

Corporate Directory

ASX Code: POS
Shares on Issue: 2.64M
Share price: \$0.032
Market Cap: ~\$85M
Cash & equivalents at 30 June 2020:
\$45.2 M

Board of Directors

Non-Executive Chairman
Derek La Ferla

Non-Executive Directors
Felicity Gooding
Dean Hillebrand
Peter Muccilli

Managing Director & CEO
Peter Harold

CFO & Joint Company Secretary
Brendan Shalders

Joint Company Secretary
Andrea Betti

Key Shareholders

Black Mountain Metals: 20.8%
Squadron Resources: 17.1%

Key Nickel Assets (100%)

Black Swan/Silver Swan
Lake Johnston
Windarra

Principal & Registered Office

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SECOND GOLDEN SWAN MASSIVE SULPHIDE INTERSECTION EXTENDS NEW DISCOVERY

5 AUGUST 2020

HIGHLIGHTS

- **PBSD0030B has intersected 9.0m (3.8m True Width) of massive and stringer nickel sulphides in the newly discovered Golden Swan Deposit**
- **Latest intersection is ~50m up-dip of discovery hole PBSD0029A which intersected 7.6m @ 8.8% Ni (true width = 4.3m) including 2.1m (1.2m TW) of massive sulphides grading 15.9% Ni**
- **The Golden Swan massive nickel sulphides sits on a newly identified and highly prospective felsic terrace that potentially parallels the nearby Silver Swan underground mine**
- **Drilling is continuing at Golden Swan**

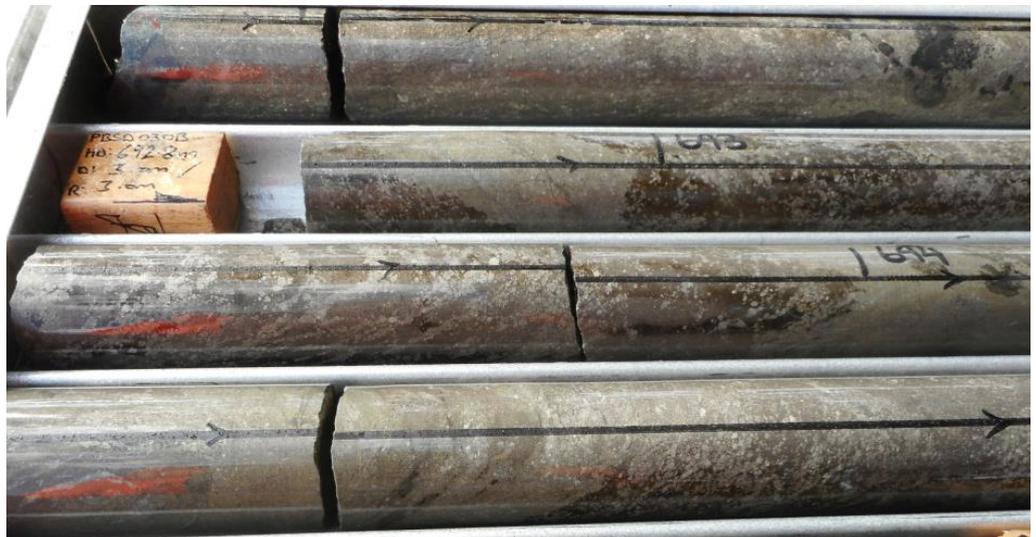


Figure 1 – Massive nickel sulphides from PBSD0030B

The Company's Managing Director and CEO, Peter Harold commented "This latest intersection has been worth waiting for after operational delays caused by COVID and then the completion of the important Downhole Electromagnetic (DHEM) platform hole below Golden Swan slowed progress. The recently completed drill hole confirms the nickel sulphide nature of the EM responses measured to date and we are looking forward to receiving the assays. With the installation of the underground loop nearing completion we hope to highlight further potential around the current Golden Swan intersections as our geological understanding of this area improves."

Poseidon Nickel (ASX: POS, “the Company”) is delighted to announce the second intersection into the recently discovered Golden Swan Deposit. The geological intersection for hole PBS0030B is summarised below (see Table 1) and is of similar sulphide mineralogy to that seen in discovery hole PBS0029A (see ASX announcement “Exceptional Grades Received at Golden Swan” released 26 March 2020).

Table 1 - Geological details of PBS0030B – Assays pending

| From | To | Interval | True Width | Geology |
|--------|--------|----------|------------|--|
| 691.94 | 697.67 | 5.73 | 2.4 | Massive Sulphide (Pentlandite, Pyrrhotite, Pyrite) |
| 697.67 | 699.95 | 2.28 | 1.0 | Stringer & Blebby Sulphides |
| 699.95 | 700.94 | 0.99 | 0.4 | Massive Sulphide |
| 700.94 | 709.5 | 8.56 | 3.6 | Heavily Disseminated Sulphides (>5% nickel sulphide) |

Assays for the discovery hole PBS0029A are presented in Table 2 below and now include additional significant assays for Pt, Pd and Au that were not announced previously as the results were unavailable at the time of the ASX release.

Table 2 - Composite assay results from discovery hole PBS0029A

| m From | m To | Interval | True Width | Ni% | Cu% | Co ppm | Au g/t | Pt g/t | Pd g/t | As ppm |
|--------|--------|----------|------------|-------|------|--------|--------|--------|--------|--------|
| 740.2 | 763.35 | 23.15 | 13.3 | 3.99 | 0.37 | 778 | 0.10 | 0.16 | 0.51 | 406 |
| 740.2 | 747.75 | 7.55 | 4.3 | 8.82 | 0.68 | 1633 | 0.17 | 0.30 | 1.00 | 425 |
| 743.65 | 745.75 | 2.1 | 1.2 | 15.86 | 0.52 | 2819 | 0.05 | 0.47 | 1.24 | 445 |
| 761.55 | 762.45 | 0.9 | 0.5 | 6.52 | 2.04 | 1750 | 0.61 | NSR | 0.92 | 700 |

Emerging Geological Model

Study of the core from the latest and highest intersection (PBS0030B pictured in Figure 2 and represented in Figure 3) shows massive sulphide at the base of the Black Swan channel lying on top of a felsic footwall. Below this is an older, unmineralised ultramafic. Logging of PBS0029A showed massive sulphides from the Black Swan channel lying between two felsic footwall units whilst a lower hole, PBS0029B was predominantly felsic and unmineralised.

Modelling of these and surrounding EM platform holes has led to the identification of a felsic terrace that extends out into the Black Swan channel on which the Golden Swan massive sulphides are accumulating. This is a similar channel edge formation to that seen at the Silver Swan Mine, Mt Windarra and Cosmos where the terrace interaction with the mineralised komatiite flow facilitates the accumulation of significant amounts of massive sulphides onto the felsic “footwall”, proximal to large, disseminated sulphide bodies.

Detailed 3D modelling of what the Company has named the “Southern Terrace” (ST) is underway to aid the targeting of additional drill holes and EM platforms to expedite exploration of the Golden Swan discovery. In addition, the identification of the ST assists in explaining the subtle complexities noted in the recent drilling intercepts and should help to predict areas to be targeted in the future as presented in Figure 3.

Once modelling of the ST is completed, a more comprehensive model of massive sulphide formation will follow, and the Company can then begin to quantify an Exploration Target.



Figure 2 – Massive and stringer nickel sulphides in drill core from PBSD0030B

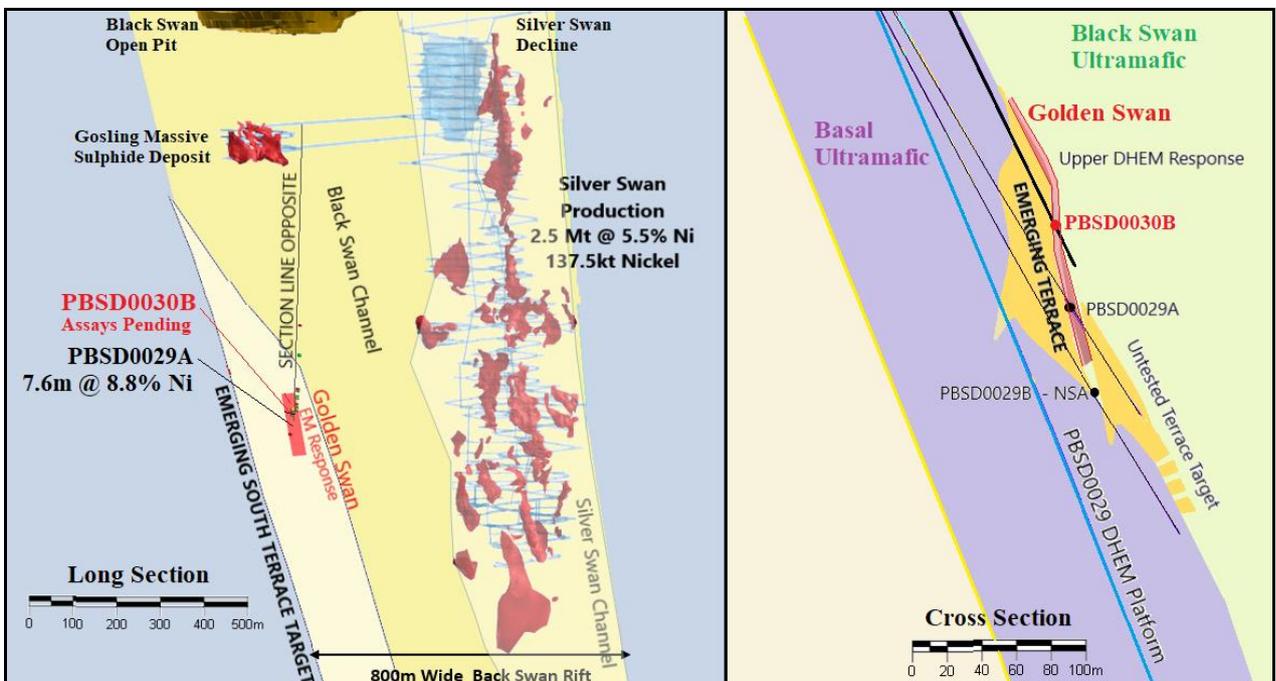


Figure 3 - Mine Long Section (left) and Golden Swan Cross Section (right)

The core from the latest hole is being logged and cut and will be delivered to the assay lab as soon as possible. Assays are expected within two weeks.

Table 3 - Drill Hole Details

| Hole ID | Local E | Local N | Local RL | Depth | Dip | Local Azi | Comment |
|-----------|---------|---------|----------|-------|--------|-----------|---------------|
| PBSD0029 | 10173.8 | 11302.6 | 11012 | 964.3 | -67.96 | 88.64 | DHEM Platform |
| PBSD0029A | 10173.8 | 11302.6 | 11012 | 845.9 | | | Wedge hole |
| PBSD0029B | 10173.8 | 11302.6 | 11012 | 899.8 | | | Wedge hole |
| PBSD0030 | 10173.8 | 11302.6 | 11012 | 761.8 | -62.4 | 82.24 | DHEM Platform |
| PBSD0030B | 10173.8 | 11302.6 | 11012 | 740 | | | Wedge hole |

Next Steps

Drilling is continuing with a wedge off the current hole targeting the EM response up-dip for the second intersection.

A platform EM hole has been prepared (PBSD029) and an EM survey will be undertaken from this hole once the hole is reamed out.

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



Peter Harold
Managing Director & CEO

5 August 2020

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 development and exploration 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 over 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 Nickel Project, the Black Swan Nickel Operations and the Lake Johnston Nickel Operations. In addition to the mines and infrastructure including concentrators at Black Swan and Lake Johnston, the operations 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. Management is also reviewing the economics of retreating the gold tailings at Windarra given the strength of that A\$ gold price.

MINERAL RESOURCE STATEMENT

Table 1: 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 | 168 | 9.5 | 16,030 | 0.19 | 316 | 0.4 | 679 |
| 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 | | 16,775 | 1.04 | 174,030 | 27,275 | 0.81 | 221,500 | 44,049 | 0.90 | 395,530 | 0.02 | 7,516 | 0.03 | 13,379 |

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)

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 t 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)

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.

Table 2.1: Gold Tailings Project JORC 2012 Mineral Resource

| Gold Tailings Resources | JORC Compliance | Cut Off Grade | MINERAL RESOURCE CATEGORY | | | | | | | | |
|---------------------------------------|-----------------|---------------|---------------------------|-------------|---------|-------------|-------------|---------|-------------|-------------|---------|
| | | | INDICATED | | | INFERRED | | | TOTAL | | |
| | | | Tonnes (Kt) | Grade (g/t) | Au (oz) | Tonnes (Kt) | Grade (g/t) | Au (oz) | Tonnes (Kt) | Grade (g/t) | Au (oz) |
| WINDARRA GOLD TAILINGS PROJECT | | | | | | | | | | | |
| North Dam | 2012 | 0 g/t | 3,624 | 0.78 | 91,000 | - | - | - | 3,624 | 0.78 | 91,000 |
| South Dam | 2012 | 0 g/t | 923 | 0.48 | 14,000 | - | - | - | 923 | 0.48 | 14,000 |
| Total | 2012 | 0 g/t | 4,547 | 0.72 | 105,000 | - | - | - | 4,547 | 0.72 | 105,000 |

The Windarra Tailings estimate for North and South Dams have been reported based on the following:

- no cut-off grade has been used to report the resource, as the potential mining method dictates removal of the entire dams.
- a dry bulk in situ density of 1.60 t/m³ has been used to derive tonnages.
- Resource totals may not sum exactly due to rounding.

Table 2.2: Windarra Central Dam JORC2012 Mineral Resource

| Gold Tailings Resources | JORC Compliance | Cut Off Grade | MINERAL RESOURCE CATEGORY | | | | | |
|---------------------------------------|-----------------|---------------|---------------------------|-------------|---------|----------|----------|--------|
| | | | INDICATED | | | | | |
| | | | Tonnes (Kt) | Grade (g/t) | Au (oz) | As (ppm) | Cu (ppm) | Ni (%) |
| WINDARRA GOLD TAILINGS PROJECT | | | | | | | | |
| Central Dam | 2012 | 0 g/t | 6,198 | 0.37 | 74,000 | 435 | 270 | 0.3 |

The Windarra Tailings estimate for the Central Dam has been reported based on the following:

- No cut-off grade has been used 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 nickel tailings below this level but these have been shown by drilling to contain no gold and it is anticipated that the proposed gold mining method will not treat material below this.
- A dry bulk in situ density of 1.60 t/m³ has been used to derive tonnages.
- Resource totals may not sum exactly due to rounding.

Windarra Gold Tailings Resources as at 22 June 2020 (see ASX announcement "Gold Tailings Resource at Windarra Updated to JORC2012 Indicated" released 22 June 2020)

ORE RESERVE STATEMENT

Table 3: 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 is aware that the 2019 upgrade to the Silver Swan Indicated Resource will materially affect the Silver Swan Reserve above which was based upon the 2015 Silver Swan Resource Estimate (refer to Table 1 above for the new Silver Swan Resource estimate). Such information is based on the information complied by the Company's Geologists and the Competent Persons as listed below in the Competent Person Statements.

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 Results is based on, and fairly represents, information compiled and reviewed by Mr Steve Warriner, Chief Geologist, who is a full-time employee at 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 Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd. The information in this report which relates to the Black Swan Ore Reserve is based on, and fairly represents, information compiled by Mr Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd and who is a Members 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, Chief Geologist, who is 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, Chief Geologist, who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr Andrew Weeks who is a full-time employee of Golder Associates 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 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, Chief Geologist, who is 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 Warriner, Mr Cervoj, Mr Weeks, 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 Silver Swan underground mine.

BLACK SWAN EXPLORATION RESULTS
SECTION 1 Sampling Techniques and Data
 (Criteria in this section apply to all succeeding sections.)

| JORC Code explanation | Commentary |
|---|--|
| Sampling techniques | |
| <p><i>Nature and quality of sampling (e.g. 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.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></p> <p><i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.</i></p> | <p>NQ2 Diamond drilling has been used to obtain samples. Sampling is performed by cutting the core in half, one half sent to the lab and the other half retained. Generally, 1 m samples or smaller have been used for exploration drilling based on the logged geology.</p> <p>Older samples have been obtained from drilling carried out on the tenements since 1968, incorporating several lease owners. Sampling protocols from drilling between 1968 and 1991 have not been well documented.</p> <p>Diamond drilling sampling protocol since 1995 has followed accepted industry practice for the time, with all mineralised core sampled and intervals selected by geologists to ensure samples did not cross geological or lithological contacts. Core was halved, with a half quartered, with one quarter core sent for assay, half core kept for metallurgical testing, and the remaining quarter core retained for geological reference.</p> |
| Drilling techniques | |
| <p><i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).</i></p> | <p>Diamond drilling is the primary methods by which drilling has been conducted.</p> <p>Diamond core is NQ2 size. Core orientation was carried out using the Ezimark system.</p> |
| Drill sample recovery | |
| <p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><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> | <p>Core recovery and presentation has been documented as being good to excellent.</p> <p>There is no recovery bias of samples.</p> |
| Logging | |
| <p><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></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p> | <p>The drill core has been oriented prior to the core being logged. Data was electronically captured and uploaded in to the site geology database.</p> |
| Sub-sampling techniques and sample preparation | |
| <p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><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></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p> | <p>NQ2 Diamond drilling has been used to obtain samples. Sampling is performed by cutting the core in half, one half sent to the lab and the other half retained. Generally, 1 m samples or smaller have been used for exploration drilling based on the logged geology.</p> |
| Quality of assay data and laboratory tests | |
| <p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including</i></p> | <p>Pulps were prepared by acid digest and analysed by ICP-OES using standard laboratory practices. Both independent and laboratory internal QAQC were used.</p> <p>Standard samples which have a well-defined margin of error suitable for</p> |

| JORC Code explanation | Commentary |
|---|---|
| <p><i>instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <p><i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i></p> | <p>the deposit have been inserted at a rate of 1 in 20.</p> <p>No external laboratory checks were conducted for drill samples.</p> |
| Verification of sampling and assaying | |
| <p><i>The verification of significant intersections by either independent or alternative company personnel.</i></p> <p><i>The use of twinned holes.</i></p> <p><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></p> <p><i>Discuss any adjustment to assay data.</i></p> | <p>Logging and assay data is electronically captured and up loaded in to the site geology database.</p> |
| Location of data points | |
| <p><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></p> <p><i>Specification of the grid system used.</i></p> <p><i>Quality and adequacy of topographic control.</i></p> | <p>All collar surveys were completed to an accuracy of ± 200 mm.</p> <p>All Black Swan diamond drill holes have been routinely surveyed generally every 5 m or less using a Reflex North-seeking Gyro.</p> |
| Data spacing and distribution | |
| <p><i>Data spacing for reporting of Exploration Results.</i></p> <p><i>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.</i></p> <p><i>Whether sample compositing has been applied.</i></p> | <p>One section down the dip of the Golden Swan mineralisation has partially been completed to date. The data in this announcement shows the relevant spacing between holes.</p> |
| Orientation of data in relation to geological structure | |
| <p><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p> <p><i>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.</i></p> | <p>Drill hole orientation was dominantly perpendicular to geological continuity and befits the requirements of resource estimation. The drilling is of an angle that enables true widths to be calculated and unbiased samples to be taken.</p> |
| Sample security | |
| <p><i>The measures taken to ensure sample security.</i></p> | <p>Samples are bagged and wrapped and sent to the lab via road transport.</p> |
| Audits or reviews | |
| <p><i>The results of any audits or reviews of sampling techniques and data.</i></p> | <p>Examination of duplicate, blank and standard data does not highlight any material bias or systematic error.</p> |

Section 2 Reporting of Exploration Results
(Criteria listed in the preceding section also apply to this section.)

Section 2: Reporting of Exploration Results

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.

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.
Historical royalties of 3% NSR exist over the minerals produced.

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.

Exploration Done by Other Parties

Acknowledgment and appraisal of exploration by other parties.

Refer to Section 1 (above)

The Black Swan Disseminated Resource has been explored by MPI, Lion Ore and Norilsk Nickel. All companies followed best practise and Poseidon has validated all data handed over as a part of the purchase. Only minor errors have been found and corrected.

Geology

Deposit type, geological setting and style of mineralisation.

Refer to body of text above.

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.*

Refer to the body of the announcement and Section 1 above.

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.

Grades have been aggregated using the length x SG weighted average.

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.

See body of text for individual sample grades.

The assumptions used for any reporting of metal equivalent values should be clearly stated.

Relationship Between Mineralisation Widths and Intercept Lengths

These relationships are particularly important in the reporting of Exploration Results.

True widths are stated where necessary.

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').

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.

Refer to the body of text above.

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.

Not applicable.

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.

Refer to body of text above.

Metallurgy recoveries of Golden Swan sulphides has not been conducted as yet. Given the prevailing mineralogy no issues are expected.

Further work

The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).

Poseidon expects to undertake further resource definition and grade control drilling at Golden Swan.

Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.

Mineralogical and metallurgical recovery studies will be conducted on the drill samples.