

11th April 2012

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

Dear Sir

Re: UNDERWRITTEN ENTITLEMENT OFFER - CONFIRMATION

We enclose herewith a copy of an announcement in relation to the above.

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
P: 61 8 9382 8799
F: 61 8 9382 4760

E: admin@poseidon-nickel.com.au

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
F: 61 8 9367 8812

Media Enquiries

Mr Paul Downie
FT Consulting
P: 61 8 9386 1233 M: 0414 947 129
E: paul.downie@fticonsulting.com

Home Exchange

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

ASX Announcement

11th April 2012

Underwritten Entitlement Offer - Confirmation

Poseidon Nickel Limited (ASX:POS) is pleased to announce that it has completed negotiations for its underwritten entitlement offer (**Offer**) and has today lodged the prospectus with ASIC (**Prospectus**). The Offer was first announced to the market on 3rd April 2012.

The Offer will be available to eligible shareholders registered in Australia or New Zealand to participate in a pro rata renounceable rights issue (**Rights Issue**) of 0.965 new fully paid ordinary shares in the Company (**New Shares**) for every one (1) fully paid ordinary share in the Company (**Shares**) held as at 7:00pm (AEST) on 20 April 2012 (**Record Date**). New Shares under the Rights Issue will be offered at \$0.10 per New Share. Based on the current capital structure (and assuming no options to acquire shares are exercised prior to the Record Date), an additional 199,906,923 New Shares will be issued to raise approximately \$20 million.

Shareholders will be entitled to apply to be issued any shortfall (**Shortfall**) under the Rights Issue. The board of the Company will have discretion as to how any Shortfall is issued at first instance.

The Rights Issue is fully underwritten by Forrest Family Investments Pty Ltd (**Underwriter**) an entity controlled by the Company's Chairman, Mr Andrew Forrest.

The Company will pay the Underwriter an underwriting fee of 5% of the underwritten shares (excluding shares held by the Underwriter or its related parties). Less the amount the Underwriter, or its associates, would have to pay if it subscribed for its full Entitlement under the Offer and also less broker fees payable on trading of rights. This underwriting has been deemed by the Company to be on arms length terms and the Underwriting Agreement contains standard commercial terms and conditions.

Use of Funds

Completion of the Rights Issue will result in an increase in cash in hand of up to approximately \$20 million (before the payment of costs associated with the Offer).

The Company intends to apply the funds raised from the Offer towards:

Proceeds of the Offer (full subscription)	A\$
Early works associated with the construction of the Windarra Nickel Project including critical path items such as the box cut for Cerberus, certain long lead items for the concentrator and an extension to the accommodation village.	\$6,000,000
Exploration and Development drilling activities for Windarra Nickel Project	\$2,500,000
Working Capital	\$10,376,000

Expenses of the Offer	\$1,124,000
Total	\$20,000,000

The use of funds set out above is a “best estimate” only. It is important to recognise that the use of funds may be subject to change in line with results, circumstances and other opportunities.

Timetable for the Rights Issues*

Key dates in connection with the Rights Issue which shareholders should note are as follows:

Event	Date
Announcement and Appendix 3B lodged to ASX	3 April 2012
Prospectus lodged with ASIC and ASX	11 April 2012
Notice sent to Shareholders	13 April 2012
Ex Date and rights trading commences (date from which securities commence trading without the Entitlement to participate in the Rights Issue)	16 April 2012
Record Date 7pm (AEST) (date for determining Entitlements of eligible Shareholders to participate in the Rights Issue)	20 April 2012
Prospectus dispatched to Shareholders (expected date of dispatch of Prospectus, Entitlement and Acceptance Forms)	27 April 2012
Rights trading ceases	4 May 2012
Securities quoted on a deferred settlement basis	7 May 2012
Offer Closing Date**	11 May 2012
ASX notified of under subscriptions	16 May 2012
Despatch holding statements	21 May 2012

* These dates are determined based upon the current expectations of the Directors and may be changed in accordance with the ASX Listing Rules.

** Subject to the Listing Rules and the Corporations Act, the Directors reserve the right to extend the Closing Date for the Offer, or to cancel the Rights Issue at their discretion without prior notice. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

Full details of the Rights Issue are contained in the Prospectus relating to the Offer that has been lodged with ASIC and is available on the Company and ASX websites. Capitalised terms not defined in this announcement have the same meaning as in the Prospectus relating to the Offer.