

Corporate Directory

ASX Code: POS
 Shares on Issue: 2.64M
 Share price: \$0.044
 Market Cap: ≈\$116M
 Cash & equivalents at 30/06/20: \$45.2M

Board of Directors

Non-Executive Chairman
 Derek La Ferla

Non-Executive Directors
 Felicity Gooding
 Dean Hildebrand
 Peter Muccilli

Managing Director & CEO
 Peter Harold

CFO & Joint Company Secretary
 Brendan Shalders

Joint Company Secretary
 Andrea Betti

Key Shareholders

Black Mountain Metals: 20.8%
 Wyloo Metals: 17.1%

Key Nickel Assets (100%)

Black Swan/Silver Swan
 Lake Johnston
 Windarra

Principal & Registered Office

Unit 8 Churchill Court
 331-335 Hay Street
 Subiaco 6008
 Western Australia

T: +61 8 6167 6600
 F: +61 8 6167 6649
 E: admin@poseidon-nickel.com.au
 W: www.poseidon-nickel.com.au

POSEIDON TO ACQUIRE RIGHT TO TREAT LANCEFIELD GOLD TAILINGS

17 AUGUST 2020

HIGHLIGHTS

- Poseidon has purchased an option to acquire the right to treat Lancefield Gold Tailings
- Potential to add considerable value to the Windarra Gold Tailings Project

Poseidon Nickel (ASX: POS, “the Company”) is pleased to announce that the Company has acquired an exclusive option, from the current licence holder, giving the Company the right to reprocess gold tailings located in Lancefield. Details of the transaction are as follows:

Details of the Transaction

• Location:	Lancefield, Western Australia
• Licence holder:	Svenson Nominees Pty Ltd
• Licences:	Licence to Treat Tailings tenements LTT 70/3709 and LTT 70/2666 and Miscellaneous Licence 38/225, collectively referred to as the “ Lancefield Gold Tailings ”
• Quantity of tailings:	All the tailings from the Lancefield Gold Tailings Note that gold resources contained in the Lancefield Gold Tailings are non-JORC so no resource is quoted in this release
• Consideration:	<ul style="list-style-type: none"> • Exclusivity Fee: \$20,000 • Option Fee: \$25,000 • Payment on execution of formal agreement: \$450,000 in 4 equal instalments upon receipt of annual Licence renewals • Royalty: 1.5% Net Smelter Return
• Structure:	Poseidon has been granted an exclusive option to acquire the right to treat the Lancefield Gold Tailings and recover all gold from those tailings. On exercising the option both parties will enter into a Royalty and Right to Treat Agreement granting Poseidon the exclusive right to reprocess the gold tailings from the Lancefield Gold Tailings.
• Conditions Precedent:	All Licences to be renewed on an annual basis
• Other:	Both parties agree that the Lancefield Gold Tailings should be treated within four years of the signing of the Royalty and Right to Treat Agreement.

Commentary

This transaction is an exciting opportunity for Poseidon to add considerable value to the Windarra Gold Tailings Project which is currently under consideration by the Company. (Refer ASX releases dated 22 June 2020 titled *Robust Prefeasibility Study Completed and Gold Tailings Resource at Windarra Updated to JORC 2012 Indicated*). Following the completion of the positive Prefeasibility Study the Company immediately commissioned a Definitive Feasibility Study which is now well underway and due for completion in late September 2020.

The Lancefield Gold Tailings are located approximately 17kms from the proposed Windarra Gold processing facility and cover an area 700m by 500m which equates to 35 hectares. (See Figure 1). The Lancefield Gold Tailings could be trucked to Windarra and processed in the proposed facility with minimal modifications to the currently envisaged plant configuration. The Lancefield Gold Tailings could be processed in conjunction with the Company's Windarra Tailing or immediately after the North and South Dam tailings have been processed.

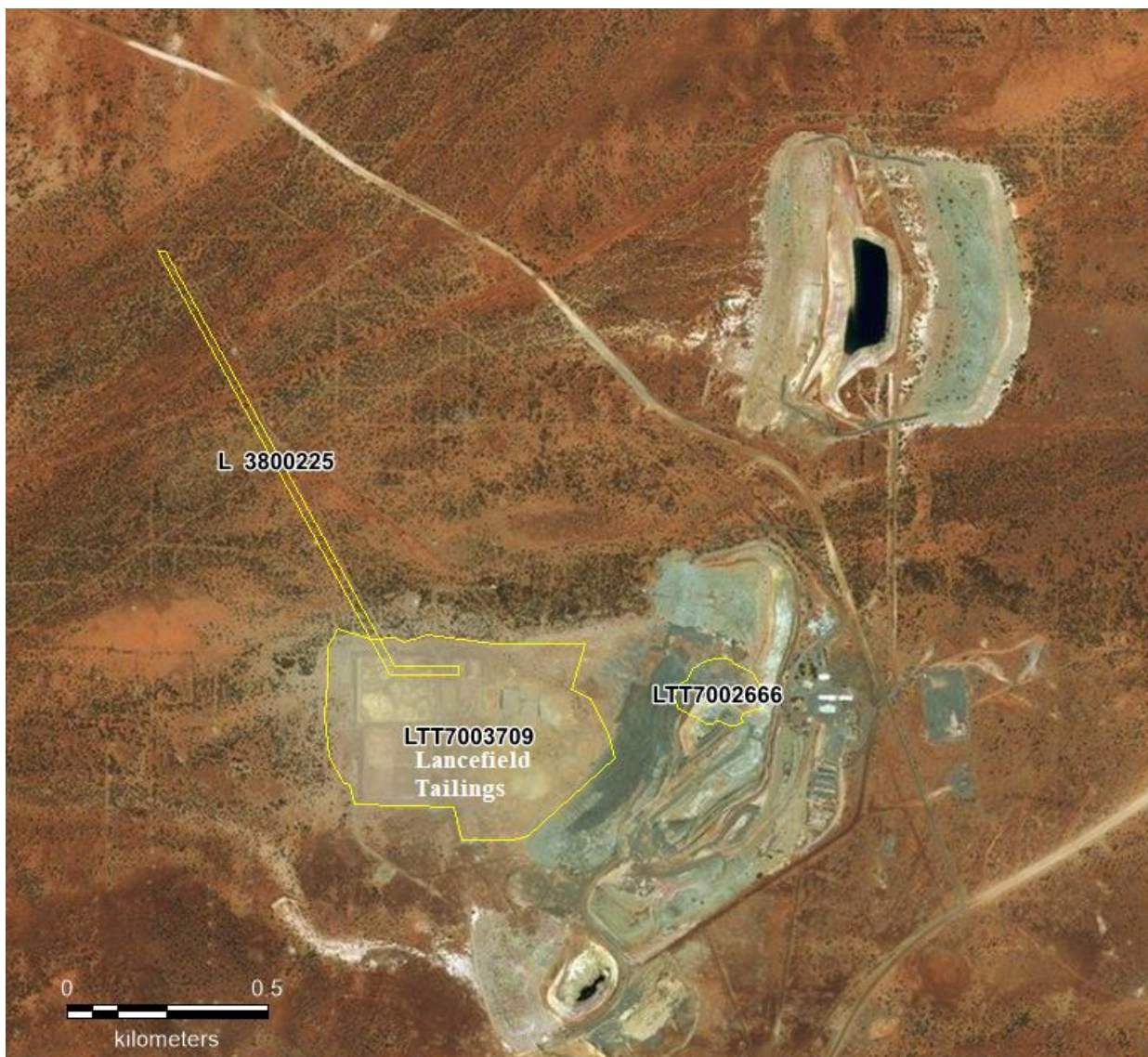


Figure 1 – aerial view of the Lancefield Gold Tailings

The Company will conduct resource definition programs at the Lancefield Gold Tailings with the aim of establishing a JORC 2012 Mineral Resource. Metallurgical studies will also be undertaken to confirm historical test work. If outcomes of these programs are positive, there is the potential to include and optimise the Windarra Gold Tailings Project to add considerable value.

There is a considerable environmental benefit to Western Australia should Poseidon proceed with treating the Lancefield Gold Tailings, as these tailings will be removed, and the site rehabilitated which will be a positive environmental outcome.

The Company looks forward to working with Svenson Nominees Pty Ltd to unlock the value of the Lancefield Gold Tailings.



Peter Harold
Managing Director & CEO

17 August 2020

For further information contact Peter Harold: + 61 (0)8 6167 6600.

The announcement was authorised for lodgement by the Board of Poseidon Nickel Limited.

About Poseidon Nickel Limited

Poseidon Nickel Limited (ASX Code: POS) is a nickel sulphide development and exploration company with three projects located within a radius of 300km from Kalgoorlie in the Goldfields region of Western Australia and a resource base of around 400,000 tonnes of nickel and over 180,000 ounces of gold.

Poseidon's strategy is focused on the exploration and eventual restart of its established nickel operations in Western Australia where project risk capital and operating costs are low. A critical element of this strategy has been to acquire projects and operations with high levels of geological prospectivity likely to lead to potential substantial extension of the operation's life through the application of modern exploration techniques.

Poseidon owns the Windarra, Black Swan and the Lake Johnston Nickel Projects. In addition to the mines and infrastructure including concentrators at Black Swan and Lake Johnston, these projects have significant exploration opportunities demonstrated by the discovery of the Abi Rose deposit at Lake Johnston and the recent discovery of the Golden Swan mineralisation at Black Swan. The Company is also undertaking a Definitive Feasibility Study on retreating the gold tailings at Windarra given the strength of that A\$ gold price.