

# Appendix 3B

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

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

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

<b>Name of entity</b>	<b>Poseidon Nickel Limited</b>
<b>ACN</b>	<b>060 525 206</b>

We (the entity) give ASX the following information.

### Part 1 - All issues

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

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Shares; and<br>Unsecured Convertible Note   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | <u>Securities Issue</u><br>7,438,695; and<br>1 Note;<br><br><u>Securities Cancellation</u><br>(36,531,904) March 2011 six (6) year USD \$15m<br>Unsecured Convertible Notes; and<br><br>(64,945,608) March 2011 six (6) year USD \$20m<br>Unsecured Convertible Notes   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <u>Shares</u><br>Fully paid Ordinary; and<br><br><u>Unsecured Convertible Note</u> <ul style="list-style-type: none"> <li>• USD\$17.5M Note;</li> <li>• Based on an exchange rate of 0.7009 (as at close of business on 22 January 2016) the estimated number of Shares that could be issued is 277,421,093;</li> <li>• The actual number of Shares to be issued at conversion will vary depending on the exchange rate on the date of conversion;</li> <li>• 30 September 2020 maturity date;</li> <li>• AUD\$0.09 conversion price;</li> <li>• 5.0% per annum interest, payable from the date of issue to maturity date; and</li> <li>• There is the right to transfer the Note in whole or in part.</li> </ul> |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment 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"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>From the date of issue, the new Ordinary Shares will rank equally with the existing class of quoted Shares;</p> <p>From the date of issue, the new Note will rank equally with the existing class of Unsecured Note; and</p> <p>The Shares issued upon conversion of the Note will rank equally with existing class of fully paid Ordinary Shares</p>
<p>5 Issue price or consideration</p>	<p><u>Shares</u></p> <ul style="list-style-type: none"> <li>• 3,605,769 Shares Deemed issue price of \$0.0416 being the ten (10) day VWAP up to and including 14 January 2016.;</li> <li>• 3,832,926 Shares Deemed issue price of \$0.03580 being the five (5) day VWAP up to and including 22 January 2016; and</li> </ul> <p><u>Note</u> USD\$17,500,000</p>
<p>6 Purpose of the issue (If issued as consideration for acquisition of assets, clearly identify those assets)</p>	<p><u>3,605,769 Shares</u> Issue of Shares from the Company's 15% placement capacity in satisfaction of a cash payment for drilling services at Emily Ann.</p> <p>Issue of Shares rather than a cash payment results in the preservation of cash resources.</p> <p><u>3,832,926 Shares</u> Issue of Shares from the Company's 15% placement capacity in satisfaction of a cash payment for the interest due and payable on the Convertible Notes to the date of cancellation.</p> <p>The Issue of Shares rather than cash payments results in the preservation of cash resources.</p> <p><u>Unsecured Convertible Note</u> The funds raised from the issue of the new Unsecured Convertible Note will be used to repay the Existing Convertible Notes. This will occur via a book entry round robin of funds, with no cash actually being exchanged.</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 <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>

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6b	The date the security holder resolution under rule 7.1A was passed	At the 26 November 2015 General Meeting				
6c	Number of +securities issued without security holder approval under rule 7.1	7,438,695 fully paid Ordinary Shares				
6d	Number of +securities issued with security holder approval under rule 7.1A	Not Applicable				
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	1 Unsecured Convertible Note as approved by Shareholders on 20 January 2016 in General Meeting				
6f	Number of securities issued under an exception in rule 7.2	Nil				
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	Not Applicable				
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	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	<u>Remaining Issue Capacity under rule 7.1</u> 74,423,182  <u>Remaining Issue Capacity under rule 7.1A</u> 73,201,126				
7	Issue dates	15 January 2016; 22 January 2016; and 25 January 2016				
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td><b>767,389,765</b></td> <td>Ordinary fully paid Shares</td> </tr> </tbody> </table>	Number	+Class	<b>767,389,765</b>	Ordinary fully paid Shares
		Number	+Class			
		<b>767,389,765</b>	Ordinary fully paid Shares			
<table border="1"> <tbody> <tr> <td>2,975,000</td> <td>31 August 2016 Unlisted Options (Employee) exercisable at 22 cents</td> </tr> <tr> <td>4,250,000</td> <td>23 November 2016 Unlisted Options exercisable at 22 cents</td> </tr> <tr> <td>277,421,093</td> <td>30 September 2020 USD\$17.5 Unsecured Note convertible at \$0.09</td> </tr> </tbody> </table>	2,975,000	31 August 2016 Unlisted Options (Employee) exercisable at 22 cents	4,250,000	23 November 2016 Unlisted Options exercisable at 22 cents	277,421,093	30 September 2020 USD\$17.5 Unsecured Note convertible at \$0.09
2,975,000	31 August 2016 Unlisted Options (Employee) exercisable at 22 cents					
4,250,000	23 November 2016 Unlisted Options exercisable at 22 cents					
277,421,093	30 September 2020 USD\$17.5 Unsecured Note convertible at \$0.09					

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1,465,046	Unlisted Performance Rights
5,145,921	16 December 2022 Short Term Incentive Rights
4,320,716	16 December 2022 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

(b)  All other securities

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

Questions 35 to 42 not applicable

### Quotation agreement

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

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

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

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

+ See chapter 19 for defined terms.

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



Sign here:

Date: 27 January 2016

Print name: **Gareth Jones**  
**Company Secretary**

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+ 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

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	679,947,998
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>-</p> <p><i>Approval as at November 2014 AGM</i>            302,812 Shares issued on 09/12/14            352,765 Shares issued on 13/01/15            448,985 Shares issued on 14/04/15            412,161 Shares issued on 07/07/15</p> <p><i>Approval as at November 2015 AGM</i>            2,984,747 Shares issued on 13/01/15            5,364,199 Shares issued on 02/04/15            863,636 Shares issued on 13/04/15            3,807,197 Shares issued on 07/07/15            12,417,916 Shares issued between            03/04/15 and 14/09/15; and</p> <p><i>Approval as at November 2015 AGM</i>            25,108,845 Shares issued on 09/10/15</p>
<b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period	N/A
<b>“A”</b>	732,011,261
<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15
	<i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	<b>109,801,689</b>

+ See chapter 19 for defined terms.

<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> 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"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>35,378,507</p> <p>-</p> <p>-</p> <p>-</p>
<b>“C”</b>	<b>35,378,507</b>

<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	<p>109,801,689</p>
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	<p>35,378,507</p>
<p><b>Total</b> [“A” x 0.15] – “C”</p>	<p><b>74,423,182</b></p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

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+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	732,011,261
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	<b>73,201,126</b>
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <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></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	-
<b>“E”</b>	-

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+ See chapter 19 for defined terms.



<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
“A” x 0.10  <i>Note: number must be same as shown in Step 2</i>	73,201,126
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	-
<b>Total</b> [“A” x 0.10] – “E”	<b>73,201,126</b>  <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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