

11 July 2013
POSECOR\CORRESPONDENCE\C160

Ms T Oliveira
Adviser, Listings (Perth)
ASX Compliance Pty Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000
BY EMAIL

Dear Tonia

Price and Volume Query

We refer to your query letter dated 11 July 2013 regarding the price movements of Poseidon Nickel Limited (**the Company**). The Company wishes to advise the following:

1. On the 11 July 2013 an article was published in The Australian newspaper. The article contained commentary and information about operations at the Company's Mt Windarra Mine Project.

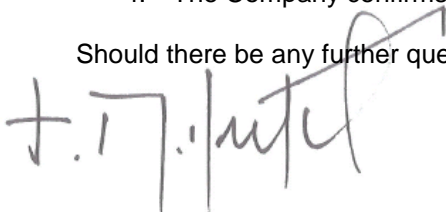
The Company is of the opinion that the price movement experienced in the Company's Securities between closing on Wednesday, 10 July 2013 and as at current date is attributable to this article.

The Company released on 11 July 2013 an announcement advising the results of the current drilling programme at Mt Windarra which has resulted in a significant upgrade to the reserves and resources from this project. In addition the announcement clarified the operational position on site.

Apart from the newspaper article the Company can confirm that it is not aware of any further information that has not already been announced which might explain the recent trading in the Securities of the Company.

2. Not Applicable.
3. There is no other explanation that may explain the price changes in the securities of the Company other than the newspaper article referred to in point 1 – the price movement occurred on the morning of the 11 July 2013 immediately following the publication of the article.
4. The Company confirms it is in compliance with the Listing Rules and in particular, Listing Rule 3.1.

Should there be any further queries, please do not hesitate to contact our office or Company Secretary.



Ross Kestel
Company Secretary



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11 July 2013

Mr Ross Kestel
Company Secretary
Poseidon Nickel Limited

By Email: ross@kestel.com.au
CC: eryn.kestel@nkh.com.au

Poseidon Nickel Limited (the "Company")

PRICE QUERY

We have noted a change in the price of the Company's securities from a closing price of \$0.13 on Wednesday, 10 July 2013 to an intra-day low of \$0.105 today, Thursday 11 July 2013.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by email to tonia.oliveira@asx.com.au or on **facsimile number +61 8 9221 2020**. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 11:00am (WST) today Thursday 11 July 2013**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please do not hesitate to contact me.

Yours sincerely

[sent electronically without signature]

Tonia Oliveira
Senior Adviser, Listings Compliance (Perth)