

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; and
November 2016 Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 321,860 Shares; and
4,500,00 Unlisted Options |
| 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; and

Unlisted Options expire at 5.00pm WST on 23 November 2016 exercisable at twenty five (25) cents per Option.

The Options vest on the last to occur of the following: <ul style="list-style-type: none"> • that date which is three years from the date of issue; and • the Company's Share price as quoted on ASX exceeding \$0.50 for five consecutive trading days |

+ 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"> • 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 	<p>The fully paid Ordinary Shares to be issued following the exercise of Options will rank equally with existing Fully Paid Ordinary Shares on issue;</p> <p>All Shares rank equally with existing class of quoted Shares; and</p> <p>All Unlisted Options rank equally with existing class of unquoted Options</p>						
<p>5 Issue price or consideration</p>	<p>\$0.1948 being 92 day VWAP for the September 2010 quarter; Nil consideration for the Options</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The issue of Securities comprises:</p> <p>Shares to Directors in lieu of Fees for the September 2010 Quarter as approved by Shareholders at the 2010 November Annual General Meeting; and</p> <p>Options to:</p> <ul style="list-style-type: none"> • Managing Director to reward him for his services to the Company and to act as an incentive for future performance; • Three (3) Non Executive Directors as part of the incentive scheme for Directors'; and • One (1) Director in recognition of the considerable additional demands placed on his time during the 2010 financial year <p>As approved by Shareholders at the 2010 November Annual General Meeting</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>20 December 2010</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="766 1411 989 1456">Number</th> <th data-bbox="989 1411 1396 1456">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 1456 989 1500">194,582,116</td> <td data-bbox="989 1456 1396 1500">Ordinary fully paid shares</td> </tr> <tr> <td data-bbox="766 1500 989 1545">6,157,403</td> <td data-bbox="989 1500 1396 1545">05 December 2011 Options</td> </tr> </tbody> </table>	Number	+Class	194,582,116	Ordinary fully paid shares	6,157,403	05 December 2011 Options
Number	+Class						
194,582,116	Ordinary fully paid shares						
6,157,403	05 December 2011 Options						

<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<p>50,000 0</p> <p>375,000</p> <p>1,000,000</p> <p>2,500,000</p> <p>9,267,436</p> <p>115,000,000</p> <p>533,000</p> <p>2,000,000</p> <p>4,500,000</p> <p>15,906,681</p> <p>313,131</p>	<p>Partly Paid Shares Issued at \$0.102 and paid to \$0.002 (leaving \$0.10 to pay)</p> <p>Partly Paid Shares Issued at \$0.102 and paid to \$0.082 (leaving \$0.02 to pay)</p> <p>2 July 2011 Incentive Options</p> <p>31 July 2012 Unlisted Options</p> <p>31 August 2012 Unlisted Options</p> <p>19 September 2012 Unlisted Options</p> <p>22 October 2012 Unlisted Employee Options</p> <p>December 2012 Incentive Options</p> <p>23 November 2016 Unlisted Options</p> <p>Unsecured Convertible Notes</p> <p>Special Bonus Employee Shares</p>
<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>Not Applicable</p>	

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.

+ See chapter 19 for defined terms.

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.

Sign here:

Date: 17 December 2010

Print name:


Ross Kestel
Company Secretary

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