

24th November 2014

Recommencement of Drilling at Mt Windarra

Highlights

- **Resource extension drilling to start at Mt Windarra**
- **Drilling in newly identified upper G Shoot zone near to the surface and accessible from fully refurbished decline**
- **Purpose is to speed up first ore deliveries to the offtake party**
- **Underground drilling programme to complete in December, surface programme in early 2015**
- **Lake Johnston feasibility results to be released shortly**

Poseidon Nickel Limited (ASX:POS or the Company) is pleased to announce the recommencement of underground drilling at Mt Windarra to exploit an opportunity identified during the last resource drill out which identified a near surface extension of the ore body. The extension is both near surface and close to existing infrastructure.

The purpose of the drilling is to test extensions to the Upper G shoot zone which were developed during the last drilling programme (see Diagram 1). This defined region of the mineralised ore body may provide early cash flow as it is close to the existing decline at a level already fully rehabilitated. The programme is designed to speed up first ore deliveries in advance of when the main deeper C, D and G Shoot ore bodies can be mined. It is estimated that this drilling programme could reduce the development time to first ore by 2 months down to a total of 4 months.

It is planned to drill 1,300m of relatively short holes from the adjacent decline to bring the zone into mineable reserves and confirm geotechnical conditions. This underground drilling is expected to be completed by the end of the year. The underground drilling programme will be complimented by a surface drilling programme to map the near surface oxide/sulphide transition zone at G shoot. This surface drilling will be completed post the Christmas break.

Poseidon also confirms that it is on track to publish interim details of the feasibility study into the restart of the Lake Johnston nickel project this month following recent completion of the acquisition.

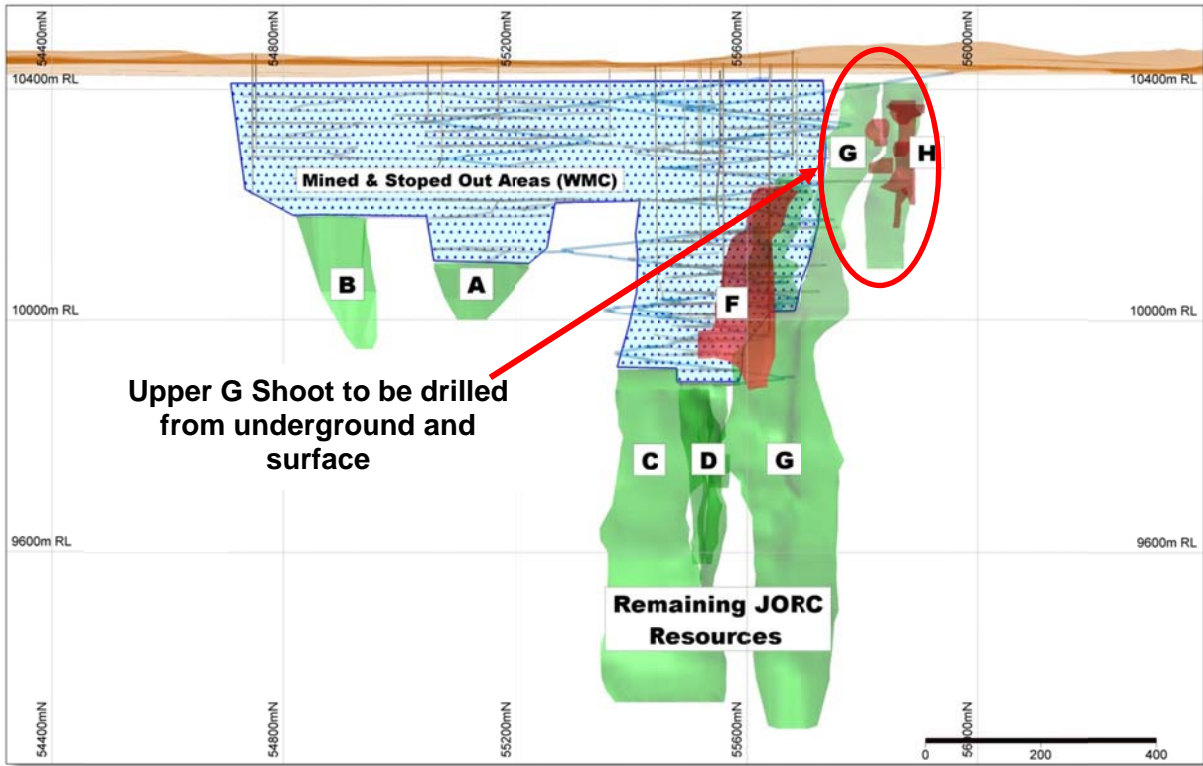


Diagram 1: Mt Windarra Resource Locations

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 9382 8799
F: 61 8 9382 4760

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 9382 8799
F: 61 8 9382 4760

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 9382 8799
F: 61 8 9382 4760
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