POSEIDONNICKEL

18th February 2015

New Mineralised zone identified at Lake Johnston

Highlights

- **29 diamond drill holes have been assayed at the Maggie Hays deposit**
- **A new high grade mineralised zone adjacent to and west of the main Maggie Hays deposit has been identified**
- **Extensions to the North Shoot zone of Maggie Hays extending this area another 200 metres north and 70 metres deeper have been identified**
- **Additional drill holes announced expected to bring a large part of the North Shoot into mining reserves. Mining studies now well underway with results due in March.**
- **Significant intersections include:**

  - **4.29 metres @ 3.51% Ni: Western Zone**
  - **2.96 meters @ 2.09% Ni: Western Zone**
  - **2.55 metres @ 1.92% Ni: Western Zone**
  - **2.39 metres @ 1.30% Ni: Western Zone**
  - **17.77 metres @ 1.48% Ni: Suture Zone**
  - **17.84 metres @ 1.39% Ni: Suture Zone**
  - **9.00 meters @ 1.38% Ni: Suture Zone**
  - **5.00 meters @ 3.23% Ni: Suture Zone**
  - **4.05 metres @ 2.38% Ni: North Shoot**
  - **9.86 metres @ 1.55% Ni: North Shoot**
    incl **3.90m @ 2.47% Ni**
  - **2.64 metres @ 3.45% Ni: North Shoot**
  - **5.60 metres @ 2.68% Ni: North Shoot**
  - **2.90 meters @ 2.24% Ni: North Shoot**

Poseidon has engaged Newexco Consultants to assist in targeting further offset mineralised zones.

Poseidon Nickel Limited (ASX:POS or the Company) is pleased to announce that is has now assayed 29 underground diamond drill holes that were completed at Lake Johnston prior to its acquisition. These results will increase the potential life of the mine and enhance the profitability of the intended restart.

The drill holes were undertaken prior to the mines closure in order to explore beyond the known extent of the current mineralised zones at Maggie Hays as shown in Figure 1. The drilling was predominantly in the southern and northern ends of the ore body and has identified important mineralised extensions (Table 1).

The drilling in the southern end of the deposit was particularly targeting newly identified mineralisation to the west of the known ore body as shown in Figure 2. This mineralisation is now recognised as being remobilised nickel sulphide associated with a large scale basal fault which runs under the main Maggie Hays ore body and through the middle of North Shoot (Figure 1). This fault is responsible for remobilising the nickel sulphides from the main ore body into the adjacent banded-iron sediments. Poseidon believes these large scale faults have the potential for developing additional near-mine mineralised zones into offsetting structures around Maggie Hays, as is common in other nickel mines operating in similar geological conditions. The new Western Zone appears to be the first of these identified.

Drilling at Maggie Hays also concentrated on defining extensions within the North Shoot and infilling data. The drilling consistently intersected potentially economic extensions to the mineralised zone (Table 1). This is likely to lead to an initial mine life significantly beyond that previously expected by Poseidon. The drilling also indicates that further extensions to the ore body are likely when follow up drilling is undertaken.

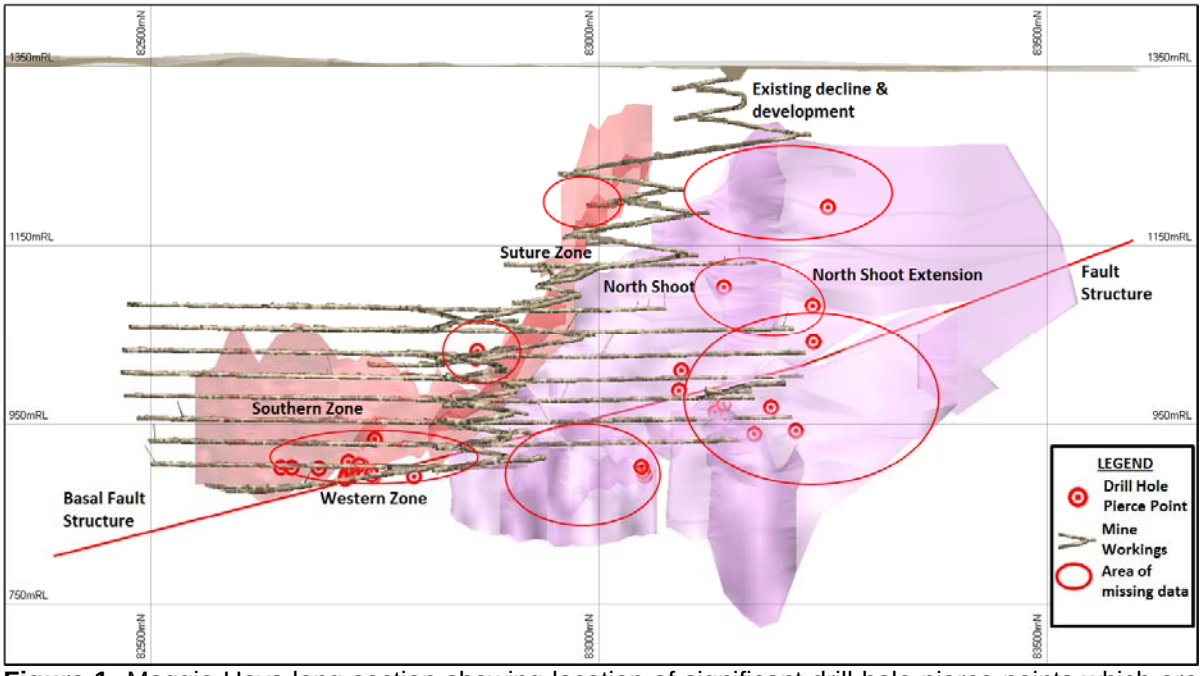

Figure 1: Maggie Hays long section showing location of significant drill hole pierce points which are tabled in this report. The large red circles highlight the area where drill hole data was missing and has now been located and included in the database.

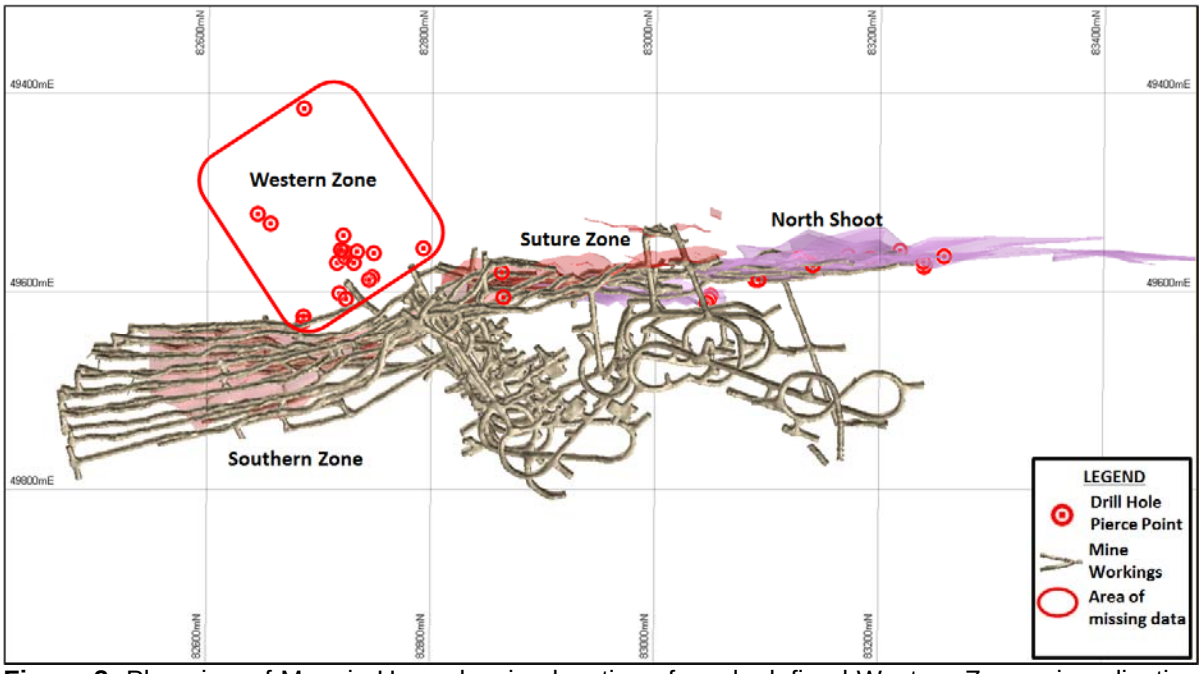

Figure 2: Plan view of Maggie Hays showing location of newly defined Western Zone mineralisation relative to existing mineralisation and infrastructure.

In the resource estimate published by Poseidon in December 2014, the North Shoot was all categorised as Inferred resource despite the amount of drilling and completed within the shoot. It was identified that survey errors existed in the database resulting in misalignment of the model with the development, resulting in low geological confidence in the resource modelling. These survey errors have now been corrected. In addition 100 drill holes were identified as missing from the database and the data for these have now been located (see Figure 1 for the areas of missing data). A resource re-estimation is currently underway which should result in the majority of the North Shoot being upgraded to Indicated resource category or higher.

Poseidon has now commenced a detailed mine planning and scheduling programme which will look at maximising the ore extraction and redeveloping the mine infrastructure to better access the ore zones. This work is expected to be complete in March 2015, some 3 months ahead of the original schedule.

Geological Overview

The Lake Johnston Project is located 80km ENE of Western Areas' Forrestania Project which contains their flagship Flying Fox Mine. Poseidon's interpretation is that Flying Fox and Maggie Hays are both intrusive style ultramafic bodies, not extrusive Kambalda style lava flows. They have undergone similar intrusive emplacement, nickel mineralisation, and structural overprinting histories. The original Flying Fox mine was operated by Outokumpu from 1993 until 1997 when depth extensions to nickel mineralisation were not discovered below a granite intruded fault at a depth of 200m. Western Areas purchased the mine and with the assistance of Newexco Consultants, discovered a series of blind ore bodies from 2003 onwards by applying careful geological modelling and innovative DHEM survey techniques. The T0 - T7 ore bodies were systematically discovered over several years, extending from 250m to 1.2km below surface and offset several hundred meters from the original mine by a series of sub horizontal faults (refer to Newexco website http://www.newexco.com/discoveries/ for geological images and further information).

Many similarities are apparent at Maggie Hays where Poseidon has identified small scale offset faults within the Maggie Hays deposit geology and more importantly much larger basal faults which terminate the base of the Maggie Hays deposit (Figure 3) in a similar way

as the original Flying Fox mine. All fault offsets step over to the east with depth, the same sense of direction as the Flying Fox fault offsets. The large basal structure contains the same style of fault-bound stringer nickel mineralisation (Figure 4) that led to the Flying Fox T0–T7 discoveries. In all cases the base of the ultramafic is terminated against the felsic sediments/granitic rocks with nickel sulphide mineralisation smeared along the fault zone.

Poseidon has engaged Newexco Consultants to review the existing geophysical data and make recommendation as to available techniques which will be used to test the offset conceptual target model. Poseidon will test this theory at Maggie Hays by drilling holes below the current 500m depth limit at Lake Johnston and using advanced geophysics which may lead to a potential new discovery below the Maggie Hays Mine.

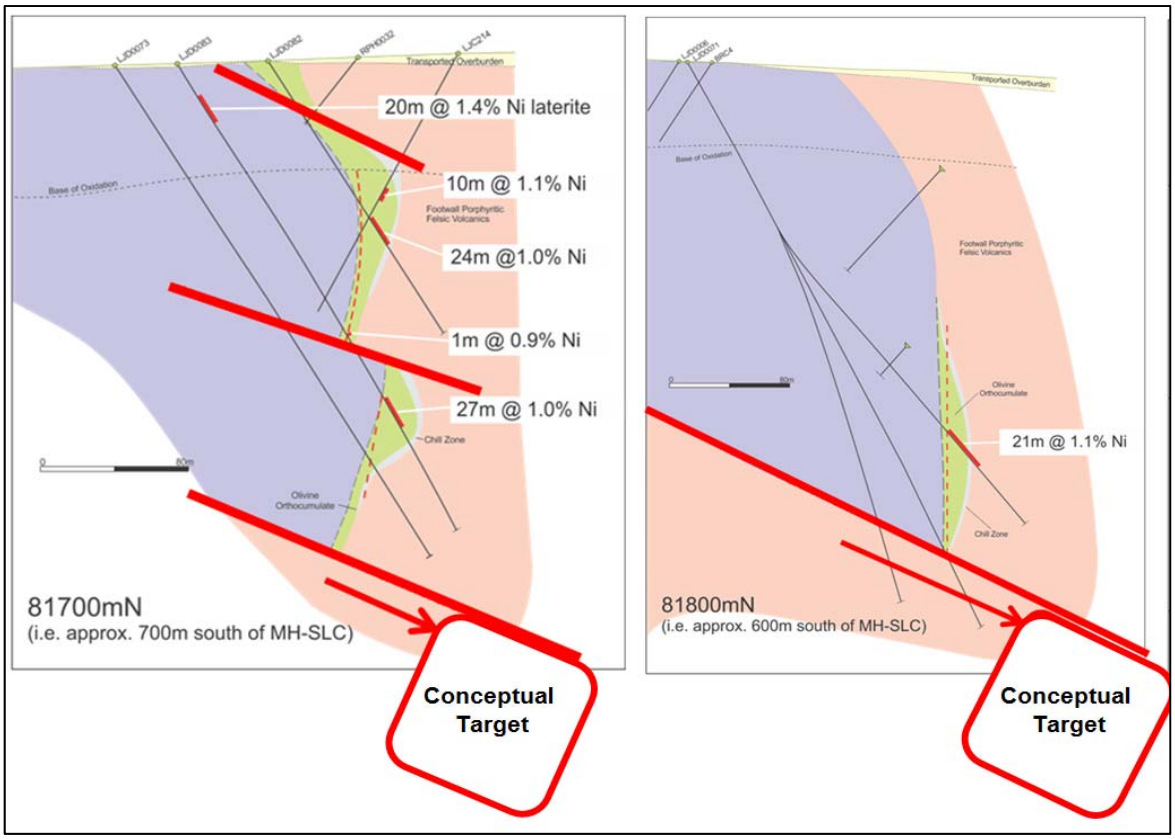

Figure 3: East stepping faults occur within and below the Maggie Hays deposit, similar to the Flying Fox offsets. This provides conceptual blind drill targets below the current depth of drilling.

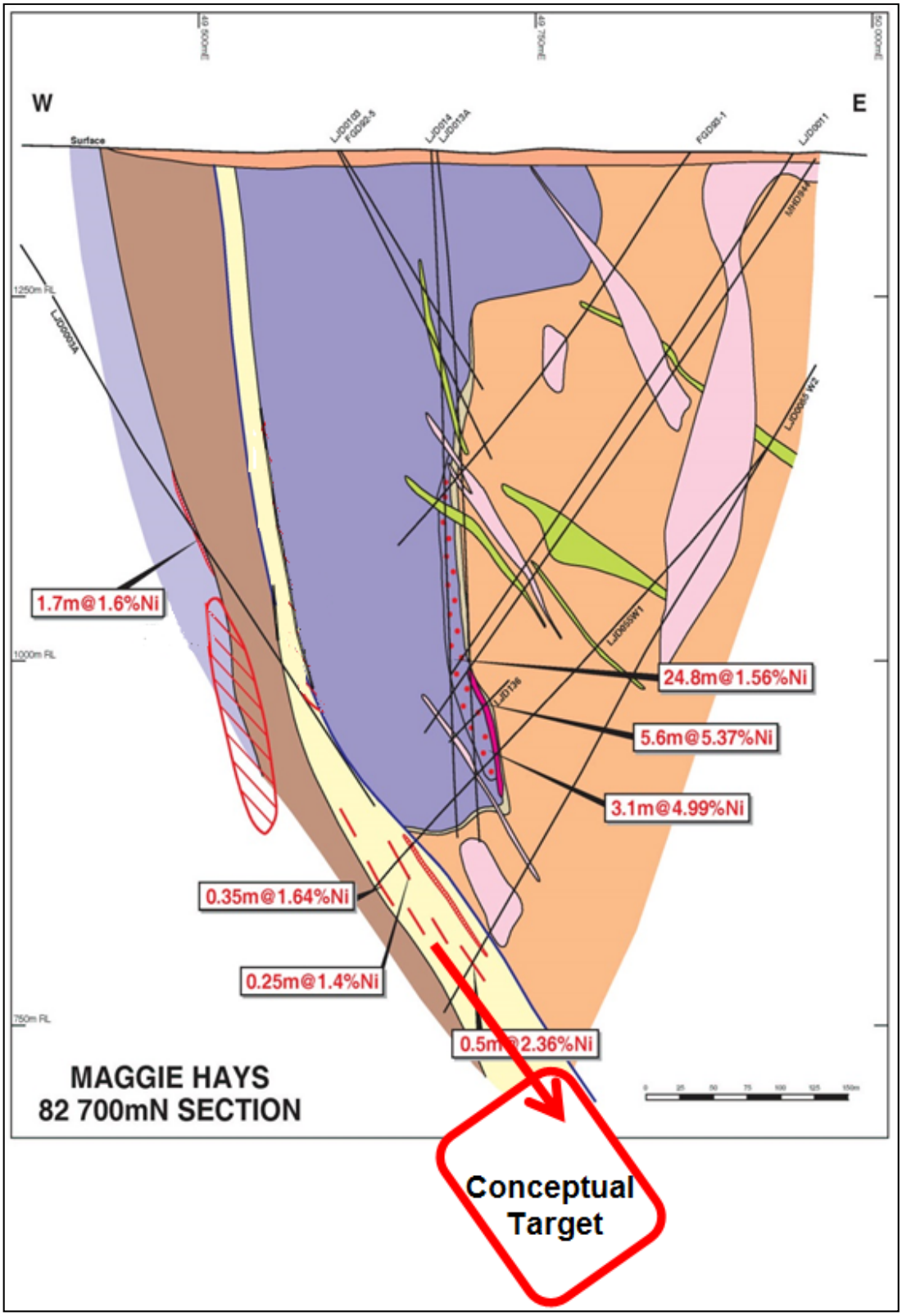

Figure 4: Narrow stringer nickel sulphide mineralisation occurs within the basal fault that terminates the Maggie Hays deposit. This style of mineralisation led Newexco to test for offset primary mineralisation off to the east and down dip within the faulted ultramafics. Poseidon will test this theory at Maggie Hays using advanced geophysics and drilling holes below the current 500m depth limit at Lake Johnston.

Table 1: Significant Drill Intersections

Hole ID	Easting_Local	Northing_Local	RL_Local	Dip	Azi_Local	From (m)	To (m)	Width (m)	Ni%
MHUD0232	49701.2	82871.5	1064.1	-21.2	264.4	83.29	101.00	17.71	1.48
					incl	***91.00***	***95.00***	***4.00***	***2.06***
						105.00	122.84	17.84	1.38
					incl	***112.00***	***116.00***	***4.00***	***1.70***
MHUD0399A	49724.8	82995.6	1048.5	14.1	311.5	233.58	238.90	5.32	1.90
					incl	***234.47***	***236.61***	***2.14***	***3.02***
MHUD0412	49724.8	82995.5	1048.0	-64.9	330.0	157.59	159.20	1.61	2.50
						162.91	165.30	2.39	1.07
					incl	***162.57***	***164.15***	***1.58***	***1.55***
						167.25	171.30	4.05	2.38
					incl	***167.25***	***168.75***	***1.50***	***3.07***
					and	***170.01***	***171.30***	***1.29***	***2.77***
MHUD0551	49730.2	82687.5	901.3	0.0	270.0	21.26	23.14	1.88	3.74
						25.54	28.40	2.86	1.97
						235.45	238.00	2.55	1.92
MHUD0552	49665.4	82725.5	902.5	-15.0	266.7	19.52	21.15	1.63	1.65
					incl	***19.52***	***20.33***	***0.81***	***2.32***
						25.08	26.14	1.06	1.77
						39.00	41.39	2.39	1.30
MHUD0553	49665.1	82724.8	901.3	-44.8	233.7	16.00	17.80	1.80	3.65
MHUD0555	49676.2	82735.6	902.0	-8.0	328.0	69.30	70.88	1.58	2.25
MHUD0556	49676.2	82735.6	902.0	-32.0	328.0	13.75	18.75	5.00	3.23
					incl	***13.75***	***16.25***	***2.50***	***4.79***
					and	***17.62***	***18.75***	***1.13***	***2.02***
MHUD0569	49687.3	83168.7	986.1	0.0	-35.0	78.54	82.44	3.90	2.47
					incl	***81.00***	***82.44***	***1.44***	***3.56***
						75.75	85.61	9.86	1.55
MHUD0571	49687.3	83168.7	986.1	-9.3	248.8	80.52	83.16	2.64	3.45
					incl	***81.51***	***83.16***	***1.65***	***3.96***
MHUD0572	49687.0	83170.0	986.1	-12.0	286.2	81.62	84.52	2.90	2.24
					incl	***82.46***	***84.07***	***1.61***	***2.62***
MHUD0580	49687.0	83170.0	985.6	-26.0	304.5	95.22	99.70	4.48	1.62
MHUD0581	49665.6	82728.7	905.0	-1.5	282.2	16.63	20.92	4.29	3.51
					incl	***16.63***	***19.20***	***2.57***	***4.44***
						28.77	31.73	2.96	2.09
MHUD0584	49668.1	82730.4	904.2	31.9	295.4	57.00	58.00	1.00	1.20
MHUD0585	49676.0	82729.0	902.1	-24.0	107.1	9.00	18.00	9.00	1.38
MUHD0588	49673.4	82726.6	901.8	-31.6	125.1	9.00	20.00	11.00	1.33
MHUD0595	49688.3	83163.9	986.0	-14.0	249.6	86.64	87.83	1.19	2.40
MHUD0600	49690.0	83119.0	987.0	16.0	254.5	87.40	89.40	2.00	1.98
MHUD0601	49760.3	83205.6	997.2	24.3	281.5	224.60	230.20	5.60	2.68
					incl	***225.20***	***227.20***	***2.00***	***3.80***
					and	***229.00***	***230.20***	***1.20***	***3.07***
MHUD0602	49760.3	83205.6	997.2	15.7	282.2	188.50	190.90	2.40	1.04
						192.00	193.00	1.00	1.79

MINERAL RESOURCE STATEMENT

Table 2: 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
WINDARRA PROJECT											
Mt Windarra	2012	0.90%	922	1.56	14,000	3,436	1.66	57,500	4,358	1.64	71,500
South Windarra	2004	0.80%	772	0.98	8,000	-	-	-	772	0.98	8,000
Cerberus	2004	0.75%	2,773	1.25	35,000	1,778	1.91	34,000	4,551	1.51	69,000
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
LAKE JOHNSTON PROJECT											
Maggie Hays	2012	0.80%	2,000	1.40	27,900	1,800	1.43	25,200	3,800	1.41	53,100
TOTAL											
Total Ni Resources	2004 & 2012		**16,067**	**0.93**	**149,900**	**28,114**	**0.82**	**230,700**	**44,181**	**0.86**	**380,600**

Note: totals may not sum exactly due to rounding

Table 3: Gold Tailings Project Mineral Resource Statement

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											
Gold Tailings	2004	NA	11,000	0.52	183,000	-	-	-	11,000	0.52	183,000
TOTAL											
Total Au Resources	2004		**11,000**	**0.52**	**183,000**	**-**	**-**	**-**	**11,000**	**0.52**	**183,000**

Note: totals may not sum exactly due to rounding.

ORE RESERVE STATEMENT

Table 4: Nickel Project Ore Reserve Statement

Nickel Sulphide Reserves	JORC Compliance	Ore Reserve Category		
		Probable		
		Tonnes (Kt)	Ni% Grade	Ni Metal t
WINDARRA PROJECT				
Mt Windarra	2004	498	1.78	9,000
Cerberus	2004	1,221	1.30	16,000
BLACK SWAN PROJECT				
Black Swan	2012	3,370	0.63	21,500
TOTAL				
Total Ni Reserves	2004 & 2012	**5,089**	**0.91**	**46,500**

Note: totals may not sum exactly due to rounding.

Notes

The information in this report that relates to the Windarra Nickel Project, Mineral Resources is based on information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and 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 information in this report that relates to Ore Reserves at the Windarra Nickel Project is based on information compiled by Denis Grubic, who is a Member of The Australasian Institute of Mining and Metallurgy as well as a full time employee of Rock Team Pty Ltd.

The information in this report which relates to the Black Swan Mineral Resource and Ore Reserves is based on information compiled by Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd and Francois Bazin of IMC Mining Pty Ltd who are both Members of the Australasian Institute of Mining and Metallurgy.

Mr Hutchison, Mr Glacken, Mr Weeks, Mr Bazin and Mr Grubic all have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Mr Hutchison, Mr Glacken, Mr Weeks, Mr Bazin and Mr Grubic have consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This document contains Mineral Resources and Ore Reserves which are reported under JORC 2004 Guidelines as there has been no Material Change or Re-estimation of the Mineral Resource or Ore Reserves since the introduction of the JORC 2012 Codes. Future estimations will be completed to JORC 2012 Guidelines.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

ATTACHMENT A
JORC (2012) Table 1
Maggie Hays

MAGGIE HAYS

SECTION 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

JORC Code explanation	Commentary
Sampling techniques	
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. *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 (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.*	NQ2 Diamond drill core was used to obtain samples which were sawn with an automatic core saw and half split or quarter split (if re-assaying) prior to sampling and submitted to the lab. Diamond core has been split on lithological contacts for sampling purposes. Sample intervals are checked by the supervising geologist and field technician throughout the sampling process. Assays are by four acid digest and OES finish method and four acid digest with AAS finish.
Drilling techniques	
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.).	Core drilling was carried out by Gilberts Underground Drilling utilising an LM75 rig. All core was NQ2 diamond core
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.*	Drilling recovery is not recorded in databases.
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.	A sophisticated hierarchical lithological coding system based on observed properties was used for geological logging. Lithology's are recorded separately and an abbreviated code for plotting sections included. Mineralisation and structural

JORC Code explanation	Commentary
Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. *The total length and percentage of the relevant intersections logged.*	data was recorded in separate tables.
Sub-sampling techniques and sample preparation	
If core, whether cut or sawn and whether quarter, half or all core taken. *If non-core, whether riffled, tube sampled, rotary 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.*	NQ2 Diamond drill core was used to obtain samples which were sawn with an automatic core saw and half split for unsampled core or quarter split if re-assaying mineralized section prior to sampling and submitted to the lab. Samples were crushed and prepped by SGS personnel in the onsite laboratory and pulps sent to SGS Laboratory in Perth for assaying. Sampling and sample prep was overseen by the site Chief Geologist and transported directly to the lab in Perth.
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 (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	Assaying was completed by an accredited laboratory and is of the highest standards. QAQC reference materials where used and inserted into the sampling sequence.
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.*	Underground workings have intersected significant mineralisation intervals. Underground drives and development faces have been mapped by geologists to aid the interpretation of lithology contacts and mineralised lodes. Mapping and grade control results corresponds with the returned drill results.
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.*	Mine workings and drill collars have been surveyed by underground surveyors during underground mining development. Local mine grid coordinates were used for the estimation.

JORC Code explanation	Commentary
Quality and adequacy of topographic control.	
Data spacing and distribution	
Data spacing for reporting of Exploration Results. *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	Drill spacing was used as a factor in establishing the degree of confidence in the estimate, influencing the Ore Reserve classification. Golder composited drilling data to 2 m downhole composite intervals for disseminated ore and host rock domains. Drilling data was composited to 1 m downhole intervals for narrow, massive sulphide mineralisation.
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.*	Due to limited available drill cuddy locations holes are designed to hit targets irrespective of angle. This is factored in when completing interpretations and existing mine development and face mapping is used to determine structures and angles in the drill core.
Sample security	
The measures taken to ensure sample security.	The site Chief geologist supervised the entire process through to delivery of samples to the lab.
Audits or reviews	
The results of any audits or reviews of sampling techniques and data.	There are no documented reviews of audit or review for sampling as it has been completed to high industry standard procedures.

MAGGIE HAYS

SECTION 2 Reporting of Exploration Results

(Criteria in this section apply to all succeeding sections)

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.*	Maggie Hays Mine is situated on M63/163 and the contractor plant is located on M63/283 which are located 190km SW of Kalgoorlie. Both tenements are registered to Lake Johnston Pty Ltd which is a 100% subsidiary of OJSC MMC Norilsk Nickel. They are currently in the process of being transferred to Poseidon Nickel Olympia Operations Pty Ltd, a wholly owned subsidiary of Poseidon Nickel Ltd, following the recent completion of the assets purchase. A long standing Native Title Agreement (since 1997) exists with the Ngadju People and will be continued by Poseidon Nickel. The tenements are located within the buffer zone of the Bremer Range Priority Ecological Community and within the Proposed Nature Reserve 82. Lake Johnston Plant commenced operation in 2001 and there are no known impediments to continue operating in this area. There are no royalties or other interests held.
Exploration Done by Other Parties *Acknowledgment and appraisal of exploration by other parties.*	LionOre Australia and Norilsk Nickel Australia previously completed exploration, drilling and mining of the Lake Johnston project until Poseidon's acquisition in late 2014.
Geology *Deposit type, geological setting and style of mineralisation.*	The Lake Johnston Project is located 80km ENE of Western Areas' Forrestania Project which contains their flagship Flying Fox Mine. Flying Fox and Maggie Hays are both intrusive style ultramafic bodies, not extrusive Kambalda style lava flows. They have undergone similar intrusive emplacement, nickel mineralisation, and structural overprinting histories.
Drill hole information	All holes reported are underground diamond drill holes. Collar co-ordinates and hole angles have been tabulated in the report.
Data aggregation methods	Length weighted calculation have been applied to the intersections reported
Relationship between mineralisation widths and intercept lengths	No true width corrections has been applied to intersections
Diagrams	See body of report
Balance reporting	The reporting is factual & balanced
Other substantive exploration data	This drilling data supports the vast drilling database that was acquire with the purchase of the Lake Johnston Project.
Further work	Resource re-estimation using this data is currently underway.

CORPORATE DIRECTORY

Director / Senior Management

David Singleton	Managing Director & Chief Executive Officer
Chris Indermaur	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Robert Dennis	Non-Executive Director
Ross Kestel	Company Secretary

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Home Exchange
The Company's shares are listed on the Australian Securities Exchange and the home exchange is Perth
ASX code: POS