

Appendix 3B

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

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

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

Name of entity	Poseidon Nickel Limited
ACN	060 525 206

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Fully Paid Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 178,440 |
| 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) | Rank equally |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:
<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 | The Issued Shares will rank equally with existing Fully Paid Ordinary Shares on issue. |
| 5 | Issue price or consideration | \$0.2302 per share (92 day VWAP to 31 December 2008) |

+ See chapter 19 for defined terms.

6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issue of Fully Paid Ordinary Shares to the Directors in lieu of Directors Fees for the December 2008 quarter as approved by the Shareholders at the Annual General Meeting in November 2008																			
7 Dates of entering +securities into uncertificated holdings or despatch of certificates	16 January 2009																			
8 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="791 705 986 745">Number</th> <th data-bbox="991 705 1385 745">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="791 752 986 792">159,926,410</td> <td data-bbox="991 752 1385 792">Ordinary fully paid shares</td> </tr> <tr> <td data-bbox="791 813 986 853">6,157,403</td> <td data-bbox="991 813 1385 853">05 December 2011 Options</td> </tr> <tr> <td data-bbox="791 873 986 913">6,157,904</td> <td data-bbox="991 873 1385 913">05 December 2009 Options</td> </tr> </tbody> </table>	Number	+Class	159,926,410	Ordinary fully paid shares	6,157,403	05 December 2011 Options	6,157,904	05 December 2009 Options											
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9 Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	<table border="1"> <tbody> <tr> <td data-bbox="791 994 986 1034">50,000</td> <td data-bbox="991 994 1385 1084">Partly Paid Shares Issued at \$0.102 and paid to \$0.002 (leaving \$0.10 to pay)</td> </tr> <tr> <td data-bbox="791 1115 986 1155">5,517,200</td> <td data-bbox="991 1115 1385 1205">Partly Paid Shares Issued at \$0.102 and paid to \$0.042 (leaving \$0.06 to pay)</td> </tr> <tr> <td data-bbox="791 1236 986 1276">1,000,000</td> <td data-bbox="991 1236 1385 1276">2 July 2011 Incentive Options</td> </tr> <tr> <td data-bbox="791 1308 986 1348">2,500,000</td> <td data-bbox="991 1308 1385 1348">31 July 2012 Unlisted Options</td> </tr> <tr> <td data-bbox="791 1379 986 1420">115,000,000</td> <td data-bbox="991 1379 1385 1469">19 September 2012 Unlisted Options</td> </tr> <tr> <td data-bbox="791 1478 986 1518">533,000</td> <td data-bbox="991 1478 1385 1568">22 October 2012 Unlisted Employee Options</td> </tr> <tr> <td data-bbox="791 1599 986 1639">2,000,000</td> <td data-bbox="991 1599 1385 1688">December 2012 Incentive Options</td> </tr> <tr> <td data-bbox="791 1720 986 1760">15,906,681</td> <td data-bbox="991 1720 1385 1760">Unsecured Convertible Notes</td> </tr> <tr> <td data-bbox="791 1792 986 1832">313,131</td> <td data-bbox="991 1792 1385 1881">Special Bonus Employee Shares</td> </tr> </tbody> </table>	50,000	Partly Paid Shares Issued at \$0.102 and paid to \$0.002 (leaving \$0.10 to pay)	5,517,200	Partly Paid Shares Issued at \$0.102 and paid to \$0.042 (leaving \$0.06 to pay)	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	2,000,000	December 2012 Incentive Options	15,906,681	Unsecured Convertible Notes	313,131	Special Bonus Employee Shares	
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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

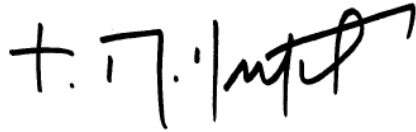
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request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

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.

+ See chapter 19 for defined terms.

Sign here:



Date: 15 January 2009

Print name: **Ross Kestel**
Company Secretary

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