

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	Shares
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	8,454,261
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 ordinary shares
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"> • 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>All of the above-mentioned Shares will rank equally with the existing class of quoted Shares.</p> <p>5,495,398 Poseidon Employee Bonus Scheme Shares are subject to a vesting period commencing on the Issue Date and ending upon the satisfaction of the following conditions:</p> <ul style="list-style-type: none"> • Shares have been held in Trust for a minimum period of three (3) years from the Issue Date; and • Participant continues to be a full time employee of the Company throughout the above-mentioned three (3) year period.

+ See chapter 19 for defined terms.

5	Issue price or consideration	<p><u>350,000 Shares</u> Balance of Partly Paid Shares at \$0.02 to raise a total of \$7,000.00;</p> <p><u>2,608,863 Shares</u> Deemed issue price of \$0.336 per Share; and</p> <p><u>5,495,398 Shares</u> Deemed issue price of \$0.1847 being the five (5) day VWAP up to and including 30 June 2011</p>																		
6	Purpose of the issue (If issued as consideration for acquisition of assets, clearly identify the assets)	<p><u>350,000 Shares</u> Payment of balance of Partly Paid Shares to convert to Ordinary Shares;</p> <p><u>2,608,863 Shares</u> Recognition of professional broking services provided by New York based Broker who has assisted the Company with past successful capital raisings; and</p> <p><u>5,495,398 Shares</u> Share issue for employees 2011 performance in accordance with the Poseidon Employee Bonus Scheme as approved by Shareholders at the November 2009 Annual General Meeting.</p>																		
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	2 November 2011																		
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="742 1041 989 1075">Number</th> <th data-bbox="989 1041 1388 1075">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="742 1075 989 1120">204,140,021</td> <td data-bbox="989 1075 1388 1120">Ordinary fully paid Shares</td> </tr> <tr> <td data-bbox="742 1120 989 1198">6,157,403</td> <td data-bbox="989 1120 1388 1198">05 December 2011 Options</td> </tr> </tbody> </table>	Number	+Class	204,140,021	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 (including the securities in clause 2 if applicable)	<table border="1"> <tbody> <tr> <td data-bbox="742 1209 989 1310">50,000</td> <td data-bbox="989 1209 1388 1310">Partly Paid Shares Issued at \$0.102 and paid to \$0.002 (leaving \$0.10 to pay)</td> </tr> <tr> <td data-bbox="742 1310 989 1355">2,500,000</td> <td data-bbox="989 1310 1388 1355">31 July 2012 Unlisted Options</td> </tr> <tr> <td data-bbox="742 1355 989 1400">9,267,436</td> <td data-bbox="989 1355 1388 1400">31 August 2012 Unlisted Options</td> </tr> <tr> <td data-bbox="742 1400 989 1489">115,000,000</td> <td data-bbox="989 1400 1388 1489">19 September 2012 Unlisted Options</td> </tr> <tr> <td data-bbox="742 1489 989 1534">533,000</td> <td data-bbox="989 1489 1388 1534">22 October 2012 Unlisted Options</td> </tr> <tr> <td data-bbox="742 1534 989 1624">2,000,000</td> <td data-bbox="989 1534 1388 1624">31 December 2012 Incentive Options</td> </tr> <tr> <td data-bbox="742 1624 989 1713">2,975,000</td> <td data-bbox="989 1624 1388 1713">31 August 2016 Unlisted Options (Employee)</td> </tr> <tr> <td data-bbox="742 1713 989 1780">4,500,000</td> <td data-bbox="989 1713 1388 1780">23 November 2016 Unlisted Options</td> </tr> <tr> <td data-bbox="742 1780 989 1939">36,531,904</td> <td data-bbox="989 1780 1388 1939">March 2011 six (6) year USD \$15m Unsecured Convertible Notes valued on an exchange rate of \$1.0265 convertible at \$0.40</td> </tr> </tbody> </table>	50,000	Partly Paid Shares Issued at \$0.102 and paid to \$0.002 (leaving \$0.10 to pay)	2,500,000	31 July 2012 Unlisted Options	9,267,436	31 August 2012 Unlisted Options	115,000,000	19 September 2012 Unlisted Options	533,000	22 October 2012 Unlisted Options	2,000,000	31 December 2012 Incentive Options	2,975,000	31 August 2016 Unlisted Options (Employee)	4,500,000	23 November 2016 Unlisted Options	36,531,904	March 2011 six (6) year USD \$15m Unsecured Convertible Notes valued on an exchange rate of \$1.0265 convertible at \$0.40
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	64,945,608	March 2011 six (6) year USD \$20m Unsecured Convertible Notes valued on an exchange rate of \$1.0265 convertible at \$0.30
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

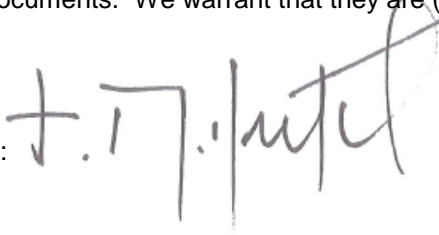
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request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

A handwritten signature in black ink, appearing to read "R. Kestel", written over a faint circular stamp.

Date: 1 November 2011

Print name:

Ross Kestel
Company Secretary

+ See chapter 19 for defined terms.