

GOLDEN SWAN DRILL DRIVE COMPLETED & RESOURCE DEFINITION DRILLING UNDERWAY

29 April 2021

KEY POINTS

- Golden Swan drill drive completed safely and without incident
- Drill drive built to a size and standard to allow use for future mining activities
- Two rigs are in position along the drive and have commenced the 13,000-metre Resource Definition drilling program
- Further drilling of the highly prospective Southern Terrace will be undertaken from the new drill drive
- Proposed development timetable remains on track with first production from Golden Swan anticipated in 2022

Poseidon Nickel (ASX: POS) (“Poseidon”, “the Company”) is pleased to announce the successful completion of the 465-metre Golden Swan drill drive and commencement of the 13,000-metre Golden Swan Resource Definition drilling program.

Managing Director and CEO, Peter Harold, commented: *“As per the strategy announced in late 2020, we have now completed the dedicated drill drive which will provide an optimal drilling position to undertake resource drilling of the Golden Swan mineralisation at Black Swan. Importantly, mining contractor WestAuz completed the project without incident and to a high standard. The drive can also be used for mining activities, assuming Golden Swan hosts a mineable orebody.*

Webdrill has commenced the Golden Swan Resource drilling program, which should take about three months to complete. This program will deliver us a maiden resource for the Golden Swan mineralisation and will allow us to test for any potential extensions to Golden Swan down plunge or along strike. In addition, the drill drive provides an ideal platform to drill test the highly prospective Southern Terrace.

From now on, shareholders can expect regular news flow as we report on the resource drilling activities, followed by the release of the maiden Golden Swan Resource, and assuming things go to plan, a Financial Investment Decision on the project by the end of this calendar year. That would likely put us in a position to be generating revenue by mid-2022.”

Golden Swan Drill Drive Completion

WestAuz has now completed the drill drive development underground at Black Swan. The new drill drive includes the establishment of two dedicated drill positions to facilitate resource definition drilling of the Golden Swan mineralisation. Commencing from the 450 level of the Silver Swan decline, the drill drive included 421 metres of drive development and 44 metres of stockpile development. The dimensions of the drive (5.5 metres high by 5.2 metres wide) and the ground support measures implemented (meshing and shotcrete) ensure that it is suitable to be used as a means of access for any future mining of the Golden Swan mineralisation.

Poseidon would like to thank the WestAuz team for completing the project safely and to a high standard, as well as its own employees who oversaw the project.

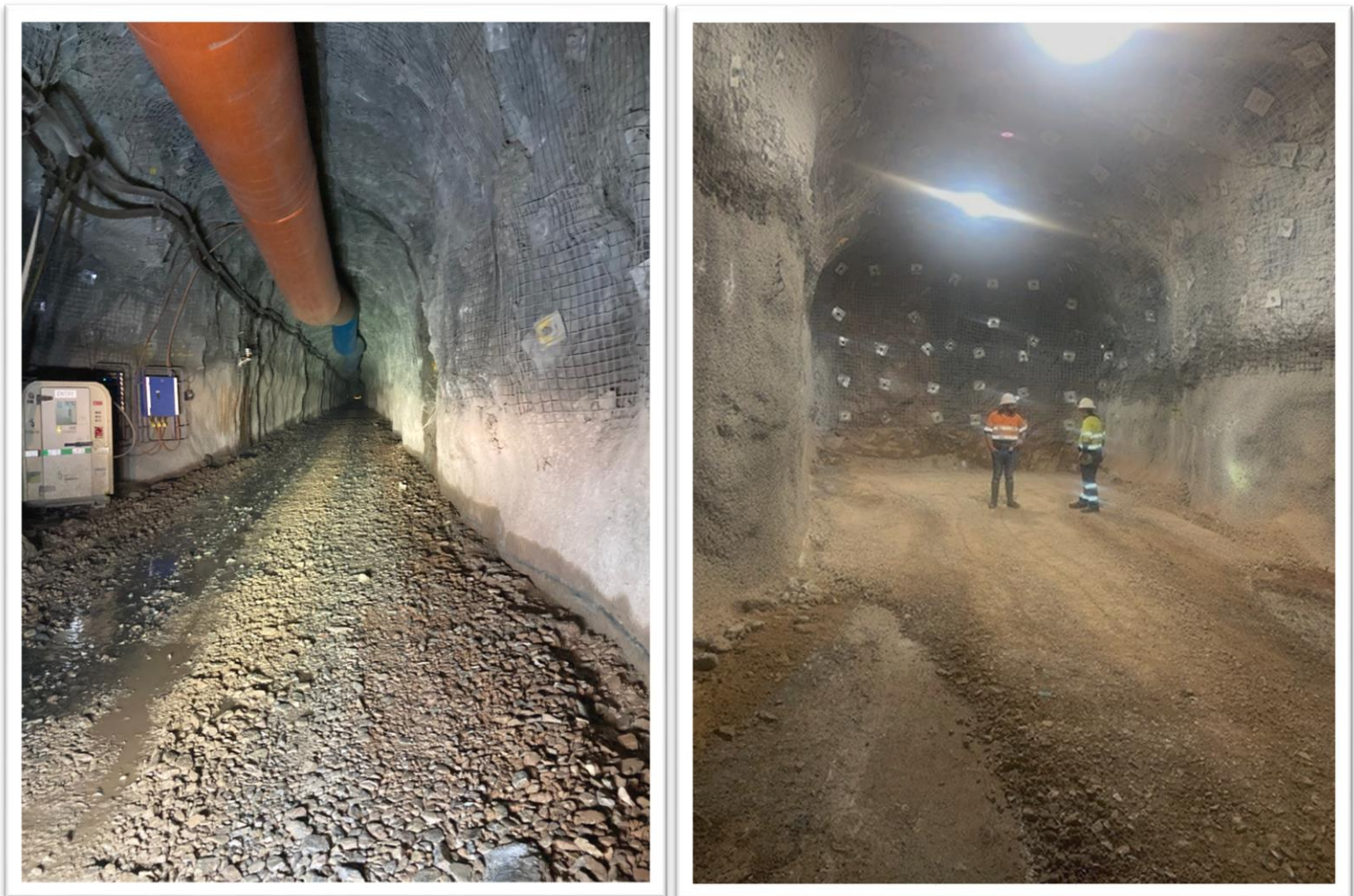


FIGURE 1: GOLDEN SWAN DRILL DRIVE

In addition to the drill drive, WestAuz performed rehabilitation works in the Silver Swan decline to support the planned Silver Swan infill drilling program which is designed to convert more of the current Silver Swan Resource into Reserve classification¹. This drilling program is expected to commence later this year or in early 2022 and should add more high-grade nickel tonnes to the Black Swan mining inventory.

¹ Details of Resources and Reserves are detailed in ASX Announcement dated 18 March 2021 "Golden Swan Development Update"

Southern Terrace Exploration

Drilling to test the down plunge extension of Golden Swan mineralisation was undertaken from the 335 Level off the Silver Swan Decline. Hole PBSD033A passed just over the modelled Southern Terrace position, clipping the Southern Terrace felsic at its northernmost position. The hole finished at 602.8 metres (planned 800 metres) in cumulate textured ultramafic. The subsequent downhole electromagnetic survey (DHEM) survey did not return any strong anomalies.

Hole PBSD033A crossed the Southern Terrace approximately 120 metres below the previously modelled EM plates (see Figure 2). It was decided not to continue the hole to its planned depth due to adverse ground conditions. Going forward, drilling will be undertaken from the Golden Swan drill drive to further test the Southern Terrace down plunge from the modelled EM plates.

The Southern Terrace remains open and prospective for further high-grade nickel sulphide mineralisation and the new drill drive provides a favourable platform from which to further test this area.

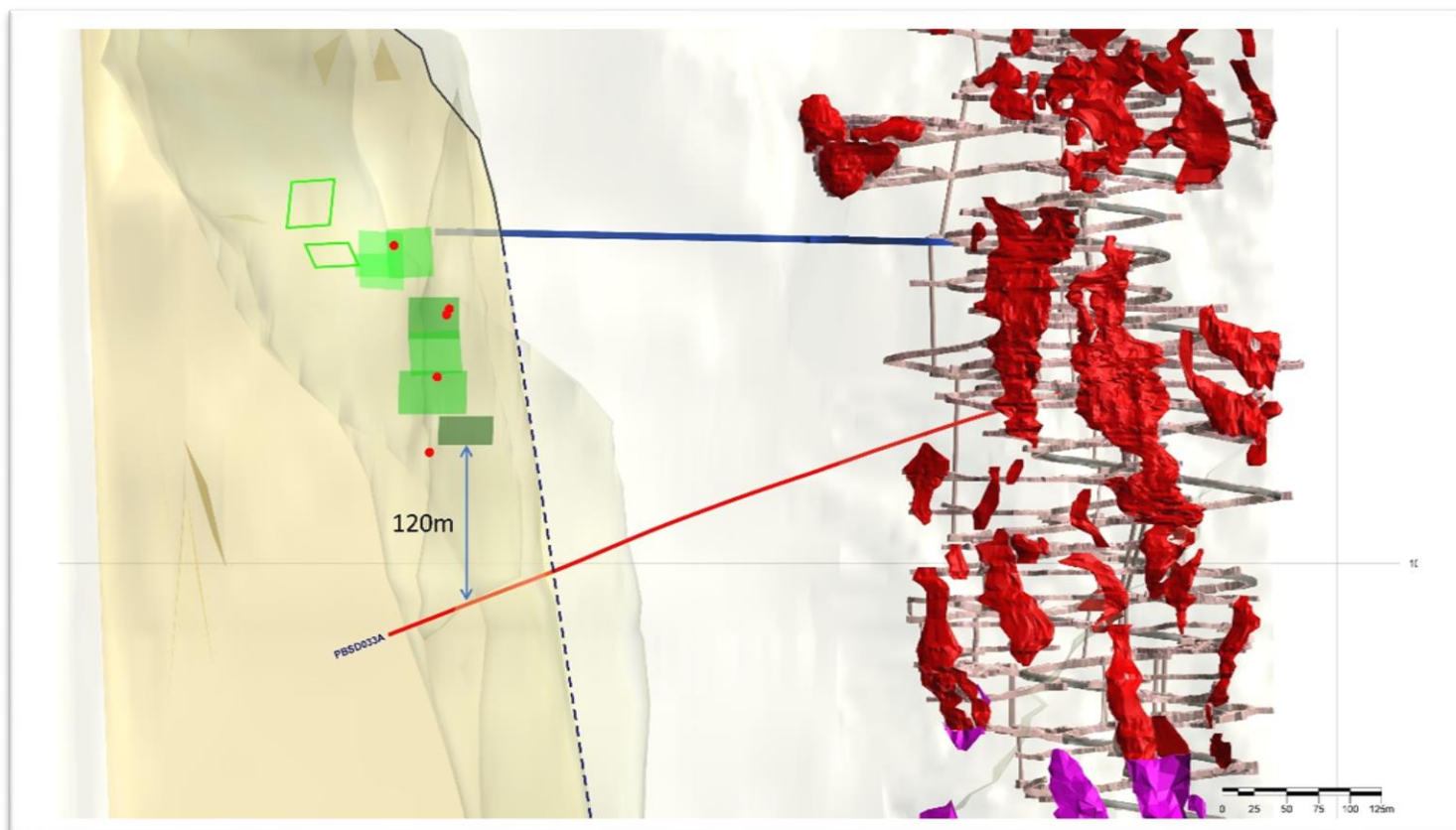


FIGURE 2: PBSD033A HOLE TRACE

JORC 2012 Table 1 and accompanying disclosure tables for this announcement are included as Appendix 1 and 2.

Golden Swan Resource Drilling Program

The Resource Definition drilling program has commenced and is designed to increase confidence in the continuity of Golden Swan mineralisation to JORC 2012 Inferred and Indicated levels by drilling up to 57 holes for 13,000 metres of NQ2 core. The planned drill pattern and targets are shown in Figure 3.

Webdrill was awarded this contract in late 2020. The program is scheduled to be completed in late July 2021 which should allow the reporting of the maiden resource for Golden Swan during the September quarter.

As previously reported, the drill drive was extended to provide a better position for the resource drill program. The additional cost of extending the drill drive is almost matched by the reduction in budgeted drilling costs due to reduced drill metres.

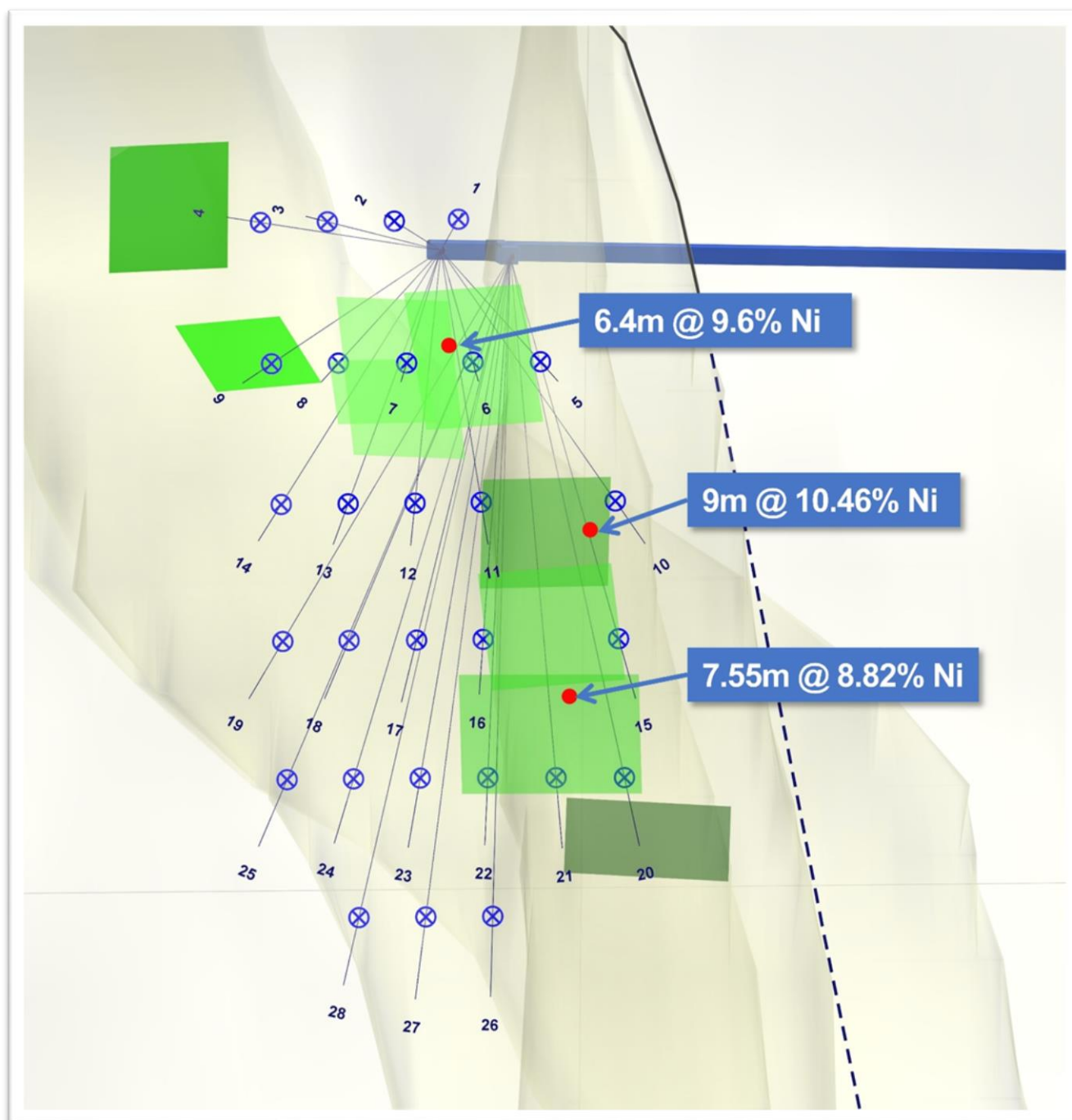


FIGURE 3: GOLDEN SWAN RESOURCE INFERRED DRILLING PATTERN AND TARGETS².

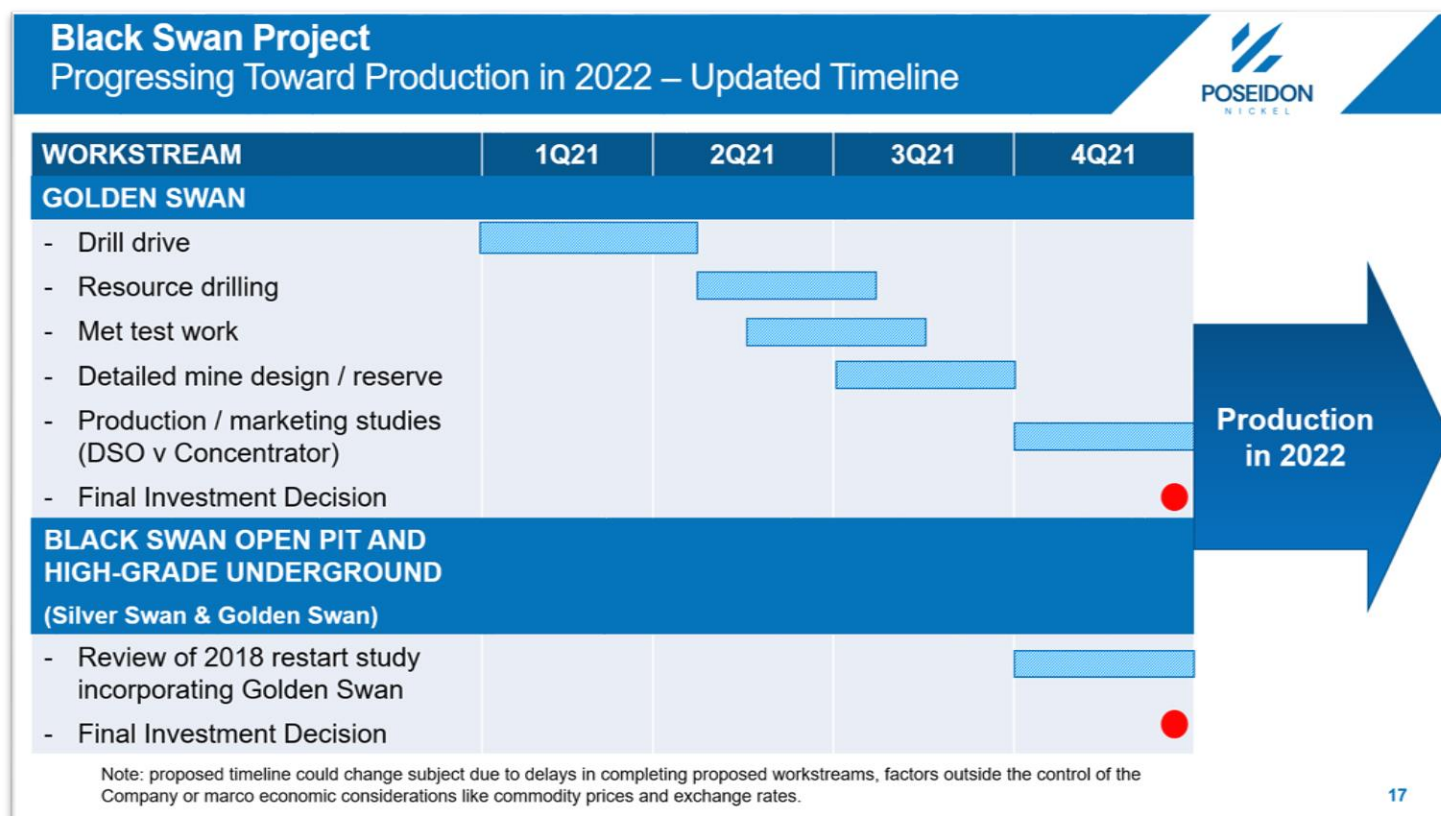
² Refer ASX Announcement "Assay Confirm More High-Grade Nickel at Golden Swan" dated 25 November 2020

Golden Swan Project Timetable

As previously announced, the Company is confident the Golden Swan Resource drilling will result in the delineation of a maiden resource that will have sufficient tonnage to be exploited in the near term. Preparations are underway for mining activities to commence during the first half of 2022 with an internal target of producing saleable ore by mid-2022, subject to the board approving a Final Investment Decision.

The initial plan being considered is to sell Direct Shipping Ore (DSO) to a third-party processor and preliminary discussions have commenced with potential buyers in Western Australia as well as international trading companies. The very high nickel grade of Golden Swan together with the excellent Fe:MgO ratio, low impurities and high metallurgical recovery of >90% to +13% nickel concentrate (based on preliminary metallurgical testwork, refer ASX release dated 25 November 2021 – *Excellent Results from Preliminary Metallurgical Testwork*) will make Golden Swan material (ore and/or concentrate) highly attractive to a number of nickel producers both locally and overseas.

The Company remains on track to exploit the high-grade/high-margin Golden Swan mineralisation in accordance with the following proposed timetable:




Peter Harold
Managing Director & CEO
 29 April 2021

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

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 Andrew Pearce, who is an employee of Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists.

Mr Pearce has 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 Pearce consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 Golden Swan underground mine

About Poseidon Nickel Limited

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

Appendix 1

TABLE 1: DRILL HOLE SUMMARY

HoleID	EAST	NORTH	RL	Mine Azi	Dip	Depth
PBSD033A	10349.19	11791.33	10334.2	159	-14	602.8

Note: No samples were taken from this hole, therefore no assay results can be reported.

Appendix 2

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> No sulphide mineralisation was intercepted, so no sampling was completed. The hole was set up for DHEM survey
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Drilling was conducted by Webdrill using the Diamec Smart 6 Mobile Carrier rig. The hole was drilled in NQ2 and the core was orientated orientated using the Trucore Orientation Tool. The hole was surveyed using the DHS Devishot tool.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the 	<ul style="list-style-type: none"> Core was recovered via 3m core tube used behind drill bit, and then transferred from tube to core trays. Recovery was calculated on the amount recovered versus the amount drilled.

Criteria	JORC Code explanation	Commentary
	<p>samples.</p> <ul style="list-style-type: none"> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<p>Depths and recovery were recorded on wooden blocks placed in the core trays by the driller at the end of every run. Lost core was also recorded in this way. Core recovery was good, even through frequent broken ground.</p>
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • Core was logged into Geobank Mobile. Logging was done for Geology, structure, RQD and a check against drilling records for recovery. Holes were validated before being exported to the Geobank database. • After logging, all core was photographed in both dry and wet images. The photographs are stored on site.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • As no sulphides were detected through logging, no samples were taken for assay.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • No samples were dispatched for assay. • A Thermo Scientific Niton XLt XRF was used to verify logged intervals for lithology using 20 second shots
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Hole PBSD033A was a daughter hole of PBSD033. It was drilled using a casing wedge set at 223m after the parent hole became bogged at 467m
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> 	<ul style="list-style-type: none"> • All collar surveys were completed to an accuracy of ± 10 mm. A local grid based on seven known MGA references was created. The Department of Land Information (formerly the Department of Land Administration)

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	<p>benchmark UO51 on the Yarri Road opposite 14 Mile Dam was used to tie the survey control stations to the Australian Height Datum (AHD). A height datum of AHD + 1000 m was adopted for the Black Swan project</p> <ul style="list-style-type: none"> PBSD033A was surveyed using the DHS Devishot tool. Shots were take every 2 or 3m on in and out runs across the entire length of the hole at every survey interval. The tool is True North seeking and has an accuracy of +/-1 degree of dip and azimuth. In tool analysis gave an indication of whether the survey passed or failed and successive surveys were overlayed in Devi Cloud to visually check deviation between surveys with an average survey used as the base for modelling. The correction from True North to Mine Grid is +35 degrees to Azimuth.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> This is a single hole approximately 120m down plunge from previously reported Golden Swan mineral occurrence. No Mineral resource has been reported on this deposit.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> No sampling was conducted on this hole.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> No sampling was conducted on this hole.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No audits or reviews were completed during drilling

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The Black Swan open-pit is centred on M27/39 and extends into M27/200. Silver Swan is wholly located on M27/200. They are located 42.5km NE of Kalgoorlie. They are registered to Poseidon Nickel Atlantis Operations Pty Ltd, a wholly owned subsidiary of Poseidon Nickel Ltd, following the purchase of the assets. Golden Swan Historical royalties of 3% NSR exist over the minerals produced

Criteria	JORC Code explanation	Commentary
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> The Silver Swan Mine was discovered by MPI Mines Ltd, then was acquired by LionOre in 2004. Much of the exploration drilling and development was completed by these 2 companies. In turn LionOre was taken over by Norilsk in 2007 and continued mining and developing the underground mine at Silver Swan. Poseidon Nickel purchased the operation from Norilsk in late 2014
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The Golden Swan deposit is a Kambalda style komatiite hosted nickel deposit.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none">
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> No resource estimation was completed for this program
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> Not Applicable. No mineralisation reported
<i>Diagrams</i>	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> No significant discovery reported

Criteria	JORC Code explanation	Commentary
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> No assay results reported
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> DHEM survey conducted by Vortex Geophysics, with the data processed by Newexco
<i>Further work</i>	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Resource drilling on the Golden Swan deposit will be completed in FY 2021, and as part of that program further diamond drilling will be done in the area known as the Southern Terrace in order to extend the known mineralisation of the Golden Swan deposit.