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POSEIDON NICKEL

ASX Announcement

INITIAL GOLDEN SWAN DRILLING RESULTS DEMOSTRATE HIGH GRADE CONTINUITY

9 June 2021

KEY POINTS

- First assays from the Resource definition drilling program have returned a series of high-grade nickel intersections within the Golden Swan Trend. Results include:
  - PSGD001: 3.05 metres at 6.72% Ni
  - PSGD002: 3.8 metres at 5.56% Ni
  - PSGD003: 7.0 metres at 3.92% Ni
  - PSGD004: 1.25 metres at 5.14% Ni
  - PSGD011: 4.1 metres at 3.95% Ni
  - PSGD013: 17.4 metres at 3.16% Ni including 3.4 metres at 8.18% Ni
- The Golden Swan mineralisation remains open in both plunge directions, as high priority drilling continues to test for both extensions and infill the known mineralised envelope
- DHEM platforms have now been established to help explore for additional massive sulphide trends along the Southern Terrace that potentially parallels the Golden Swan Trend
- Indications are that Golden Swan mineralisation defined to date is not a unique occurrence and that other mineralised zones may exist within the Southern Terrace area

Poseidon Nickel (ASX: POS) ("Poseidon", "the Company") is pleased to advise the 13,000 metre Golden Swan resource drilling program is well underway with several significant mineralised intersections returned to date.

Managing Director and CEO, Peter Harold, commented "This is a very exciting time for the Company as we progress with the resource definition phase of the Golden Swan high-grade nickel sulphide discovery and in parallel embark on some generative programs to test the greater potential of the Southern Terrace to host more massive sulphide trends."

"Once the resource drilling is completed, we plan to announce a maiden resource and then a mining reserve, subject to the studies confirming acceptable economics. With the drilling progressing so quickly we should be able to complete the resource definition drilling ahead of schedule and then switch over to drill testing more of the very prospective Southern Terrace."

Golden Swan Resource Drilling Program

The Resource Definition drilling program commenced on 28 April 2021 and is designed to increase confidence in the continuity of the Golden Swan mineralisation to JORC 2012 Inferred and Indicated levels by drilling up to 57 holes for 13,000 metres of NQ2 diamond drill core. The initial Inferred Resource program pattern of drill holes is shown as Figure 1. Once the initial Inferred Resource program is completed, the Company will utilise the outer drill holes of the pattern to undertake further Down Hole Electromagnetic (DHEM) surveys to increase our understanding within the Golden Swan trend and the greater area of the Southern Terrace away from the existing DHEM coverage.

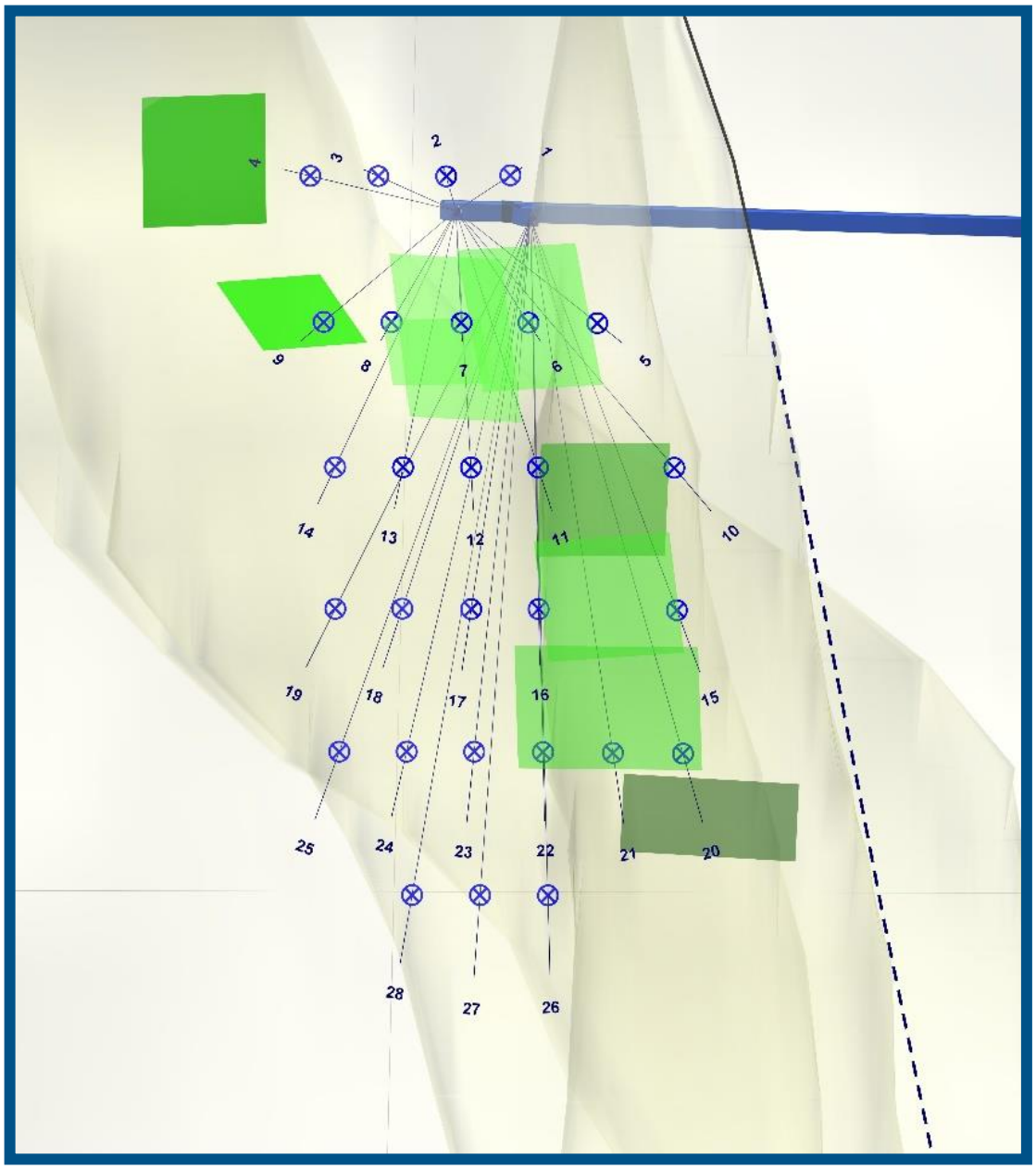


FIGURE 1: NOTIONAL GOLDEN SWAN RESOURCE INFERRED DRILLING PATTERN WITH EXISTING DHEM PLATES SHOWN IN GREEN

Current Drilling

Drilling to date has indicated a well-developed, competent felsic footwall unit that has allowed for high rate of drilling. As of 6 June 2021, the program is progressing ahead of schedule with 24 holes completed for a total of 6,599 metres. Assays have been received for seven holes including the significant intercepts shown in Table 1. The appropriate drill hole summary table and relevant JORC 2012 Compliance Tables for this announcement are in Appendix 1 and 2.

As understanding of the mineralised Golden Swan zone increases, drilling is focused on following the mineralised zone (Figure 2). Additionally, sulphide mineralisation has been intersected in two holes away from existing DHEM plates (PSGD011 and PSG012), confirming the continuation of the mineralised Golden Swan trend up plunge and to the south. Drill targeting has been adjusted to test this observation with results and assays to follow.

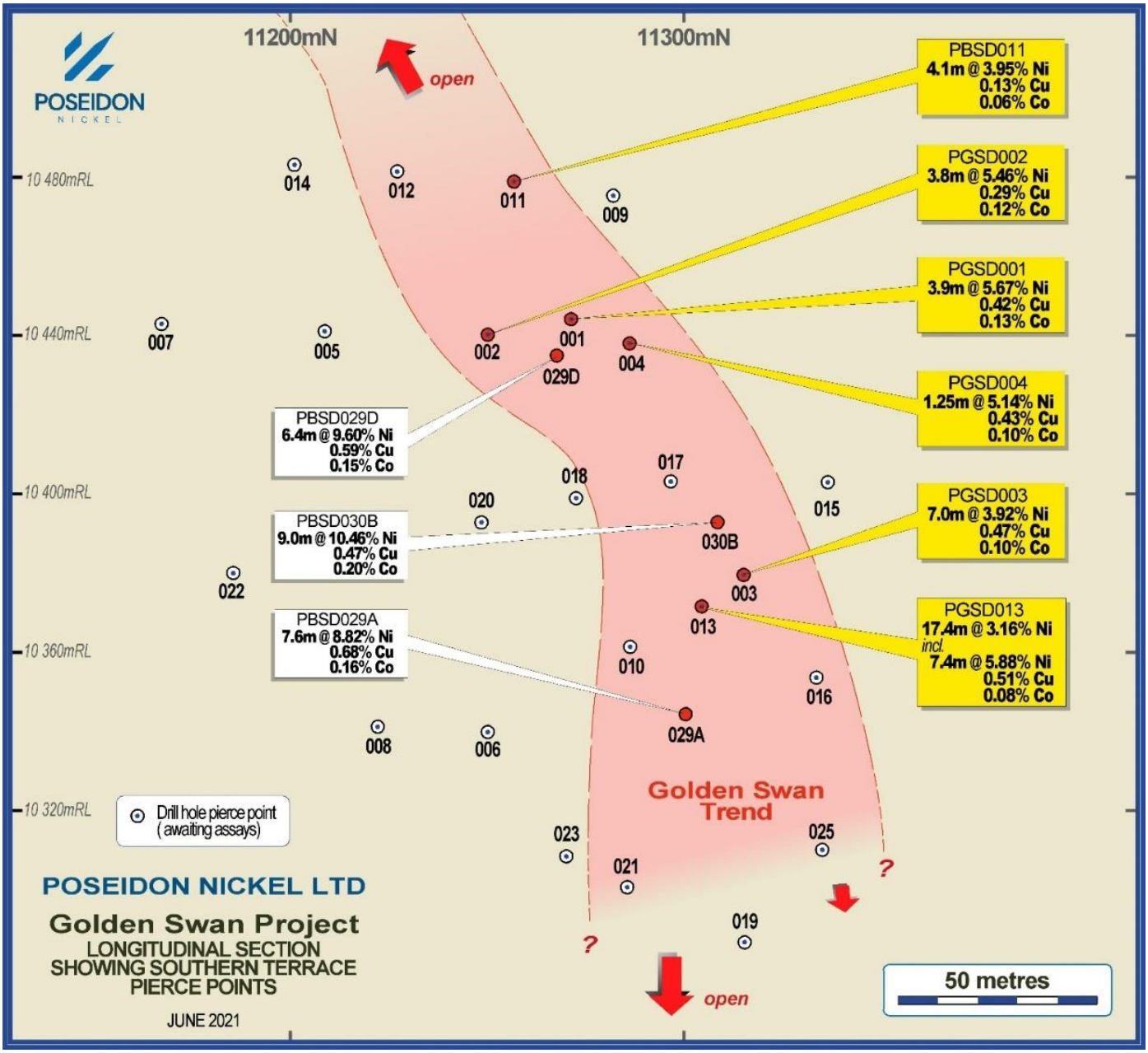


FIGURE 2: GOLDEN SWAN LONG SECTION SHOWING CURRENT PIERCE POINTS AND SIGNIFICANT DRILL RESULTS (SEE ASX ANNOUNCEMENTS DATED 14 APRIL 2020, 5 AUGUST 2020 AND 25 NOVEMBER 2020 FOR HISTORIC INTERSECTIONS)

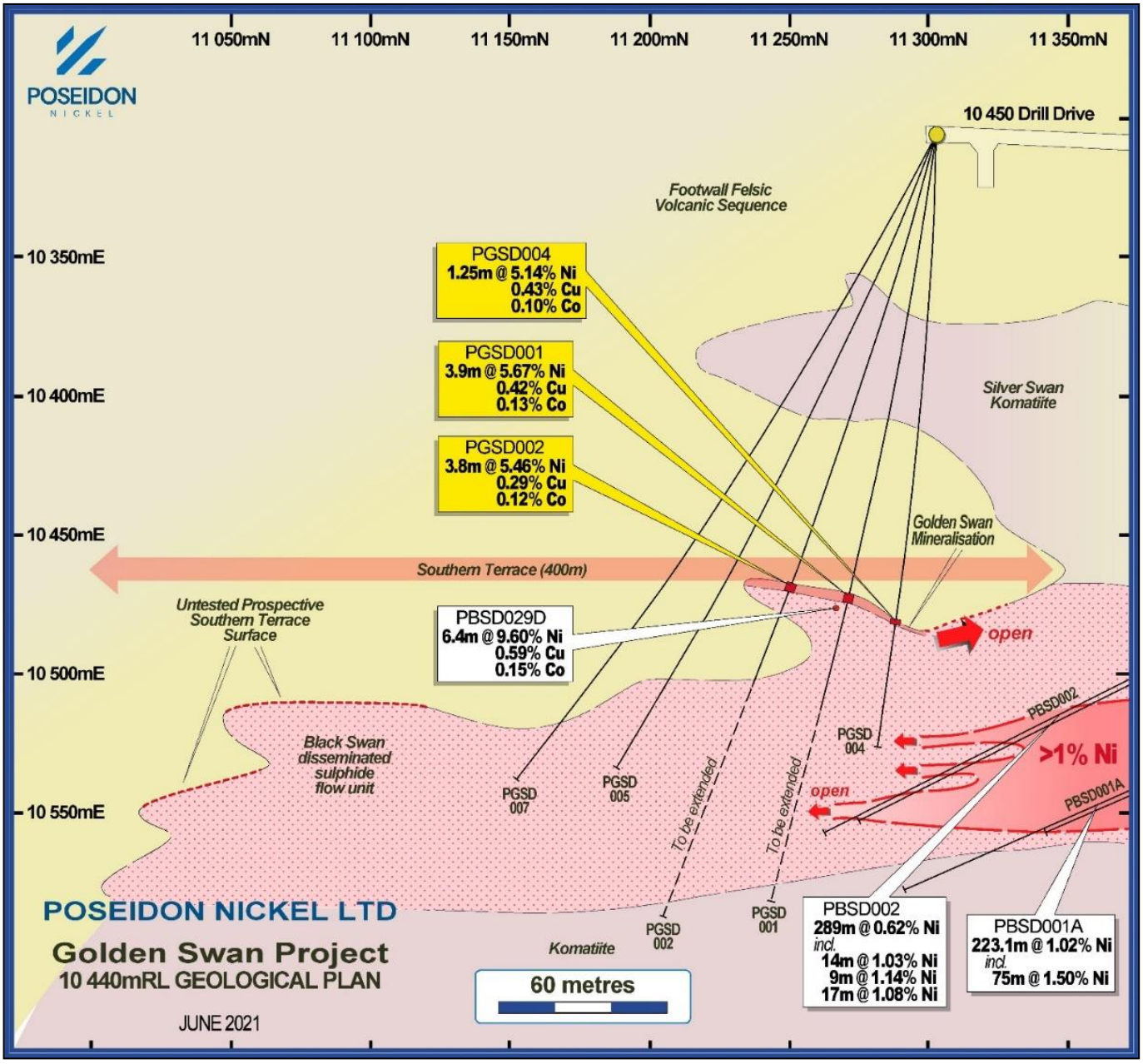


FIGURE 3: GEOLOGICAL PLAN 10440MRL SHOWING RELATIONSHIP BETWEEN GOLDEN SWAN AND THE BLACK SWAN DISSEMINATED SULPHIDE FLOW UNIT. UNTESTED PROSPECTIVE AREAS OF THE SOUTHERN TERRACE ARE ALSO INDICATED. (SEE ASX ANNOUNCEMENTS DATED 6 MAY 2019, 27 MAY 2019 AND 25 NOVEMBER 2020 FOR HISTORIC DRILL RESULTS)

TABLE 1: GOLDEN SWAN CURRENT ASSAY RESULTS

	From (m)	To (m)	Down Hole Interval (m)	Estimated True Width (m)	Ni%	Cu%	Co ppm
PGSD001	169.85	173.75	3.9	3.87	5.67	0.42	1283.85
inc	169.85	172.9	3.05	3.03	6.72	0.50	1528.86
inc	170.45	171.15	0.7	0.70	7.31	0.85	3270.00

	From (m)	To (m)	Down Hole Interval (m)	Estimated True Width (m)	Ni%	Cu%	Co ppm
PGSD002	171.5	175.3	3.8	3.78	5.46	0.29	1173.65
inc	172.05	174.3	2.25	2.24	6.65	0.26	1474.63
inc	172.05	172.4	0.35	0.35	11.30	0.46	3320.00

	From (m)	To (m)	Down Hole Interval (m)	Estimated True Width (m)	Ni%	Cu%	Co ppm
PGSD003	179.55	186.55	7	6.06	3.92	0.47	1039.84
Inc	180.15	185	4.85	4.2	4.55	0.29	762.96

	From (m)	To (m)	Down Hole Interval (m)	Estimated True Width (m)	Ni%	Cu%	Co ppm
PGSD004	177.6	182	4.4	4.37	2.04	0.17	395.45
Inc	177.6	178.85	1.25	1.24	5.14	0.43	1008.76

	From (m)	To (m)	Down Hole Interval (m)	Estimated True Width (m)	Ni%	Cu%	Co ppm
PGSD008	260.3	261	0.7	0.7	1.44	0.07	224.14

	From (m)	To (m)	Down Hole Interval (m)	Estimated True Width (m)	Ni%	Cu%	Co ppm
PGSD011	167.9	172	4.1	4	3.95	0.13	557.66
Inc	167.9	170.3	2.4	2.3	5.88	0.19	799.51
Inc	167.9	168.5	0.6	0.6	15.20	0.09	1940.00

	From (m)	To (m)	Down Hole Interval (m)	Estimated True Width (m)	Ni%	Cu%	Co ppm
PGSD013	181.2	198.6	17.4	15.07	3.16	0.29	461.25
inc	181.6	189	7.4	6.4	5.88	0.51	825.85
inc	181.6	187	5.4	4.7	6.97	0.62	960.11
inc	181.6	185	3.4	2.9	8.18	0.38	1158.66
inc	181.6	181.9	0.3	0.26	13.8	0.61	1310

Prospectivity of the Southern Terrace

The Southern Terrace contact underlies a significant disseminated nickel sulphide cloud that is hosted within the Black Swan komatiite. This highly prospective stratigraphic position could host further undiscovered massive sulphide trends along it path and remains poorly tested (Figure 3).

Outer holes to the Golden Swan trend are being drilled and cased with PVC to allow for future DHEM surveys to test outside of the known mineralisation. DHEM surveys will be conducted in the next few weeks with follow up drilling to occur shortly afterwards, if new DHEM anomalies are detected.

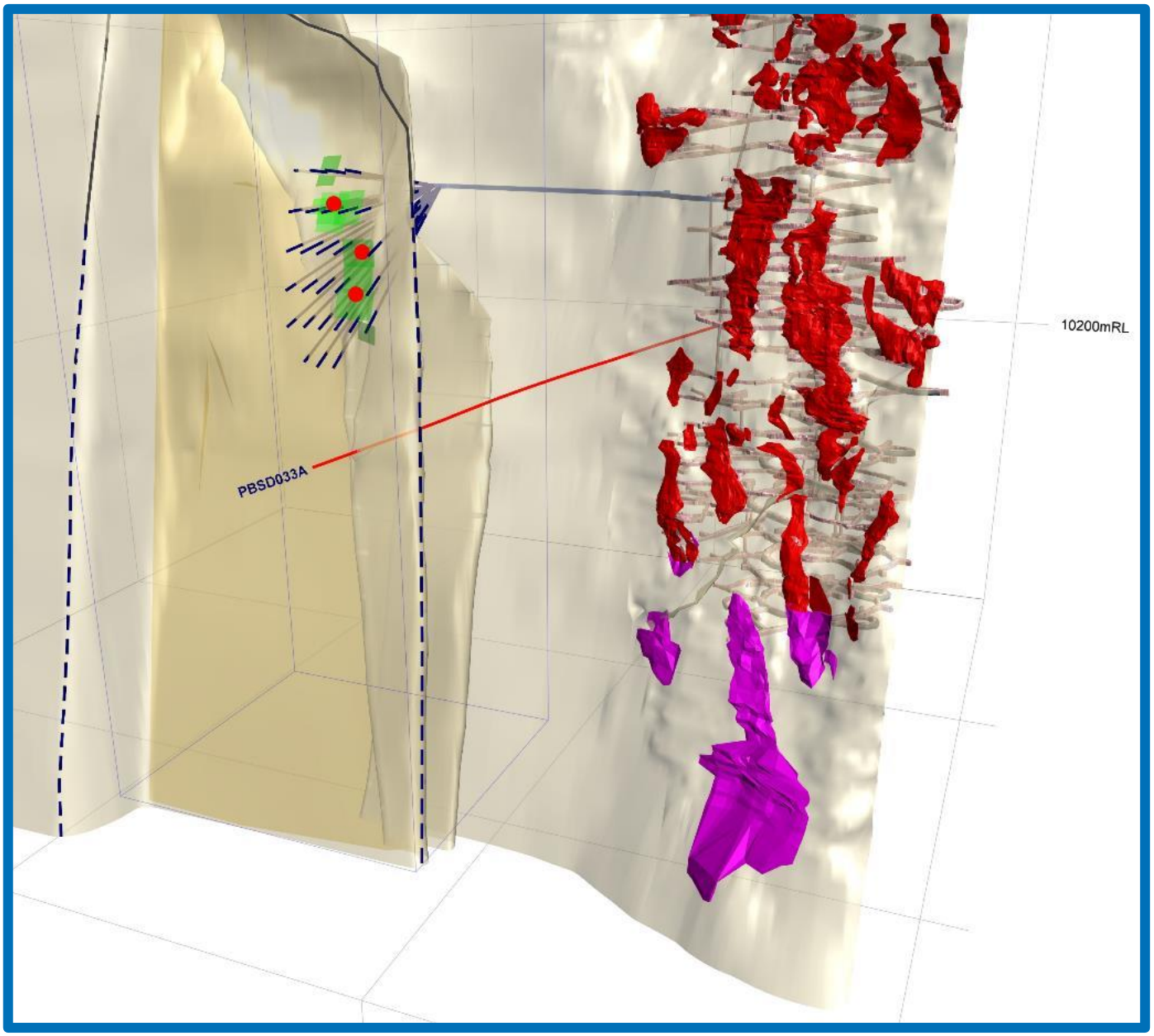


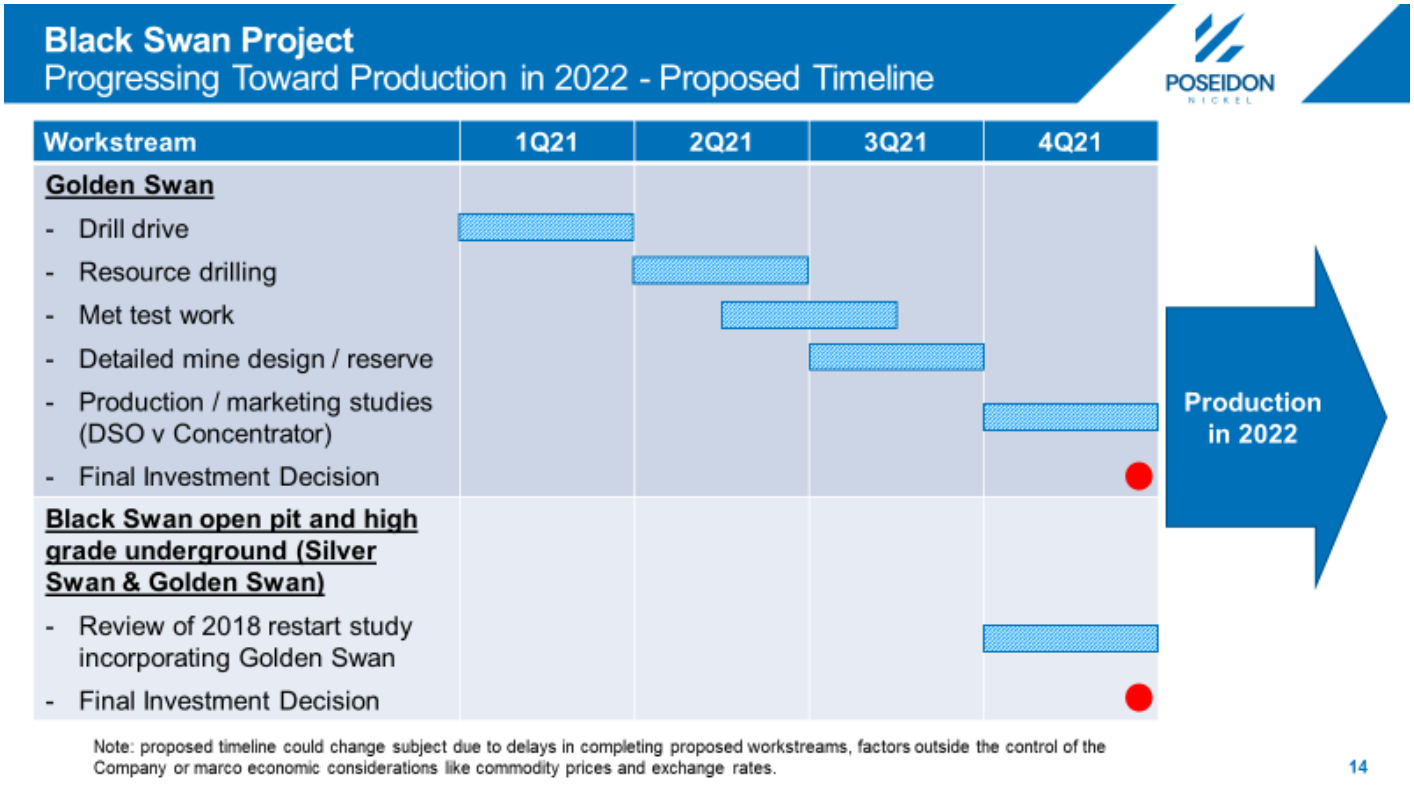
FIGURE 4: SILVER SWAN CHANNEL, THE GOLDEN SWAN DISCOVERY AND THE SOUTHERN TERRACE

Golden Swan Project Timetable

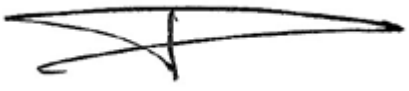
As previously announced, the Company is confident the Golden Swan Resource drilling will result in the delineation of a maiden resource that has the potential to be exploited in the near term. With the completion of the underground drill drive, preparations are well underway for the potential commencement of mining activities in the first half of 2022 with an internal target of producing saleable ore by mid-2022, subject to acceptable economics.

The initial plan is to sell Direct Shipping Ore (DSO) and preliminary discussions with potential buyers remain ongoing. The very high nickel grade of Golden Swan, together with the excellent Fe:MgO ratio, low impurities and high metallurgical recovery (>90% to +13% nickel concentrate, based on 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 indicative production timetable is as follows:



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



Peter Harold
Managing Director & CEO
9 June 2021

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

COMPETENT PERSON STATEMENTS:

The information in this report that relates to Exploration Targeting and 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 2: Drill Hole Summary

CollarID	EAST	NORTH	RL	Dip	Azimuth (True)	TD (m)
PGSD001	10305.38	11303.32	10457.88	-6.2	63.1	210
PGSD002	10305.38	11303.32	10457.88	-5.9	69.7	213
PGSD003	10321.54	11320.82	10457.3	-30.6	55.3	206
PGSD004	10305.38	11303.32	10457.88	-6.9	56.1	218
PGSD005	10305.38	11303.32	10457.88	-6.4	76.4	257
PGSD006	10321.54	11320.82	10457.3	-29.8	68.4	275
PGSD007	10305.38	11303.32	10457.88	-6.5	82.0	278
PGSD008	10321.54	11320.82	10457.3	-28.3	80.9	312
PGSD009	10305.38	11303.32	10457.88	8.7	64.1	176
PGSD010	10321.54	11320.82	10457.3	-31.5	66.2	257
PGSD011	10305.38	11303.32	10457.88	8.2	71.4	197
PGSD012	10305.38	11303.32	10457.88	8.1	78.7	225
PGSD013	10321.54	11321.82	10458.3	-30.8	61	248
PGSD014	10305.38	11303.32	10457.88	7.2	85.3	243
PGSD015	10305.38	11303.32	10457.88	-17.8	49.6	231
PGSD016	10321.54	11321.82	10458.3	-32.7	51.8	266
PGSD017	10305.38	11303.32	10457.88	-18.5	56	231
PGSD018	10305.38	11303.32	10457.88	-18.7	62.6	222
PGSD019	10321.54	11321.82	10458.3	-39.2	55	308
PGSD020	10305.38	11303.32	10457.88	-17.8	68.6	261
PGSD021	10321.54	11321.82	10458.3	-37.8	61.4	317
PGSD022	10305.38	11303.32	10457.88	-16.9	79.9	330
PGSD023	10321.54	11321.82	10458.3	-38	68	287
PGSD024	10305.38	11303.32	10457.88	-26.9	80	389
PGSD025	10321.54	11321.82	10458.3	-39	48.5	293
PGSD027	10321.54	11321.82	10458.3	-45	49	149

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	• *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.*	• NQ2 core was sampled at least 10m either side of logged mineralisation by cutting the core in half using a Corewise core saw. Samples were divided into logged domains, with no individual sample being greater than 1.2m or less than 0.3m. Appropriate QAQC standards and blanks from Geostats were inserted, and duplicates taken in quarter core at selected intervals where mineralisation variability warranted it.
Drilling techniques	• *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).*	• Drilling was conducted by Webdrill using the Diamec Smart 6 Mobile Carrier rig. The hole was drilled in NQ2 and the core was orientated using the Trucore Orientation Tool. The hole was surveyed using the DHS Devishot tool.
Drill sample recovery	• *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 samples.* • *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.*	• 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. 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.
Logging	• *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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• 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	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary*	• Core was sampled as half core, unless duplicates were take which required samples to be quarter core.

Criteria	JORC Code explanation	Commentary
sample preparation	*split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *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.*	• Samples have been dispatched to SGS lab in Perth. • After crushing and pulverising they will be analysed by a 4-acid Ore grade digest with ICP-OES finish
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Sampling was conducted by the logging geologists who are employees of Newexco. • Data is collected using Geobank Mobile which utilises a validation function before data can be exported into the Geobank database
Location of data points	• *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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• 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) 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 • All holes are 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	• *Data spacing for reporting of Exploration Results.*	• The holes drilled form part of a program

Criteria	JORC Code explanation	Commentary
and distribution	• *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.*	that is intended to bring the mineral occurrence to Inferred status. The nominal spacing is 20x40m, with infill drilling to be conducted as required to comply with resource modelling requirements
Orientation of data in relation to geological structure	• *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.*	• Drill core is oriented using the Trucore Ori
Sample security	• *The measures taken to ensure sample security.*	• NA.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• 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	• *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.*	• 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
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• 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
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Golden Swan deposit is a Kambalda style komatiite hosted nickel deposit.

Drill hole Information	• *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:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
		• The current drill hole information is listed as Table two in Appendix One of this document

Criteria	JORC Code explanation	Commentary
	• *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.*	
Data aggregation methods	• *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.* • *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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No resource estimation has been undertaken at this stage, and no resource has been reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	• Mineralised widths are reported as down hole lengths. • Due to the apparent variability of the Southern Terrace, true width cannot be stated with certainty at this time.
Diagrams	• *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.*	• No significant new discovery reported. All current drilling is shown on the Long Section (Figure 3) with significant intercepts highlighted on the diagram and included as Table 1. Collar location and drill dip and azimuth are included as Table 2.
Balanced reporting	• *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.*	• Mineralised intervals from each assay received are shown in Table 1.
Other substantive exploration data	• *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.*	• No further observations to be reported at this stage.
Further work	• *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.*	• Resource drilling on the Golden Swan deposit will 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.