

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

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

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

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Poseidon Nickel Limited

ACN

060 525 206

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 139,536,223 Shares
(40,609,789) Long and Short-Term Incentive Rights cancelled |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The terms of the Shares issued will be the same as those of existing fully paid ordinary shares. |

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<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes, the terms of the Shares issued will rank equally in all respects with existing fully paid ordinary shares of the Company.</p>
<p>5 Issue price or consideration</p>	<p><u>116,777,000 Shares</u> \$0.05 per Share for a total consideration of \$5,838,850</p> <p><u>22,759,223 Shares</u> Nil - issued upon conversion of existing Performance Rights held by Directors</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p><u>116,777,000 Shares</u> Placement to professional and sophisticated investors whereby funds received will be deployed to allow the restart of the Silver and Black Swan mines, processing plant at Black Swan and working capital.</p> <p><u>22,759,223 Shares</u> Conversion by two (2) Directors of Unlisted Performance Rights previously issued to the Directors in lieu of Director Fees and additional CEO duties in accordance with the conversion terms of the Poseidon Nickel Limited Director Fees Performance Rights Plan.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes.</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>9 November 2017 Annual General Meeting</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>68,325,700 Shares</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>48,451,300 Shares</p>

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	22,759,223 Approved at 2015 to 2017 Annual General Meetings						
6f	Number of +securities issued under an exception in rule 7.2	N/A						
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	<p>Yes</p> <p>Placement issue price agreed: 20 August 2018 Share issue date: 28 August 2018</p> <p>15 day VWAP: \$0.04904 75% of 15 day VWAP: \$0.03678</p> <p>Source of VWAP: IRIS</p>						
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A						
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<p><u>ASX Listing Rule 7.1</u> 3,413,960 Securities</p> <p><u>ASX Listing Rule 7.1A</u> 2,276,734 Shares</p>						
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	<p><u>116,777,000 Shares</u> 28 August 2018</p> <p><u>22,759,223 Shares</u> 24 August 2018</p>						
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1,254,098,891</td> <td>Fully paid ordinary shares</td> </tr> <tr> <td colspan="2"> (The Company intends to issue up to an additional 1,379,507,679 fully paid Ordinary Shares pursuant to a fully underwritten Entitlement Issued announced on 23 August 2018). </td> </tr> </tbody> </table>	Number	+Class	1,254,098,891	Fully paid ordinary shares	(The Company intends to issue up to an additional 1,379,507,679 fully paid Ordinary Shares pursuant to a fully underwritten Entitlement Issued announced on 23 August 2018).	
Number	+Class							
1,254,098,891	Fully paid ordinary shares							
(The Company intends to issue up to an additional 1,379,507,679 fully paid Ordinary Shares pursuant to a fully underwritten Entitlement Issued announced on 23 August 2018).								

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9	Number and +class of all +securities not quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	Number	+Class
		9,097,558	Unlisted Director Performance Rights
		277,421,093	30 September 2020 USD\$17.5 unsecured Note convertible at \$0.09
		46,354	16 December 2022 Short Term Incentive Rights
		4,581,894	21 October 2023 Long Term Incentive Rights
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable	

Part 2 - Bonus issue or pro rata issue

Questions 11 to 33 are not applicable

Part 3 - Quotation of securities

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

34 Type of +securities
(*tick one*)

(a) +Securities described in Part 1, **apart from the cancelled Incentive Rights**

(b) All other +securities

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

Entities that have ticked box 34(a)

There are no additional securities forming a new class of securities and questions 35 to 42 are not applicable

Quotation agreement

- +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.

+ See chapter 19 for defined terms.

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

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

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Date: 28 August 2018

Print name: **Eryn Kestel**
Company Secretary

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

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

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital					
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated					
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	965,071,644				
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • Include only ordinary securities here – other classes of equity securities cannot be added • Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed • It may be useful to set out issues of securities on different dates as separate line items 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: right; vertical-align: top;">20,000,000</td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> • fully paid Ordinary Shares (refer to Appendix 3B dated 8 September 2017. Approved on 9 November 2017 at the Company’s 2017 Annual General Meeting) </td> </tr> <tr> <td style="text-align: right; vertical-align: top;">22,759,223</td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Conversion of Unlisted Performance Rights issued to the Directors in lieu of Director Fees and additional CEO duties in accordance with the conversion terms of the Poseidon Nickel Limited Director Fees Performance Rights Plan. </td> </tr> </table>	20,000,000	<ul style="list-style-type: none"> • fully paid Ordinary Shares (refer to Appendix 3B dated 8 September 2017. Approved on 9 November 2017 at the Company’s 2017 Annual General Meeting) 	22,759,223	<ul style="list-style-type: none"> • Conversion of Unlisted Performance Rights issued to the Directors in lieu of Director Fees and additional CEO duties in accordance with the conversion terms of the Poseidon Nickel Limited Director Fees Performance Rights Plan.
20,000,000	<ul style="list-style-type: none"> • fully paid Ordinary Shares (refer to Appendix 3B dated 8 September 2017. Approved on 9 November 2017 at the Company’s 2017 Annual General Meeting) 				
22,759,223	<ul style="list-style-type: none"> • Conversion of Unlisted Performance Rights issued to the Directors in lieu of Director Fees and additional CEO duties in accordance with the conversion terms of the Poseidon Nickel Limited Director Fees Performance Rights Plan. 				
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil				
“A”	1,007,830,867				

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	151,174,630

Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used		
<p><i>Insert</i> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	20,000,000	Fully paid Ordinary Shares (refer to Appendix 3B dated 15 November 2017)
	20,000,000	Fully paid Ordinary Shares (refer to Appendix 3B dated 1 December 2017)
	5,424,841	Fully paid Ordinary Shares (refer to Appendix 3B dated 4 January 2018)
	20,000,000	Fully paid Ordinary Shares (refer to Appendix 3B dated 4 January 2018)
	6,821,682	Fully paid Ordinary Shares (refer to Appendix 3B dated 5 April 2018)
	7,188,448	Fully paid Ordinary Shares (refer to Appendix 3B dated 6 July 2018)
68,325,700	Fully paid Ordinary Shares (refer to Appendix 3b dated 14 August 2018)	
“C”	147,760,671	

Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	151,174,630

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<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	147,760,671
<p>Total [“A” x 0.15] – “C”</p>	<p>3,413,959</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

Part 2 – Additional 10% Placement Capacity

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
<p>“A”</p> <p><i>Note: number must be same as shown in Step 1 of Part 1</i></p>	1,007,830,867
Step 2: Calculate 10% of “A”	
<p>“D”</p> <p><i>Note: this value cannot be changed</i></p>	0.10
<p>Multiply “A” by 0.10</p>	100,783,087
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p><i>Notes:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<ul style="list-style-type: none"> • 10,055,053 fully paid Ordinary Shares (refer Appendix 3B dated 3 October 2017) • 20,000,000 fully paid Ordinary Shares (refer to Appendix 3B dated 9 October 2017) • 20,000,000 fully paid Ordinary Shares (refer to Appendix 3B dated 1 November 2017) • 48,451,300 fully paid Ordinary Shares (refer to Appendix 3B dated 14 August 2018)
<p>“E”</p>	98,506,353

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	100,783,087
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	98,506,353
Total [“A” x 0.10] – “E”	2,276,734 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>

+ See chapter 19 for defined terms.

