

# 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   | Unsecured Convertible Notes   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | <p>15,906,681</p> <p>This is an estimate only based on an average exchange rate of 0.943. The actual number of Notes issued at conversion will vary depending on the exchange rate at the time of conversion. Conversion will occur in accordance with the Terms and Conditions of the Notes.</p>   |
| 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) | <p>The Notes have a six (6) year term convertible into fully paid ordinary shares at AUD\$1.00 at any time after the closing price of the Company's shares exceeds \$1.00 for five (5) consecutive trading days during the term of the Notes.</p> <p>No interest is payable for the first three (3) years of the term and thereafter interest is payable at 5% per annum.</p> <p>The Notes will be converted using the ANZ average spot buying rate for the five (5) Business Days prior to the conversion.</p> |

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+ 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>Shares issued as a result of the conversion of the Notes will rank equally with existing Fully Paid Ordinary Shares on issue.</p>	
<p>5 Issue price or consideration</p>	<p>USD\$15 million</p>	
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Proceeds from the Note issue will enable the Company to continue the advancement of the Windarra Nickel Project including the development of the project feasibility study to complete the mine rehabilitation works and to continue its exploration and resource development program.</p>	
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>7 July 2008</p>	
<p>8 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<p>Number</p>	<p>+Class</p>
	<p>157,323,865</p>	<p>Ordinary fully paid shares</p>
	<p>6,157,403</p>	<p>05 December 2011 Options</p>
	<p>6,157,904</p>	<p>05 December 2009 Options</p>

	Number	+Class
9	5,752,200	Partly Paid Shares Issued at \$0.102 and paid to \$0.002
	1,000,000	30 June 2008 Unlisted Options
	1,000,000	2 July 2011 Incentive Options
	2,500,000	31 July 2012 Unlisted Options
	115,000,000	19 September 2012 Unlisted Options
	533,000	22 October 2012 Unlisted Employee Options
	15,906,681**	Unsecured Convertible Notes

\*\* Refer Paragraph 2

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

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+ See chapter 19 for defined terms.

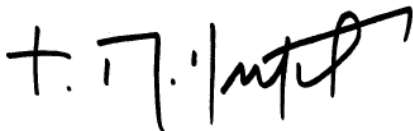
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

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 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: 4 July 2008

Print name: **Ross Kestel**  
**Company Secretary**

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