

18th July 2018

Black Swan & Silver Swan – Feasibility Study Supports Project Restart

Highlights

- **Feasibility Study confirms the restart of the Silver Swan underground Black Swan open pit mine & processing plant at Black Swan is economic generating revenues of A\$288.6m with pre-tax NPV₁₀ of A\$43.6m & IRR 92%**
- **Production of circa 8,000 tonnes of nickel per annum in a smeltable grade concentrate from the Black Swan process plant & DSO from Silver Swan**
- **All in sustaining cost of production of US\$5.10/lb¹ payable equivalent to a C1 cash cost of US\$3.18/lb²**
- **Project total capital cost of A\$56.7m including plant and mines refurbishment and development**
- **Integrated project life of 3.1 years with a number of promising resource extensions to be developed**
- **Ore previously mined and currently stockpiled at Black Swan to be processed at Black Swan. Combined mill feed will average 1.1 million tonnes per annum compared to process plant capacity of 2.2 million tonnes per annum**
- **New jobs created at site (including contractors) will be circa 180. Recruitment of leadership and maintenance roles to be progressed**
- **Intention is for workforce to be residential Kalgoorlie based**
- **Underground mining contractor tenders under review**
- **All operating licences necessary to restart operations at Black Swan are in good standing**
- **Negotiations for the sale of Silver Swan & Black Swan product and pre-payment terms are underway**
- **Nickel pricing has improved & LME stocks continue to fall in recent months, the low capital requirement for the project combined with lower input costs have demonstrated that Black Swan & Silver Swan can be economic at forecast consensus pricing. Poseidon expects nickel prices to progressively improve over the next 12 months**

¹ All in sustaining cash costs are C1 cash costs plus mine development and sustaining capital on a payable basis (excludes once off pre-production capital costs).

² C1 cash costs means operating cash costs including mining, processing, geology, OHSE, site G&A, concentrate transport, royalties, less by-product credits divided by nickel in concentrate produced (100% payable basis).

³ Unless otherwise stated, all cash flows are in Australian dollars and not subject to inflation or escalation factors. A nickel price of US\$7.70/lb has been assumed and an exchange rate of AUD:USD of 0.76.

Cautionary Statement

The information contained in this announcement that relates to the Feasibility Statement is extracted from the report entitled 'Feasibility Study of Black Swan & Silver Swan' dated 16th July 2018.

The Feasibility Study has been prepared and reported in accordance with the requirements of the JORC Code (2012) and relevant ASX Listing Rules. The primary purpose of the Feasibility Study is to establish the economic viability of restarting the Silver Swan underground & Black Swan open pit mine and processing plant. The Feasibility Study level of accuracy is estimated to be $\pm 20\%$.

The Company has concluded it has a reasonable basis for providing any of the forward looking statements included in this announcement and believes that it has a reasonable basis to expect that it will be able to fund its stated objectives for the Black Swan & Silver Swan projects. All material assumptions on which the forecast financial information is based are set out in the announcement. In accordance with the ASX listing rules, the Company advises the Feasibility Study referred to in the Announcement is based on a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Project Funding

The Company is in ongoing discussions with several parties on a number of funding options (involving traditional debt and equity as well as other potential sources including prepayments on future production). Whilst no binding commitments for funding have been agreed, the Company has mandated Petra Capital to lead any potential equity raising.

Petra Capital has significant experience in this area. The Company has also fielded a number of enquiries from strategic investors and others interested in potential off-take arrangements. The Company believes that equity funding would be available should that option be selected. The terms of any equity raising including quantum, issue price and potential dilution is yet to be determined.

The recent rise in nickel price and successful fund raising activities of other nickel companies adds to the Company's level of confidence that the necessary funding for the project will be available.

The Directors and Executives of the Company have experience in fund raising activities which gives appropriate grounds for their confidence.

Poseidon Nickel Limited (ASX:POS or the Company) is pleased to announce that it has completed a Feasibility Study for its 100% owned Black Swan Nickel Operations. The study confirms that the operations can be brought back into operation with first production within 12 months of fully funding the project, at a low level of capital investment and that no regulatory or technical barriers exist.

Black Swan Nickel Operations remains on care & maintenance with all assets held in good standing. The engineering study highlighted the key prestart activities required to restart mining and processing activities and to confirm the required capital and operating costs.

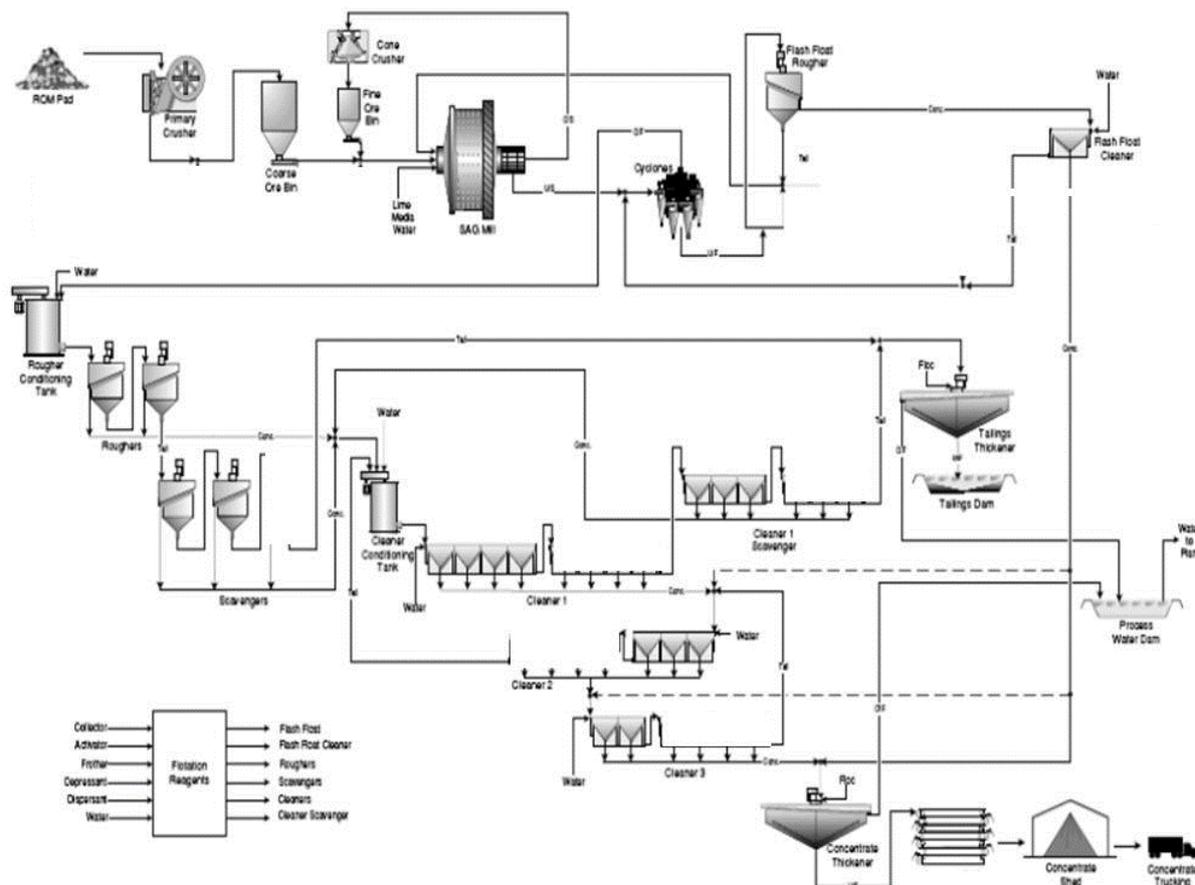


Figure 1: Black Swan Modified Process Plant Flowsheet

The study was initiated to update previously completed studies including an analysis of the geological model, resource model, geotechnical studies, a re-design of the mining methodologies used for the ore body and an analysis of the necessary work required to restart the process plant and infrastructure.

The integrated Silver Swan & Black Swan engineering study has materially increased the initial project life and ore throughput rates.

Poseidon also owns the Lake Johnston & Windarra Nickel Projects. The 2.2 million tonne per annum processing plant capacity at Black Swan is able to process third party feed on a toll treatment basis or purchase at gate under contract terms. Several mines within the Kalgoorlie region will come out of contract and an opportunity exists to competitively bid for the ore.



Figure 2: Black Swan Process Plant



Figure 3: Black Swan Open Pit



Figure 4: Underground Mine Refurbishment

Restart Capital Costs

The Black Swan Nickel Operations has been on care & maintenance and all assets remain in good standing. Only minor deterioration of the plant is evident and previously stockpiled nickel ore has been thoroughly tested to confirm nickel recovery and concentrate quality.

A full geotechnical study of the underground and open mine has been completed. A modest amount of refurbishment work is required including works to emergency escape ladder ways for the underground mine. Dewatering, power, ventilation, communications and refuge facilities remain in place and in good standing at Silver Swan.

The existing tailings facility maintains the capacity for the life of mine (LOM) plan. The licence for this has been approved by the Department of Mines and Petroleum.

Underground mining contractor tenders have been received and under review. Poseidon expects to appoint an underground contractor to begin early works at Silver Swan.

The overall capital & operating costs for the project have been estimated by independent third parties Rapallo, Simulus Engineers & Entech.

Behre Dolbear Australia (BDA) completed an independent review of the Silver Swan underground engineering re-start study.

Item	Cost (A\$m)
Pre-Production – Silver Swan Underground	12.90
Pre-Production – Black Swan Processing Plant	18.52
Sustaining Capital – Silver Swan Underground Development	17.72
Sustaining Capital – Silver Swan Underground Infrastructure	2.12
Sustaining Capital – Black Swan Processing Plant & Surface Infrastructure	3.20
Sustaining Capital – Black Swan Open Pit	2.20
Total Project Capital Requirements	56.66

Table 1: Black Swan Nickel Operations Capital Cost Estimate

Operating Costs

A full operating cost budget for the project has been developed using independently derived estimates which have also been benchmarked against previous actual costs where possible.

Operating costs	Units	Black Swan
Mining & Geology	US\$ / lb	1.30
Processing	US\$ / lb	1.13
Transport	US\$ / lb	0.45
Royalties	US\$ / lb	0.30
Total C1 Cost	US\$ / lb	3.18

**(excludes by-product credits)*

Table 2: Black Swan Integrated C1 Operating Cash Costs US\$/lb-Ni

C1 cash costs means operating cash costs including mining, processing, geology, OHSE, site G&A, concentrate transport, royalties, less by-product credits divided by nickel in concentrate produced (100% payable basis).

Project Commercial Metrics	
Revenue ¹ (A\$m)	\$288.60
C1 Cash Costs ² US\$/lb-Ni	\$3.18
AISC Cash Costs ³ US\$/lb-Ni	\$5.10
Breakeven Nickel Price US\$/lb-Ni (incl capital)	\$5.91
Max Cash Draw Down (A\$m)	\$39.50
Net Cash Flow (A\$m)	\$60.20
Pre-Tax NPV ₁₀ (A\$m)	\$43.60

Table 3: Project Economic Metrics

¹ Unless otherwise stated, all cash flows are in Australian dollars and not subject to inflation or escalation factors.

A nickel price of US\$7.70/lb has been assumed and an exchange rate of AUD:USD of 0.76.

² C1 cash costs means operating cash costs including mining, processing, geology, OHSE, site G&A, concentrate transport, royalties, less by-product divided by nickel in concentrate produced (100% payable basis).

³ All-in-sustaining cash costs are C1 cash costs plus mine development and sustaining capital. Excludes once off preproduction capital.

⁴ Breakeven Nickel price calculated as per foot note 3 above, however includes preproduction capital cost

Project Resources/Reserves Summary

A summary of the contained material in the integrated mine plan is shown in Table 4 below.

From the 2017 Reserves which is derived from Measured & Indicated material and other modifying factors such as dilution there is 16,200 nickel tonnes which represents 70% of the mine plan or 82% sulphide ore tonnes.

The mine plan also includes additional inferred material which is outside of Probable Reserve. This amounts to 30% of the nickel tonnes of the mine plan or 18% of the processed sulphide ore tonnes.

Most of the additional inferred material is from either the mining of existing inferred stockpiles mined in conjunction with the dewatering of the pit or the additional inferred material from the full mineral inventory from underground.

	BSN Open Pit	Surface Stockpiles	SS Underground	Totals
Probable Tonnes (kt)	1,564	169	57	1,790
Probable Grade(%Ni)	0.75%	0.65%	5.78%	0.90%
Probable Metal (t)	11,800	1,100	3,300	16,200
Inferred Tonnes (kt)	6	291	90	387
Inferred Grade(%Ni)	0%	0.52%	6.12%	1.81%
Inferred Metal (t)	0	1,500	5,500	7,000

Table 4: Summary of the contained material in the integrated mine plan

Note: totals may not sum exactly due to rounding

Implementation schedule

The Project Execution Plan (PEP) forecasts start-up will take 12 months to first ore from fully funding the project, with the critical path lead being initial infill drilling of the Silver Swan high grade underground mine, underground refurbishment and the process plant refurbishment. Various early works have been undertaken including re-establishment of services at depth underground.

Concentrate Offtake

Poseidon has issued an expressions of interest tender document to potential nickel offtake parties and negotiations are underway. Poseidon expects to receive offers to sell all of the concentrate produced at Black Swan and direct shipped ore from Silver Swan underground mine either separately or in conjunction with a prepayment facility to fund the working capital and some capital requirements, during the initial start-up period. Poseidon believes that the positive market outlook for nickel will continue to improve and the low risk and short re-start times of Black Swan offer attractive returns on investment.

Silver Swan Geology

The massive Silver Swan ores form a series of steep-tilted lenses confined to the Black Swan Komatiite Complex (BSKC) basal contact. Primary mineralisation is represented by pentlandite and pyrrhotite, small amount of violarite, chalcopyrite, pyrite and gersdorffite. Individual ore bodies include Silver Swan, White Swan, Goose, Fledgling, Canard, Odette, Trumpeter, Peking Duck, Tundra, Mute & Pato at depth (Figure 5). The mineralised zones are steeply tilted northwards along the southern margin of Silver Swan structurally raised footwall (FW) dome and explored to a depth of 1600m from surface. The mineralised zones have been mined to approximately 1100m from surface.

In 2016 Poseidon commissioned Optiro Pty Ltd to complete an updated Mineral Resource estimate for the Silver Swan nickel project (ASX: Silver Swan Resource Update dated 3 June 2016). The estimate was classified in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code, 2012). Optiro classified the Mineral Resource principally on geological confidence, drill hole spacing, and grade continuity demonstrated from the available drilling data. The Company is not aware of any new information or data that materially affects the information included in the previously disclosed Mineral Resource estimates and all material assumptions and technical parameters underpinning the estimates as disclosed continue to apply and have not materially changed.

A summary of Mineral Resources for Silver Swan is provided in Table 5 below and are inclusive of Mineral Resources modified to produce the Ore Reserves. The mineralisation models and block reporting cut-off grade used in the in-situ resource estimate for Silver Swan is 4.5% Ni and Black Swan is 0.4% Ni.

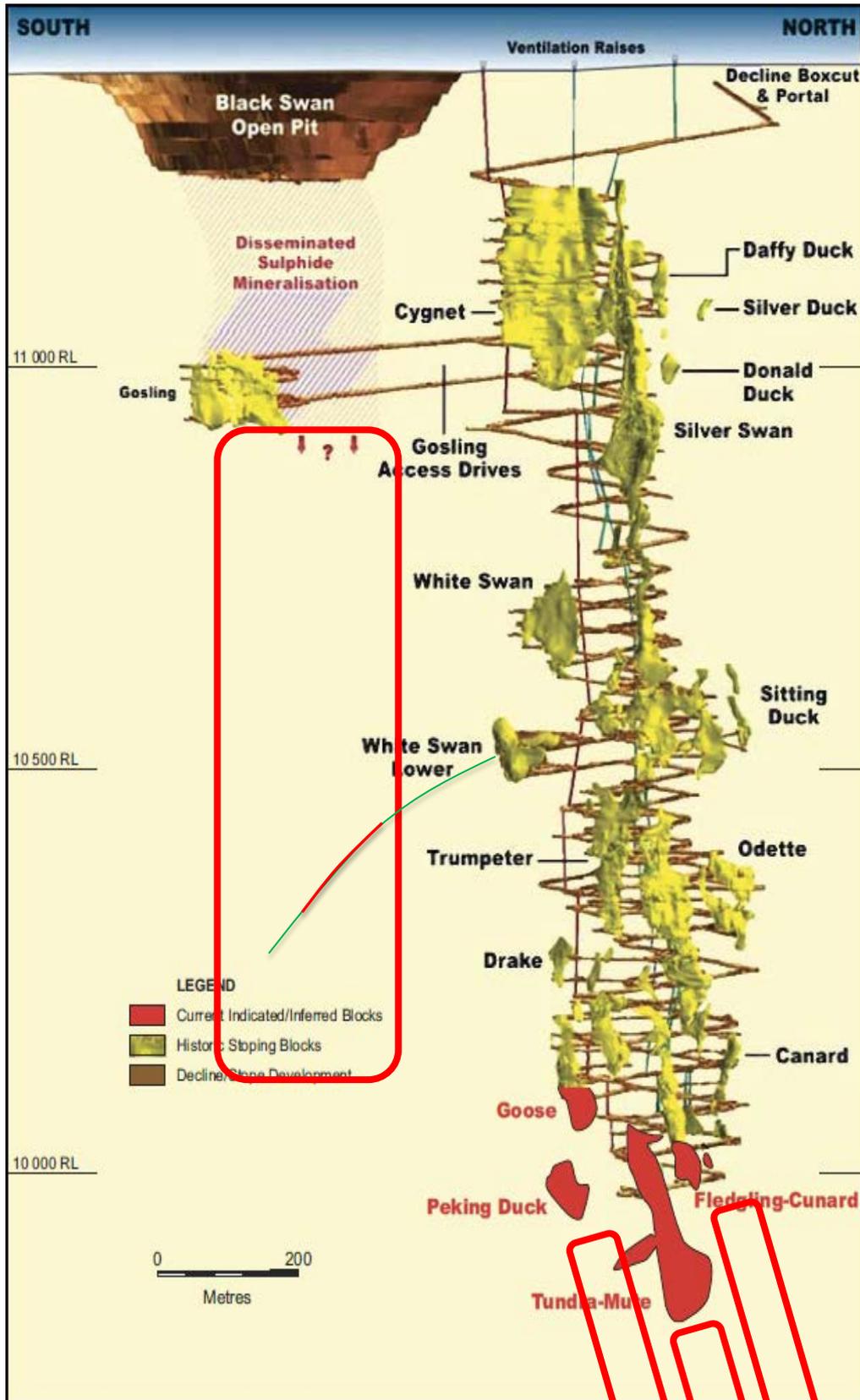


Figure 5: Black Swan & Silver Swan Section

Silver Swan Underground Nickel Project Sulphides	Cut Off Grade	Mineral Resource Category (JORC 2012)								
		Indicated			Inferred			TOTAL		
		Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)
Tundra-Mute	4.5%	24.0	9.2	2,200	73.3	8.9	6,480	97.2	8.9	8,690
Peking Duck	4.5%	20.7	8.8	1,820	8.0	10.2	820	28.9	9.2	2,640
Fledgling- Canard	4.5%	5.8	10.4	600	2.9	9.8	280	8.7	10.2	880
Goose	4.5%	1.5	10.0	150	0.0	0.0	0	1.5	10.0	150
Total Silver Swan	4.5%	51.9	9.2	4,770	84.2	9.0	7,580	136.1	9.1	12,360

Table 5: Silver Swan Nickel Operations Mineral Resource Estimate (4.5% Ni cut-off) as at 3rd June 2016

Note: totals may not sum exactly due to rounding

Potential exists to further extend the mining operations at Silver Swan with the objective of increasing the known mine life immediately adjacent to and accessible from the existing underground decline. To do this an infill drilling program has been planned to define the thicker, near mine portion of the currently identified mineralisation with the intent of converting this material to ore reserve.

In addition mineralisation has been defined adjacent to the Silver Swan mineralised zones underneath the Black Swan open pit. This opens up a number of new untested targets for an economic nickel sulphide extension. These areas will be progressively developed during operations.

Black Swan Open Pit Geology^[1]

The Black Swan Komatiite Complex (BSKC) is a 3.5 km long by 0.6 km thick arcuate lens of olivine cumulate and spinifex textured thin flows. The complex is enclosed by a broad sequence of proximal facies intermediate felsic lavas and associated volcanoclastic rocks situated on the NE dipping, NE facing limb of the Kanowna-Scotia anticline. The anticline is located in the upper greenschist – lower amphibolite facies Boorara Domain, one of six tectono-stratigraphic domains making up the Kalgoorlie Terrane.

The complex evolved as a series of episodically emplaced komatiite flows. The flows were channelised within a dynamic, coevally erupting calc-alkaline submarine environment, which resulted in the formation of several large felsic bodies (extrusive and intrusive) at various levels within the complex. Early during its evolution, massive and disseminated nickel sulphides accumulated in favourable locations on and adjacent to the basal contact of the complex. Post emplacement alteration, metamorphism and deformation was moderate to extreme and was responsible for the destruction of primary igneous textures throughout much of the complex but without significant structural reconstitution or geochemical modification of the nickel sulphides.

The Black Swan deposit (Figures 6 & 7) comprises serpentinite and surrounding talc magnesite and dolomite altered komatiites. The disseminated sulphides at Black Swan form between 2-10% of the host rock and are patchily distributed and less coherent than other members of the BSKC. They generally consist of composite grains of pyrite-millerite-magnetite±violarite in serpentinite areas with vaesite-polydymite becoming significant in the surrounding talc-carbonate altered rocks. Two textural sulphide types are recognised; fine

grained interstitial composite grains between olivine pseudomorphs and coarse grained blebby or droplet composites. The fine-grained composites are more widely distributed defining a broad low grade mineralised envelope. The coarse grained composites are much less widely distributed, forming small discrete, higher-grade horizons within the envelope.

In 2014 Poseidon commissioned Golder Associates to complete an updated Mineral Resource estimate for the Black Swan nickel project (ASX: Poseidon Announces Black Swan Mineral Resource dated 4th August 2014). In Addition Golder completed an Ore Reserve Estimate (ASX: Poseidon Announces Black Swan Ore Reserve dated 5th November 2014.) The estimates were classified in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code, 2012). Golder classified the Mineral Resource principally on geological confidence, drill hole spacing, and grade continuity demonstrated from the available drilling data. The Company is not aware of any new information or data that materially affects the information included in the previously disclosed Mineral Resource estimates and all material assumptions and technical parameters underpinning the estimates as disclosed continue to apply and have not materially changed.

A summary of Mineral Resources for Silver Swan is provided in Table 6 below and are inclusive of Mineral Resources modified to produce the Ore Reserves as shown in Table 7. The mineralisation models and block reporting cut-off grade used in the in-situ resource estimate for Black Swan is 0.4% Ni.

Source	Indicated			Inferred			Total		
	Mt	Ni %	Ni kt	Mt	Ni %	Ni kt	Mt	Ni %	Ni kt
Black Swan	8.4	0.70	59.1	20.7	0.54	111.9	29.1	0.59	170.9
5th November 2014	1.2	0.49	5.9	0.4	0.53	1.9	1.6	0.50	7.8
Total	9.6	0.68	64.9	21.1	0.54	113.8	30.7	0.58	178.7

Table 6: Black Swan Open pit Mineral Resources at 0.4% Ni cut-off grade as at 22 July 2014

Nickel Sulphide Reserves	JORC Compliance	Ore Reserve Category		
		Probable		
		Tonnes (Kt)	Ni% Grade	Ni Metal t
BLACK SWAN PROJECT				
Open Pit	2012	2,170	0.71	15,500
Stockpiles	2012	1,190	0.49	6,000
TOTAL				
Total Ni Reserves	2012	3,370	0.63	21,500

Note: totals may not sum exactly due to rounding.

Table 7: Black Swan Ore Reserves on 24 September 2014 (at 0.4% nickel cut-off grade)

[1] The Norilsk 2007, Gipro-nickel 2010a, Cas 2005 and Hicks 1998 reports contain extensive descriptions of the Black Swan geology. This was an edited extract from Hicks 1998.

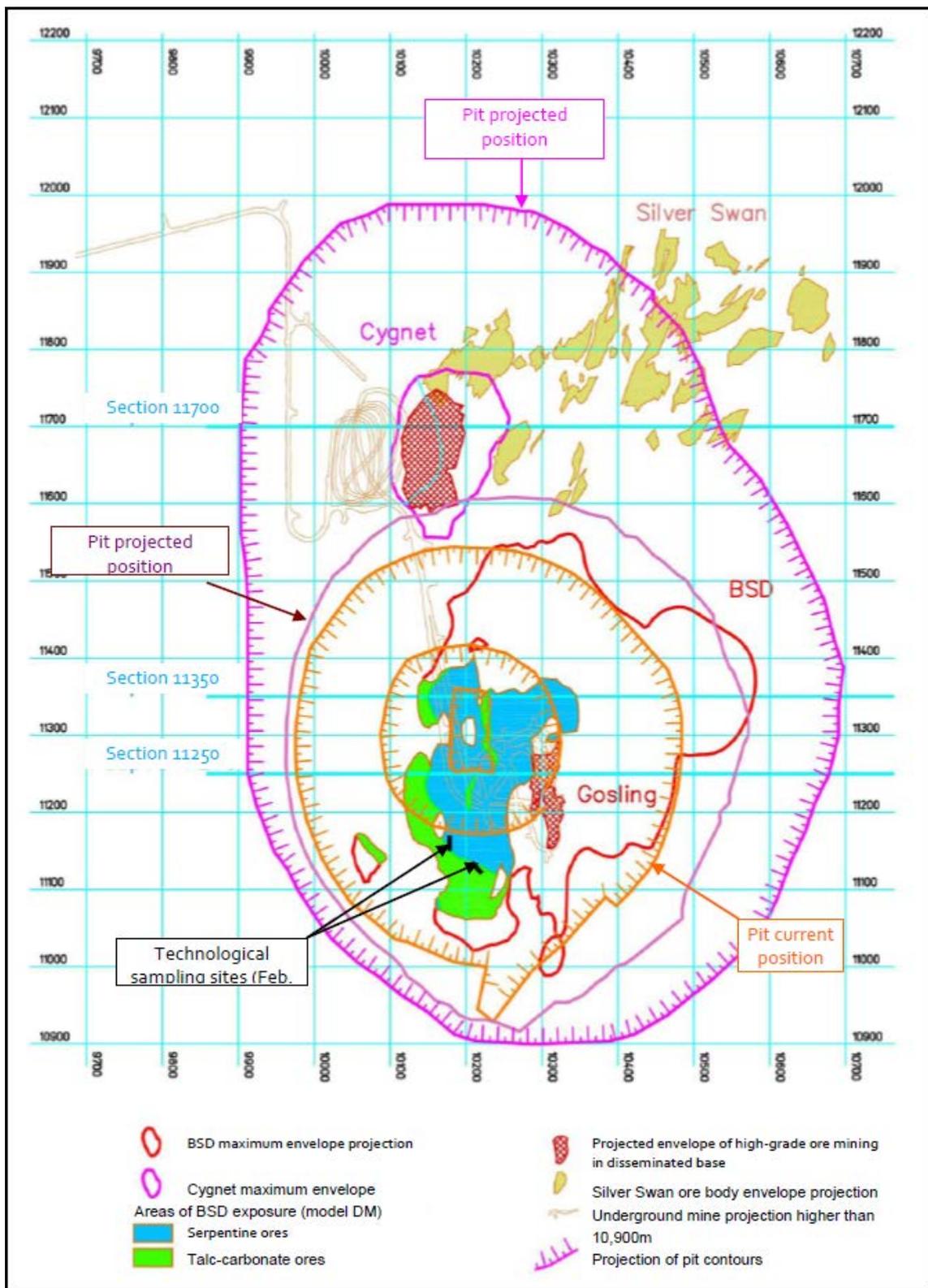


Figure 6: Black Swan Disseminated (BSD) and Cygnet mineralisation with existing mining infrastructure and pit shell options

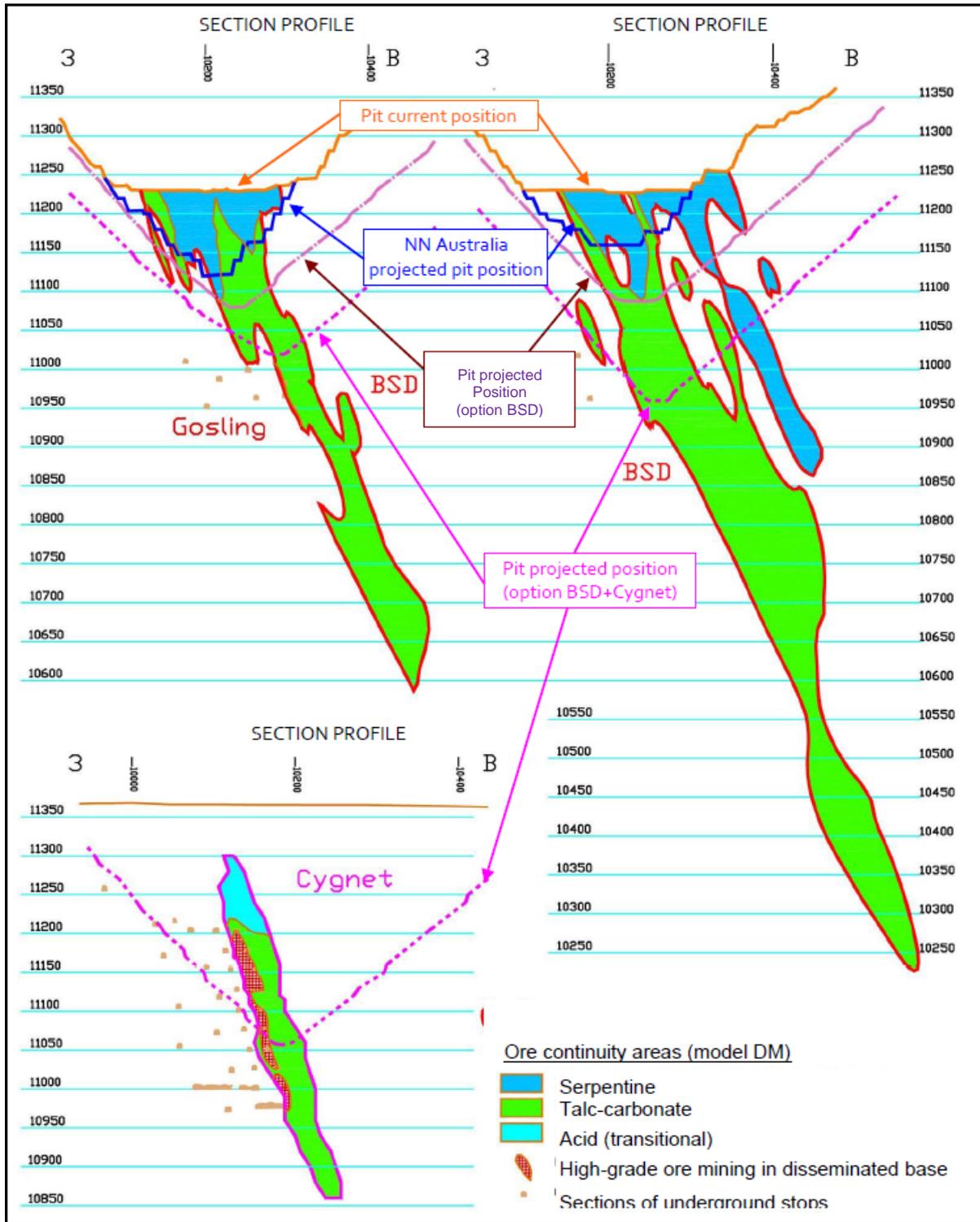


Figure 7: Cross sections of BSD and Cygnet disseminated ore occurrences including pit shell options

Key Project Achievements

- Bankable Feasibility Study completed by Entech Engineers in May 2017
 - Geotechnical audit of underground mining operations review completed and integrated into mining schedule
 - Environmental, native title and Aboriginal heritage assessment completed
 - Hydrology review completed and Operating Strategy completed

- Mine closure plan and costs reviewed and updated
- Organisational structure well developed
- Integrated project restart schedule completed
- Process plant restart report completed
- Project risk assessment undertaken
- Project Execution Plan completed
- Mining production schedule and costs completed
- Asset valuation and review including warehouse holdings and workshop assessment completed
- Early works initiated
- Nickel concentrate offtake expressions of interest progressed with traders, smelters, refiners. Poseidon is progressing discussions with offtake parties.
- Underground mining tenders evaluation under review.
- Open pit mining budget estimates under review.
- All tenements & plant held in good standing
- All major regulatory approvals in place to allow mine recommencement;
 - Project Execution Plan for refurbishment of Black Swan completed
 - Project Management Plan lodged with Department of Minerals, Industry, Regulation and Safety
 - Key stakeholders engagement underway including with Western Australian Government Departments, Shire of Kalgoorlie-Boulder, Main Roads, Esperance, Southern Port Authority (Esperance Port), Chamber of Commerce
- Resource update and exploration program completed by Poseidon
 - JORC 2012 compliant Silver Swan & Black Swan Mineral Resource Estimate.
 - JORC 2012 compliant Silver Swan & Black Swan Ore Reserve Estimate update
 - Review of structural geological structures and features. Updated face maps and reinterpreted Feral Fault.
- Major contracts tendering initiated
 - Underground mining tender issued, received and assessed
 - Offtake expressions of interest received and assessed
 - Transport, supply and sales logistics reviewed and budget quotes received
- Black Swan capital costs, operating costs and economic modelling completed
- Early works progressing at Silver Swan underground mine
- Recruitment activities underway

MINERAL RESOURCE STATEMENT

Table 1: Nickel Projects Mineral Resource Statement

Nickel Sulphide Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY												
			INDICATED			INFERRED			TOTAL						
			Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Co% Grade	Co Metal (t)	Cu% Grade	Cu Metal (t)
BLACK SWAN PROJECT															
Black Swan	2012	0.40%	9,600	0.68	65,000	21,100	0.54	114,000	30,700	0.58	179,000	0.01	4,200	NA	-
Silver Swan	2012	4.50%	52	9.19	4,800	84	9.01	7,600	136	9.08	12,400	0.17	250	0.45	600
LAKE JOHNSTON PROJECT															
Maggie Hays	2012	0.80%	2,600	1.60	41,900	900	1.17	10,100	3,500	1.49	52,000	0.05	1,800	0.10	3,400
WINDARRA PROJECT															
Mt Windarra	2012	0.90%	922	1.56	14,000	3,436	1.66	57,500	4,358	1.64	71,500	0.03	1,200	0.13	5,700
South Windarra	2004	0.80%	772	0.98	8,000	-	-	-	772	0.98	8,000	NA	-	NA	-
Cerberus	2004	0.75%	2,773	1.25	35,000	1,778	1.91	34,000	4,551	1.51	69,000	NA	-	0.08	3,600
TOTAL															
Total Ni, Co, Cu Resources	2004 & 2012		16,720	1.01	168,700	27,300	0.82	223,200	44,020	0.89	391,900	0.05	7,450	0.10	13,300

Note: totals may not sum exactly due to rounding. NA = information Not Available from reported resource model.

The Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

Black Swan Resource as at 22 July 2014, Silver Swan Resource as at 3 June 2016, Maggie Hays Resource as at 17 March 2015, Mt Windarra, South Windarra and Cerberus Resource as at 30 April 2013

Table 2: Gold Tailings Project Mineral Resource Statement

Gold Tailings Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY				
			TOTAL INDICATED				
			Tonnes (Kt)	Au Grade (g/t)	Au (oz)	Ag Grade (g/t)	Ag (oz)
WINDARRA GOLD TAILINGS PROJECT							
Gold Tailings	2004	NA	11,000	0.52	183,000	1.9	670,000
TOTAL							
Total Au Resources	2004		11,000	0.52	183,000	1.9	670,000

Note: totals may not sum exactly due to rounding.

Windarra Gold Tailings Resource as at 30 April 2013.

ORE RESERVE STATEMENT

Table 3: Nickel Projects Ore Reserve Statement

Nickel Sulphide Reserves	JORC Compliance	ORE RESERVE CATEGORY						
		PROBABLE						
		Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Co% Grade	Co Metal (t)	Cu% Grade	Cu Metal (t)
SILVER SWAN PROJECT								
Silver Swan Underground	2012	57	5.79	3,300	0.11	60	0.26	150
Black Swan Open pit	2012	3,370	0.63	21,500	NA	NA	NA	NA
TOTAL								
Total Ni Reserves	2012	3,427	0.72	24,800	0.11	60	0.26	150

Note: Calculations have been rounded to the nearest 10,000 t of ore, 0.01 % Ni grade 100 t Ni metal and 10t of cobalt metal.

Co & Cu grades and metal content for Black Swan require additional modelling prior to estimation.

Silver Swan Underground Reserve as at 26 May 2017, Black Swan Open Pit Reserve as at 5 November 2014.

The Company is not aware of any new information or data that materially affects the information in this report and the Resource/Reserve tables above. Such information is based on the information compiled by the Company's Geologists and the Competent Persons as listed below in the Competent Person Statements.

COMPETENT PERSON STATEMENTS:

The information in this report that relates to Exploration Results is based on, and fairly represents, information compiled and reviewed by Mr N Hutchison, General Manager of Geology who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists.

The information in this report which relates to the Black Swan Mineral Resource is based on, and fairly represents, information compiled by Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd. The information in this report which relates to the Black Swan Ore Reserve is based on, and fairly represents, information compiled by Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd and who is a Member of the Australasian Institute of Mining and Metallurgy.

The information in this report which relates to the Silver Swan Mineral Resource is based on, and fairly represents, information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and Ian Glacken who is a full time employee of Optiro Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Silver Swan Ore Reserve is based on, and fairly represents, information compiled by Matthew Keenan who is a full-time employee of Entech Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.

The information in this report which relates to the Lake Johnston Mineral Resource is based on, and fairly represents, information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Lake Johnston Ore Reserves Project is based on, and fairly represents, information compiled by Matt Keenan who is a full time employee of Entech Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.

The information in this report that relates to Mineral Resources at the Windarra Nickel Project and Gold Tailings Project is based on, and fairly represents, information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and Ian Glacken who is a full time employee of Optiro Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. The Windarra Project contains Mineral Resources which are reported under JORC 2004 Guidelines as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Codes. Future estimations will be completed to JORC 2012 Guidelines.

Mr Hutchison, Mr Glacken, Mr Weeks, and Mr Keenan all have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Mr Hutchison, Mr Glacken, Mr Weeks, and Mr Keenan have consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

FORWARD LOOKING STATEMENT – INFERRED RESOURCE STATEMENTS:

The Company notes that an Inferred Resource has a lower level of confidence than an Indicated Resource and that the JORC Codes, 2012 advises that to be an Inferred Resource it is reasonable to expect that the majority of the Inferred Resource would be upgraded to an Indicated Resource with continued exploration. Based on advice from relevant competent Persons, the Company has a high degree of confidence that the Inferred Resource for the Silver Swan deposit will upgrade to an Indicated Resource with further exploration work.

The Company believes it has a reasonable basis for making the forward looking statement in this announcement, including with respect to any production targets, based on the information contained in this announcement and in particular, the JORC Code, 2012 Mineral Resource for Silver Swan as of May 2016, together with independent geotechnical studies, determination of production targets, mine design and scheduling, metallurgical testwork, external commodity price and exchange rate forecasts and worldwide operating cost data.

FORWARD LOOKING STATEMENTS:

This release contains certain forward looking statements including nickel production targets. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "except", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also forward looking statements

Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change, without notice, as are statements about market and industry trends, which are based on interpretation of current

market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance.

Forward looking statements may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility and potential development of the Silver Swan underground mine.

CORPORATE DIRECTORY

Director / Senior Management

Chris Indermaur	Non-Executive Chairman
David Singleton	Non-Executive Director
Geoff Brayshaw	Non-Executive Director
Robert Dennis	Non-Executive Director
Eryn Kestel	Company Secretary

Principal & Registered Office

Unit 8, Churchill Court
331-335 Hay Street
SUBIACO WA 6008
T: +61 8 6167 6600
F: +61 8 6167 6649

Corporate & Media Enquiries

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

Shareholder Enquiries

Personal shareholding queries should be addressed to:
Computershare Investor Services
GPO Box D182, Perth WA 6840
T: +61 8 9323 2000

Home Exchange

The Company's shares are listed on the Australian Securities Exchange and the home exchange is Perth.
ASX code : POS