

11th January 2016

Personnel Changes and Business Updates

Poseidon Nickel Limited (ASX:POS or the Company) wishes to inform the market of a number of personnel changes and business updates for the Company.

David Singleton will stand down as CEO and Managing Director of Poseidon at the end of this month to become CEO of Austal Ships in February. David will remain on the Board of Poseidon as a non-executive Director.

Poseidon Chairman, Chris Indermaur said, "The Board thanks David for his enormous contribution to the Company over the last 8 years. During his time at Poseidon the Company has expanded to 3 near operational sites in Australia including the world's highest grade nickel mine, has completed a number of key feasibility studies, signed offtake contracts and most recently reduced and rescheduled the company's convertible notes. He leaves a talented team more than capable of moving these projects progressively back into production as the nickel market improves. We remain committed to our projects as demonstrated by the drilling programme currently underway at Lake Johnston, which we separately expect to update the market on shortly."

Poseidon intends to reorganise as a result of this announcement to ensure that the Company maintains momentum whilst reducing costs further during this period of low nickel prices. Until the nickel price improves the Company will not recruit a replacement CEO. Chris Indermaur will remain as non-executive Chairman and will take on a number of the duties of the CEO on a part time basis. In order to preserve the company's cash reserves, Chris will be paid in performance rights in accordance with the Director's Share Plan. Currently all non-executive directors are paid in performance rights rather than cash and have reduced Board fees by 20% in view of the current situation in the commodity markets.

Michael Rodriguez who is the Company's COO will continue his unwavering activity to maintain and develop the Company's projects, and Neil Hutchison will continue his exemplary work on expanding the Company's resource and reserve base which has been so successful over the last year. Whilst these senior personnel remain fully committed to Poseidon, they have also agreed to reduce their pay by 20% as previously announced.

The Manager of People & Culture and Commercial Manager are continuing to support the Company but on a much reduced basis progressively reducing their time to one or two days a week. In an innovative approach, these personnel are taking on contract work whilst still operating out of Poseidon's offices. This allows Poseidon to continue to access their extensive skills and project knowledge base whilst eliminating much of the costs of employing individuals or using consultants. The Chief Financial Officer has now formally taken over the role of Company Secretary to further reduce external compliance costs.

In addition, Poseidon is pleased to announce that it received a \$2.7m Research and Development refund from the ATO in December. This was higher than had been indicated

to the market and takes available cash holdings at the end of December to \$4m giving the Company sufficient reserves to fund its activities until at least late 2016.

Poseidon's current business objectives are as follows:

- Continue commercial and technical work on readying Silver Swan for production. Given the extremely high grade nature of the mine Poseidon believes that this project will be the first to be viable as the Nickel price rises. The offtake agreement with Tsingshan recently announced reduces restart costs of Silver Swan by over 90% by eliminating the need for a local ore concentrator facility. Poseidon is well advanced in developing funding for the mine although the financial needs are not high when compared to the Company's other projects. It is expected that committed funding will be achieved subject to an assessed economic nickel price for the project.
- Complete the drilling programme underway at Lake Johnston which is focused on discovering a new high grade ore body related to the Emily Ann mine. This work is underway and an update can be expected shortly.
- Continue cost reduction activities at the Poseidon projects commensurate with ensuring that the integrity of the projects for restart remains.

Whilst this remains a difficult time for the base metals industry, Poseidon believes that its actions to preserve its physical and intellectual property will be of enormous value when the commodity market improves from its current very low position.

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
Gareth Jones	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