

POSEIDON NICKEL LIMITED

ACN 060 525 206

PROSPECTUS

For the offer of up to 1,000 Shares at an issue price of \$0.18 per Share to raise approximately \$180 (before expenses).

This Prospectus has been prepared primarily for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Chris Indermaur
Non-Executive Chairman

David Singleton
Managing Director, Chief Executive Officer

Geoff Brayshaw
Non-Executive Director

Robert Dennis
Non-Executive Director

Company Secretary

Ross Kestel

Share Registry*

Computershare Investor Services
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6019

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Registered Office

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331-335 Hay Street
Subiaco WA 6008

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Lawyers

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Auditors*

KPMG
235 St Georges Terrace
Perth WA 6000

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

2. TIMETABLE

Lodgement of Prospectus with the ASIC and ASX	2 December 2014
Opening Date of Offer	3 December 2014
Closing Date of Offer*	5 December 2014

* The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

3. IMPORTANT NOTES

This Prospectus is dated 2 December 2014 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Shares will be issued on the basis of this Prospectus after the expiry date.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk Factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.2 Overseas Investors

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

3.3 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representations not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

4. DETAILS OF THE OFFER

4.1 Summary of the Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 1,000 Shares at an issue price of \$0.18 per Share payable in full on application, to raise up to \$180.

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date.

Relevantly, Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

4.2 Opening and Closing Date of the Offer

The Opening Date of the Offer will be 9:00am WST on 3 December 2014 and the Closing Date for the Offer will be 3:00pm WST on 5 December 2014.

The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

4.3 Minimum Subscription

There is no minimum subscription in respect of the Offer.

4.4 Application for Shares

Applications for Shares must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.18 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company as follows:

Delivery by hand	Delivery by post
Poseidon Nickel C/- Computershare Investor Services Level 2, Reserve Bank Building 45 St George's Terrace Perth WA 6000	Poseidon Nickel C/- Computershare Investor Services Level 2, Reserve Bank Building 45 St George's Terrace Perth WA 6000

4.5 Underwriter

The Offer is not underwritten.

4.6 ASX Listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.7 Issue of Shares

The issue of Shares offered under the Offer will take place as soon as practicable after the Closing Date.

4.8 Restrictions on the Distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

4.9 Enquiries

Any questions concerning the Offer should be directed to Mr Ross Kestel, Company Secretary or Gareth Jones, Chief Financial Officer, on +61 8 9382 8799.

5. DETAILS OF PLACEMENT

5.1 General Background

On 10 October 2014 the Company announced that it had completed an oversubscribed placement via the offer of 166,666,667 new Shares at \$0.18 per Shares to raise up to \$30,000,000 (**Placement**).

The Placement is being undertaken in two tranches, the first being the offer of up to 85,000,000 Shares at an issue price of \$0.18 per Share to raise up to \$15,300,000 (**Tranche One**). 84,999,956 Tranche One Shares were issued on 16 October 2014 and represents 51% of the total funds raised under the Placement. The second tranche, for which the Company received Shareholder approval at the Company's Annual General Meeting held on 26 November 2014, will be an offer of up to 81,666,667 Shares at an issue price of \$0.18 per Share to raise up to \$14,700,000 (**Tranche Two**). Tranche Two will represent 49% of the total funds raised.

5.2 Purpose of the Placement

The purpose of the Placement is to enable the Company to complete the remaining refurbishment activities at the Mt Windarra Project, commence capital works at the Lake Johnston Project, repay the Minderoo debt and for normal operating expenses. The restart costs for the Mt Windarra Project have previously been estimated at \$11,000,000. The company is in the process of finalising the capital costs for the restart of the Lake Johnston Project which is expected to be less than \$10,000,000, excluding working capital.

5.3 Use of Funds raised under the Placement

The Company intends to apply the funds raised from the Placement as follows:

Activity	Funds
Windarra Nickel Project	\$11,000,000
Lake Johnston Nickel Project	\$10,000,000
Retire debt	\$8,000,000
Administration	\$1,000,000
Total	\$30,000,000

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 8).

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company, pursuant to Tranche Two of the Placement, prior to the Closing Date (including prior to the date of this Prospectus).

Under the Offer, an amount of approximately \$180 (before expenses) will be raised. All of the funds raised from the Offer will be applied towards the expenses

of the Offer. Refer to Section 9.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

6.2 Effect of the Offer

The effect of the Offer on the capital structure of the Company is set out below.

Shares

	Number
Shares currently on issue	687,216,577*
Shares offered pursuant to the Offer	1,000
Total Shares on issue after completion of the Offer	687,217,577

* Total includes recent issue of 81,666,667 Tranche Two Shares under the Placement.

Options

	Number
Options currently on issue (all unlisted):	
Exercisable at \$0.22 on or before 31/08/2016	2,975,000
Exercisable at \$0.22 on or before 23/11/2016	4,250,000
Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	7,225,000

Convertible Notes

	Number
Unquoted \$0.30 Convertible Notes on issue at date of Prospectus*	57,333,333
Unquoted \$0.40 Convertible Notes on issue at date of Prospectus*	32,250,000
Convertible Notes offered pursuant to the Offer	Nil
Convertible Notes on issue after completion of the Offer	89,583,333

*Assuming an exchange rate of 1 AUD = 0.86 USD

6.3 Financial Effect of the Offer

After paying for the expenses of the Offer of approximately \$10,000, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$180) will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position, being receipt of funds of \$180 less expenses of the Offer of \$10,000.

7. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

7.1 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act.

7.2 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

7.3 Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a Share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the

Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

7.4 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

7.5 Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements that the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer does not breach the Corporations Act and the ASX Listing Rules.

7.6 Future Increase in Capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

7.7 Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

8. RISK FACTORS

8.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Company specific

(a) Project Funding

The Company has completed a Definitive Feasibility Study for the Windarra Nickel Project and entered into an ore tolling and concentrate purchase agreement (OTCPA) with Nickel West. In addition, the Company has also secured the Black Swan and Lake Johnston Nickel Projects from Norilsk Nickel. As announced to ASX on 13 November 2013, the Company has completed the acquisition of the Lake Johnson Nickel Project, while the acquisition of the Black Swan Nickel Project is still subject to certain conditions precedent. In order to recommence operations at these projects, Poseidon is developing various alternatives towards completing the required financing for the projects with its corporate advisor. The Company will require additional financing for project development, working capital for the restart of the operations and contingencies or for additional other capital expenditure in the future.

There can be no guarantee that the project funding or such additional funding will be obtained on acceptable terms or at all, particularly having regard to the current condition of global financial markets and commodity prices.

If the Company seeks to obtain funding by way of a further equity raising, this may be dilutive to existing shareholders. If the Company is unable to obtain project funding or additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have an adverse affect on the Company's activities and could, in extreme circumstances, affect the Company's ability to proceed in developing these projects as planned.

(b) Project

Poseidon's activities are focused primarily on the Windarra and Lake Johnston Nickel Projects. Any adverse changes or developments affecting these projects, such as, but not limited to, obtaining financing on commercially suitable terms, hire suitable personnel and mining

contractors or secure an off-take agreement on commercially suitable terms, may have a material adverse effect on Poseidon's financial performance and results of operations.

The current and future operation of the Company are subject to operational risks, including (but not limited to) adverse geological conditions, unanticipated operations and technical difficulties. The Company and Nickel West must satisfy certain conditions, as required by the relevant Government agencies, in order to receive the necessary regulatory approvals for the Windarra OTCPA. In addition, the Company must satisfy certain condition in order to obtain the necessary regulatory approvals required for the restart of the Lake Johnston Project.

(c) Fluctuations in Metal Prices

The price of nickel, gold and other base metals and other minerals fluctuates widely and is affected by numerous factors beyond the control of Poseidon such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. The supply of metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers.

Future production from Poseidon's mining properties at the Windarra and Lake Johnston Nickel Projects are dependent upon the price of nickel, gold and other base metals and other minerals being adequate to make these properties economic. Future serious declines in the market value of nickel and gold, other base metals or other minerals could cause continued development of, and eventually commercial production from, the Windarra and Lake Johnston Nickel Projects and the Company's other properties to be rendered uneconomic.

Depending on the price of nickel, gold, base metals and other minerals, Poseidon could be forced to discontinue production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even if commercial quantities of nickel, gold and other base metals are produced, a profitable market will exist for them.

In addition to adversely affecting the reserve estimates of Poseidon and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

(d) Environmental risks and regulations

The Company's projects are subject to laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development

proceed. The Company has received environmental approval for its projects.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the properties.

8.3 General Risks

(a) Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (i) adverse geological conditions;
- (ii) limitations on activities due to seasonal weather patterns, heavy localised rainfall and cyclone activity;
- (iii) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (iv) mechanical failure of operating plant and equipment;
- (v) industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) unavailability of necessary support services in a timely fashion to support activities on site;
- (vii) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (viii) inability to obtain necessary consents or approvals.

(b) Infrastructure availability

The development of the Company's projects may require access to suitable infrastructure facilities including road, rail, processing and port facilities. Notwithstanding the relative proximity of the Company's projects to current, proposed and/or potential infrastructure facilities there is no guarantee that the Company will be able to agree suitable commercial arrangements with owners of the infrastructure facilities to use the facilities. In addition, there is no guarantee that there will be available capacity at existing infrastructure facilities to cater for any future production. Inability to access infrastructure may impact on the Company's ability to develop its projects or lead to delays in the development of the projects until infrastructure facilities are available.

(c) Future funding requirements

The Company will require additional funding in the future in order to develop the Windarra and Lake Johnston Nickel Projects, including the exploration and development of any other projects. In addition, it is

highly likely that regardless of the successful completion of the Offer, the Company will need to undertake further capital raising.

Any additional equity financing may be dilutive to Shareholders and any project financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

Further, there can be no assurance that any such equity or project funding will be available for the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, there is significant uncertainty as to whether the Company will be able to proceed in developing these projects as planned.

Accordingly, the Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(d) Resource estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to activities planned with respect to the Company's projects, which may, in turn, adversely affect the Company's operations.

(e) Exploration, Development, Mining and Processing Risks

There is no assurance that nickel, gold or other base metals will be discovered in the areas in which the Company has an interest. Even if further nickel, gold or other base metals are discovered in those areas, there is no assurance that commercial quantities of these minerals can be recovered from the Company's permits.

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable ore resources;
- (ii) successful conclusions to bankable feasibility studies;
- (iii) access to adequate capital for project development;
- (iv) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (v) securing and maintaining title to tenements;
- (vi) obtaining consents and approvals necessary for the conduct of exploration and mining;

- (vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants;
- (viii) native title risks; and
- (ix) adverse weather conditions over a prolonged period which may adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(f) Metallurgy

Metal or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal or concentrate;
- (ii) developing an economic process route to produce a metal or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(g) Title risk and native title

The permits in which the Company will, or may, in the future, acquire an interest, are subject to the applicable local laws and regulations. There is no guarantee that any additional permit, applications or conversions in which the Company has a current or potential interest will be granted.

Permits (or applications) in which the Company has an interest are (or, if not yet granted, will be) subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the permits liable to forfeiture.

All of the projects in which the Company has an interest will be subject to application for permit renewal from time to time. Renewal of the term of each permit is subject to applicable legislation. If the permit is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

The projects in which the Company has an interest extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its projects and to conduct exploration, development and mining operations remains subject to native title rights and the terms of registered native title

agreements. The Directors will closely monitor the potential effect of native title claims on its projects.

(h) Ability to exploit success

Any successful exploitation of discoveries or of the acquired assets may require obtaining of the necessary production permits and the relevant government approvals as required by the relevant Government agencies. The required approvals may be issued at the discretion of the relevant authorities and might be issued subject to conditions or preconditions.

(i) Future performance of business activities

The value of the Company's business activities is subject to the various and unpredictable influences of the market it operates in and the economy in general. Accordingly, adverse economic and market conditions may be experienced by the Company which are outside of its control and may have an adverse effect on the Company.

8.4 Economic Risks

General economic conditions, movements in commodity prices, interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

(a) Security Investments

Applicants should be aware that there are risks associated with any securities investment. Shares listed on the stock market and, in particular, securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

(b) Legislative changes, Government policy and approvals

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the relevant legislation may impact on the Company's actual financial statements. The Company's capacity to explore and exploit any projects may be affected by changes in government policy, which are beyond the control of the Company.

(c) Reliance on Key Personnel and Employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

(d) Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

9. ADDITIONAL INFORMATION

9.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

9.2 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
28/11/2014	Addendum to the 2014 Annual Report
26/11/2014	Results of 2014 General Meeting
26/11/2014	Results of 2014 Annual General Meeting
26/11/2014	Presentation at the 2014 Annual General Meeting
24/11/2014	Recommencement of Drilling at Windarra
13/11/2014	Poseidon Completes Lake Johnston Purchase
12/11/2014	Appendix 3B for the Issue of Performance Bonus Shares
07/11/2014	Revised Mt Windarra Mineral Resource
06/11/2014	Black Swan Ore Reserve - ASX Request Revised Format
05/11/2014	Poseidon Announces Black Swan Ore Reserve
29/10/2014	Quarterly Report to 30 September 2014
24/10/2014	2014 Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at www.poseidon-nickel.com.au.

9.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.27	12 & 15 September 2014
Lowest	\$0.125	28 October & 1 December 2014
Last	\$0.13	1 December 2014

9.4 Substantial Shareholders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares *	%
Minderoo Group Pty Ltd	129,824,874 ¹	21.60

1. 119,999,874 Shares are held indirectly through Forest Family Investments Pty Ltd and 9,825,000 Shares are held indirectly through Minderoo Pty Ltd.

9.5 Interests of Directors

Security Holdings

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer. Directors' relevant interests in securities of the Company at the date of this Prospectus and remuneration information (including amounts paid in consulting fees) for the current and last two financial years is set out below:

Director	Shares	Options
Chris Indermaur	3,468,535	1,000,000
David Singleton	6,740,000	3,000,000
Geoff Brayshaw	3,502,634	250,000
Robert Dennis	3,041,567	500,000

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The

total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the annual remuneration paid to both executive and non-executive Directors inclusive of superannuation. In addition, the current Directors have been paid fees totalling \$372,340 from the end of the previous financial year until the date of this Prospectus.

Director	Year	Salary & Fees \$	Super-annuation \$	Options \$	Shares and Other non-cash Benefits \$	Total
Andrew Forrest ¹	2014	11,553	-	-	-	11,553
	2013	-	-	-	47,921	47,921
David Singleton	2014	516,465	19,450	64,200	189,815	789,930
	2013	525,539	25,000	64,200	164,389	762,589
Richard Monti ²	2014	16,870	-	1,348	-	18,218
	2013	-	-	5,350	69,185	74,535
Chris Indermaur	2014	-	-	21,400	80,750	102,150
	2013	-	-	21,400	81,765	103,165
Geoff Brayshaw	2014	-	-	5,350	71,551	76,901
	2013	-	-	5,350	75,475	80,825
Robert Dennis	2014	284,361	24,283	13,404	141,858	463,906
	2013	431,899	38,998	13,404	115,833	600,134

Notes:

1. Andrew Forrest resigned as non-executive Chairman on 27 September 2013.
2. Richard Monti resigned as non-executive director on 30 September 2013.

3. Herbert "Bud" Scruggs was appointed as non-executive Chairman on 30 September 2013 and resigned on 24 February 2014 and did not draw a salary.
4. Chris Indermaur was appointed as non-executive Chairman on 24 February 2014.
5. Robert Dennis was appointed as non-executive Director on 24 February 2014 and was previously the Chief Operating Officer.

9.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and associated due diligence process. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services.

9.7 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors

to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.8 Estimated Expenses of Offer

The estimated expenses of the Offer are estimated to be approximately \$10,000 (excluding GST) and are expected to comprise legal fees, printing and other administrative expenses, including ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

9.9 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on + 61 8 9382 8799 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.poseidon-nickel.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.10 Clearing House Electronic Sub-Register System ("CHESS") and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9.11 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8 of this Prospectus.

9.12 Privacy Act

By completing and returning an Application Form, you will be providing personal information directly or indirectly to the Company, the Share Registry, and related bodies corporate, agents, contractors and third party service providers of the foregoing (**Collecting Parties**). The Collecting Parties collect, hold and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

By submitting an Application Form, you authorise the Company to disclose any personal information contained in your Application Form (**Personal Information**) to the Collecting Parties where necessary, for any purpose in connection with the Offer, including processing your acceptance of the Offer and complying with applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any Public Authority.

If you do not provide the information required in the Application Form, the Company may not be able to accept or process your acceptance of the Offer.

If the Offer is successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of Shareholders, including bidders for your securities in the context of takeovers, Public Authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the Privacy Act 1988 (Cth) and all other legal requirements. If obliged to do so by law or any Public Authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified. As at the date of this Prospectus, the Company does not anticipate that Personal Information will be disclosed to any overseas recipient.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory in Section 1 of this Prospectus. A fee may be charged for access.

10. DIRECTORS' CONSENT

This 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 in writing to the lodgement of this Prospectus with the ASIC.

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

11. DEFINITIONS

Applicant means an investor that applies for Shares under the Offer using an Application Form pursuant to this Prospectus.

Application Form means the Application Form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the Listing Rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESSE.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means closing date for receipt of an Application Form as set out in Section 2 (unless extended or closed early).

Company or Poseidon means Poseidon Nickel Limited (ACN 060 525 206).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Offer means the offer of Shares referred to in the "Details of the Offer" section of this Prospectus.

Official Quotation means official quotation on ASX.

Opening Date means the opening date for receipt of an Application Form under this Prospectus as set out in Section 2.

Option means an option to acquire a Share.

Placement means the placement 166,666,667 Company shares to raise \$30,000,000 that was announced to ASX on 10 October 2014.

Prospectus means this Prospectus dated 2 December 2014.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Share Registry means Computershare Investor Services Pty Limited (ACN 078 279 277).

WST means Western Standard Time as observed in Perth, Western Australia.