

7th July 2014

Company Announcements Officer
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Re: POSEIDON BUYS BLACK SWAN NICKEL PROJECT FROM NORILSK

We enclose herewith a copy of an announcement in relation to the above.

Yours faithfully



David P.A. Singleton
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER

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CORPORATE DIRECTORY

Director / Senior Management

David Singleton	Managing Director & Chief Executive Officer
Chris Indermaur	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Robert Dennis	Non-Executive Director
Ross Kestel	Company Secretary

Corporate Enquiries

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Shareholder Enquiries

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Home Exchange

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

ASX Announcement

7th July 2014

Poseidon Buys Black Swan Nickel Project from Norilsk

- **Poseidon to purchase the Black Swan nickel project from Norilsk**
- **Project includes the Black Swan processing plant and Black Swan open pit mine containing 185,800 tonnes nickel metal**
- **Processing plant will be able to process Windarra ores in addition to the large remaining nickel inventory on site**
- **Poseidon will not need to raise additional finance to purchase the project**

Poseidon Nickel Limited (ASX:POS) is pleased to announce that it has agreed to acquire the Black Swan nickel operation from OJSC MMC Norilsk Nickel (“Norilsk”).

The acquisition of the project brings with it the Black Swan nickel sulphide plant which is capable of processing ores from Windarra. The plant was upgraded in 2006 and was put on care and maintenance in February 2009 during the financial crisis. The plant has a proven throughput capacity of 2,150,000 tpa compared with the 700,000 tpa plant previously contemplated for Windarra.

The previously announced negotiations for the sale of ore from Windarra to another processing plant are continuing to be fruitful and Poseidon anticipates sales to it late in this calendar year. Use of the Black Swan processing plant will complement these sales.

Poseidon will have the option to either recommission the plant in its current location to take ore shipped from Windarra, or the plant can be removed and relocated at Windarra creating a considerable cost saving. The current location has the benefit of being connected to the power grid and a nearby workforce in Kalgoorlie. This significant benefit must be weighed against the cost of trucking ore from Windarra to the current Black Swan plant.

The Black Swan project also includes sulphide nickel mineralisation which may be used to supplement Windarra ore when processing in the current location. The Black Swan deposit has a Mineral Resource of approximately 26.3 million tonnes at 0.70% for 185,800 contained metal tonnes (at 0.4% nickel cut-off grade). In 2012, Norilsk commissioned Golder Associates to carry out an independent review of an internally produced feasibility study into reopening Black Swan which resulted in positive conclusions. The results of this study as well as the Mineral Resources will be reviewed by Poseidon and reported under JORC 2012 guidelines following the completion of the acquisition.

Norilsk purchased Black Swan in 2007 and operated it until 2009, when it was placed on care and maintenance. In recent years, Norilsk has commissioned a series of studies into the feasibility of restarting operations at the site including conceptual mine designs and evaluations of the remaining resources at Black Swan. The acquired assets also include the Silver Swan underground mine which, when in operation, produced high grade nickel sulphide.

The MD & CEO, David Singleton said, “The acquisition of Black Swan represents a strong opportunity in-line with our strategy and complements our objective of quickly getting the Mt

Windarra project back into production at a much lower capital cost than previously announced and more than doubles our nickel resource base. We anticipate making further announcements which will complement this acquisition in the next few weeks.”

The acquisition price to be paid to Norilsk for the project is subject to confidentiality. However, Poseidon will not need to raise additional money for the acquisition which it can fund from current resources. Poseidon has paid a 10% deposit to Norilsk and the remainder will be due when the conditions precedent are satisfied. The parties anticipate completion to occur within the next 6 months.

ORE RESERVE STATEMENT

Windarra Nickel Sulfides	Ore Reserve Category (JORC 2004)		
	Probable		
	Tonnes	Ni% Grade	Ni Metal t
Cerberus	1,221,000	1.3	15,900
Mt Windarra	498,000	1.78	8,850
Total	1,719,000	1.44	24,750

Table 1: Windarra Nickel Project Ore Reserve Statement

MINERAL RESOURCE STATEMENT

Windarra Nickel Project Sulphides	Cut Off Grade	Mineral Resource Category (JORC 2004)								
		Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Mt Windarra	0.75%	1,217,000	1.39	17,100	3,553,000	1.78	63,100	4,770,000	1.68	80,200
South Windarra	0.80%	772,000	0.98	7,500	-	-	-	772,000	0.98	7,500
Cerberus	0.75%	2,773,000	1.25	34,600	1,778,000	1.91	34,000	4,551,000	1.51	68,600
Total Windarra		4,762,000	1.24	59,200	5,331,000	1.82	97,100	10,093,000	1.55	156,300

Black Swan Nickel Project Sulphides	Cut Off Grade	Mineral Resource Category (JORC 2004)								
		Measured & Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Black Swan	0.40%	5,400,000	0.69	37,800	20,900,000	0.70	148,000	26,300,000	0.70	185,800
Total Black Swan		5,400,000	0.69	37,800	20,900,000	0.70	148,000	26,300,000	0.70	185,800

Table 2: Windarra and Black Swan Nickel Project Mineral Resource Statements

Windarra Gold Tailings Project	Mineral Resource Category (JORC 2004)		
	Indicated		
	Tonnes (kt)	Grade (g/t)	Au (oz)
Total Gold Tailings	10,993	0.52	182,500

Table 3: Windarra Gold Tailings Project Mineral Resource Statement

Notes

The information in this report that relates to the Windarra Nickel Project, Mineral Resources is based on information compiled by Mr N Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and Mr I Glacken who is a Fellow of the Australasian Institute of Mining and Metallurgy as well as a full time employee of Optiro Pty Ltd.

The information in this report that relates to Ore Reserves at the Windarra Nickel Project is based on information compiled by Denis Grubic, who is a Member of The Australasian Institute of Mining and Metallurgy as well as a full time employee of Rock Team Pty Ltd.

Mr Hutchison, Mr Glacken and Mr Grubic 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2004). Mr Hutchison, Mr Glacken and Mr Grubic 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 information in this report that relates to Black Swan Nickel Project Mineral Resources is based on information compiled from Norilsk Nickel reports by Mr N Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientist. Norilsk Nickel reports in company Annual Report a JORC 2004 compliant Mineral Resource of 7.8 million tonnes at 0.91% nickel for 71,400 contained metal tonnes (at 0.4% nickel cut-off grade). In July 2011 Golder Associates Pty Ltd completed a review of Norilsk's March 2009 Black Swan resource estimate which was finalised following the closure of the operation in February 2009. The Golder study found that the 2009 resource model was a reasonable representation of the Black Swan deposit which has an estimated JORC 2004 compliant Mineral Resource of approximately 26.3 million tonnes at 0.7% nickel for 185,900 contained metal tonnes (at 0.4% nickel cut-off grade).

Mineral Resources in this document 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.

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