

7th July 2017

Mr M Piccini
Senior Adviser (Listings Compliance Perth)
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Via email: *mauro.piccini@asx.com.au*

Dear Mauro,

Poseidon Nickel Limited ("POS"): Price query

We refer to your letter dated 7th July 2017 and respond as follows (using your numbering):

1. Yes.

On 16 November 2016 the Company announced to the market that it had entered into an exclusive Option Deed with Kidman Resources Limited (ASX: KDR) to lease the Lake Johnston facility for the processing of lithium ore from their Mt Holland resource. The Company is aware that KDR has today requested a Trading Halt pending a decision in relation to recent court proceedings against Marindi Metals Limited, proposed to be handed down this afternoon in Western Australia.

The Company is in advanced discussions with a third party in relation to a non-binding Memorandum of Understanding to enter into a period of due diligence for a proposed transaction. These discussions remain ongoing and are incomplete at this time.

In addition, the Company continues to review various funding options to support its ongoing activities. A number of discussions are underway with potential investors and key stakeholders and the terms of any funding proposal are insufficiently defined to warrant market disclosure.

2. a) Yes. Refer to the response in paragraph 1 above.
- b) No.
- c) Please refer to the response at paragraph 2 a) above.

3. Not applicable
4. The Company confirms that it is in compliance with ASX Listing Rules and, in particular, Listing Rule 3.1.
5. The Company confirms that the response to the questions above have been authorised in accordance with its published continuous disclosure policy or otherwise by its board or an officer of POS with delegated authority from the board to respond to ASX on disclosure matters.

Should you have any further queries, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "G. Jones". The signature is written in a cursive style with a horizontal line above the first name.

Gareth Jones
Company Secretary



7 July 2017

Mr Gareth Jones
Company Secretary
Poseidon Nickel Limited
8 Churchill Court
SUBIACO WA 6008

By email: gareth.jones@poseidon-nickel.com.au

Dear Mr Jones

Poseidon Nickel Limited (“POS”): price query

We note the change in the price of POS’ securities from an intraday low of \$0.019 on Friday, 1 July 2017 to an intraday high of \$0.029 today Friday, 7 July 2017.

In light of this, ASX asks POS to respond separately to each of the following questions and requests for information:

1. Is POS aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is POS relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in POS’ securities would suggest to ASX that such information may have ceased to be confidential and therefore POS may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that POS may have for the recent trading in its securities?
4. Please confirm that POS is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that POS’ responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of POS with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **1.00 pm WST on Friday 7 July 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in POS' securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, POS' obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at mauro.piccini@asx.com.au and to tradinghaltspert@asx.com.au. It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed 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. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to POS' obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that POS' obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in POS' securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- 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.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.



If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Mauro Piccini

Senior Adviser – Listings Compliance (Perth)