

QUARTERLY REPORT 31 DECEMBER 2021

31 January 2022

HIGHLIGHTS

- **Exceptional Silver Swan Exploration Results**
 - Infill drilling within the Tundra-Mute Inferred Resource boundary has identified an area of continuous well-developed massive nickel sulphides. Results include:
 - **PTMD005: 12.9m @ 10.63% Ni from 241.1m**
 - **PTMD007: 6m @ 11.36% Ni from 257m**
 - **PTMD014: 11m @ 13.26% Ni from 288m**
 - **PTMD015: 3.5m @ 16.30% Ni from 287.9m**
 - **PTMD018: 15m @ 17.92% Ni from 265m**
 - EM plates indicate the potential for nickel sulphides located in extensional positions to the existing Silver Swan High Grade Resource
- **Golden Swan Maiden Resource completed**
 - Golden Swan Maiden Resource announced with total Indicated and Inferred Resource of 160,000t @ 3.9% Ni for 6,250t contained Ni
- **Open Pit Resource Expansion Drilling**
 - Major drilling program underway to test several wide open ended disseminated sulphide lodes that are hosted in metallurgically favourable Serpentinite
- **Black Swan Restart Progress**
 - December 2021 internal Preliminary Economic Assessment completed
 - Progress to date on the Fill the Mill strategy supports fast tracking a number of initiatives
- **Lake Johnston Exploration**
 - Program of Works lodged for proposed drilling program targeting the Western Ultramafic unit
 - Senior Exploration Geologist employed to progress Lake Johnston exploration activities
- **MoU signed to investigate Battery Metals Refinery in WA**
 - MoU signed with Pure Battery Technologies who plans to build and operate a battery metal refinery hub in Kalgoorlie
- **Corporate**
 - Cash - \$21.9 million (as at 31 December 2021)

Poseidon Nickel (ASX: POS, “the Company”) is pleased to report on its activities for the December quarter 2021.

Managing Director and CEO, Peter Harold, commented: “Over the December quarter the Company made considerable progress on its “Fill the Mill” strategy for Black Swan. Milestones achieved include announcing the Golden Swan Maiden Resource, the Silver Swan Tailings Maiden Resource and signing a five-year water agreement with Norton Gold Fields.

Heading into 2022 the Company is focused on achieving its indicative timetable for the Black Swan feasibility study process and progressing toward Final Investment Decision in July 2022.

Following on from the exploration targeting analysis completed by NewExco last quarter, we have employed a dedicated Senior Exploration Geologist as we ramp up exploration activities at Lake Johnston. We will be targeting the Western Ultramafic initially and we are seeking proposals from contractors with an aim to commence drilling activities during the June 2022 quarter.

The Company remains well funded with \$21.9 million cash at bank at 31 December 2021.”

BLACK SWAN

Fill the Mill Strategy Update

During the quarter, the Company made significant progress with our “Fill the Mill” strategy. The timetable has been revised with the Final Investment Decision expected to be made during July 2022 and plant commissioning scheduled for the March 2023 quarter.

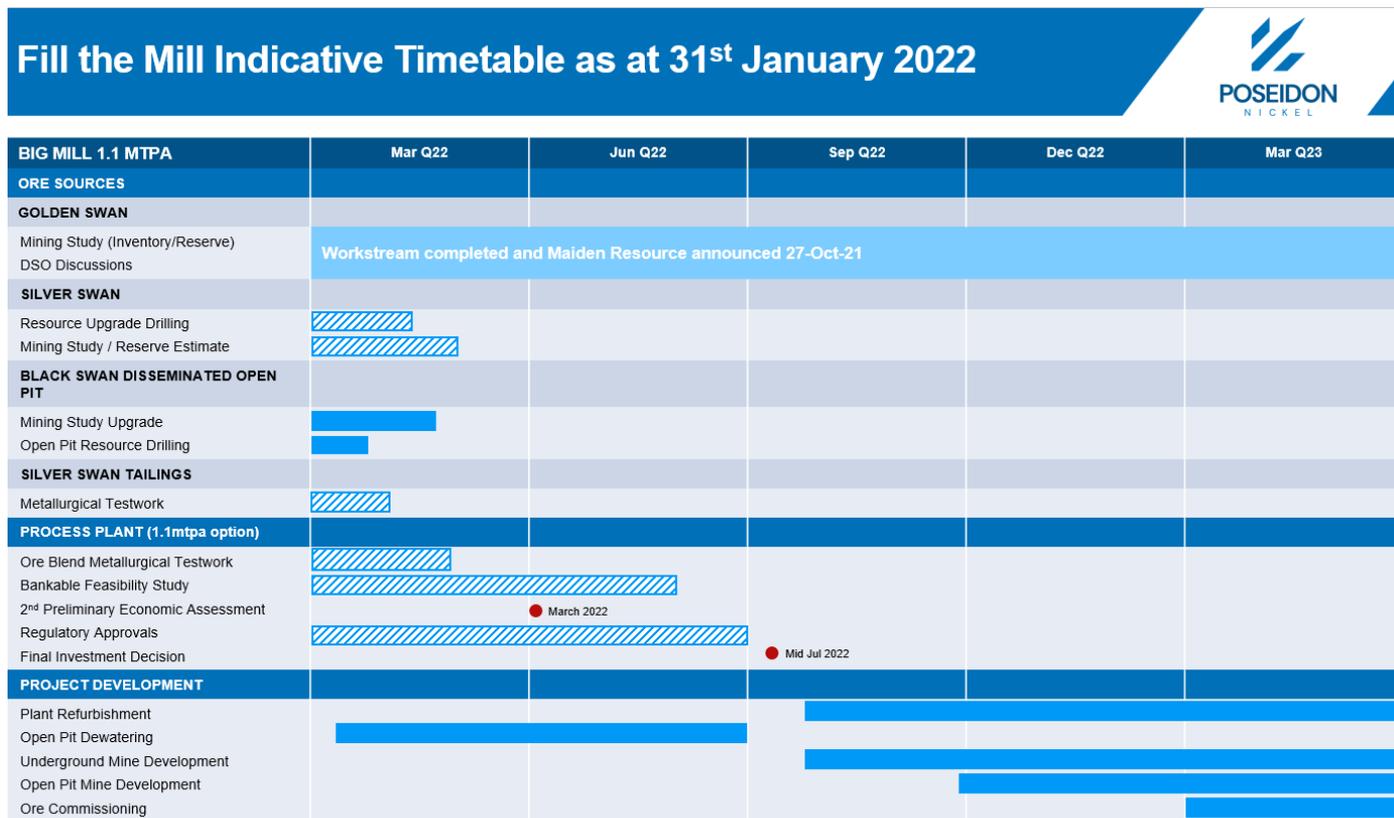


FIGURE 1: REVISED BLACK SWAN INDICATIVE TIMETABLE

The following work streams were completed by end of December 2021:

- Silver Swan Tailings maiden Resource (*Silver Swan Tailings Maiden Resource Estimate ASX announcement dated 15 September 2021*);
- Five-year water access agreement with Norton Gold Fields Pty Ltd; and
- Golden Swan maiden Resource (*Golden Swan Maiden Resource ASX announcement dated 27 October 2021*).

The following workstreams are ongoing:

- drilling within the Silver Swan Channel to identify potential resource growth opportunities and convert Resources from the JORC Inferred to Indicated classification;
- drilling the Black Swan Disseminated (BSD) flow to confirm the extent of serpentinite hosted mineralisation and the corresponding nickel grades;
- mining studies to convert the Resources to Reserves for Silver Swan, Golden Swan and the BSD;
- metallurgical test work on blending the various ore sources to determine the optimum feed blend, expected metallurgical recoveries for each feed source and typical concentrate specifications;
- environmental and development approvals for the mining activities, infrastructure requirements including power supply and on site accommodation;
- indicative offtake terms for the quality and quantity of nickel concentrate expected to be produced;
- indicative financing proposals for the debt component of the restart capital; and
- completing the Bankable Feasibility Study.

Following the completion of the December 2021 internal Preliminary Economic Assessment (PEA), and based on work completed to date, the Company approved the following workstreams in December 2021:

- studies on dewatering the Black Swan pit with an aim to commence dewatering during 2022;
- identifying and filling certain key management roles considered crucial to achieving the Fill the Mill strategy;
- environmental studies on the proposed mine plans including the open pit cut-back and the waste dump expansion;
- studies on site-based accommodation and commencing the approvals process for that; and
- planning and approvals for grid power.

Once the current drilling programs within the Silver Swan Channel and Open Pit are completed, assay results are received, updated mine studies are completed and revised indicative offtake terms are received for the anticipated concentrate specifications, a further internal Preliminary Economic Assessment will be completed ahead of the Bankable Feasibility Study (BFS) which is due in July 2022. The next PEA should provide additional information to allow the Company to approve additional works ahead of the Black Swan restart including:

- engagement with potential mining and processing contractors;
- recruiting further key positions required ahead of commencement of plant refurbishment works;
- ordering long lead items to ensure development and commissioning timelines are minimised;
- commencing pre-works required ahead of plant refurbishment and mining; and
- progressing with all approvals required for the restart.

For more detailed information on progress the Company has made on its “Fill the Mill” strategy, refer to the ASX announcement “*Black Swan Restart Project Update*” dated 21 December 2021.

Golden Swan Resource

During October 2021 the maiden Resource Estimate for Golden Swan was announced. This included an Indicated Resource of 111,600t @ 4.7% Ni for 5,200t contained Ni and Indicated and Inferred Resource of 160,000t @ 3.9% Ni for 6,250t.

The Golden Swan Resource was prepared by independent consultants Optiro Pty Ltd (Optiro) following the completion of the 69 hole, 22,000m drilling program undertaken since the discovery of the mineralisation in early 2020. A detailed summary of the Resource drilling is presented in Table 2 in the Appendix and the Mineral Resource Statement is shown in Table 3. For further information refer to the ASX Announcement “*Golden Swan Maiden Resource – additional information*” released on 12 November 2021.

Silver Swan Drilling Results

During the quarter, drilling within the Silver Swan Channel identified an area of continuous well-developed massive nickel sulphides within the Tundra-Mute Inferred Resource boundary. This drilling was part of a 25-hole infill drilling program of which 24 holes had been completed by the end of quarter. The long section showing the pierce points is shown as Figure 2.

The most significant intersections are summarised below:

- **PTMD005: 12.9m @ 10.63% Ni from 241.1m**
- **PTMD007: 6m @ 11.36% Ni from 257m**
- **PTMD014: 11m @ 13.26% Ni from 288m**
- **PTMD015: 3.5m @ 16.30% Ni from 287.9m**
- **PTMD018: 15m @ 17.92% Ni from 265m**

Results from this drilling program have the potential to grow the JORC Reserve and high-grade ore. With the drilling program now completed the Company has engaged Optiro to update the JORC Resource for Silver Swan which will form the basis for mine studies to convert the Resources to Reserves.

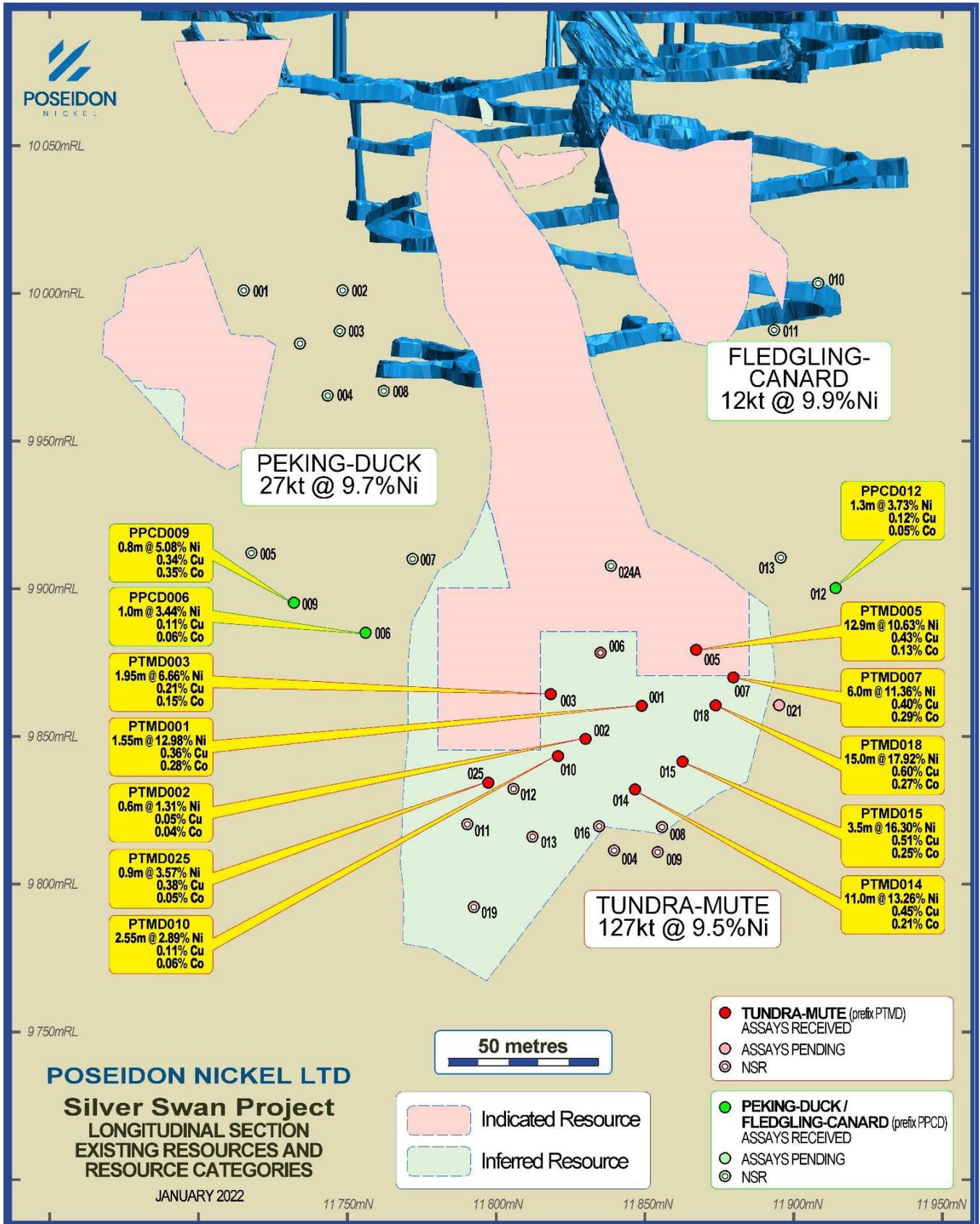


FIGURE 2: LONG SECTION THROUGH THE SILVER SWAN DEPOSIT SHOWING SIGNIFICANT INTERCEPTS FROM THE CURRENT PROGRAM

Growth Potential of High Grade Silver Swan Resource

Eight drill holes from the Resource drilling program were surveyed by Vortex Geophysics using an Atlantis Down Hole Electro Magnetic probe (“DHEM”) with Newexco performing the interpretation. The survey highlighted seven plates with a conductance of >15,000 Siemens which is considered highly conductive. Within the Silver Swan Channel setting, these readings are often indicative of the presence of massive sulphides.

When compared against drilling data, four of the plates can be explained using historical drilling and will not be tested further. These plates are shown as light purple in Figure 3.

The untested plates are shown as darker purple in Figure 3. The Company is assessing the merits for further drilling and EM surveys to test these plates.

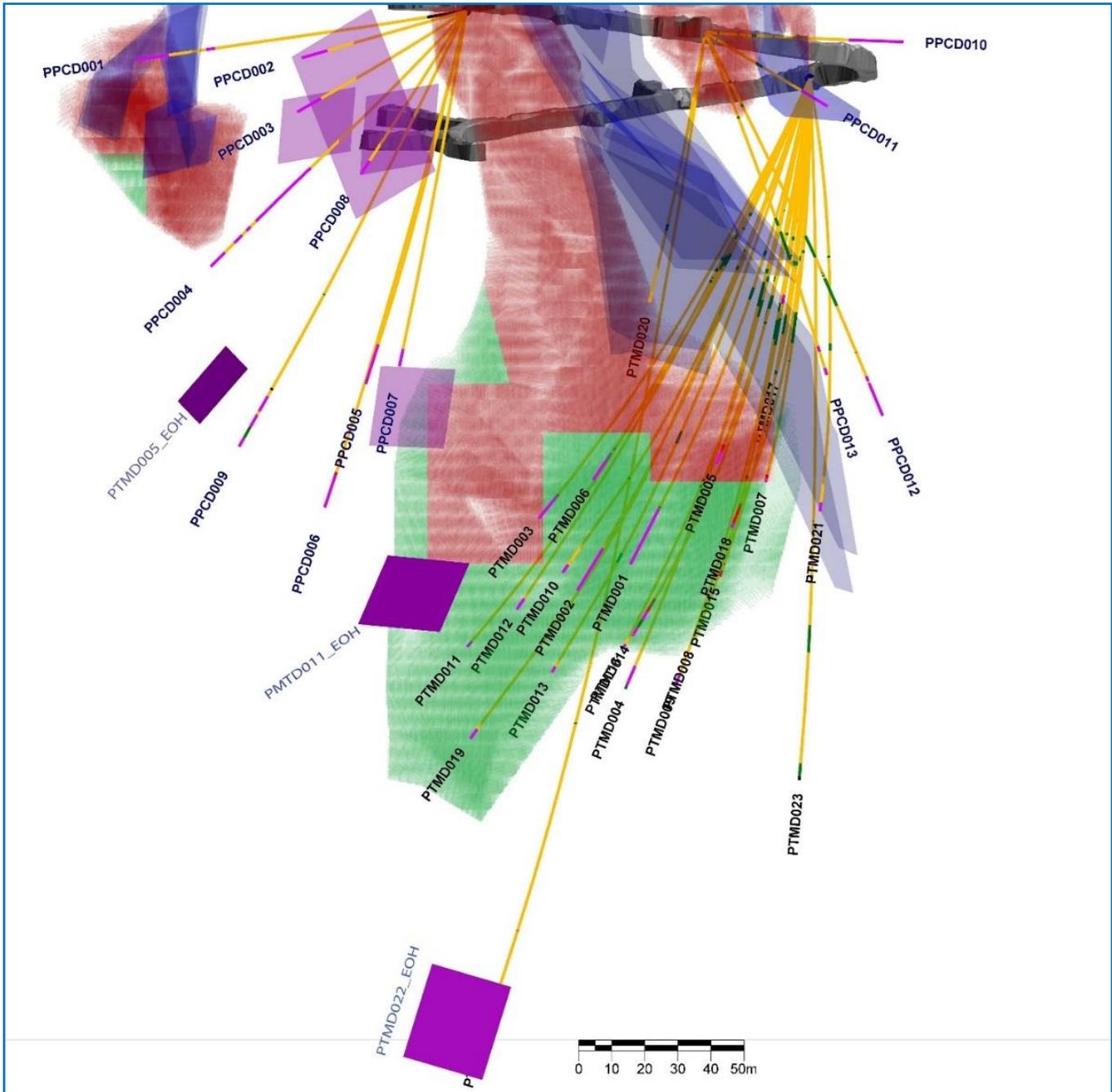


FIGURE 3: NEW DHEM PLATES SHOWN IN RELATION TO TUNDRA-MUTE

Open Pit Resource Expansion Drilling

As part of de-risking the Black Swan restart, drilling has been progressing to gain a better understanding of the serpentinite mineralisation below the Black Swan Open Pit. The 15-hole drilling program started mid-December 2021 is testing the down plunge extension of several wide disseminated sulphide lodes that are interpreted to be hosted in the metallurgically more favourable serpentinite. The program is anticipated to take two months to complete. Refer to announcement “*Black Swan Restart Project Update*” on the 21 December 2021 for further information.

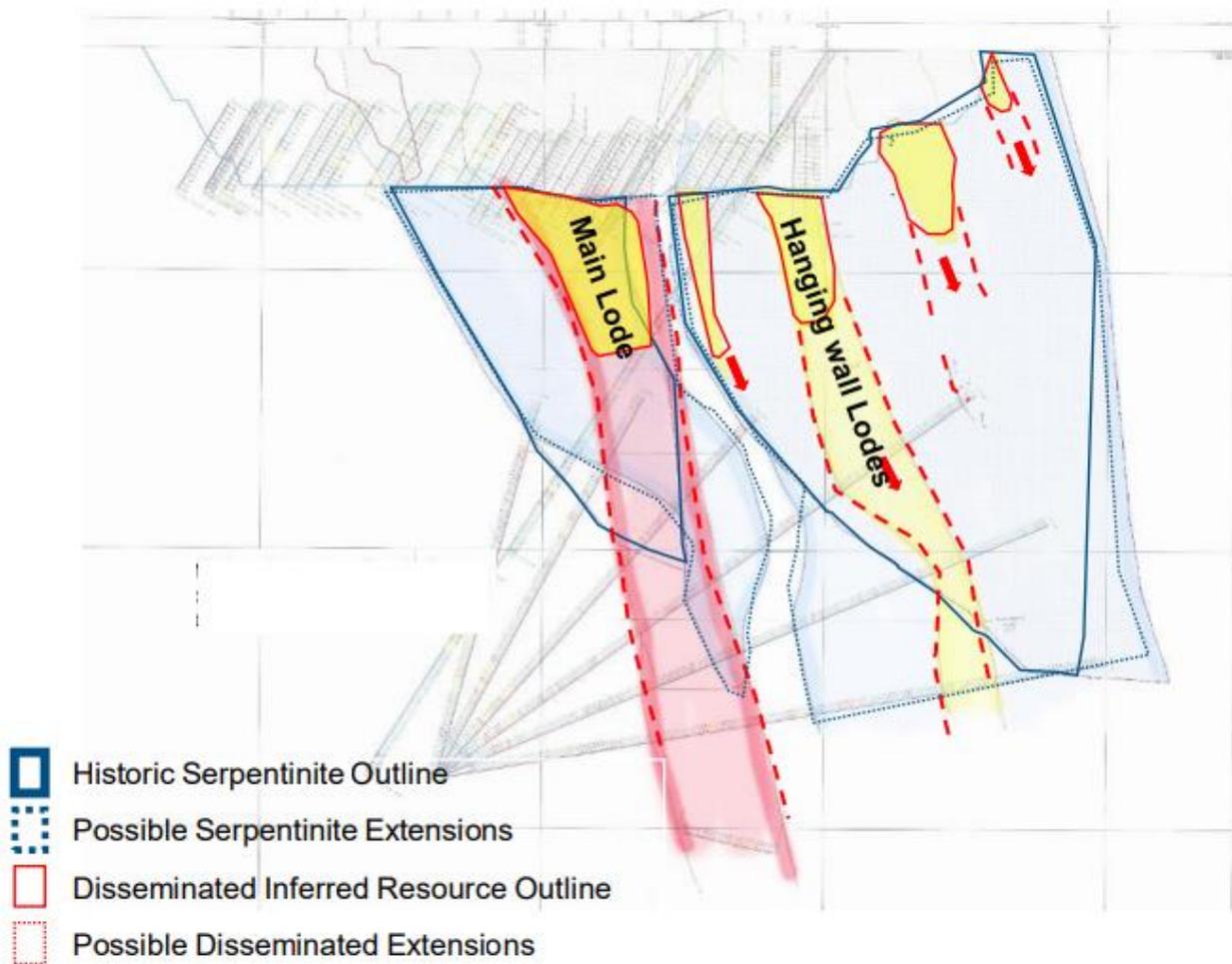


FIGURE 4: CHANGES TO SERPENTINITE AND MINERALISATION FROM THE 2019 RC PROGRAM

Resource Base and Mining Inventory

Ongoing drilling programs at Black Swan have identified opportunities to increase the mining inventory to support the Fill the Mill strategy. Current Black Swan Resources are summarised in Table 1.

TABLE 1: BLACK SWAN MINERAL RESOURCES SUMMARY

	Black Swan Open Pit	Silver Swan	Golden Swan	Silver Swan Tailings	Total
Measured Tonnes (kt)	-	-	-	675	675
Measured grade (%Ni)	-	-	-	0.92	0.92
Measured Ni-metal (t)	-	-	-	6,200	6,200
Indicated Tonnes (kt)	9,600	108	111.6	-	9,820
Indicated grade (%Ni)	0.68	9.4	4.7	-	0.82
Indicated Ni-metal (t)	64,900	10,130	5,200	-	80,230
Inferred tonnes (kt)	21,100	61	48.4	-	21,209
Inferred grade (%Ni)	0.54	9.7	2.2	-	0.57
Inferred Ni-metal (t)	113,800	5,900	1,050	-	120,750
Total tonnes (kt)	30,700	169	160	675	31,704
Grade (%Ni)	0.58	9.5	3.9	0.92	0.65
Total Ni-metal (t)	178,700	16,030	6,250	6,200	207,180

Metallurgical Test Work

The metallurgical testwork program for the Black Swan BFS is well underway.

The testwork program incorporates the blending of several feed sources to determine the average recoveries, optimal blend ratios and anticipated concentrate specifications. The main feed source will be the lower grade disseminated ore from the Black Swan open pit. Small proportions of the high-grade massive sulphides from the Silver Swan and Golden Swan underground Resources will be blended with the Black Swan disseminated ore and the metallurgical testwork will determine the optimum blend and associated recoveries.

The historical Silver Swan tailings, located only 300 metres from the Black Swan concentrator, will form a small and important proportion of the proposed feed blend (less than 10%). The tailings average about 0.92% nickel with a high iron-sulphide and low MgO content. The high iron, low MgO makes it attractive to include as part of the feed blend, to improve the final concentrate marketability. The Fe:MgO ratio in nickel concentrate is important for many nickel smelters, with penalties (and some cases rejection limits) applied to low Fe:MgO concentrates. The 675,000 tonnes of Measured Resource of Silver Swan Tailings could support at least six years of production blending capability, to ensure the final concentrate quality remains within the required specification with respect to the Fe:MgO ratio.

Marketing and Project Funding

During the quarter the Company provided preliminary concentrate specifications to a number of potential offtake parties to seek indicative terms to be used for internal Preliminary Economic Assessment of the project. Indicative terms were received from a number of parties confirming saleability of the anticipated concentrate specifications from Black Swan.

The Company continues to engage with parties who have expressed interest in concentrate offtake and/or funding arrangements to support the Black Swan restart. These discussions are expected to progress further once the Company has defined the mining inventory and finalised the concentrate specifications and the production schedule.

LAKE JOHNSTON

Exploration Update

Following the appointment of a Senior Exploration Geologist and the lodgement of a Program of Work (PoW) with the Department of Mines, Industry Regulation and Safety (DMIRS), planning for the recommencement of exploration activities at the Lake Johnston operations is well under way. The initial program will consist of up to 250 holes on 43 lines, drilling up to 15,000 metres targeting the high priority Western Ultramafic unit. Invitations to tender have been sent out to selected drilling companies with a planned date of commencement during the June 2022 quarter. Further contracts for line clearing and rehabilitation will be awarded in due course once the PoW approval has been granted.

Engineering Scoping Study the 1.5Mtpa processing plant

In the quarter, the Company engaged GR Engineering Services Limited (GRES) to develop a scoping study on the cost of refurbishing and operating the Lake Johnston processing plant. The scoping study investigated the cost of refurbishing the existing processing plant at a throughput rate of 900ktpa and operating it to an accuracy of +/- 20%. GRES was chosen to undertake the Scoping Study due to their experience in the construction and refurbishment of these types of plants and their previous work on the Black Swan Scoping Study.

The results from the scoping study were released on 27 January 2022 and demonstrate that the Lake Johnston plant could be refurbished for a very modest \$31 million over a seven month period. Similar to the Black Swan Project, the estimated refurbishment costs and time are a fraction of what it would take to build a new processing plant and the associated infrastructure such as the 200 person village, tailings dam, airstrip, etc.

Lake Johnston is the next nickel sulphide mining and processing operation that the Company could bring on stream sometime after the recommencement of operations at Black Swan.

With both Black Swan and Lake Johnston back in production the Company could achieve one of our stated corporate objectives of producing at least 15,000 tonnes per annum of nickel in concentrate.

WINDARRA/LANCEFIELD GOLD TAILINGS PROJECT

Sale/Joint Venture Partner Process

Given the primary focus of the Company is the restart of the Black Swan Nickel Project the decision was made to seek a development/operating partner for the gold tailings project or find a buyer for the asset. Argonaut PCF Limited has been appointed to assist with this process and a virtual data room has been established.

As at 31 January 2022 eleven parties have signed the Non-Disclosure Agreement and been given access to the data room.

Indicative offers are due on 14 February and final offers on 16 March 2022.

Termination of the State Agreement

The termination of the State Agreement is proceeding, albeit slowly. The WA Legislative Assembly passed the State Agreement Termination Bill on 27 October 2021. The Bill needs to be passed by the Legislative Council which should occur during the March 2022 quarter.

OPERATIONS

Operating Update

Black Swan

Black Swan was on care and maintenance during the quarter. Activities at Black Swan over the quarter included the drilling programs in the Silver Swan Channel and below the Open Pit.

Activities on site were completed without any significant safety incidents.

Windarra

Windarra remained on care and maintenance during the quarter.

Lake Johnston

Lake Johnston remained on care and maintenance during the quarter.

CORPORATE

MOU Signed to Investigate Battery Metals Refinery

Poseidon has signed an MoU with Pure Battery Technologies (PBT) who is advancing plans to build and operate a battery material refinery hub in Kalgoorlie, Western Australia. PBT is an Australian based company with an international nickel and cobalt refining operation in Germany (owned via a subsidiary company). PBT plans to establish a refinery in Western Australia to produce precursor Cathode Active Material (pCAM) battery metal products. Under the MoU, PBT will provide its in-house technology and expertise, and Poseidon will provide typical specifications and anticipated production volumes of nickel concentrate from Poseidon's projects as potential base feed for the proposed refinery, should Poseidon decide to develop its projects and supply concentrate to the proposed refinery.

COVID Update

The Company and its contractors continue to operate within the safe operating parameters specified by the Western Australian Government.

Financial

As at 31 December 2021, the Company held cash and current investments totaling \$21.9 million.

Over the December 2021 quarter, Poseidon's net cash outflow from operating and investing activities totalled \$6.5 million which included \$5.0 million of exploration and evaluation costs.

Costs incurred over the quarter amounted to \$6.0 million compared to a forecast of \$8.2 million, with the variance to forecast resulting primarily due to lower than projected exploration costs. Total cash expenditure for the quarter was \$6.5 million.

There were no production or development activities conducted over the quarter and as such no production or development expenditures were incurred.

Related party expenses over the quarter totalled \$73,929, all of which were fees paid to Directors.

With continuing exploration activities at Silver Swan and feasibility study works on the Black Swan restart, Poseidon has forecasted costs of \$5.5 million over the next quarter.

Other

There were no material changes in mineral tenements during the period (as shown in Table 6 below).

This Quarterly Activities Report was authorised for release by the Poseidon Board of Directors.



Peter Harold
Managing Director and CEO

31 January 2022

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

About Poseidon Nickel Limited

Poseidon Nickel Limited (**ASX Code: POS**) is a nickel sulphide exploration and development company with three projects located within a radius of 300km from 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 resumption 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 has recently completed a Definitive Feasibility Study on retreating the gold tailings at Windarra and Lancefield given the strength of the A\$ gold price.

SILVER SWAN ASSAY RESULTS

Table 2: Silver Swan Assays to date

	From (m)	To (m)	Down Hole Interval (m)	Estimated True Width (m)	Ni%	Cu%	Co ppm
Tundra-Mute							
PTMD001	259.6	261.15	1.55	1.30	12.98	0.36	2814
<i>inc</i>	259.8	260.85	1.05	0.88	15.67	0.22	2886
PTMD002	273.4	274	0.6	0.50	1.31	0.05	378
PTMD003	251.15	253.1	1.95	1.64	6.66	0.21	1503
<i>inc</i>	251.45	251.9	0.45	0.38	10.60	0.16	2040
<i>and</i>	252.25	252.45	0.2	0.17	14.20	0.16	2940
<i>and</i>	259	265	6	5.03	1.22	0.07	266
PTMD005	241.1	254	12.9	11.3	10.63	0.43	1342.98
<i>inc</i>	243.8	249.7	5.9	5.1	17.44	0.65	2217.80
PTMD007	257	263	6	5.1	11.36	0.40	2080
<i>inc</i>	257.95	258.75	0.8	0.7	16.70	0.34	2270
<i>and</i>	259.65	261.1	1.45	1.2	18.22	0.27	2816
PTMD010	281	283.55	2.55	2.1	2.89	0.11	567
<i>inc</i>	282.8	283.55	0.75	0.6	6.34	0.22	1260
<i>and</i>	285	285.45	0.45	0.4	7.93	0.10	1552
PTMD014	288	299	11	9	13.26	0.45	2076
<i>inc</i>	117	126	9	7.4	15.31	0.48	2340
PTMD015	287.9	291.4	3.5	2.9	16.30	0.51	2499
<i>and</i>	293.5	295	1.5	1.3	6.91	0.55	1211
PTMD018	265	280	15	12.7	17.92	0.60	2699
<i>inc</i>	270.3	272.5	2.2	1.9	19.74	0.58	2596
<i>and</i>	277	278.5	1.5	1.3	21.20	0.35	2630
PTMD025	289.8	290.7	0.9		3.57	0.38	463
Peking-Duck and Fledgling Canard							
PPCD006	163	164	1	0.55	3.44	0.11	610
PPCD009	149.5	150.3	0.8	0.51	5.08	0.34	3497
PPCD012	155.7	157	1.3	1.02	3.73	0.12	96
<i>inc</i>	155.7	156.05	0.35	0.27	8.97	0.32	1190

Assays have been received for the following holes which contained No Significant Result (NSR):

Tundra-Mute: PTMD012, PTMD019, PTMD021, PTMD024

Fledgling Canard and Peking Duck: PPCD003, PPCD004, PPCD005, PPCD008, PPCD013

Holes Not Assayed

Tundra-Mute:PTMD004, PTMD006, PTMD008, PTMD009, PTMD011, PTMD013, PTMD016, PTMD017, PTMD020, PTMD022, PTMD023

Fledgling Canard and Peking Duck: PPCD001, PPCD007, PPCD010, PPCD011

MINERAL RESOURCE STATEMENT

Table 3: 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%	108	9.4	10,130	61	9.7	5,900	169	9.5	16,030	0.19	316	0.4	679
Golden Swan	2012	1.00%	111.6	4.7	5,200	48.4	2.2	1050	160	3.9	6250	0.08	123	0.3	480
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	-	16,887	1.04	179,230	27,275	0.81	222,550	44,209	0.91	401,480	0.02	7,639	0.03	13,859

Table 2B. Silver Swan Tailings Resource - December 2021										
Zone	Measured									
	Tonnes	Ni%	Ni t	Cu%	Co ppm	Fe%	MgO%	As%	S%	Density
1	280,600	0.75	2118	0.02	283	16.7	8.81	0.04	7.56	2.84
2	394,365	1.04	4082	0.06	967	26.1	4.71	0.17	13.56	3.09
Total	674,964	0.92	6200	0.04	683	22.2	6.42	0.11	11.06	2.98

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 (see ASX announcement "Poseidon Announces Black Swan Mineral Resource" released 4th August 2014)

Silver Swan Resource as at 5 August 2019 (see ASX announcement "Silver Swan Resource Upgrade" released 5th August 2019)

Golden Swan Resource as at 12 November 2021 (see ASX announcement "Golden Swan Maiden Resource – Additional Information released 12th November 2021)

Maggie Hays Resource as at 17 March 2015 (see ASC announcement "50% Increase in Indicated Resources at Lake Johnston" released 17th March 2015)

Mt Windarra Resource as at 7 November 2014 (see ASX announcement "Poseidon Announces Revised Mt Windarra Resource" released 7th November 2014)

South Windarra and Cerberus Resource as at 30 April 2013 (see ASX announcement "Resource Increase of 25% at Windarra Nickel Project" released 1st December 2011)

Silver Swan Tailings Resource as at 15 September 2021 (ASX Announcement "Silver Swan Tailings – Maiden Resource Estimate" 15 September 2021)

The Company is not aware of any new information or data that materially affects the information in the relevant market announcements. All material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

GOLD TAILINGS MINERAL RESOURCE STATEMENT

Table 4: Gold Projects Ore Resource Statement

Table 3A Windarra Gold Tailings Project North and South Dams Mineral Resource – JORC 2012 Tabulation

	INDICATED						
	Tonnes (t)	AU (g/t)	Au (oz)	Ag (g/t)	As (ppm)	CU (ppm)	Ni (ppm)
North Dam	3,902,000	0.78	98,000	1.9	1,805	365	975
South Dam	850,000	0.50	14,000	0.6	645	355	2,533
Total	4,752,000	0.73	112,000	1.7	1,600	363	1,250

Table 3B Windarra Gold Tailings Project Central Dam Mineral Resource – JORC 2012 Tabulation

	INDICATED					
	Tonnes (t)	AU (g/t)	Au (oz)	As (ppm)	CU (ppm)	Ni (%)
Central	6,198,000	0.37	74,000	435.0	270	0.3

Windarra Gold Tailings North and South Dams Resource: no cut-off grade has been used to report the resource, as potential mining method dictates removal of the entire dams. a dry bulk in situ density of 1.6 t/m³ has been used to derive tonnages. resource numbers in Table 3A may not sum exactly due to rounding.

Windarra Gold Tailings central Dam Resource: No cut-off grade has been used to report the resource, as the potential mining method dictates removal of the entire dam down to a specified elevation. The mineralisation has been reported above a flat elevation of 446 mRL; there are tailings below this level but these have been shown by drilling to contain no gold, and it is anticipated that the proposed mining method will not treat material below this elevation. A dry bulk in situ density of 1.6 t/m³ has been used to derive tonnages. Resource totals may not sum exactly due to rounding.

Windarra Gold Tailings Resource as at 22 June 2020 (see ASX announcement “Gold Tailings Resource at Windarra updated to JORC 2012 Indicated” 22 Jun 2020).

ORE RESERVE STATEMENT

Table 5: Nickel Projects Ore Reserve Statement

Nickel Sulphide Reserves	JORC Compliance	ORE RESERVE CATEGORY		
		PROBABLE		
		Tonnes (kt)	Ni% Grade	Ni Metal (t)
SILVER SWAN PROJECT				
Silver Swan Underground	2012	130	5.2	6,800
Black Swan Open pit	2012	3,370	0.63	21,500
TOTAL				
Total Ni Reserves	2012	3,500	0.81	28,300

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.

Silver Swan Underground Reserve as at 26 May 2017 (see ASX announcement “Silver Swan Definitive Feasibility Study” released 26th May 2017)
 Black Swan Open Pit Reserve as at 5 November 2014 (see ASX announcement “Poseidon Announces Black Swan Ore Reserve” dated 5th November 2014).

The Company completed an upgrade to the Silver Swan Indicated Resource in 2019 which was based upon the 2015 Silver Swan Resource Estimate (refer to Table 1 above for the new Silver Swan Resource estimate). At this point it is not known the impact the update to the Silver Swan Resources will have on the Silver Swan Reserve.

The Company is not aware of any new information or data that materially affects the information in the relevant market announcements for the Black Swan Open Pit Reserve. All material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

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.

The information in this report which relates to the Black Swan Mineral Resource is based on, and fairly represents, information compiled by Mr David Reid who is a full-time employee of Golder Associates Pty Ltd and who is a Fellow of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Black Swan Ore Reserve is based on, and fairly represents, information compiled by Mr Francois Bezin who is a full-time employee of IMC Mining and 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 Mr Steve Warriner, who was a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr Kahan Cervoj 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 Mr 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 Mr Steve Warriner, who was a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr David Reid who is a full-time employee of Golder Associates Pty Ltd and is a Fellow 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 Mr 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 that relates to Mineral Resources at the Windarra Nickel Project and Gold Tailings Project is based on, and fairly represents, information compiled by Mr Steve Warriner, who was a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr 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 Pearce, Mr Warriner, Mr Cervoj, Mr Reid, Mr Glacken 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 Warriner, Mr Cervoj, Mr Weeks, Mr Glacken 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 Golden Swan underground mine.

TENEMENTS HELD

Table 6: Tenements Held as at 31 December 2021

AREAS OF INTEREST	TENEMENTS	ECONOMIC ENTITY'S INTEREST
Western Australia		
Windarra Nickel Assets	SA 38/261, G38/21, L38/121, L39/184, L38/199, L38/218, L39/221	100%
Windarra South	MSA 38/261, L38/119, L38/122, L38/220	100%
Woodline Well	M39/1075, L39/224	100%
Pool Well	M38/1244, M38/1245, L38/118	100%
Lake Johnston Nickel Assets	E63/1067, G63/0008, G63/0005, L63/0051, L63/0052, L63/0055, L63/0057, M63/0163, M63/0282, M63/0283, M63/0284, M63/0292, M63/0293, M63/0294, M63/0522, M63/0523, M63/0524, E63/1784	100%
Black Swan Nickel Assets	M27/0039, M27/0200, M27/0214, M27/0216, L27/0057, L27/0058, L27/0059, L27/0074, L27/0075, L27/0077, L27/0078, L24/0219, L24/0222, G27/	100%

E = Exploration Licence M = Mining Lease MSA = Mining Tenement State Act PL = Prospecting Licence L = Miscellaneous Licence

Mining Tenements Acquired or Disposed during the December 2021 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the December 2021 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the December 2021

Nil