

24th November 2015

Silver Swan Offtake Contract Signed

Highlights

- **Poseidon has signed offtake contract for Silver Swan with Tsingshan in China**
- **Contract is for unprocessed ore and delivers superior net financial return compared to the production of concentrate**
- **Offtake agreement avoids need for capital investment for the restart of the Black Swan concentrator**
- **Shipment of ore (rather than concentrate) is possible because of the exceptionally high grade of the Silver Swan mine grading 12.2% nickel**
- **Poseidon believes that Silver Swan will have one of the lowest nickel production costs in Australia**

Poseidon Nickel Limited (ASX:POS or the Company) is pleased to announce that it has signed a nickel offtake agreement with Tsingshan in China. The contract covers the first 2.5 years of mine output at Silver Swan, believed to be the World's highest grade nickel mine. Poseidon will deliver broken ore to Tsingshan which will process the material through their integrated Nickel Pig Iron (NPI) and stainless steel facilities in Fujian. The Tsingshan process route is novel because it can recover 100% of the nickel in the ore which is not the case for flotation plants normally used although this option is only possible because of the exceptionally high grade of the ore.

This contract delivers superior net economics to Poseidon over more conventional process routes available locally or through a concentrator plant (such as that owned by Poseidon on the Black Swan/Silver Swan site) and avoids investment in the start-up of these processing facilities.

Poseidon has previously successfully delivered concentrate from Lake Johnston to Tsingshan and a good working relationship between the companies exists.

David Singleton, Managing Director and CEO said, "Our studies to date indicate that Silver Swan could have one of the lowest operating and start-up capital costs in Australia. This novel style of contract for export ore coupled with Tsingshan's low cost production route is a key enabler to starting production at the mine. Whilst nickel prices remain low, we believe that when the recovery gets underway, Silver Swan can get into production very quickly. Our current business focus is ensuring that both Lake Johnston and Silver Swan are ready for production as prices improve."

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
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
Silver Swan	2012	1.40%	21.1	12.48	2,650	85.5	12.15	10,350	106.6	12.20	13,000
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
TOTAL											
Total Ni Resources	2004 & 2012		16,688	1.00	166,550	27,300	0.83	225,950	43,988	0.89	392,500

Note: totals may not sum exactly due to rounding

Table 2: 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 3: Nickel Project Ore Reserve Statement

Nickel Sulphide Reserves	JORC Compliance	Ore Reserve Category		
		Probable		
		Tonnes (Mt)	Ni% Grade	Ni Metal (Kt)
LAKE JOHNSTON PROJECT				
Maggie Hays	2012	1.9	1.19	22.6
BLACK SWAN PROJECT				
Black Swan	2012	3.4	0.63	21.5
WINDARRA PROJECT				
Mt Windarra	2012	0.6	1.70	9.6

Cerberus	2004	1.2	1.30	16.0
Windarra Sub Total		1.8	1.42	25.6
TOTAL				
Total Ni Reserves	2004 & 2012	7.1	0.98	69.7

Note: totals may not sum exactly due to rounding.

Calculations have been rounded to the nearest 100,000 t of ore, 0.01 % Ni grade and 100 t Ni metal.

Notes

The information in this report which relates to the Lake Johnston Mineral Resource 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 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 information compiled by Matt 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 Silver Swan Mineral Resource 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.

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.as well as Francois Bazin of IMC Mining Pty Ltd. Both are Members of the Australasian Institute of Mining and Metallurgy.

The information in this report that relates to Mineral Resources at the Windarra Nickel Project 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 Reserve at the Windarra Nickel Project is based on information compiled Leanne Cureton and Andrew Law who are both full time employees of Optiro Pty Ltd and are a Member and a Fellow of the Australasian Institute of Mining and Metallurgy respectively.

Mr Hutchison, Mr Glacken, Mr Keenan, Mr Weeks, Mr Bazin, Mr Law & Ms Cureton 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 Keenan, Mr Weeks, Mr Bazin, Mr Law & Ms Cureton 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.

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

Corporate Enquiries

Mr David Singleton – MD & CEO

P: 61 8 6167 6600

F: 61 8 6167 6649

E: admin@poseidon-nickel.com.au

Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

Computershare Investor Services

GPO Box D182, Perth WA 6840

P: 61 8 9323 2000

Principal Office

Unit 8, Churchill Court

331-335 Hay Street

SUBIACO WA 6008

P: 61 8 6167 6600

F: 61 8 6167 6649

Registered Office

Level 2, Spectrum

100 Railway Road

SUBIACO WA 6008

P: 61 8 9367 8133

F: 61 8 9367 8812

Media Enquiries

P: 61 8 6167 6600

F: 61 8 6167 6649

E: admin@poseidon-nickel.com.au

Home Exchange

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