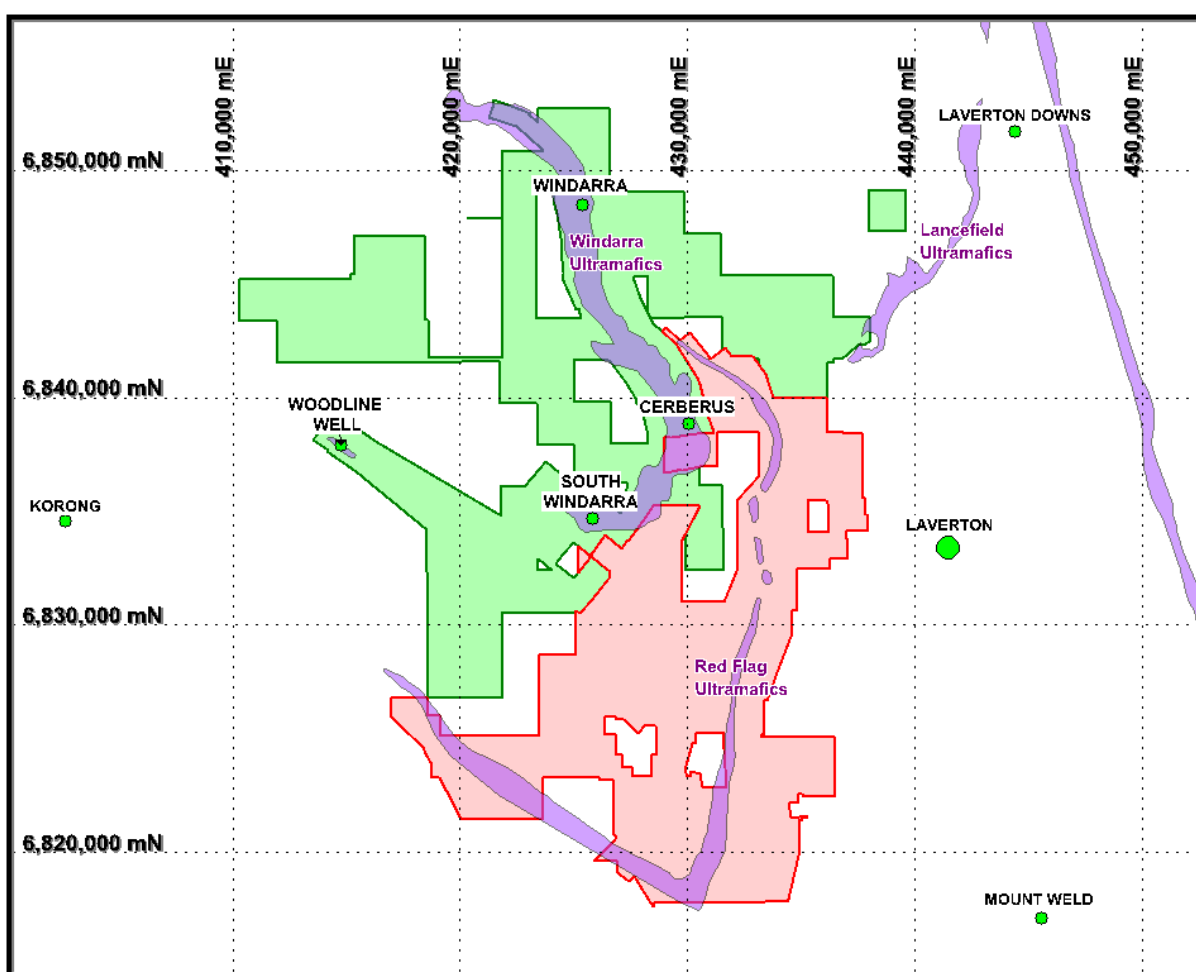


Figure 1: Laverton regional map showing Poseidon Nickel's existing tenure in green and the new Magma Metals JV tenure in red. The tenements cover the Windarra and Red Flag ultramafic belts.

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 and Mr I Glacken who is a Fellow of the Australasian Institute of Mining and Metallurgy as well as a full time employee of Optiro Pty Ltd. Mr Hutchison and Mr Glacken both have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are 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.' Mr Hutchison and Mr Glacken have 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 Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

Windarra Nickel Project Sulphides	Cut Off Grade	Resource Category								
		Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Mt Windarra	0.75%	910,000	1.24	11,300	2,955,000	1.72	50,900	3,865,000	1.61	62,200
South Windarra	0.90%	820,326	1.15	9,434	82,404	1.05	864	902,730	1.14	10,300
Cerberus	1.25%	756,360	1.62	12,264	1,092,500	2.35	25,707	1,848,816	2.05	37,970
Total Sulphide		2,486,686	1.33	32,998	4,129,904	1.88	77,471	6,616,546	1.67	110,470