

5 May 2014

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

Dear Sir

Re: COMPLETION OF OVERSUBSCRIBED A\$3.7M PLACEMENT

Attached is an announcement confirming the completion of a \$3.7 million Placement which releases the Company from the Trading Halt requested on 1st May 2014.

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
Chris Indermaur	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Robert Dennis	Non-Executive Director
Ross Kestel	Company Secretary

Corporate Enquiries

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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
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Media Enquiries

Mr Cameron Morse
FTI Consulting
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Home Exchange

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

ASX Announcement

5 May 2014

Completion of a A\$3.7 million Oversubscribed Placement

- **Poseidon has raised A\$3.7 million for pre-production activities**
- **Placement was heavily oversubscribed and was capped by the Company's remaining placement capacity**
- **Dewatering and final refurbishment of the Mount Windarra mine to recommence immediately**
- **Options to bring Mount Windarra into early production remain under review**
- **Strong current and outlook Nickel prices support early mine operations**

Poseidon Nickel Limited (**Poseidon or the Company**) (ASX: POS) is pleased to announce the completion of a capital raising with commitments received for a placement of Fully Paid Ordinary Shares to raise \$3.7 million. The placement is for approximately 46,708,000 Shares at \$0.080 per Share to strategic, professional and sophisticated investors as defined under Section 708 of the Corporations Act (**Placement**). The Placement was undertaken with Petra Capital Limited and Patersons Securities Limited with the proceeds raised being capped at the Company's remaining 25% placement capacity of \$3.7 million.

Poseidon remains in active discussions with various parties to determine the best processing option for its nickel ore between treatment at an existing established facility or by building a new plant at the Mount Windarra site. Whilst ore transport costs to third party mills will increase the operating costs of the mine, this will be offset by the considerable time delays and capital costs of a new build plant. In light of this and the current strength of the nickel market, Poseidon believes that an early start to production is in the best interests of shareholders.

The purpose of the Placement is to facilitate the reduction in the lead time to initiate mining at Mt Windarra through recommencing dewatering activities by installing staged mono pumps in line with the existing sand filter to provide a permanent system ahead of restarting the underground refurbishment activities. The final refurbishment programme to reach the known ore body will cost approximately \$4 million and can be completed over a 4-6 month period. This investment is part of the restart costs of \$11 million, previously estimated, with remaining capital associated with increasing mine ventilation suitable for mining, initial mine activities and working capital.

The Placement Shares will rank equally with existing Shares on issue and are being issued under the Company's 15% and 10% placement capacities in accordance with ASX Listing Rules 7.1 and 7.1A.

Settlement of the Placement is scheduled to occur on 8 May 2014, with placement, allotment and quotation on the Australian Securities Exchange (ASX) anticipated within one (1) business day of settlement.

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