

POSEIDON NICKEL LIMITED
ACN 060 525 206

SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 11 April 2012 (**Prospectus**), issued by Poseidon Nickel Limited (ACN 060 525 206) (**Company**).

This Supplementary Prospectus is dated 24 April 2012 was lodged with ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Supplementary Prospectus.

Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.poseidon-nickel.com.au and the Company will send a copy of this Supplementary Prospectus to all Applicants who have subscribed for Shares in the Prospectus to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

1. USE OF FUNDS

Section 5.1 of the Prospectus is replaced by the following:

Update on the Company and Purpose of the Offer

The purpose of the Offer is to raise approximately \$20,000,000 (before expenses). The proceeds of the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer (full subscription)	A\$
Completion of Mt Windarra mine refurbishment	\$3,900,000
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
Definitive Feasibility Study completion and related project costs	\$2,600,000
Working Capital ¹	\$3,876,000
Expenses of the Offer ²	\$1,124,000
Total	\$20,000,000

Notes

¹It is intended that the Working Capital be applied to the Mt Windarra project in the event that the estimates outlined above are not sufficient to meet potential unexpected

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costs associated with the Mt Windarra project, or the wider capital costs associated with the Company's current operations.

²Refer to section 8.9 of this Prospectus for an outline of the expenses of the Offer.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

2. CONTINUOUS DISCLOSURE OBLIGATIONS

Section 8.1 of the Prospectus is amended by replacing the date "30 June 2010", as and when it appears in section 8.1, with "30 June 2011".

3. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'D Singleton', with a long horizontal stroke extending to the right.

David Singleton
Chief Executive Officer and Managing Director
For and on behalf of
POSEIDON NICKEL LIMITED