



Australian Government

Takeovers Panel

MEDIA RELEASE

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Poseidon Nickel Limited – Panel Receives Application

The Panel has received an application from ASIC in relation to the affairs of Poseidon Nickel Limited (ASX: POS).

Details of the application, as submitted by ASIC, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

On 24 August 2018, Poseidon announced a renounceable entitlement offer of 11 shares for every 10 shares at \$0.05 per share to raise approximately \$68.8 million and released a prospectus for the entitlement offer.

Under the entitlement offer, eligible shareholders are entitled to subscribe for additional shares and any shares not taken up or sold by shareholders will be offered for sale under a bookbuild. After the bookbuild, the remaining shortfall reverts to Squadron Resources Pty Ltd as sub-underwriter. Poseidon also announced it had undertaken a placement at the same price to raise \$5.8 million.

The prospectus discloses that proceeds raised under the entitlement offer and placement will be used to restart two of Poseidon's mines and bring one of its processing plants back into production.

The entitlement offer is fully sub-underwritten by Squadron.¹ Squadron participated in the placement which increased its relevant interest in Poseidon shares from 12.3% to 18.01%.

Squadron has committed to take up all of its entitlement in the entitlement offer. The prospectus discloses that Squadron could potentially increase its voting power in Poseidon up to a maximum of 60.96% under the entitlement offer and sub-

¹ The offer is fully underwritten by Petra Capital Pty Ltd. Petra has entered into a sub-underwriting agreement with Squadron in respect of 100% of the offer.

underwriting arrangements (assuming no shareholders other than Squadron and its associates take up their entitlement in the entitlement offer or participate in the shortfall offer and no other person participates in the bookbuild).

ASIC submits (among other things) that the control effect of the entitlement offer exceeds what is reasonably necessary for the fundraising purpose.

ASIC seeks an interim order that Poseidon is restrained from issuing shares under the entitlement offer until a decision is made by the Panel in relation to the application. Poseidon has undertaken to the Panel that it will not issue shares under the entitlement offer until 19 September 2018 (consistent with the prospectus timetable).

ASIC seeks final orders to the effect that Poseidon must not issue Poseidon shares to Squadron as sub-underwriter where that issue would result in Squadron's voting power increasing above 20% without first obtaining shareholder approval under item 7 of s611 of the *Corporations Act 2001* (Cth).

Allan Bulman
Director, Takeovers Panel
Level 10, 63 Exhibition Street
Melbourne VIC 3000
Ph: +61 3 9655 3500
takeovers@takeovers.gov.au