

22 July 2010

Company Announcements Officer  
ASX Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

**Re: CAPITAL RASING TO SUPPORT WINDARRA NICKEL PROJECT DRILLING PROGRAMME**

We enclose herewith a copy of an announcement in relation to the above. The Announcement detailed below brings the Company out of the Trading Halt as requested on 20 July 2010.

Yours faithfully



**David P.A. Singleton**  
MANAGING DIRECTOR &  
CHIEF EXECUTIVE OFFICER  
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**CORPORATE DIRECTORY**

**Director / Senior Management**

David Singleton	Managing Director & Chief Executive Officer
Andrew Forrest	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Richard Monti	Non-Executive Director
Chris Indermaur	Non-Executive Director
Ross Kestel	Company Secretary

**Corporate Enquiries**

Mr David Singleton – MD & CEO  
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F: 61 8 9382 4760

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**Shareholder Enquiries**

Enquiries concerning shareholdings should be addressed to:

Computershare Investor Securities  
GPO Box D182, Perth WA 6840  
P: 61 8 9323 2000

**Principal Office**

Unit 8, Churchill Court  
331-335 Hay Street  
SUBIACO WA 6008  
P: 61 8 9382 8799  
F: 61 8 9382 4760

**Registered Office**

Level 2, Spectrum  
100 Railway Road  
SUBIACO WA 6008  
P: 61 8 9367 8133  
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**Media Enquiries**

Mr Paul Downie  
FD Third Person  
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E: [paul.downie@fdthirdperson.com.au](mailto:paul.downie@fdthirdperson.com.au)

**Home Exchange**

The Company's shares are listed on the Australian Stock Exchange and the home exchange is Perth  
ASX code: POS

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ASX Announcement

22 July 2010

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**\$3m Placement Announced**  
**Capital Raising to Support Windarra Nickel Project Drilling Programme**

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Poseidon Nickel Limited (ASX: POS) (**Poseidon** or **Company**) is pleased to announce a capital raising with commitments received for a placement of Fully Paid Ordinary Shares (together with free attaching Options) to raise approximately \$3 million.

Poseidon intends to utilise the funds as follows:

- Commence drill testing of the identified lava channels at the Windarra Nickel Project starting August 2010.
- Undertake additional resource drilling at Cerberus to further assist in defining the resource.
- To undertake further project evaluation at the Windarra Nickel Project including at the Mt Windarra underground mine.

Earlier this year, Poseidon announced that following its Cerberus discovery in 2008, that it has identified 7 additional lava channels features on its tenements which could be prospective for nickel sulphide. Poseidon has entered into the necessary drilling contract to undertake the above programme.

Poseidon has agreed to place approximately 17,323,337 Shares at \$0.18 per Share to professional and sophisticated investors to raise approximately \$3 million. In addition, investors will receive 1 free attaching Option for every 2 Shares subscribed for. The Options will be exercisable at \$0.25 each on or before 31 August 2012.

The Placement will occur in two tranches. The first tranche will comprise the placement of 10,729,576 Shares (together with 5,364,792 free attaching Options) to raise approximately \$1.9 million utilising the Company's existing 15% placement capacity under the ASX Listing Rules. The second tranche will comprise the placement of a minimum of 6,593,761 Shares (together with 3,296,877 free attaching Options) to raise at least \$1.1 million, subject to Shareholder approval at a General Meeting to be convened shortly.

The Company has received commitments for the Placement with settlement of the first tranche of the Placement due to occur on 27 July 2010.