

Chris Indermaur
Director
23 August 2018

POSEIDON NICKEL LIMITED

ACN 060 525 206

ENTITLEMENT ISSUE PROSPECTUS

For a renounceable entitlement issue of 11 Shares for every 10 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.05 per Share to raise approximately \$68,771,552 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by Petra Capital Pty Ltd (AFSL 317944) (**Underwriter** or **Petra Capital**). The Underwriter has entered into a sub-underwriting agreement in respect of 100% of the Offer with Squadron Resources Pty Ltd (**Squadron Resources**). Refer to Sections 3.6, 3.7, and 9.1 for details regarding the terms and effects of the underwriting and sub-underwriting.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Chris Indermaur
Non-Executive Chairman

David Singleton
Non-Executive Director

Geoff Brayshaw
Non-Executive Director

Robert Dennis
Chief Executive Officer

Company Secretary

Eryn Kestel

ASX Code

POS

Registered Office

Unit 8, Churchill Court
331 – 335 Hay Street
Subiaco WA 6008

Telephone: + 61 8 6167 6600
Facsimile: +61 8 6167 6649

Website: www.poseidon-nickel.com.au

Underwriter

Petra Capital Pty Ltd (AFSL 317944)
17-14 Martin Place
Sydney NSW 2000

Share Registry*

Computershare Investor Services Pty
Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone: 1300 850 505 (within Australia)
International: +61 8 9323 2000

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Auditor

KPMG
235 St George's Terrace
Perth WA 6000

*This entity is included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	23 August 2018
Lodgement of Prospectus & Appendix 3B with ASX	23 August 2018
Notice sent to Shareholders	27 August 2018
Ex-date	28 August 2018
Rights start trading	28 August 2018
Placement Shares and Performance Rights Shares issued	28 August 2018
Record Date for determining Entitlements	29 August 2018
Prospectus sent out to Shareholders and Opening Date of Offer	31 August 2018
Rights stop trading	5 September 2018
Shares quoted on a deferred settlement basis	6 September 2018
Last day to extend the Closing Date	7 September 2018
Closing Date*	12 September 2018
ASX notified of under subscriptions	17 September 2018
Issue date / Shares entered into Shareholders' security holdings	19 September 2018
Quotation of Shares issued under the Offer	20 September 2018

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTICES

This Prospectus is dated 23 August 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus is also being issued to remove any secondary trading restrictions that may attach to Shares issued by the Company prior to the Closing Date, in accordance with section 708A(11) of the Corporations Act. Specifically, this includes:

- (a) a total of 116,777,000 Shares to be issued pursuant to the Placement; and
- (b) a total of 19,053,182 Shares to be issued upon conversion of performance rights held by Director, Chris Indermaur (**Performance Rights Shares**).

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. **The key risk factors of which investors should be aware are set out in Section 8.** These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

Some of the Company's key risks include:

- (a) Recommissioning;

- (b) Underwriting Agreement;
- (c) Going Concern;
- (d) Fluctuations in Metal Prices; and
- (e) Future Funding Risks.

Refer to Section 8 for full details.

3.2 Directors' interests in Securities

The relevant interest of each of the Directors in the securities of the Company as at the Record Date, together with their respective Entitlement, is set out in the table below.

Director ²	Shares	Performance Rights	Offer Entitlement	\$
Chris Indermaur	24,196,637 ¹	Nil	26,616,300	\$1,330,815
David Singleton	8,970,000	3,706,041	9,867,000	\$493,350
Geoff Brayshaw	3,984,671	4,881,546	4,383,138	\$219,157
Robert Dennis	3,714,245	4,216,012	4,085,669	\$204,283
TOTAL	40,865,553	12,803,599	44,952,107	\$2,247,605

Notes:

1. Includes 19,053,182 Shares intended to be issued to Mr Indermaur on conversion of Performance Rights. Mr Indermaur has confirmed his present intention to convert the Performance Rights Shares prior to the Record Date.
2. Other than Mr Indermaur (whose present intentions are detailed in footnote 1 above), the Directors reserve the right to convert their respective performance rights (in whole or in part) into Shares following the date of this Prospectus.
3. Refer to the Appendix 3Y for each Director for further details with respect to their relevant interest in the securities of the Company.

The Board recommends all Shareholders take up their Entitlement and advises that all directors presently intend to take up their full Entitlement.

3.3 Substantial Holders

The Company is aware that as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Holder	Shares	Performance Rights	Convertible Notes	Voting Power (%) ²
Squadron Resources ⁵	139,425,240 ¹	Nil	Nil	12.51%
Black Mountain ⁴	84,986,534	Nil	1	7.63%

Following the issue of the Placement Shares and Performance Rights Shares, those persons which (together with their associates) will have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Holder	Shares	Performance Rights	Convertible Notes	Voting Power (%) ³
Squadron Resources ⁵	225,202,240 ¹	Nil	Nil	18.01%
Black Mountain ⁴	114,986,534	Nil	1	9.20%

Notes:

1. Comprising Shares held by Squadron Resources and its associates.
2. This voting power is based on 1,114,561,668 Shares on issue as at the date of this Prospectus, which excludes the Shares to be issued pursuant to the Placement and on conversion of Mr Indermaur's performance rights.
3. This voting power is based on 1,250,391,850 Shares on issue following the issue of the Placement Shares and Performance Rights Shares.
4. Black Mountain has not indicated its intention with respect to its Entitlement (including with respect to the additional 30,000,000 Shares to be issued to Black Mountain pursuant to the Placement).
5. Squadron Resources and its associates have agreed to take up their full Entitlements under the Offer.

In the event that all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

The effect on the control of the Company in the event that Shareholders do not participate in the Offer is further described in Section 3.4 below.

3.4 Effect on control of the Company

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 52.38% (as compared to their holdings and number of Shares on issue as at the Record Date). Examples of how the dilution may impact Shareholders assuming no performance rights are converted is set out in the table below:

Holder	Holding as at Record date	% at Record Date ¹	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer ²
Shareholder 1	50,000,000	4.00%	65,000,000	50,000,000	1.90%
Shareholder 2	10,000,000	0.80%	13,000,000	10,000,000	0.38%
Shareholder 3	5,000,000	0.40%	6,500,000	5,000,000	0.19%
Shareholder 4	1,500,000	0.12%	1,950,000	1,500,000	0.06%
Shareholder 5	400,000	0.03%	520,000	400,000	0.02%

Notes:

1. This voting power is based on 1,250,391,850 Shares on issue following the issue of the Placement Shares and Performance Rights Shares.
2. This voting power is based on 2,625,882,884 Shares on issue following completion of the Offer.

The effect on the control of the Company and in particular the sub-underwriter's shareholding in the event that Shareholders do not participate in the Offer is further described in Section 3.6.

3.5 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer pursuant to this Prospectus and will remain open for up to three months following the Closing Date.

Eligible Shareholders may apply for Shares under the Shortfall Offer (**Shortfall Shares**) subject to such applications being received by the Closing Date. The issue price for each Shortfall Share shall be \$0.05 being the price at which Shares have been offered under the Offer.

Allocation of the Shortfall Shares will be at the discretion of the Board in conjunction with the Underwriter and will otherwise be subject to the terms of the Underwriting Agreement and sub-underwriting agreement, as detailed in Section 3.6 below. The Shortfall Shares will be allocated among applying Eligible Shareholders in accordance with their proportionate shareholding in the Company.

The Company notes that no Shares will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the Shortfall Offer to any related parties of the Company.

3.6 Underwriting and Sub-Underwriting

The Offer is fully underwritten by Petra Capital. Refer to Section 9.1 for a summary of the terms of the underwriting.

The Underwriter has entered into a sub-underwriting agreement in respect of 100% of the Offer with Squadron Resources. To the extent that Squadron Resources and its associates) will hold Shares in the Company at the Record Date (refer to Section 3.3 above), Squadron Resources and its associates have agreed to take up their Entitlements. Further information about Squadron Resources and the control effects of its sub-underwriting of the Offer are set out in Section 3.7. Under the terms of the underwriting, any Shortfall Shares will be allocated as follows:

- (a) Shortfall Shares may be subscribed for by Eligible Shareholders subject to such applications being received prior to the Closing Date. The allocation of the Shortfall Shares will be at the discretion of the Board and the Underwriter. The Board and the Underwriter do not intend to refuse an application for Shortfall Shares from Eligible Shareholders other than in circumstances of oversubscription or where acceptance may result in a breach of the Corporations Act or where the Board, acting in good faith, determines that such an allocation would not be in the interests of all Shareholders. The Shortfall Shares will be allocated among applying Eligible Shareholders in accordance with their proportionate shareholdings in the Company.
- (b) As soon as practicable after the Closing Date, following any allocation of Shortfall Shares pursuant to paragraph (a) above, the Company and the Underwriter will seek to procure the placement of any remaining Shortfall Shares to sophisticated and/or professional investors (**Shortfall Bookbuild**). The Shortfall Bookbuild will be offered at the same price as the Offer. No Shares under the Shortfall Bookbuild will be issued to Squadron Resources (or its associates) or any related parties of the Company.

- (c) In the event that there are any Shortfall Shares remaining after the allocation referred to in paragraphs (a) and (b) above, any remaining Shortfall Shares will be allocated to Squadron Resources, as sub-underwriter to the Offer.

The Company has agreed to pay the Underwriter:

- (a) in respect of the Placement, a management fee of 1% of the underwritten amount (being \$58,389); and
- (b) in respect of the Offer, an underwriting commission of 1% of the underwritten amount (being \$687,716) and 4% of the sub-underwritten amount (being \$2,750,862, which the Underwriter will pay to Squadron Resources in consideration for sub-underwriting 100% of the Offer).

3.7 Effect on control of the Company

The Underwriter is not presently a shareholder of the Company and is not a related party of the Company for the purpose of the Corporations Act.

The Underwriter has entered into a sub-underwriting agreement with Squadron Resources in respect of 100% of the Offer.

The relevant interest of Squadron Resources (and its associates) in the Company as at the date of the Prospectus is set out in Section 3.3. Squadron Resources (together with its associates) will hold 225,202,240 Shares on the Record Date following the issue of 85,777,000 Shares pursuant to the Placement. Squadron Resources is not a related party of the Company for the purpose of the Corporations Act.

The table below sets out Squadron Resources' voting power in the Company as at the Record Date and the potential increase to its voting power under several scenarios relating to the percentage acceptance of Entitlements under the Offer.

Event	Number of Shares held by Squadron Resources and its associates ¹	Voting power of Squadron Resources ¹
As at the Record Date	225,202,240	18.01%
75% take up from Eligible Shareholders (excluding Squadron Resources and associates)	754,851,847	28.75%
50% take up from Eligible Shareholders (excluding Squadron Resources and associates)	1,036,778,989	39.48%
25% take up from Eligible Shareholders (excluding Squadron Resources and associates)	1,318,706,132	50.22%
0% take up from Eligible Shareholders (excluding Squadron Resources and associates) ²	1,600,633,274	60.96%

Notes:

1. Based on a total of 1,250,391,850 Shares on issue following the issue of the Placement Shares and Performance Rights Shares and 2,625,822,884 Shares on issue following completion of the Offer (including the issue of the Placement Shares and Performance Rights Shares).
2. The Company considers this to be an unlikely scenario on the basis that:
 - a. the Directors have confirmed their present intentions to take up their full Entitlements (refer to Section 3.2), including Mr Indermaur in respect of an additional 19,053,182 Shares to be issued to him upon conversion performance rights prior to the Record Date (equating to a further Entitlement of 20,958,500 Shares); and
 - b. the Company has in place a dispersion policy for Shortfall Shares (refer to Sections 3.5 and 3.6).

The number of Shares held by Squadron Resources (and its associates) and Squadron Resources' voting power in the table above show the potential effect of Squadron Resources sub-underwriting the Offer. The sub-underwriting obligation and therefore voting power of Squadron Resources will reduce for the amount of Entitlements accepted under the Offer and Shortfall Shares allocated to parties other than Squadron Resources.

Squadron Resources is a proudly Australian company focused on exploration and development projects in the natural resources sector. Its mission is to develop the next generation of world-class natural resources projects.

Notwithstanding the potential control effect of Squadron Resources sub-underwriting the Offer, the Company understands that, other than as disclosed in this Prospectus and previously announced by the Company, Squadron Resources and its associates:

- (a) have no present intention of making any significant changes to the business of the Company or its board of Directors;
- (b) will consider participating in further capital raisings of the Company to maintain their shareholding interest;
- (c) have no present intention of making changes regarding the future employment of the present employees of the Company (with future changes, if any, to be made in consultation with the Company's management team);
- (d) have no present intention to redeploy any fixed assets of the Company;
- (e) have no present intention to transfer any property between the Company and any other entity; and
- (f) have no present intention to change the Company's existing policies in relation to financial matters or dividends.

These present intentions are based on information concerning the Company, its business and the business environment which is known to Squadron Resources at the date of this Prospectus.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

3.8 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three month and 6 month periods immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	Last 3 months ¹		Last 6 months	
	(\$)	Date	(\$)	Date
Highest	0.059	17 and 20 Aug 2018	0.059	17 and 20 Aug 2018
Lowest	0.037	3-6, 9-13 and 16-18 Jul 2018	0.036	9 Mar 2018
Last	0.056	22 Aug 2018	0.056	22 Aug 2018

¹ The Company was suspended from trading from 22 March to 18 July 2018. Further, the Company's securities were placed in a trading halt from 16 August 2018 to 23 August 2018. The last 3 months trading data therefore includes a total of 20 trading days.

3.9 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8.

4. CHAIRMAN'S LETTER

The Company has previously announced an intention to commit to a re-start process at its Silver Swan and Black Swan operations. This decision is based on a firming nickel price, falling stock levels and a fundamental change in demand for the potential use of nickel product in batteries.

The strategy of the Company has been to accumulate nickel assets, economically maintain the assets in good standing and await an anticipated recovery in the nickel price. The Company has gathered a suite of projects which are strategically located and offer near term production opportunities with an anticipated and positive swing in nickel demand.

Subject to successful completion of the Offer, the Company plans to initially recommission the Black Swan site just North of Kalgoorlie, including the Silver Swan underground mine, Black Swan open pit and concentrator. It is proposed that the Black Swan plant will also utilise previously mined ore stockpiled on the site.

It is currently anticipated that this work will take approximately 12 months to complete. Subject to a successful restart program, the Company intends to restart its Windarra and Lake Johnston nickel operations utilising cash flow from the Silver Swan and Black Swan operations.

Exploration drilling will also continue to augment existing resource inventory and potentially create longevity to the intended operations at Silver Swan and Black Swan.

To fund the restart of operations, the Company is seeking to raise approximately \$5.8 million through a placement of Shares at \$0.05 per Shares and approximately \$68.8 million under a fully underwritten renounceable rights issue of 11 new Shares at \$0.05 for each 10 Shares held by Eligible Shareholders at the Record Date.

Further details regarding the Offer, the proposed use of funds and the risks of investing are detailed in the Prospectus.

Each of the Directors presently intend to take up their respective Entitlements under the Offer.

The Board has considered a number of alternate transaction proposals and believe the completion of the Offer (on the terms proposed) and a restart of operations represents the best outcome for Poseidon stakeholders.

I recommend the Offer to you.

Yours faithfully

Mr Chris Indermaur
Non-Executive Chairman
POSEIDON NICKEL LIMITED

5. DETAILS OF THE OFFER

5.1 General Background

The Company is seeking to raise a total of approximately \$74.6 million to fund a restart process of its Silver Swan and Black Swan Operations, by way of:

- (a) a placement of 116,777,000 Shares at an issue price of \$0.05 per Share (**Placement Shares**) to sophisticated and professional investors (including Squadron Resources) to raise \$5.8 million (**Placement**); and
- (b) a fully underwritten, renounceable entitlement issue of 11 new Shares for every 10 Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.05 per Share to raise approximately \$68.8 million before costs.

The Placement Shares will be issued prior to the Record Date (in accordance with the timetable set out in Section 2) under the Company's available placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A.

Investors should note that the Company was suspended from official quotation on the ASX from 22 March 2018 to 19 July 2018. On 18 July 2018 the Company advised that it was successful in its Federal Court proceedings for validation orders in relation to secondary trading in Shares previously issued by the Company. Following conclusion of the Federal Court proceedings, the Company's securities were reinstated to trading on the official list of ASX from 19 July 2018.

5.2 The Offer

The Offer is being made as a renounceable entitlement issue of 11 Shares for every 10 Shares held by Shareholders registered at the Record Date at an issue price of \$0.05 per Share. Fractional entitlements will be rounded down to the nearest whole number.

Based on the anticipated capital structure of the Company as at the Record Date (which includes the issue of the Placement Shares and Performance Rights Shares), a maximum of 1,375,431,034 Shares will be issued pursuant to this Offer to raise up to approximately \$68.8 million (subject to rounding).

As at the date of this Prospectus, the Company has 77,094,818 incentive and performance rights on issue (of which 40,609,789 incentive rights will be cancelled and 19,053,182 performance rights will be converted into Shares prior to the Record Date) and one unsecured convertible note on issue. Refer to Section 6.4 for further details in relation to these securities.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 6.1.

5.3 Minimum subscription

As the Offer is fully underwritten, the minimum subscription under the Entitlement Offer is the full subscription.

5.4 What Eligible Shareholders may do

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to Section 5.5);
- (a) take up all of their Entitlement and apply for additional Shares under the Shortfall Offer (refer to Section 5.6);
- (b) sell all of their Entitlement on ASX (refer to Section 5.7);
- (c) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 5.8);
- (d) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 5.9);
- (e) sell all or a proportion of their Entitlement other than on ASX (refer to Section 5.10); or
- (f) allow all or part of their Entitlement to lapse (refer to Section 5.11).

5.5 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Poseidon Nickel Limited" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry (by delivery or by post) to the address specified on the Entitlement and Acceptance Form. You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for your Application Monies is insufficient to pay in full for the number of New Shares for which you have applied in your Application Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for. Alternatively, your application may not be accepted.

If you wish to pay via BPAY® you must follow the instructions in your personalised Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Reference Number (Ref No) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in Section 5.12. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the

Ref No specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Ref No for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (AEST) on the Closing Date.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

5.6 Taking up all of your Entitlement and applying for Shares under the Shortfall Offer

Should you wish to accept all of your Entitlement and apply for additional Shares under the Shortfall Offer, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

5.7 Selling all your Entitlement on ASX

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 28 August 2018 and will cease on 5 September 2018.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

5.8 Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 5.5, or make a payment by BPAY in accordance with Section 5.14.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 28 August 2018 and will cease on 5 September 2018.

5.9 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 5.5. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

5.10 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "Poseidon Nickel Limited" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the address specified on the Entitlement and Acceptance Form.

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESSE subregister you must engage your CHESSE controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with Section 5.5.

5.11 Allow all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

5.12 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

5.13 Payment by cheque/bank draft/money order

All cheques and money orders must be drawn on an Australian bank or bank draft made payable in Australian currency to "Poseidon Nickel Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm (AEST) on the Closing Date.

5.14 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00 pm (AEST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. **Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded either by cheque or direct transfer at the Company's sole discretion. No interest will be paid on any application monies received or refunded.**

5.15 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

5.16 Issue of Shares

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

5.17 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia and New Zealand.

New Zealand

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand)..

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia or New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

5.18 Appointment of Nominee

Pursuant to ASX Listing Rule 7.7 and section 615 of the Corporations Act, the Company has appointed a nominee, Petra Capital, to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale. The Company will seek to obtain ASIC approval for the appointment of the nominee, as required by section 615 of the Corporations Act.

The proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee must sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the nominee will not be required to sell Ineligible Shareholders' Entitlements at a particular price.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations

5.19 Enquiries

Any questions concerning the Offers should be directed to Ms Eryn Kestel, Company Secretary, on +61 8 6167 6600.

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Offer

Completion of the Offer will result in an increase in cash in hand of up to approximately \$68.8 million (before the payment of costs associated with the Offer). The funds raised from the Offer and Placement are currently intended to be used in accordance with the table set out below:

Proceeds of the Offer and Placement	Full Subscription (\$)	%
Funds Available		
Placement (net of fees)	5,780,462	7.75%
Offer	68,771,552	92.25%
Total	74,552,014	100.00%
Allocation of funds		
Activities to progress Silver Swan Project to restart ¹	35,500,000	47.62%
Activities to progress Black Swan Project to restart ²	27,000,000	36.22%
Project overruns	2,947,201	3.95%
Corporate overheads	5,500,000	7.38%
Expenses of the Offer ³	3,604,813	4.84%
Total	74,552,014	100.00%

Notes:

1. Comprising:

Item	\$ (million)
Development capital (lateral and vertical)	18
Initial works and refurbishment	10
Ventilation, cooling, safety and electrical works	1.2
Equipment mobilisation and safety	2
General site care and maintenance	1.5
Contingencies	2.8
Sub-total	35.5

2. Comprising:

Item	\$ (million)
Pit mobilisation, access and related services	2.5
Plant refurbishment and infrastructure	17
Administration, workshop and mobile fleet costs	4
Other site costs including haulage, tailings and road access	3.5
Sub-total	27

3. Refer to Section 10.6 for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted prior to the Record Date, will be to:

- (a) increase the cash reserves by approximately \$70.947 million (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 1,114,561,668 as at the date of this Prospectus to approximately 2,625,822,884 Shares (subject to rounding) following the issue of the Placement Shares and Performance Rights Shares and completion of the Offer.

6.3 Pro-forma balance sheet

To illustrate the effect of the issue on the Company, the pro-forma consolidated balance sheet has been prepared based on the unaudited balance sheet as at 30 June 2018. The reviewed balance sheet as at 31 December 2017 has been provided for information purposes.

The pro-forma balance sheet shows the effect of the Offer as if the Offer is fully subscribed and as if the Offer (under this Prospectus) and Placement had been made on 30 June 2018.

The Statements are presented in abbreviated form insofar as they do not include all disclosures that are present in annual financial reports as required by Australian Accounting Standards. The accounting policies adopted in preparation of the pro-forma consolidated balance sheet are consistent with the policies adopted and as described in the Company's financial statements for the year ended 30 June 2017. The balance sheets for the half year ended 31 December 2017 and year ended 30 June 2018 are prepared in accordance with the same policies.

The Statements have been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 30 June 2018 and the completion of the Offer.

The significant effects of the Offer (assuming the Offer is fully subscribed and no existing performance rights are converted other than as detailed in this Prospectus) as well as the Placement will be to:

- (a) increase cash reserves by approximately \$70.947 million comprising:
 - (i) \$5.839 million raised from the Placement less Placement costs of \$0.058 million; and
 - (ii) \$68.771 million raised from the full take up of the Offer less cash expenses of the Offer which are estimated to be \$3.605 million

- (b) increase the number of issued Shares on issue by 1,492,208,034 to 2,625,822,884 and increase the issued capital by \$70.947 million being the new Shares issued under the Placement and Offer (together \$74.610 million) less the combined costs of the Placement and the Offer of \$3.663 million.

If an Eligible Shareholder does not take up their Entitlement in full it will result in their percentage holding in the Company being diluted by the Offer.

\$'000	Reviewed 31 Dec 2017 Actual	Unaudited 30 Jun 2018 Actual	Adjustments Pro-forma	30 Jun 2018 Pro-forma
Cash and cash equivalents	3,898	2,048	70,947	72,995
Trade and other receivables	377	279	-	279
Total current assets	4,275	2,327	70,947	73,274
Plant and equipment	25,090	24,922	-	24,922
Exploration and evaluation expenditure	53,825	54,270	-	54,270
Other	3,500	3,500	-	3,500
Total non-current assets	82,415	82,692	-	82,692
Total assets	86,690	85,019	70,947	155,966
Trade and other payables	756	1,442	-	1,442
Loans and borrowings	131	42	-	42
Employee benefits	175	148	-	148
Provisions	3,500	3,500	-	3,500
Total current liabilities	4,562	5,132	-	5,132
Loans and borrowings ¹	19,430	20,944	-	20,944
Convertible note derivative	5,000	2,888	-	2,888
Provisions	43,071	42,766	-	42,766
Total non-current liabilities	67,501	66,598	-	66,598
Total liabilities	72,063	71,730	-	71,730
Net Assets	14,627	13,289	70,947	84,236
Share capital	154,887	156,337	70,947	227,284
Reserves	1,075	1,173	-	1,173
Accumulated losses	(141,335)	(144,221)	-	(144,221)
Total equity attributable to equity holders of the Company	14,627	13,289	70,947	84,236

*Differences are due to rounding.

6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

Shares

	Number
Shares currently on issue	1,114,561,668
Shares to be issued upon exercise of Performance Rights	19,053,182
Shares to be issued pursuant to Placement	116,777,000
Shares to be issued pursuant to the Offer	1,375,431,034
Total Shares on issue after completion of the Offer¹	2,625,822,884

Notes:

1. In January 2016, the Company issued a convertible note to Jefferies LLC (**Jefferies**) with a face value of USD\$17.5 million (**Convertible Note**). The Convertible Note was transferred to Black Mountain on 17 August 2018.

The material terms of the Convertible Note are as follows:

- (a) **Principal amount:** AUD\$23,972,603 (being, USD\$17,500,000, based on an exchange rate of 1 AUD = 0.73 USD as at 20 August 2018).
- (b) **Conversion:** The Convertible Note is convertible in whole or part into Shares at a conversion price of \$0.09, at any time during the term of the Convertible Note. As at 20 August 2018, the Convertible Note is convertible into approximately 266,362,253 Shares (based on the exchange rate of 1 AUD = 0.73 USD).
- (c) **Maturity Date:** 30 September 2020.
- (d) **Interest Rate:** 5% per annum, payable quarterly in arrears in cash or Shares at the election of the Company. Shares issued on conversion of the interest component of the Convertible Note will be issued at a price of the lower of \$0.09 and the average of the volume weighted average price for Shares calculated over the 5 trading days up to but not including the interest payment date.

Performance and Incentive Rights

	Number
Performance Rights currently on issue ^{1,2}	31,856,781
Incentive Rights currently on issue ³	45,238,039
Less Performance Rights to be converted into Shares prior to the Record Date ²	(19,053,182)
Less Incentive Rights to be cancelled prior to the Record Date ³	(40,609,789)
Performance Rights and Incentive Rights offered pursuant to the Offer	Nil
Total Performance and Incentive Rights on issue after completion of the Offer	17,431,849

Notes:

1. Consisting of 31,856,781 unlisted performance rights issued to the Directors in lieu of Director fees pursuant to the Director Fees Performance Rights Plan adopted by Shareholders on 26 November 2015.
2. Mr Indermaur intends to convert his performance rights (19,053,182) to Shares prior to the Record Date.
3. The Company has resolved to cancel a total of 40,609,789 incentive rights prior to the Record Date. As such, as at the Record Date, a total of 4,628,248 incentive rights will remain on issue comprising:
 - (a) 46,354 "16 December 2022" Short Term Incentive Rights under the Poseidon Nickel Limited Incentive Performance Rights Plan approved by Shareholders on 26 November 2015; and
 - (b) 4,581,894 "21 October 2023" Long Term Incentive Rights issued under the Poseidon Nickel Limited Incentive Performance Rights Plan approved by Shareholders on 26 November 2015.

6.5 Convertible Note Participation Right

The terms of the Convertible Note require that whenever the Company makes an offer of Shares (including pursuant to a rights issue), the Company must, subject to compliance with the Corporations Act and ASX Listing Rules, use its best endeavours to ensure that the holder of the Convertible Note is entitled to subscribe for the same number of Shares that they would be entitled to subscribe for, had the offer been made on a pro-rata basis to all Shareholders and the Convertible Note had been converted into Shares immediately before the record date for the offer (**Participation Right**).

The Company confirms that its intention to comply with its obligations pursuant to the Participation Right and any offer made will proceed in accordance with the Corporations Act and ASX Listing Rules. Additional capital raised from the offer of Shares pursuant to the Participation Right will be used to supplement general working capital.

7. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

7.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

7.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

7.3 Dividend rights

Subject to the Corporations Act and to any special rights or restrictions attached to Shares, Directors may from time to time authorise the Company to pay interim and final dividends which appear to the Director to be justified by the profits of the Company.

7.4 Winding/up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of Shareholders, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

7.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

7.6 Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

7.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

7.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

The Shares are quoted on ASX.

7.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

8. RISK FACTORS

8.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Company specific

(a) Recommissioning

There is a risk that the recommissioning of the facilities at the Silver Swan project and Black Swan operation and concentrator may take longer or be more expensive than anticipated. The estimate of costs used by the Company in its restart plans include contingency allowances which might not be sufficient to cover the actual overrun. Additional funding may therefore be required. There is no guarantee that such funding will be available on acceptable terms or at all. Please refer to Section 8.2(e) for further details.

(b) Underwriting Agreement

The Underwriting Agreement entered into by the Company with the Underwriter is subject to certain terms and conditions (a summary of which is set out in Section 9.1). If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement.

If the Underwriting Agreement is terminated and the Offer does not proceed or does not raise the funds required for the Company to meet its stated objectives, the Company would need to find alternative financing to meet its funding requirements. There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination of the Underwriting Agreement could materially adversely affect the Company's business and financial position.

(c) Going concern

The Company's interim financial report for the half-year ended 31 December 2017 includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the interim financial report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements.

(d) **Fluctuations in Metal Prices**

The price of nickel, gold and other base metals and other minerals fluctuates widely and is affected by numerous factors beyond the control of the Company such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. The supply of metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers.

Any production scenario for the Company's existing projects will be dependent upon the price of nickel, gold and other base metals and other minerals being adequate to make these properties economic.

Depending on the price of nickel, gold and other base metals and other minerals, the Company could be forced to discontinue any current or planned production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even as commercial quantities of nickel gold and other base metals are produced, a profitable market will exist for them.

Declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may eventually interrupt operations until a satisfactory reassessment can be completed.

(e) **Future funding risks**

The future capital requirements of the Company will depend on many factors. The Directors believe the proceeds of the Placement and Offer will be adequate to fund its business activities and to continue as a going concern. However, changes to operational requirements and completion of the restart plan, market conditions and identification of other opportunities may mean further funding is required by the Company.

Should the Company require additional funding, there can be no assurance that additional financing will be available, either on acceptable terms or at all. Any inability to obtain additional funding, if required, is likely to have a material adverse effect on the Company's business, its financial condition and performance and its ability to continue as a going concern.

Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price, the issue price or may involve restrictive covenants that limit the Company's operations and business strategy. Debt financing may involve restrictions on financing and operating activities.

(f) **Environmental risks and regulations**

The Company's projects are subject to laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed. The Company has received environmental approval for its projects.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the Tenements.

(g) **Litigation risks**

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(h) **Mineral Resource and Ore Reserve estimates**

Mineral Resource and Ore Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. Mineral Resource and Ore Reserve estimates are imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to Mineral Resource and Ore Reserve estimates could affect the Company's future plans and ultimately its financial performance and value.

8.3 General Risks

(a) **Operating Risks**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (i) adverse geological conditions;
- (ii) limitations on activities due to seasonal weather patterns, heavy localised rainfall and cyclone activity;
- (iii) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;

- (iv) mechanical failure of operating plant and equipment;
- (v) industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) unavailability of necessary support services in a timely fashion to support activities on site;
- (vii) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (viii) inability to obtain necessary consents or approvals.

(b) **Infrastructure availability**

The development of the Company's projects will require access to and upgrade of infrastructure facilities including road, rail, gas and port facilities. Notwithstanding the relative proximity of the Company's projects to current and proposed facilities there is no guarantee that the Company will be able to agree suitable commercial arrangements to use or access the facilities. Inability to access and/or upgrade infrastructure may impact on the Company's ability to commence operations or lead to delays in the implementation of the restart plan until suitable infrastructure is available.

(c) **Resource estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to activities planned with respect to the Company's projects, which may, in turn, adversely affect the Company's operations.

(d) **Exploration, Development, Mining and Processing Risks**

There is no assurance that nickel, gold or other base metals will be discovered in the areas in which the Company has an interest. Even if further nickel, gold or other base metals are discovered in those areas, there is no assurance that commercial quantities of these minerals can be recovered from the Company's permits.

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable ore resources;
- (ii) successful conclusions to bankable feasibility studies;
- (iii) access to adequate capital for project development;

- (iv) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (v) securing and maintaining title to tenements;
- (vi) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants;
- (viii) native title risks; and
- (ix) adverse weather conditions over a prolonged period which may adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(e) **Title risk and native title**

The permits in which the Company will, or may, in the future, acquire an interest, are subject to the applicable local laws and regulations. There is no guarantee that any permit, applications or conversions in which the Company has a current or potential interest will be granted.

Permits (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the permits liable to forfeiture.

All of the projects in which the Company has an interest will be subject to application for permit renewal from time to time. Renewal of the term of each permit is subject to applicable legislation. If the permit is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

The projects in which the Company has an interest extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its projects and to conduct exploration, development and mining operations remains subject to native title rights and the terms of registered native title agreements. The Directors will closely monitor the potential effect of native title claims on its projects.

8.4 Economic Risks

General economic conditions, movements in commodity prices, interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

8.5 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

9. MATERIAL CONTRACTS

9.1 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to lead manage the Placement and fully underwrite the Offer. The Underwriter has entered into a sub-underwriting agreement with Squadron Resources in respect of 100% of the Offer.

Under the terms of the underwriting, any Shortfall Shares will be allocated in accordance with the dispersion policy set out in Section 3.6 above.

The obligation of the Underwriter to underwrite the Offer is conditional upon the issue of the Placement Shares prior to the Record Date, as well as other standard conditions.

The Company has agreed to pay the Underwriter:

- (a) in respect of the Placement, a management fee of 1% of the underwritten amount (being \$58,389); and
- (b) in respect of the Offer, an underwriting commission of 1% of the underwritten amount (being \$687,716) and 4% of the sub-underwritten amount (being \$2,750,862, which the Underwriter will pay to Squadron Resources in consideration for sub-underwriting 100% of the Offer).

The Company has also agreed to reimburse the Underwriter for any costs incidental to the Offer, subject to the Underwriter seeking approval to incur any individual cost greater than \$2,000.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **ASX approval:** Unconditional approval (or approval conditional only on customary conditions which are acceptable to the Underwriter acting reasonably) by the ASX for official quotation of the Placement Shares and Shares issued pursuant to the Offer (**Offer Shares**);
- (b) **Disclosures in Prospectus:** A statement in the Prospectus (or associated Offer documents) (**Offer Materials**) is or becomes misleading or deceptive or a matter required to be included is omitted from the Prospectus (including, without limitation, having regard to section 713 of the Corporations Act) or fail to comply with the Corporations Act or any other applicable law;
- (c) **Supplementary Prospectus:** The Company lodges a Supplementary Prospectus that has not been approved by the Underwriter;
- (d) **Closing Certificate:** Certain standard confirmations to be provided by the Company to the Underwriter by way of a 'closing certificate' are not given when required or such confirmations are untrue or incorrect;
- (e) **Material adverse change:** There is a material adverse change in, or an event occurs which gives rise to, or is likely to give rise to, a material adverse change in the condition (financial or otherwise), assets, earnings, business, affairs, results of operations, management or prospects of the Company from the position disclosed in the information

publicly available or the Offer Materials at the date of the Underwriting Agreement;

- (f) **Placement Subscription Agreements:** An event occurs which entitles a party to terminate any subscription agreement in respect of the Placement (**Placement Subscription Agreement**), any Placement Subscription Agreement is terminated or rescinded or amended in a material respect without the consent of the Underwriter, or any Placement Subscription Agreement is found to be void or voidable or a condition precedent to any party's obligations under any Placement Subscription Agreement becomes incapable of being satisfied;
- (g) **Listing:** The Company ceases to be admitted to the official list of ASX;
- (h) **Suspension:** Trading in Shares on the financial market operated by ASX is suspended for 2 consecutive trading days without the prior approval of the Underwriter, or the Shares cease to be officially quoted by ASX;
- (i) **Director and Senior Management:** A resignation or dismissal of the managing director, chief operating officer, chief geologist or the board of directors of the Company occurs or a director of the Company:
 - (i) is charged with an indictable offence relating to any financial or corporate matter or any regulatory body commences any public action against the director in his or her capacity as a director of the Company or announces that it intends to take any such action; or
 - (ii) is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act.
- (j) **Market fall:** At any time the S&P/ASX 300 Index or the S&P/ASX Small Resources Index as published by ASX, or the cash nickel price as quoted on the London Metals Exchange, falls by 7.5% or more from the level as at the close of trading on the date of the Underwriting Agreement and is at or below that level at the close of trading:
 - (i) for 2 consecutive Business Days during any time after the date of the Underwriting Agreement; or
 - (ii) on the Business Day immediately prior to the date of issue of the Placement Shares, Closing Date or date of issue of the Offer Shares;
- (k) **Insolvency event:** an event of insolvency occurs in respect of the Company or any of its subsidiaries (**Group**);
- (l) **Withdrawal:** The Company does not proceed with the Placement or the Offer;
- (m) **Unable to issue:** The Company is prevented from issuing any of the Offer Shares within the time required by the timetable set out in Section 2 (**Timetable**) (unless otherwise agreed to by the Underwriter) or in accordance with the ASX Listing Rules, ASX, ASIC, applicable laws, a Government agency or an order of a court of competent jurisdiction.
- (n) **Unauthorised alterations:** The Company alters its security capital or a Constitution in any material respect.

- (o) **Regulatory Approvals:** An approval of a Government agency which is necessary or required for the issue of Shares under the Placement or Offer has not been, or cannot or will not be, obtained or a Government agency has indicated it intends to commence a review.
- (p) subject always to, in the reasonable opinion of the Underwriter reached in good faith, any of the events listed below having or being likely to have, or those events together having, or could reasonably be expected to have, a Material Adverse Effect:
- (i) **Timetable:** Any event specified in the Timetable is delayed for more than one Business Day without the prior approval of the Underwriter (not to be unreasonably withheld or delayed);
 - (ii) **Breach:** The Company fails to perform or observe any of its obligations under the Underwriting Agreement or any representation or warranty given or made by it to the Underwriter, or has been, or becomes untrue or incorrect;
 - (iii) **Regulatory Action:**
 - (A) ASIC issues an order (including an interim order) under section 739 of the Corporations Act or makes a determination under section 713(6) of the Corporations Act in relation to the Company;
 - (B) ASIC or any other regulatory body (including the Takeovers Panel):
 - (I) holds, or gives notice of intention to hold, a hearing, proceeding or investigation into the Company or any member of the Group in relation to the Offer under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth); or
 - (II) receives any application that is made public to hold such a hearing, proceeding or investigation; or
 - (III) commences or gives notice of an intention to commence a prosecution of the Company in relation to the Offer, or to make any order in relation to the Offer or the acquisition of Shares as contemplated by this agreement.
 - (iv) **Compliance:** A contravention by the Company of any provision of a Constitution, the Corporations Act or any requirement order or request made by or on behalf of ASX or ASIC or any other Government agency or any other applicable law (except to the extent that compliance with any applicable law has been waived, or an exemption granted, by a Government agency having authority to do so);
 - (v) **Misrepresentation:** A representation or warranty made or given or deemed to have been made or given by the Company under this agreement proves to be, or has been, or becomes, untrue or incorrect in any respect;

- (vi) **Supplementary Prospectus:**
- (A) A Supplementary Prospectus is required to be lodged with ASIC under the Corporations Act; or
 - (B) the Company receives a request from ASIC to make changes to the Prospectus, or to lodge a Supplementary Prospectus with ASIC under the Corporations Act.
- (vii) **Change in law or policy:** There is introduced into the Parliament of the Commonwealth of Australia, the United States Congress, any State or Territory of Australia, the United States of America, the European Union or any of its member states (including, for the avoidance of doubt, the United Kingdom) a law or any new regulation is made under any law (or such law or prospective law is publicly contemplated), or the Reserve Bank of Australia or a Government Agency adopts a policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia, any State or Territory of Australia, the United States of America, the European Union or any of its member states or the United Kingdom or a Government Agency that such a law or regulation will be introduced or policy adopted (as the case may be);
- (viii) **Hostilities:** Hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, any member state of the European Union, Japan, Russia, the Peoples Republic of China or the Democratic People's Republic of Korea, or a significant terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries;
- (ix) **Banking moratorium:** A general moratorium on commercial banking activities in Australia, the European Union or any of its member states (including, for the avoidance of doubt, the United Kingdom), the People's Republic of China or the United States of America is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries, in each case such that ordinary course transactions are unable to be effected.
- (x) **Market disruption:** Trading of all securities quoted on ASX, the Hong Kong Stock Exchange, the London Stock Exchange or the New York Stock Exchange is suspended, or there is a material limitation in trading of securities on any such exchange, for more than one Business Day on which that exchange is open for trading; or

- (xi) **Adverse change in political or economic conditions:** There occurs any adverse change or disruption to the political or economic conditions or financial markets in Australia, Hong Kong, Singapore, the United Kingdom, the United States of America or the international financial markets.

Pursuant to the Underwriting Agreement, the Company has also granted the Underwriter, for a period of 12 months commencing on the date of the Underwriting Agreement, a first right of refusal to be retained as exclusive lead manager, book runner and, if required, underwriter on any future share or security (including convertible security) issuance by the Group, in each case, on terms no less favourable to the Underwriter as those contained in the Underwriting Agreement.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

10. ADDITIONAL INFORMATION

10.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
22/08/2018	Black Mountain Metals Proposal
22/08/2018	Voluntary Suspension
20/08/2018	Trading Haltjon
20/08/2018	Pause in Trading
17/08/2018	Black Mountain Metals becomes a Substantial Share Holder
17/08/2018	Poseidon receives binding conditional proposal
16/08/2018	Trading Halt
16/08/2018	Temporary Pause in Trading
30/07/2018	Quarterly Report to 30 June 2018
23/07/2018	Poseidon Nickel Appoints CEO
18/07/2018	Reinstatement to Official Quotation
18/07/2018	Company Update - Outcome of Court Application
18/07/2018	Black Swan & Silver Swan Feasibility Study Supports Restart
13/07/2018	Company Update - Federal Court Application
06/07/2018	Cleansing Prospectus
06/07/2018	Change of Director's Interest Notice for Mr Singleton
06/07/2018	Change of Director's Interest Notice for Mr Dennis
06/07/2018	Change of Director's Interest Notice for Mr Brayshaw
06/07/2018	Change of Director's Interest Notice for Mr Indermaur
06/07/2018	Appendix 3B
04/07/2018	Trading Policy Amendment
19/06/2018	Company Update - Extension of Forbearance Deed

14/06/2018	Company Update - Federal Court Application
12/06/2018	Legal Proceedings
25/05/2018	Request for Extension of Voluntary Suspension
17/05/2018	Company Update / Federal Court Application
14/05/2018	Company Update / Federal Court Application
27/04/2018	Quarterly Report to 31 March 2018
13/04/2018	Lake Johnston Medusa Lithium Drilling Results
13/04/2018	Request for Extension of Voluntary Suspension
06/04/2018	Change in substantial holding for Jefferies LLC
05/04/2018	Cleansing Prospectus
05/04/2018	Appendix 3B
22/03/2018	Company Update
22/03/2018	Suspension from Official Quotation
20/03/2018	Trading Halt
08/03/2018	Interim Financial Report to 31 December 2017
31/01/2018	Quarterly Report to 31 December 2017
23/01/2018	RC Drilling has commenced at Medusa Lithium Project
04/01/2018	Change of Director's Interest Notice for Mr Singleton
04/01/2018	Change of Director's Interest Notice for Mr Dennis
04/01/2018	Change of Director's Interest Notice for Mr Brayshaw
04/01/2018	Change of Director's Interest Notice for Mr Indermaur
04/01/2018	Notice under Section 708A(e) (5)
04/01/2018	Appendix 3B
12/12/2017	RC Drilling to Commence on Medusa Lithium Project
01/12/2017	Appendix 3B
22/11/2017	Change of Director's Interest Notice for Mr Brayshaw
17/11/2017	Change in substantial holding from Minderoo Group Pty Ltd
15/11/2017	Change of Director's Interest Notice for Mr Singleton
15/11/2017	Change of Director's Interest Notice for Mr Dennis
15/11/2017	Change of Director's Interest Notice for Mr Brayshaw
15/11/2017	Change of Director's Interest Notice for Mr Indermaur
15/11/2017	Appendix 3B
10/11/2017	Clarification
10/11/2017	Amended Meeting Results
09/11/2017	Results of 2017 Annual General Meeting
09/11/2017	Presentation at 2017 Annual General Meeting
01/11/2017	Additional Information for Shares Issued under 10% Capacity
01/11/2017	Appendix 3B

17/10/2017	Quarterly Report to 30 September 2017
09/10/2017	Additional Information for Shares Issued under 10% Capacity
09/10/2017	Appendix 3B
09/10/2017	2017 Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

A link to the Company's announcements is also available through the Company's website www.poseidon-nickel.com.au.

10.3 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$350,000 per annum. A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be

paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total and proposed annual remuneration paid and payable to both executive and non-executive directors inclusive of superannuation.

	Financial Year 2019 (\$) (Proposed)	Financial Year 2018 (\$) (Actual)¹	Financial Year 2017 (\$) (Actual)¹
Chris Indermaur	114,646 ³	324,480 ²	323,356 ²
David Singleton	64,088	64,088	77,958
Geoff Brayshaw	74,088	74,088	74,092
Robert Dennis	492,160 ⁴	64,088	65,879
TOTAL	\$744,982	\$526,744	\$541,285

Notes:

- 1 Exclusive of superannuation.
- 2 Comprising, \$93,500 for FY 2017 and \$95,170 for FY 2018 in salary and Director fees and \$224,814 for FY 2017 and \$229,310 for FY 2018 in satisfaction of fees for additional part time duties in the absence of a CEO.
- 3 Comprising \$95,170 of Director fees and \$19,476 in satisfaction of fees for additional part time duties in the absence of a CEO.
- 4 Rob Dennis was appointed as CEO as of 1 August 2018.
- 5 Comprising \$486,819 for 11 months' worth of CEO salary (including superannuation) and 1 month of Director fees.

10.4 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

(f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(g) the formation or promotion of the Company; or

(h) the Offer.

Petra Capital has acted as underwriter to the Offer. In consideration for these services, the Company will pay Petra Capital the fees set out in Sections 3.6 and 9.1.

Squadron Resources has acted as sub-underwriter to the Offer. In consideration for these services, the Company will pay Petra Capital the fees set out in Sections 3.6 and 9.1.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$50,000 (excluding GST and disbursements) for these services.

10.5 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above only, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Petra Capital has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named. Petra Capital has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Squadron Resources has given its written consent to being named as sub-underwriter to the Offer in this Prospectus, in the form and context in which it is named. Squadron Resources has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

KPMG has given its written consent to being named as auditor to the Company in this Prospectus. KPMG has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

10.6 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$3,604,813 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
Offer management and Underwriting fees	3,438,578
ASIC fees	3,206
ASX fees	57,800
Legal fees	50,000
Underwriter Legal Fees	25,000
Share Registry fees	26,000
Miscellaneous	4,229
Total	<u>3,604,813</u>

10.7 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please phone the Company on +61 8 6167 6600 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.poseidon-nickel.com.au.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.8 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

10.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification

Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

10.10 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

11. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Mr Chris Indermaur
Non-Executive Chairman
For and on behalf of
POSEIDON NICKEL LIMITED

12. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AEST means Australian Eastern Standard Time.

Agreement means the convertible note agreement between Black Mountain and the Company.

Applicant means a Shareholder who applies for Shares pursuant to the Offer.

Application Monies means money submitted by Applicants who apply for Shares pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Black Mountain means Black Mountain Metals Pty Ltd (ACN 627 715 735).

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Poseidon Nickel Limited (ACN 060 525 206).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder as at the Record Date with a registered address in Australia or New Zealand.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

Jefferies means Jefferies LLC.

Offer means the renounceable entitlement issue of 11 new Share for every 10 Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.05 per Share to raise approximately \$68.9 million before costs.

Official Quotation means official quotation on ASX.

Opening Date means the date specified in the timetable set out at the commencement of this Prospectus.

Performance Rights Shares has the meaning given in Section 3.

Placement has the meaning given in Section 5.1(a).

Placement Shares has the meaning given in Section 5.1(a).

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Computershare Investor Services Pty Limited.

Shortfall Bookbuild means the shortfall bookbuild intended to take place immediately after the Closing Date as described in Section 3.6.

Shortfall Offer means the offer of Shortfall Sales as described in Section 3.5.

Shortfall Shares means Shares under the Shortfall Offer as described in Section 3.5.

Squadron Resources means Squadron Resources Pty Ltd (ACN 604 832 751).

Underwriter or **Petra Capital** means Petra Capital Pty Ltd (ACN 110 952 782).