

21 July 2014

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

Dear Sir

**Re: POSEIDON INITIATES BLACK SWAN ACTIVITIES**

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

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### Poseidon Initiates Black Swan Activities

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- **Poseidon contracts pre-start engineering activities for the Black Swan nickel plant**
- **Scoping will be for 1,100,000 nickel ore tonnes per annum (circa 12,000 tonnes nickel p.a.) throughput of both Windarra and Black Swan ore.**
- **Completion of the work contemplated is expected by late July**

Poseidon Nickel Limited (ASX:POS) is pleased to provide the following update to the market regarding its recently announced proposed acquisition of the Black Swan nickel project.

Poseidon has placed several contracts to undertake work prior to restarting the Black Swan concentrator and mine. The contracts will supply key financial and technical data for an integrated operation that includes up to 600,000 tonnes per annum of Windarra ore combined with 500,000 tonnes per annum of Black Swan ore to be processed through the existing plant. Poseidon is intending to have this work completed by the end of July 2014.

The scope of work is as follows:

#### **Geological Review**

Golder Associates Pty Ltd has been awarded a scope of work to undertake additional analysis on the Black Swan resource base with the intention of reporting the Mineral Resource estimate to JORC 2012 guidelines. Golder has previously undertaken extensive resource review work at the site for the previous owners. The resource work includes reviewing in pit resources as well as ore currently stockpiled on the ROM pad but not presently included in the Projects resource model. Golder will also seek to verify the condition of the current tailings dam. Poseidon believes that the dam has several years of remaining capacity at the intended throughput rates before a wall lift is required but wishes to have this independently verified. Golder will also complete a transport and logistics study.

#### **Plant Recommissioning**

GR Engineering Services Limited has a substantial history with the Black Swan concentrator expansion, completed in 2006, and with the continuing operations until the plant was closed in early 2009. They have been commissioned, by Poseidon, to develop a detailed scope of work, cost estimate and schedule for restarting the processing plant. The updated plant ran for less than 2 years until February 2009 and appears to have been adequately maintained since that time.

#### **Operating Cost Budget**

Simulus Engineers have been commissioned to produce an overall integrated operational mining study for the combined Black Swan and Windarra project. The study will determine the likely operational and capital costs for the facility.

Poseidon is continuing to negotiate other ore tolling and offtake arrangements as previously advised and will determine the best option for the Company in progressing the Windarra Project in the coming weeks. The acquisition of Black Swan however provides an alternate and high quality option.

## ORE RESERVE STATEMENT

Windarra Nickel Sulphides	Ore Reserve Category		
	Probable		
	Tonnes	Ni% Grade	Ni Metal t
Cerberus	1,221,000	1.3	16,000
Mt Windarra	498,000	1.78	9,000
<b>Total</b>	<b>1,719,000</b>	<b>1.44</b>	<b>25,000</b>

**Table 1: Windarra Nickel Project Ore Reserve Statement**

## MINERAL RESOURCE STATEMENT

Windarra Nickel Project Sulphides	Cut Off Grade	Mineral Resource Category								
		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	17,000	3,553,000	1.78	63,000	4,770,000	1.68	80,000
South Windarra	0.80%	772,000	0.98	8,000	-	-	-	772,000	0.98	8,000
Cerberus	0.75%	2,773,000	1.25	35,000	1,778,000	1.91	34,000	4,551,000	1.51	69,000
<b>Total Sulphide</b>		<b>4,762,000</b>	<b>1.24</b>	<b>60,000</b>	<b>5,331,000</b>	<b>1.82</b>	<b>97,000</b>	<b>10,093,000</b>	<b>1.55</b>	<b>157,000</b>

**Table 2: Windarra Nickel Project Mineral Resource Statement**

Windarra Gold Tailings Project	Mineral Resource Category		
	Indicated		
	Tonnes (kt)	Grade (g/t)	Au (oz)
<b>Total Gold Tailings</b>	<b>11,000</b>	<b>0.52</b>	<b>183,000</b>

**Table 3: Windarra Gold Tailings Project Mineral Resource Statement**

*Note: Totals in the tables may not be mathematically accurate due to JORC rounding requirements.*

*The information in this report that relates to 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 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 Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.*