

# 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   | Fully Paid Ordinary Shares  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 457,888   |
| 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)   | Fully Paid Shares Rank equally  |
| 4 | <p>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>The 457,888 Fully Paid Ordinary Shares to be issued will rank equally with existing Fully Paid Ordinary Shares on issue.</p> |

+ See chapter 19 for defined terms.

5	Issue price or consideration	<p><u>214,096 Fully Paid Shares</u> Are at \$0.2816 per Share (92 day VWAP to 31 December 2009) and</p> <p><u>243,792 Fully Paid Shares</u> At a deemed issue price of \$0.30 per Share</p>																		
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p><u>214,096 Fully Paid Shares</u> Issue of Fully Paid Ordinary Shares to the Directors in lieu of Directors Fees for the December 2009 quarter as approved by the Shareholders at the Annual General Meeting in November 2009; and</p> <p><u>243,792 Fully Paid Shares</u> Issue of Fully Paid Ordinary Shares to Whittle Consulting Pty Ltd for services provided on assessing mining optimisation</p>																		
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	20 January 2010																		
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="788 931 991 965">Number</th> <th data-bbox="995 931 1385 965">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="826 976 986 1010">162,824,823</td> <td data-bbox="1002 976 1378 1010">Ordinary fully paid shares</td> </tr> <tr> <td data-bbox="858 1032 986 1066">6,157,403</td> <td data-bbox="1002 1032 1378 1066">05 December 2011 Options</td> </tr> </tbody> </table>	Number	+Class	162,824,823	Ordinary fully paid shares	6,157,403	05 December 2011 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="890 1126 986 1160">50,000</td> <td data-bbox="1002 1126 1378 1216">Partly Paid Shares Issued at \$0.102 and paid to \$0.002 (leaving \$0.10 to pay)</td> </tr> <tr> <td data-bbox="858 1238 986 1272">5,517,200</td> <td data-bbox="1002 1238 1378 1328">Partly Paid Shares Issued at \$0.102 and paid to \$0.062 (leaving \$0.04 to pay)</td> </tr> <tr> <td data-bbox="858 1350 986 1384">1,000,000</td> <td data-bbox="1002 1350 1378 1384">2 July 2011 Incentive Options</td> </tr> <tr> <td data-bbox="858 1406 986 1440">2,500,000</td> <td data-bbox="1002 1406 1378 1440">31 July 2012 Unlisted Options</td> </tr> <tr> <td data-bbox="826 1462 986 1496">115,000,000</td> <td data-bbox="1002 1462 1378 1552">19 September 2012 Unlisted Options</td> </tr> <tr> <td data-bbox="874 1563 986 1597">533,000</td> <td data-bbox="1002 1563 1378 1653">22 October 2012 Unlisted Employee Options</td> </tr> <tr> <td data-bbox="858 1664 986 1697">2,000,000</td> <td data-bbox="1002 1664 1378 1731">December 2012 Incentive Options</td> </tr> <tr> <td data-bbox="842 1753 986 1787">15,906,681</td> <td data-bbox="1002 1753 1378 1787">Unsecured Convertible Notes</td> </tr> <tr> <td data-bbox="874 1809 986 1843">313,131</td> <td data-bbox="1002 1809 1378 1877">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 \$0.062 (leaving \$0.04 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

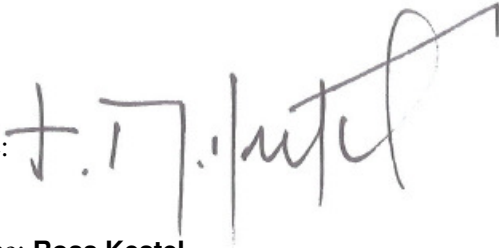
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request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

+ See chapter 19 for defined terms.

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: 19 January 2010

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

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