Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity	Poseidon Nickel Limited
ACN	060 525 206

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	Class of securities issued or to be issued	Shares; and Performance Rights
2	Number of securities issued or to be issued (if known) or maximum number which may be issued	25,424,841; and 3,297,983
3	Principal terms of the securities (e.g. if options, exercise price and expiry date; if partly paid securities, the amount outstanding and due dates for payment; if convertible securities, the conversion price and dates for conversion)	<u>Shares</u> Fully paid ordinary shares <u>Performance Rights</u> Each Right converts to one (1) fully paid Ordinary Share and are immediately exercisable.
4	Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities? If the additional securities do not rank equally, please state: • the date from which they do; • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	<u>Shares</u> Yes, the fully paid Ordinary Shares issued rank equally with the existing class of listed shares on issue. <u>Performance Rights</u> The Unlisted Performance Rights rank equally with the existing unlisted class of Performance Rights. Upon vesting of the Rights and conversion to fully paid Ordinary Shares, the Issued Shares will rank equally in all respects with an existing class of quoted Securities.
5	Issue price or consideration	<u>Shares</u> Deemed issue price of $0.0472 being the five (5) day VWAP as at the close of trade on 29 December 2017. <u>1,749,612 Performance rights</u> Deemed issue price of $0.0425 being the VWAP for the December 2017 quarter <u>1,548,371 Performance Rights</u> Deemed issue prices being the VWAP for the months of October to December 2017 (0.0289, $0.0476 and $0.0407)

03/01/2018

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	5,424,841 Shares Issue of Shares in satisfaction of a cash payment for the December 2017 quarter interest due and payable on the Convertible Note 20,000,000 Shares Placement of Shares to professional and sophisticated investor clients of Pershing Australia Nominees Pty Ltd. Funds raised will be applied to working capital and progressing gold and lithium activities. 1,749,612 Unlisted Performance Rights Issued under the terms of the Director Fees Performance Rights Plan in satisfaction of December 2017 quarter Director Fees as approved by Shareholders on 9 November 2017. 1,548,371 Unlisted Performance Rights Issue of Performance Rights under the Director Fees Performance Rights Plan to Mr Christopher Indermaur in satisfaction of Fees for additional part time duties in the absence of a CEO for December 2017 quarter as approved by Shareholders on 9 November 2017.
6a	Is the entity an eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h *in relation to the* $^+$*securities the subject of* *this Appendix 3B*, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	9 November 2017 Annual General Meeting
6c	Number of securities issued without security holder approval under rule 7.1	25,424,841 Shares
6d	Number of securities issued with security holder approval under rule 7.1A	Nil
6e	Number of $^+$securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	3,297,983 Unlisted Performance Rights 9 November 2017
6f	Number of securities issued under an exception in rule 7.2	Nil
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	Not Applicable

6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not Applicable		

6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<u>Remaining Issue Capacity under rule 7.1</u> 82,335,906 Securities (Refer to Annexure 1) <u>Remaining Issue Capacity under rule 7.1A</u> 48,452,112 Shares (Refer to Annexure 1)

7	Issue dates	03 January 2018

8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	1,100,551,538	Fully paid Ordinary Shares

9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	25,377,838	Unlisted Director Performance Rights
		277,421,093	30 September 2020 USD$17.5 unsecured Note convertible at $0.09
		46,354	16 December 2022 Short Term Incentive Rights
		2,026,759	16 December 2022 Long Term Incentive Rights
		5,635,245	21 October 2023 Long Term Incentive Rights
		19,319,884	17 July 2024 Short Term Incentive Rights
		18,209,795	17 July 2024 Long Term Incentive Rights

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable

Part 2 - Bonus issue or pro rata issue

Questions 11 to 33 are not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34   Type of securities
     (*tick one*)

(a)   [√]   **25,424,841 Shares** only as described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Questions 35 to 42 not applicable

Quotation agreement

1   ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion.   ASX may quote the ⁺securities on any conditions it decides.

2   We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those ⁺securities should not be granted ⁺quotation.

- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.

- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3   We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4   We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: _____   Date: 03 January 2018

Print name: **Eryn Kestel**
            Company Secretary

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for ⁺eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	985,071,647
Add the following: • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period *Note:* • *Include only ordinary securities here – other classes of equity securities cannot be added* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	N/A
"A"	985,071,647

Step 2: Calculate 15% of "A"	
"B"	0.15 *[Note: this value cannot be changed]*
Multiply "A" by 0.15	**147,760,747**

Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period *not counting* those issued:	65,424,841
• Under an exception in rule 7.2	-
• Under rule 7.1A	-
• With security holder approval under rule 7.1 or rule 7.4	-
Note: • *This applies to equity securities, unless specifically excluded – not just ordinary securities* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	
"C"	**65,424,841**

Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 *Note: number must be same as shown in Step 2*	147,760,747
Subtract "C" *Note: number must be same as shown in Step 3*	65,424,841
Total ["A" x 0.15] – "C"	*82,335,906* *[Note: this is the remaining placement capacity under rule 7.1]*

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
"A" *Note: number must be same as shown in Step 1 of Part 1*	985,071,647
Step 2: Calculate 10% of "A"	
"D"	0.10 *Note: this value cannot be changed*
Multiply "A" by 0.10	**98,507,165**

Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A *Notes:* • *This applies to equity securities – not just ordinary securities* • *Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed* • *Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained* • *It may be useful to set out issues of securities on different dates as separate line items*	50,055,053
"E"	**50,055,053**

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 *Note: number must be same as shown in Step 2*	**98,507,165**
Subtract "E" *Note: number must be same as shown in Step 3*	50,055,053
Total ["A" x 0.10] – "E"	**48,452,112** *Note: this is the remaining placement capacity under rule 7.1A*