

27 August 2018
POSECOR\ASX\ASX203

ASX Market Announcements
Company Announcements Office
ASX Limited
SYDNEY NSW 2000

Renounceable Rights Issue – Letters to Shareholders

Attached are copies of two (2) letters which have been dispatched as at 27 August 2018 to shareholders in relation to the rights issue recently announced by Poseidon Nickel Limited (the **Company**).

1. A letter to shareholders of the Company with registered addresses in Australia or New Zealand, who are eligible to participate in the Rights Issue have been notified; and
2. A letter to shareholders of the Company who have registered addresses outside Australia or New Zealand have been notified that they are not entitled to participate in the Rights Issue.

For and on behalf of the Board of Poseidon Nickel Limited.

Eryn Kestel
Company Secretary

27 August 2018

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Dear Shareholder

Renounceable Rights Issue

Poseidon Nickel Limited (**Poseidon** or the **Company**) has announced that it would be offering shareholders the opportunity to participate in a pro-rata renounceable rights issue to raise approximately \$68.8 million (before costs) (**Offer**), on the basis of 11 fully paid ordinary shares in the capital of the Company (New Shares) for every 10 Shares held at the record date, at an issue price of \$0.05 per New Share.

Up to 1,375,431,034 New Shares will be issued under the Offer.

The Offer is renounceable, so rights are tradeable on ASX. New Shares will rank equally with the Company's existing shares.

The Offer is being made pursuant to a Prospectus which has been lodged with the Australian Securities and Investment Commission (ASIC) and ASX Limited (ASX) and is available on the Company's website www.poseidon-nickel.com.au and on the ASX website at www.asx.com.au

Shareholders with an address in Australia and New Zealand who are recorded on the Company's registry as at 7.00pm (AEST) on Wednesday, 29 August 2018 will be eligible to participate in the Offer (**Eligible Shareholders**).

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded down to the nearest whole number of New Shares.

Successful completion of the Offer will raise up to approximately \$68.8 million (before costs). Funds raised through the Offer will allow the Company to bring back the Silver Swan and Black Swan mines and processing plant back into production.

Petra Capital Pty Ltd (AFSL 317944) has entered into an Underwriting Agreement with the Company to fully underwrite the Offer. The Underwriter has entered into a sub-underwriting agreement in respect of the Offer with Squadron Resources Pty Ltd.

The Company will pay to the Underwriter an underwriting fee of approximately \$687,716 or 1% of the underwritten amount

The timetable and important dates of the issue are set out below:

Lodgement of Prospectus with ASIC	23 August 2018
Notice sent to Shareholders	27 August 2018
Ex Date and Rights trading commences	28 August 2018
Placement Shares and Performance Rights Shares Issued	28 August 2018
Record Date for determining Shareholder entitlements	29 August 2018
Prospectus dispatched to Shareholders and Opening Date of Offer	31 August 2018

Rights trading ceases	05 September 2018
Securities quoted on a deferred settlement basis	06 September 2018
Closing Date of Offer	12 September 2018
Notify ASX of under-subscriptions	17 September 2018
Shares entered into Shareholders' security holdings	19 September 2018
Quotation of Securities under the Offer	20 September 2018
Dispatch date of Holding Statements	21 September 2018

The above timetable is indicative only and all dates may be subject to change. The Company reserves the right to extend the Closing date for the Offer at their discretion. Should this occur, the extension will have an impact on the date of issue for the New Shares.

If Eligible Shareholder do not wish to take up any part of their entitlement they are not required to take any action. Eligible Shareholders may apply for any shortfall shares under the separate shortfall offer made pursuant to the Prospectus.

Details of the Offer are contained in the Prospectus. As there are a number of actions that Eligible Shareholders may take, then Prospectus should be considered carefully before deciding whether to participate in the Offer and consult with their professional advisors.

Yours faithfully



Eryn Kestel
Company Secretary

27 August 2018

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Up to 1,375,431,034 New Shares will be issued under the Offer.

Successful completion of the Offer will raise up to approximately \$68.8 million (before costs). Funds raised through the Offer will allow the Company to bring back the Silver Swan and Black Swan mines and processing plant back into production.

Only shareholders with a registered address in Australia and New Zealand will be eligible to participate in the Offer (**Eligible Shareholders**).

The Company has determined that it would be unreasonable to extend participation in the Offer to shareholders who do not have a registered address in Australia and New Zealand (**Ineligible Shareholders**) having regard to:

- a) the number of Ineligible Shareholders;
- b) the number and value of the New Shares that would otherwise be offered to Ineligible Shareholders; and
- c) the cost of complying with overseas legal and regulatory requirements.

Unfortunately, according to the Company's records, you do not satisfy the criteria for an Eligible Shareholder, accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, the Company wishes to advise that it is unable to extend to you the opportunity to participate in the Offer.

As an Ineligible Shareholder you will not be sent a Prospectus or be able to subscribe for New Shares under the Offer.

If the Company's records are incorrect on this matter, please contact the Company Secretary on 0435 905 770.

Yours faithfully



Eryn Kestel
Company Secretary