

3rd September 2014

Company Announcements Officer
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Re: POSEIDON BUYS LAKE JOHNSTON NICKEL PROJECT FROM NORILSK NICKEL

We enclose herewith a copy of an announcement in relation to the above.

Yours faithfully



David P.A. Singleton
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER

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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

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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

ASX Announcement

3rd September 2014

Poseidon buys Lake Johnston Nickel Project from Norilsk Nickel

- **Poseidon has agreed to purchase the Lake Johnston Nickel Project including all infrastructure, tenements and resources**
- **Lake Johnston includes Mineral Resources estimated to contain 70,500 tonnes of nickel bringing Poseidon's total nickel inventory to over 400,000 tonnes of nickel**
- **Lake Johnston includes a full processing capability currently under care and maintenance since April 2013**
- **Poseidon will evaluate the possibility of bringing Lake Johnston back into production shortly after contract completion**
- **Poseidon now has near term production potential at 3 independent nickel provinces in Western Australia (Windarra, Black Swan and Lake Johnston)**



Poseidon Nickel Limited (ASX:POS) is pleased to announce that it has agreed to acquire the Lake Johnston Nickel Project ("Lake Johnston") from OJSC MMC Norilsk Nickel ("Norilsk"). The acquisition of Lake Johnston would be in addition to the Black Swan acquisition announced on 7th July 2014.

Lake Johnston includes the Maggie Hays underground mine and a 1.5 million tonne per annum concentrator plant. The process plant and mine were placed on care and maintenance in April 2013 and have been maintained to a high standard and are in an operational ready condition. The project includes an estimated Mineral Resource at the

Maggie Hays deposit of 3.805 million tonnes @ 1.49% and 334,000 tonnes @ 4.18% at Emily Ann for a total resource of approximately 70,500 tonnes nickel (JORC 2004 compliant).

Poseidon intends to evaluate restart at Lake Johnston with a view to bringing it back into production shortly after contract completion. The project has historically produced over 12,000 tonnes nickel per annum in a good quality smeltable concentrate.

The Lake Johnston Nickel Project sits on a series of 11 mining leases, 10 exploration licences and one prospecting licence on which both the Emily Ann and Maggie Hays deposits are located. Poseidon considers that the area has significant exploration potential to support extending the life of the current Lake Johnston Nickel Project. Only limited drilling exploration has taken place in recent years but this has led to several highly prospective areas being identified. Poseidon plans to undertake a major new exploration programme on the tenements guided by the work undertaken to date with the objective of further extending the projects operational life.

The MD & CEO, David Singleton said, "Poseidon now has 3 nickel projects all within 270 kms of Kalgoorlie. Importantly all 3 projects have the mines and access to infrastructure to enable production to be brought on-line quickly and at low levels of capital investment. All of the projects are in well-endowed mining regions and have demonstrated resource extension potential which could lead to extended production life. We will be growing our output just as nickel supply is moving into deficit following strong Chinese stainless steel production, reportedly up 18.2% year on year, and reduction of nickel supply from Indonesia."

Completion is expected to occur over the next few months, when conditions precedent to the transaction have been completed. Poseidon will assume existing and ongoing environmental obligations on the site and will fund the acquisition out of existing cash reserves.

Details of the Lake Johnston Nickel Project

Lake Johnston is located approximately 440km east of Perth and 117km west of Norseman, Western Australia. The site is accessed by the Hyden-Norseman road with access to project tenements via dirt tracks and gridlines. Operations at Lake Johnston are managed on a fly-in/fly-out basis ("FIFO"). Flights to and from site were most recently operated out of Perth, landing at the Project's air strip located at Lake Johnston.

Infrastructure associated with Lake Johnston includes:

- Maggie Hays boxcut, portals and decline and Emily Ann boxcut, portals and decline;
- Haul roads and site access roads;
- Maggie Hays Run of Mine ("ROM") pad and waste dump and Emily Ann ROM pad and waste dump;
- Crushing, screening and grinding plant;
- Concentrate production plant;
- Concentrate storage shed and weighbridge;
- Concrete production and storage infrastructure;
- Fill Plant;

- Dewatering and potable/process water bore network, including Lake Hope North discharge and settling ponds;
- Windy Hill Camp – 140 person camp (approximately seven kilometres South of Emily Ann Mine);
- Contractor managed five MW diesel generating power station;
- Office, workshops and associated support facilities;
- Two paddock tailings storage facilities (TSF1 & 2);
- Three operational production bores;
- Airstrip;
- Two rising mains collecting water from underground sumps;
- Reverse osmosis plants;
- Process water ponds; and
- A package sewage treatment plant and adjoining evaporation ponds.

Asset Snapshot



- | | |
|--|-----------------------------|
| 1. 3-stage crushing circuit | 4. Maggie Hays decline |
| 2. Primary mill and concentrate storage shed | 5. Grinding Mill |
| 3. Concentrate regrind circuit | 6. Tailing storage facility |

Mineral Resources

Poseidon has not undertaken sufficient work to independently verify the Resource of 4,139 million tonnes @ 1.70% nickel containing 70,500 tonnes of nickel as estimated by Norilsk Nickel in September 2012.

Poseidon will initiate the necessary work required to provide a JORC 2012 Resource Statement to the market and expects to complete and publish this resource statement within 4 weeks.

ORE RESERVE STATEMENT

Windarra Nickel Sulphides	Ore Reserve Category (JORC 2004)		
	Probable		
	Tonnes	Ni% Grade	Ni Metal t
Cerberus	1,221,000	1.3	16,000
Mt Windarra	498,000	1.78	9,000
Total	1,719,000	1.44	25,000

Table 1: Windarra Nickel Project Ore Reserve Statement

MINERAL RESOURCE STATEMENT

Windarra Nickel Project Sulphides	Cut Off Grade	Mineral Resource Category (JORC 2004)								
		Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Mt Windarra	0.75%	1,217,000	1.39	17,000	3,553,000	1.78	63,000	4,770,000	1.68	80,000
South Windarra	0.80%	772,000	0.98	8,000	-	-	-	772,000	0.98	8,000
Cerberus	0.75%	2,773,000	1.25	35,000	1,778,000	1.91	34,000	4,551,000	1.51	69,000
Total Sulphide		4,762,000	1.24	60,000	5,331,000	1.82	97,000	10,093,000	1.55	157,000

Black Swan Nickel Project Sulphides	Cut Off Grade	Mineral Resource Category (JORC 2012)								
		Measured & Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Black Swan	0.40%	9,600,000	0.68	64,900	21,100,000	0.54	113,800	30,700,000	0.58	178,700
Total Black Swan		9,600,000	0.68	64,900	21,100,000	0.54	113,800	30,700,000	0.58	178,700

Table 2: Windarra and Black Swan Nickel Project Mineral Resource Statement

Windarra Gold Tailings Project	Mineral Resource Category (JORC 2004)		
	Indicated		
	Tonnes (kt)	Grade (g/t)	Au (oz)
Total Gold Tailings	11,000	0.52	183,000

Table 3: Windarra Gold Tailings Project Mineral Resource Statement

Note: Totals in the tables may not be mathematically accurate due to JORC rounding requirements.

Notes

The information in this report which relates to the Black Swan Mineral Resource is based on information compiled by Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd, and Member of the Australasian Institute of Mining and Metallurgy. Andrew Weeks has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012).

The information in this report that relates to the Windarra Nickel Project, Mineral Resources is based on information compiled by Mr N Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and Mr I Glacken who is a Fellow of the Australasian Institute of Mining and Metallurgy as well as a full time employee of Optiro Pty Ltd.

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.

Mr Hutchison, Mr Glacken 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2004). Mr Hutchison, Mr Glacken 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.

Mineral Resources in this document 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.

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