POSEIDONNICKEL

6th July 2015

Maggie Hays & Mt Windarra Ore Reserves

Highlights

- **Initial Maggie Hays Probable Ore Reserve:**
  - **1.9 million tonnes @ 1.19% Ni for 22,600 tonnes contained nickel**
- **Maggie Hays Ore Reserve represents an initial 30 months of plant throughput producing 8,000 tonnes of nickel per annum in a smeltable grade concentrate***
- **The Reserve represents 54% of the indicated resources at the project. Further drilling during the production phase will be required to convert existing resources into reserves**
- **Resource extensions have been identified which Poseidon believes will further extend mine life**
- **Upgraded Mt Windarra Probable Ore Reserve:**
  - **0.567 million tonnes @ 1.70% Ni for 9,630 tonnes contained nickel**

Poseidon Nickel Limited (ASX:POS) is pleased to inform shareholders that the company has completed its first Ore Reserve Estimation for the Maggie Hays Mine located at the recently acquired Lake Johnston Project as well as the upgraded Ore Reserve Estimation for the Mt Windarra Project.

Poseidon has been able to complete the Maggie Hays Ore Reserve definition work within seven months of completion of the purchase of the Lake Johnston Project. The reserve has been the culmination of geological re-interpretation, resource estimation, detailed mining & engineering studies, contract pricing, plant refurbishment pricing and the completion of the BFS.

It should be stressed that the Maggie Hays Ore Reserve is an initial estimate as Poseidon has not yet undertaken any further drilling at the site which would be expected to increase the project life. A number of promising resource/reserve extensions are yet to be infill drilled and developed. The Company aims to infill Inferred resources and increase the Reserve life further once drilling commences during the Projects production stage.

Poseidon believes that the outcome of the study gives additional confidence on the future viability of the project as the analysis takes economic considerations fully into account when calculating the Probable Ore Reserve.

** When combined with Black Swan ore as per the announce BFS (May,2015)*

David Singleton, Managing Director and CEO said, “Achieving a 2½ year reserve life even before we have carried out any additional drilling is an important milestone for Lake Johnston. Based on the past drilling completed on site and our geological models, we believe that the production life at the Maggie Hays deposit will continue to grow. Whilst the facility remains in care and maintenance, the work programme now completed on the site has given us real belief in this project which we will implement as soon as the nickel market gets to the appropriate point. Market analysis indicates this may be sooner rather than later.”

The Bankable Feasibility Study on the Maggie Hays project announced by Poseidon on 18th May 2015 is based on processing a combined feed from both Maggie Hays and Black Swan sites with an average throughput plan of 1.13 million tonnes of ore per annum through the 1.5 million tonne per annum processing plant capacity at Lake Johnston.

This Ore Reserve Estimation is in line with that used in the Bankable Feasibility Study published in May. A substantial initial mining Probable Ore Reserve for Maggie Hays of **1.9mt of ore @ 1.19% Ni for 22,600 tonnes of contained nickel** has been independently defined by Entech Pty Ltd, mining engineering and management consultants (Table 1 below & Attachment A-JORC (2012) Table 1).

Table 1 Maggie Hays Nickel Mine Ore Reserve Estimate April 2015

Source	Proven		Probable		Total		Nickel Metal (kt)
	Mt	% Ni	Mt	% Ni	Mt	% Ni	
North Shoot	-	-	0.7	1.27	0.7	1.27	7.6
Suture	-	-	0.6	1.22	0.6	1.22	8.6
SLC	-	-	0.6	1.07	0.6	1.07	6.5
Total Maggie Hays	**-**	**-**	**1.9**	**1.19**	**1.9**	**1.19**	**22.6**

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

The calculation of a Probable Ore Reserve follows the completion of the Projects Bankable Feasibility Study (BFS) which was completed by Entech based on a JORC 2012 compliant Mineral Resource of **2.6mt @ 1.60% Ni for 41,900 tonnes of contained nickel** (Indicated category only) which was completed by Golder Associates and previously announced.

In comparing the 2015 Mineral Resource Estimate (Table 3) with the 2015 Ore Reserve Estimate (Table 1), some 54% of the contained nickel reported within the Mineral Resource has been converted to Ore Reserves.

In addition to the Lake Johnston reserve, the updated Ore Reserve Estimation for the Mt Windarra underground nickel mining project further underpins the Company’s original project which is anticipated to be brought into production following the restart of the Lake Johnston operation. An increased mining Probable Ore Reserve for Mt Windarra of **0.567 million tonnes @ 1.70% Ni for 9,630 tonnes contained nickel** has been independently defined by Optiro Pty Ltd, mining engineers and geological consultants (Table 2 below & Attachment B-JORC (2012) Table 1).

Table 2 Mt Windarra Nickel Mine Ore Reserve Estimate April 2015

Source	Proven		Probable		Total		Nickel Metal (kt)
	Mt	% Ni	Kt	% Ni	Mt	% Ni	
C Shoot	-	-	339.0	1.71	339.0	1.71	5.9
F Shoot	-	-	90.3	1.61	90.3	1.61	1.5
G Shoot-Upper	-	-	51.0	1.59	51.0	1.59	0.8
H Shoot	-	-	3.8	2.79	3.8	2.79	0.1
Development Ore	-	-	82.9	1.60	82.9	1.60	1.3
Total Mt Windarra	**-**	**-**	**567**	**1.70**	**567**	**1.70**	**9.6**

Calculations have been rounded to the nearest 1,000 t of ore, 0.01 % Ni grade and 100 t Ni metal

The calculation of a Probable Ore Reserve is based on an upgraded JORC 2012 compliant Mineral Resource of **0.922 million tonnes @ 1.56% Ni for 14,000 tonnes contained nickel** (Indicated category only) which was completed by Optiro (May 2014) and previously announced. The updated Ore Reserve follows the completion of additional drilling, geotechnical modelling by Beck Engineering, as well as mine re-design and scheduling work which was completed by Deswik Mining Consultants (Australia) Pty Ltd.

In comparing the 2014 Mineral Resource Estimate (Table 4) with the 2015 Ore Reserve Estimate (Table 2), some 68% of the contained nickel reported within the Mineral Resource has been converted to Ore Reserves.

MAGGIE HAYS ORE RESERVE ESTIMATION (Extracted from Entech report)

The Maggie Hays Nickel Mine (Maggie Hays) is an underground mine located within the Lake Johnston Nickel Operation (LJO), which was purchased by Poseidon Nickel Ltd (POS) in November 2014.

Entech Pty Ltd (Entech) was commissioned by Poseidon Nickel Ltd (POS) to provide an independent Ore Reserve estimate for the Maggie Hays underground nickel mine as at 31 April 2015.

The Ore Reserve estimate is based on a JORC (2012)-compliant Mineral Resource estimate. The Resource estimate was carried out by Golder Associates for the Maggie Hays mine in March 2015 as summarised in Table 3.

Table 3: Maggie Hays Underground Mineral Resource (at a 0.8 % Ni cut-off for disseminated domains, 0% cut-off for massive domains)

Source	*Cut-Off Grade*	Indicated			Inferred			Total (Indicated + Inferred)		
	Ni %	Mt	Ni %	Ni kt	Mt	Ni %	Ni kt	Mt	Ni %	Ni kt
North Shoot	*0.0*	0.8	1.86	14.7	0.4	1.31	5.9	1.2	1.66%	20.6
SLC Disseminated	*0.8*	0.1	1.36	0.8	0.4	1.02	4.2	0.5	1.06%	5.0
SLC Massive	*0.0*	0.1	3.82	3.8	-	-	-	0.1	3.82%	3.8
Suture Zone Disseminated	*0.8*	1.5	1.13	16.9	-	-	-	1.5	1.13%	16.9
Suture Zone Massive	*0.0*	0.2	3.27	5.7	-	-	-	0.2	3.27%	5.7
Total	**0.8**	**2.6**	**1.60%**	**41.9**	**0.9**	**1.17%**	**10.1**	**3.5**	**1.49%**	**52.0**

Calculations have been rounded to the nearest 100,000 t of ore, 0.01 % Ni grade and 1,000 t Ni metal.

Indicated Resources have been converted to Probable Ore Reserves subject to mine design physicals and an economic evaluation. There was no Measured material contained in the Resource. All Inferred material has been treated as waste material for the purposes of this Reserve estimate.

The work included estimating Underground Ore Reserves in compliance with the 2012

Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). The Table 1 document relating to the Ore Reserve estimate as required by the JORC Code has been attached as Appendix A.

The Ore Reserve is based on extracting nickel ore from the Maggie Hays deposit via underground mining methods and is derived from the unmined Mineral Resource with modifying factors applied. Costs have been sourced from the 2015 Maggie Hays financial model which is based on vendor supplied quotes, mining contractor rates from a recent contract tender for a similar mine and detailed estimates.

All ore will be extracted using mechanised underground mining techniques. Development will be undertaken using mechanised jumbo drills for drilling and ground support installation. Diesel underground loaders and trucks will be used for material movement. Stope ore will be extracted by reactivating the existing sub-level cave, supplemented with separate areas of longhole stoping using unconsolidated backfill. Concurrent mining fronts will be established through the use of cemented aggregate fill and in-situ sill pillars.

Geotechnical considerations have been established for input into the Maggie Hays mine design plan and Ore Reserve Estimate (Figures 1, 2 & 3). These considerations have been produced as a result of assessing the condition of the rock mass and installed ground support underground (appreciating the mine has been in a state of care and maintenance since May 2013), utilising direct historical geotechnical experience from Maggie Hays operations, and technical mining and geotechnical experience from SLC and open stoping operations.

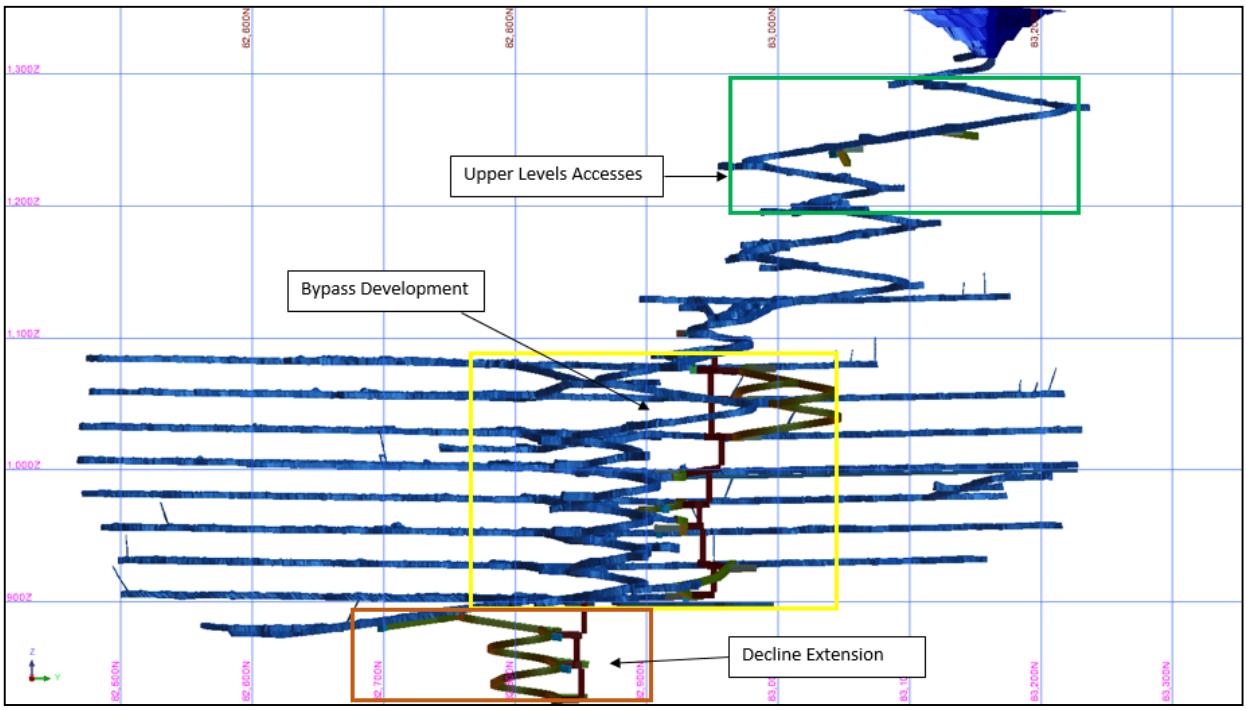

Figure 1: New Capital Development Design (Long-Section)

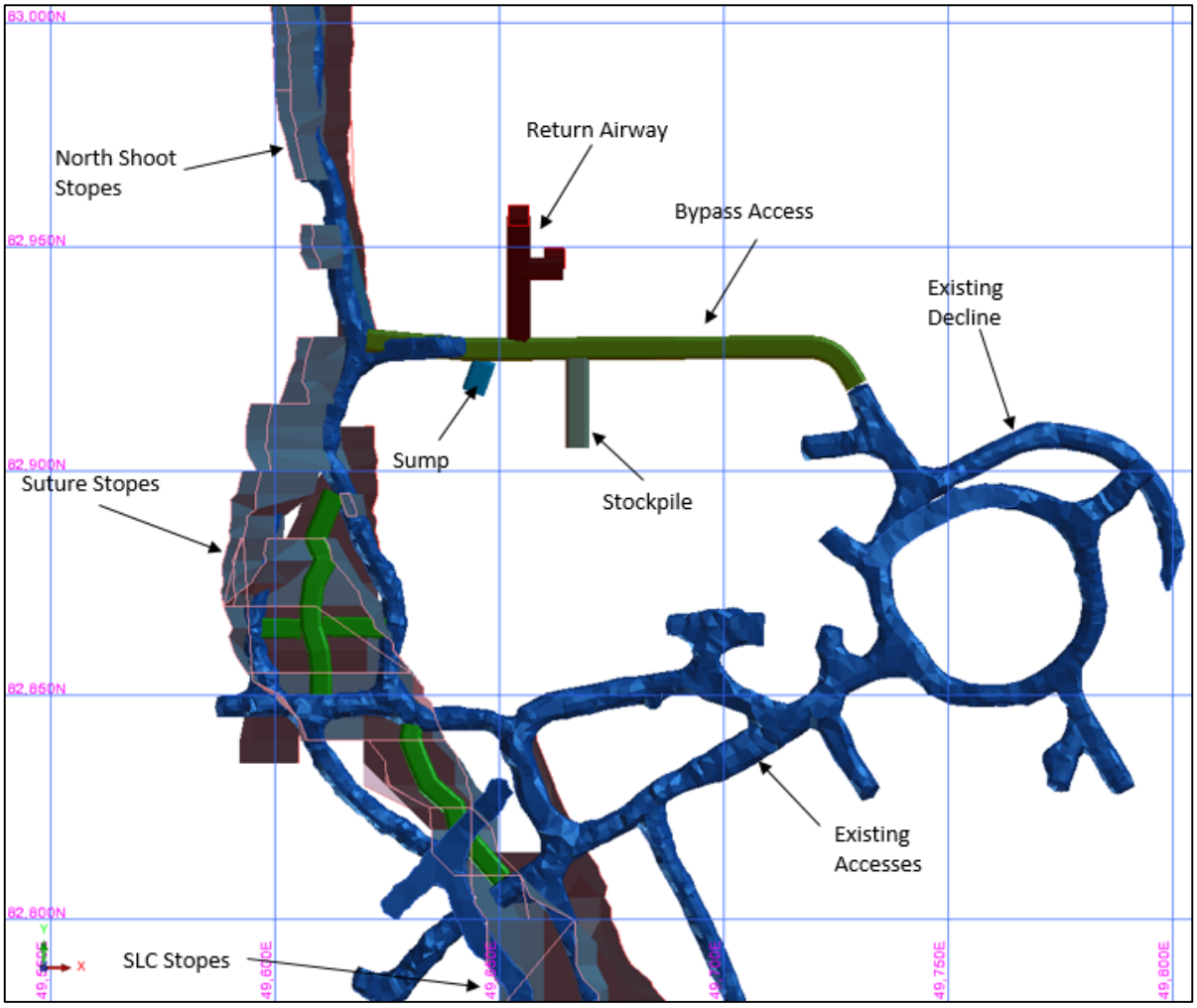

Figure 2: Typical Level Layout for Bypass Development

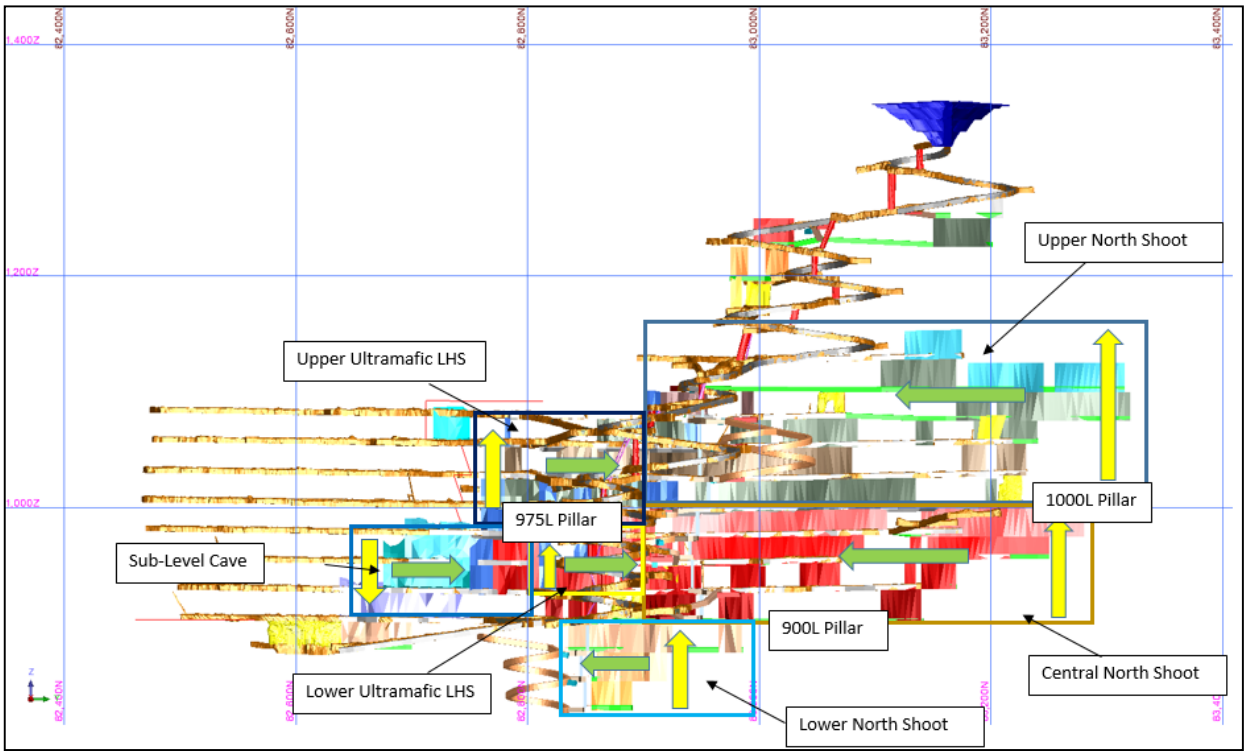

Figure 3: Maggie Hays Stope Design, Mining Areas and Stoping Directions (Long-Section)

A processing plant has been successfully operated on the Lake Johnston Project site since 1998 with the commissioning of the original Lake Johnston (Emily Ann) Nickel Concentrator. There have been a number of expansions since then. The most recent was a major expansion in 2006 to process 1.5 Mtpa of Maggie Hays underground ores. The plant underwent an A$7M refurbishment in 2011 before being recommissioned in the last quarter of that year. It then operated until April 2013. Metallurgical recoveries were based on historical production data from the Lake Johnston processing plant and are variable dependent on grade.

The Ore Reserve estimate is based on the above modifying factors determined as part of a Feasibility Study undertaken on the LJO. This Ore Reserve estimate represents the unmined Mineral Resource, with modifying cost and mining factors applied.

The Ore Reserve estimate for the Maggie Hays Nickel Mine as at April 2015 is:

1,900,000 ore tonnes grading 1.19 % Ni for 22,600 tonnes of contained nickel metal.

The Competent Person visited site on two occasions in February 2015. During the site visits, the Competent Person inspected the existing Maggie Hays mine underground workings (Figure 4) and surface infrastructure. The site visit confirmed that the site was in care and maintenance, and that the underground workings were accessible and suitable for commencement of re-entry and refurbishment works. All primary approvals are in place and Entech is not aware of any regulatory or legal issues that may impact on timely commencement of operations at Maggie Hays.

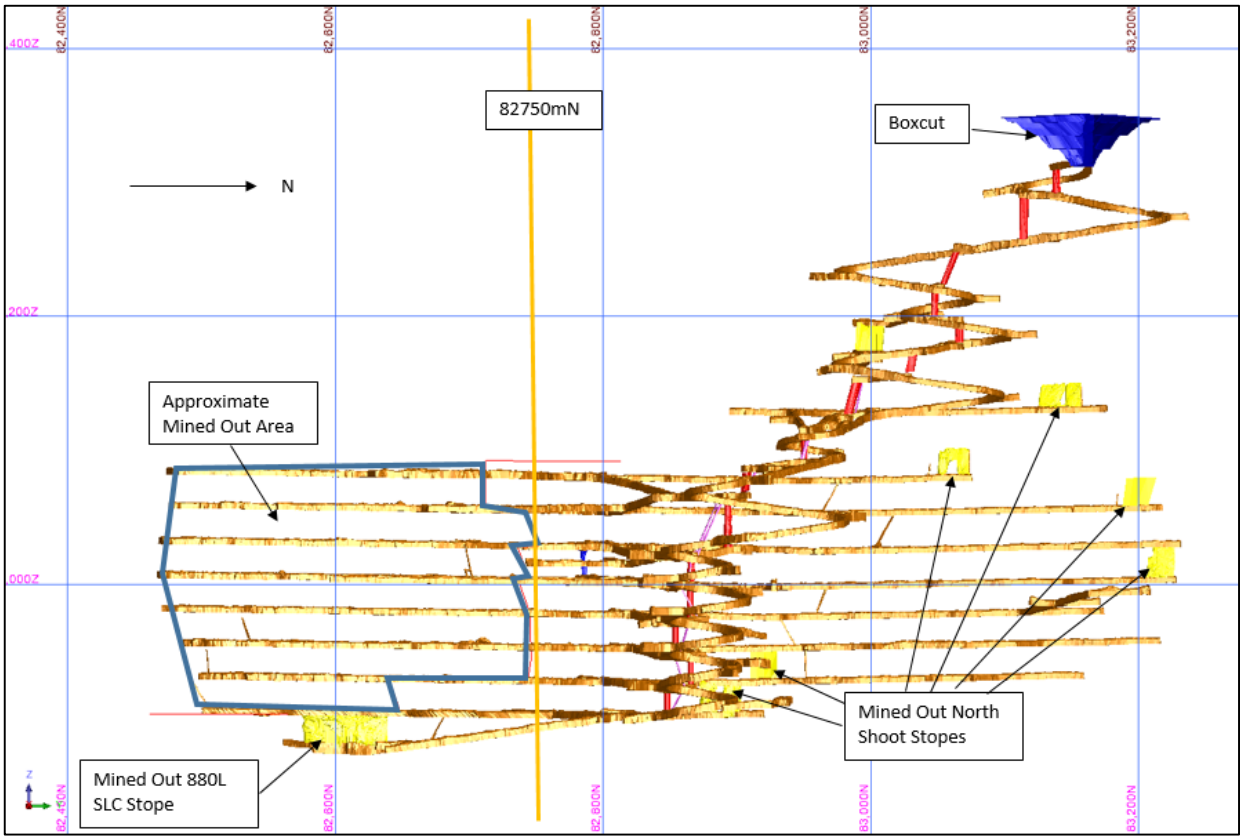

Figure 4: Maggie Hays Existing Development and Depleted Areas (Long-Section)

MT WINDARRA ORE RESERVE ESTIMATION (Extracted from Optiro report)

The Mt Windarra Mine (Windarra) is an underground mine located located 260km north east of Kalgoorlie and 25km northwest of Laverton in Western Australia, The Windarra Nickel Project (WNP) is 100% owned by Poseidon Nickel (POS) and was purchased in 2006.

Optiro Pty Ltd (Optiro) was commissioned by Poseidon Nickel Ltd (POS) to provide an independent Ore Reserve estimate for the Windarra underground nickel mine as at 16 April 2015.

The Ore Reserve estimate is based on a JORC (2012)-compliant Mineral Resource estimate. The Resource estimate was carried out by Optiro Pty Ltd for the Windarra mine in May 2014 as summarised in Table 4.

Table 4: Mt Windarra Underground Mineral Resource (at a 0.9 % Ni cut-off)

Source	*Cut-Off Grade*	Indicated			Inferred			Total (Indicated + Inferred)		
	Ni %	Kt	Ni %	Ni Kt	Kt	Ni %	Ni Kt	Kt	Ni %	Ni Kt
A Shoot	*0.9*	-	-	-	85	2.19	2	85	2.19	2
B Shoot	*0.9*	-	-	-	69	1.52	1	69	1.52	1
C Deeps	*0.9*	434	1.75	7.5	1,515	1.90	29	1,949	1.87	36.5
D Deeps	*0.9*	-	-	-	547	1.37	7.5	547	1.37	7.5
F Shoot	*0.9*	178	1.50	2.5	126	1.56	2	304	1.53	4.5
G Deeps	*0.9*	-	-	-	1,063	1.46	15.5	1,063	1.46	15.5
G Shoot (Upper)	*0.9*	282	1.29	3.5	31	1.22	0.5	313	1.28	4
H Shoot	*0.9*	28	1.87	0.5	-	-	-	28	1.87	0.5
Total	***0.9***	**922**	**1.56**	**14**	**3,436**	**1.66**	**57.5**	**4,358**	**1.64**	**71.5**

Calculations have been rounded to the nearest 1,000 t of ore, 0.01 % Ni grade and 500 t Ni metal.

Indicated Resources were converted to Probable Ore Reserves, subject to the mine design physicals and an economic evaluation. Mineral Resources categorised as Inferred have been excluded from any ore reserves reporting. No Measured material existed in the Resource Model and thus no Proved Reserves were estimated.

The work included estimating Underground Ore Reserves in compliance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). The Table 1 document relating to the Ore Reserve estimate as required by the JORC Code has been attached as Appendix B.

The Ore Reserve is based on extracting nickel ore from the Mt Windarra deposit via underground mining methods and is derived from the unmined Mineral Resource with modifying factors applied. The costs used to estimate the Ore Reserve have been generated from the Windarra Feasibility Study and the toll treatment agreement that were provided to Optiro by Poseidon Nickel.

The Ore Reserve estimate for the Mt Windarra Nickel Mine as at April 2015 is:

567,000 ore tonnes grading 1.70 % Ni for 9,630 tonnes of contained nickel metal.

To the best of Optiro's knowledge, Poseidon Nickel is currently compliant with all legal and regulatory requirements. No risk factors have been applied to the mining rates.

The proposed mining method to be undertaken is the sub-level caving method which was the historic mining method employed at Mt Windarra. Sub-level caving has a history of success at Mt Windarra and is considered a suitable low cost mining method, if ground conditions are amenable to caving. This mining method is a top-down retreat mining method, utilising typical drill, blast, load and haul conventions. Mine development will be via standard drill and blast advance methods and typical trackless underground mining

equipment is planned to be utilised. Dilution and recovery of the ore zones was estimated at 10% dilution at a grade of 0.5% Ni for development, and 4% for stoping. This is additional to a dilution skin which was accounted for in the stope designs and evaluated as part of the stope tonnes and grade. Ore recoveries were between 50% and 100%, depending upon the level of the sub-level cave. These figures were sourced from the mining feasibility study report and the schedules provided to Optiro by Poseidon Nickel.

The orebody and current mine designs extend to a depth of 1,140 metres (Figure 5). It is anticipated that geotechnical conditions will deteriorate as the depth increases, which will have to be reflected in the ground support regime. There will be a maximum mining depth, beyond which it will no longer be considered economical or technically feasible to mine, however, this has not yet been identified for Windarra. The Mt Windarra mine plan consists of the mining of 6 Lodes. These being the Upper Lodes (3) to be mined using open stoping methods, and the Deeps (3) to be mined using the sub-level caving method.

A geotechnical assessment was conducted by Dempers and Seymour in 2012. This followed on from work carried out in 2008, which included geotechnical logging, rock mass characterisation, hydraulic radii determination and structural modelling for G Shoot. A ground control management plan for mining through Charlie's Shear was also developed. In 2012, Beck Engineering released a discussion paper on Mining at Windarra and surmised that given the ground properties sub-level caving was an appropriate mining method. However, caving induced subsidence will occur and impact on some existing development, and thus made the recommendation that a decline bypass by developed to minimise the risk (Figure 6).

Processing of the Windarra ore is now likely to be undertaken at the Black Swan project which is owned by Poseidon Nickel. Ore will be trucked to the concentrator and is likely to be processed in a blend of ore from Black Swan.

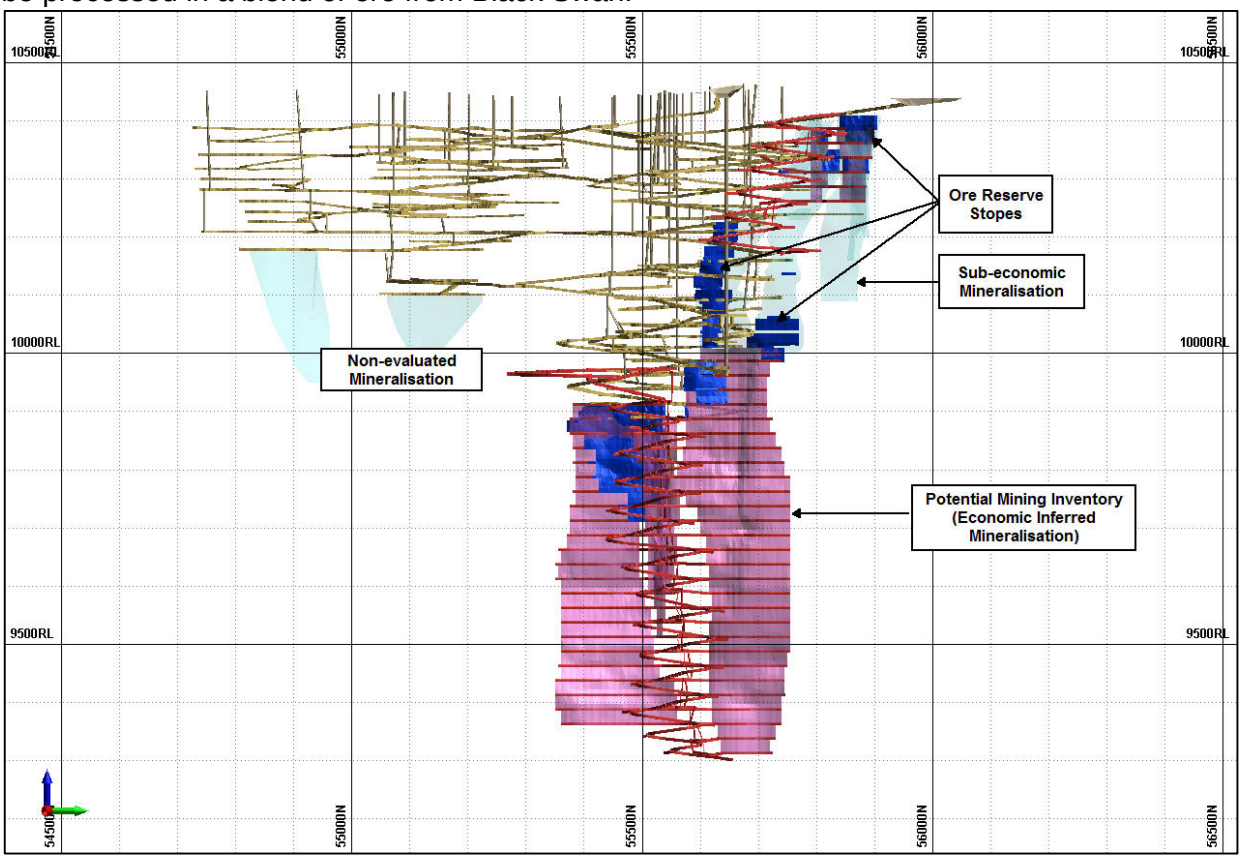

Figure 5: Ore Reserve stopes (dark blue) and modelled potential mining inventory (maroon).

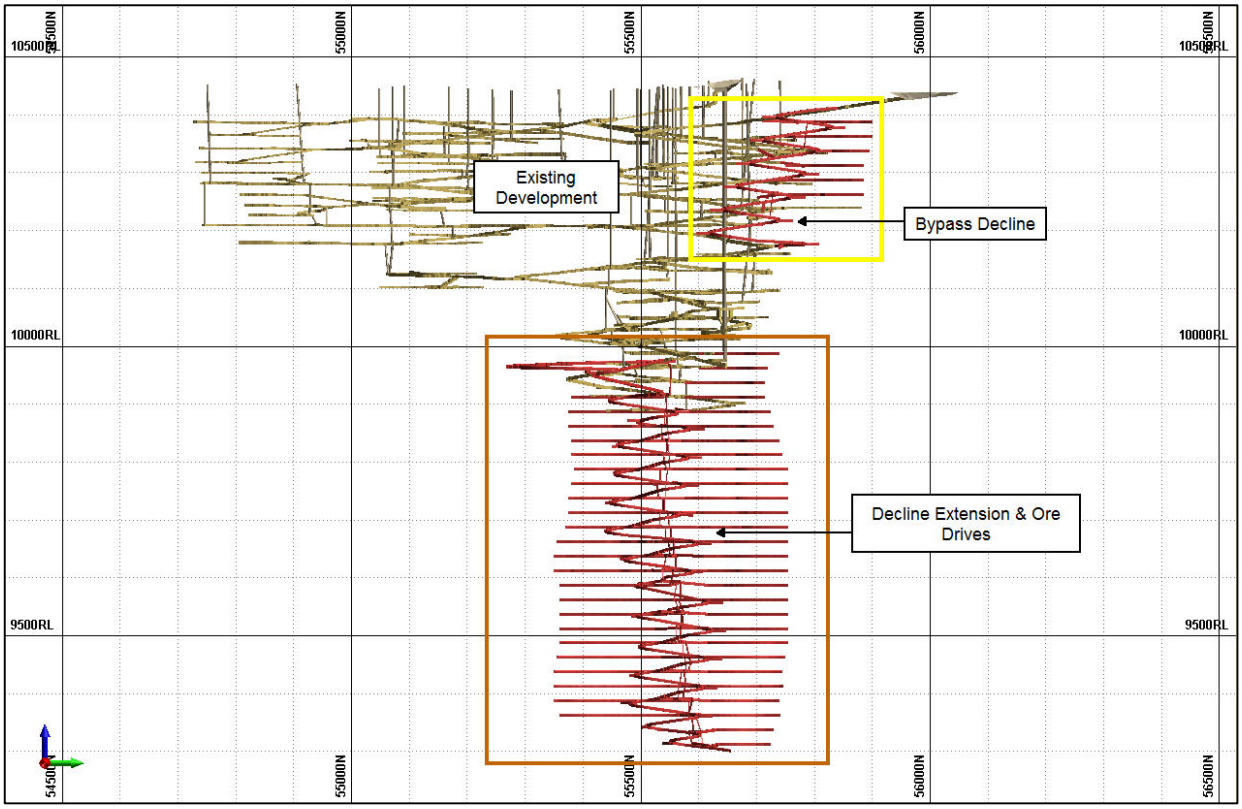

Figure 6: New Capital Development Design (Long-Section)

MINERAL RESOURCE STATEMENT

Table 4: 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%	2,600	1.60	41,900	900	1.17	10,100	3,500	1.49	52,000
TOTAL											
Total Ni Resources	2004 & 2012		**16,667**	**0.98**	**163,900**	**27,214**	**0.79**	**215,600**	**43,881**	**0.86**	**379,500**

Note: totals may not sum exactly due to rounding

Table 5: 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 6: 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 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.

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.

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.

MAGGIE HAYS RESERVE ASSUMPTIONS AND METHODOLOGY

Material Assumptions, Outcomes and Economic Assumptions

The Maggie Hays Ore Reserves estimate is shown in Table 1 and has been classified and reported in accordance with the JORC 2012 guidelines. The Ore Reserve has been estimated by taking into account the relevant modifying factors including:

- Loss and dilution
- Cut-off grade estimate
- Metallurgical recovery
- Nickel metal payability estimate
- Mining, processing and concentrate transport cost estimates

The Ore Reserves are based on a long term average consensus forecast LME price range (2015-2018) of US$7.48-$8.76/lb nickel and an exchange rate of $0.75-$0.79 (AU$:US$).

Criteria Used for Classification and Estimation Methodology

The Mineral Resource was estimated by Golder Associates Pty Ltd in March 2015. This model was used as the basis for the Ore Reserves. The Mineral Resource contains in-situ Indicated Resources based on drilling and face mapping data. The Mineral Resource model contains an estimate of volume, tonnage, Ni, As, Fe, Mg, Cu, Co and S The parent block size used in the Mineral Resource is 5 m (X) by 10 m (Y) by 5 m (Z). The sub-block size is 0.625 m (X) by 1.25 m (Y) by 0.625 m (Z).

The Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

Cut-off Grades

Nickel cut-off grades were determined for different areas of the mine to reflect differences in mining costs due to orebody geometry and geotechnical characteristics. For the narrower-vein longhole stoping North Shoot area, a recovered cut-off grade of 0.9% was used for design. For the wider Suture and SLC longhole stoping areas, a cut-off grade of 0.84% was used for design. For the sub-level cave part of the mine a cut-off of 0.75% was determined. Cut-off grades were determined based on mining costs from a recent relevant underground mining contract tender process provided by Poseidon, and metallurgical recoveries and other operating costs based on historical site data also provided by Poseidon. The nickel price used to estimate the cut-off grade is US$9.09/lb with a USD:AUD exchange rate of 0.81.

Mining Methods and Mining Assumptions

The Maggie Hays Ore Reserves are based on mechanised non-entry underground mining methods. Part of the Reserve will be mined by continuing the sub-level cave that was the primary historical source of ore for the mine. The remainder of the Reserve will be mined using a bottom-up longhole stoping method with unconsolidated backfill in a Modified Avoca-type arrangement. Unconsolidated waste will be hauled from the surface waste dumps to underground stockpiles for placement in stopes using loaders. In-situ sill pillars will be left in one level in the ultramafics to allow for concurrent mining fronts to be developed. Cemented aggregate fill pillars will be constructed in the narrower felsic zones to facilitate these multiple concurrent mining areas.

Diesel powered trucks and loaders will be used for materials handling. Both conventional

and remote stope loading will be employed. Diesel-electric jumbo drill rigs will be used for development and ground support installation. Diesel-electric longhole drill rigs will be used for production drilling. The existing historical development will provide access to the majority of the ore. The mine has been on care and maintenance for approximately 2 years and key infrastructure existing on-site is either serviceable or requires light refurbishment. The existing access (including boxcut and portal) and capital development is serviceable and requires only light rehabilitation works. Ground support rehabilitation requirements for existing operating development have been determined based on expert geotechnical advice and the costs and time involved in carrying out these works have been allowed for in the mine plan.

The proposed mining methods are appropriate to the orebody geometry and geotechnical characteristics, and are well-known in the Western Australian mining industry. Local contractors possess suitable equipment and expertise to carry out this mine plan. Geotechnical parameters have been determined by independent expert geotechnical consultants based on a combination of site inspections and review of historical data. A minimum mining width of 2.5 m has been assumed for the North Shoot area (inclusive of dilution). A minimum mining width of 3 m (exclusive of dilution) has been assumed for other areas. Stope heights are 20 m backs to floor as per the existing sub-level intervals.
Grade control is planned to be carried out by a combination of drilling, face sampling and airleg rising in the narrow vein areas.

Mining dilution has been estimated based on the geotechnical characteristics of the host rock. For longhole stopes contained within the felsic host rock, a dilution ‘skin’ of 0.25 m was assumed on each of the footwall and hangingwall contacts, with the dilution grade as per the Resource contained within this skin. For longhole stopes contained within the poorer ultramafic rock units, a mathematical dilution of 20% was applied. This ultramafic dilution has had a grade of 0.6% Ni assumed based on work completed by the Poseidon geological department. An extra 5% dilution at a zero grade was applied to backfilled stopes to account for overdig of unconsolidated fill.

Mining recoveries of 95% were applied to the longhole stopes to account for mining-related losses. For stopes with no top access which were unable to be filled a pillar factor of 85% was also applied (i.e. 85% of tonnes are assumed to be extracted and 15% remain in-situ for pillars). Where sill pillars are left in the ultramafic zone, a pillar factor of 50% has been assumed (i.e. 10 m thick pillars).
The sub-level cave recoveries have been estimated at 100% recovery of Resource tonnes and 75% recovery of Resource metal. These figures are based on historical production data from the mine.

No Inferred Resource material has been included in the Reserve Estimate. Unclassified waste material has been included within the mining shapes as dilution.

Processing Method and Processing Assumptions

Ore will processed through the existing Lake Johnston Nickel Concentrator. The plant is an existing, conventional flotation style sulphide concentrator producing a nickel sulphide concentrate product. The process is the industry standard, the technology is well established and is not novel in nature. The last upgrade to the current configuration with a nameplate capacity of approximately 1.5 Mtpa of feed was undertaken in 2007. It is a proven concentrator with a well demonstrated operating history and is well suited to processing the local nickel sulphide ores including those from the Maggie Hays and Emily Ann underground mines.

Testwork was undertaken in 2003 on the Maggie Hays ore as part of the 2007 upgrade. The program was extensive and included large scale testing and locked cycle flotation testwork.

This testwork is now superseded by the production history on these ores. The metallurgical process is conventional, well understood and has many years of operational experience to support the flotation response of the Lake Johnston pentlandite and millerite ore. A grade versus recovery relationship has been developed based on the last period of operating history. This relationship has been supplemented with metallurgical testwork data to allow the relationship to be extended across a wider range of nickel grades. The concentrator was shutdown in April 2013 by Norilsk before being placed into care and maintenance. Poseidon Nickel is planning to operate the concentrator at approximately 1.0 Mtpa throughput rates with ore supplied initially from Maggie Hayes underground operations, the disseminated caved ore, North zone and potentially the suture zone.

The plant will be refurbished and minor modifications to the flowsheet and reagents will be made to allow for the reduced throughput. A scope and cost for this refurbishment has been generated as part of the study. An assessment of the concentrate produced at Lake Johnston confirmed that a quality smeltable highly sort after concentrate was typically produced with no expected penalties.

Modifying Factors and Approvals

The project site is already developed and is in care and maintenance. The required infrastructure is already in place, including an airstrip, processing plant, power generation plant, borefield, water services, accommodation village, and associated offices, buildings and roads, and only relatively minor refurbishment is required.

The site is located in the Shire of Dundas. The Shire was consulted on the original development of the LJO and presented no objections, but did impose conditions for the use and maintenance of public roads by the operation. These have passed to Poseidon as the new owner. The restart of the project has been discussed with the Shire and they are broadly supportive of its return to operation and have presented no objections.

The Lake Johnston Project has existing native title agreements in place with the Ngadju People that manage both Aboriginal heritage and native title approvals for the majority of the Lake Johnston tenement package (21 of 25 tenements). These agreements have been assigned to Poseidon. No issues with the existing native title agreements have been identified. The relations between the previous owner and the native title party was a good one. The remaining four tenements are not impacted by native title. No significant risks are considered with respect to native title and Aboriginal heritage.

There is no pastoral lease over or near the site. Poseidon will continue to communicate and negotiate in good faith with key stakeholders.

To the best of the Competent Person’s knowledge, the leases on which the mine and infrastructure sits are valid and legally owned by Poseidon Nickel Ltd and there are no known legal or regulatory impediments to mining commencing in a timely manner.

The advanced standing of the project is demonstrated by the majority of the leases, licences and approvals being in place or granted.

A design has been developed and submitted and approval has been received from the Department of Environmental Regulation (DER) to raise TSF2 by four metres to provide capacity for about two years of tailings generation at the expected production rate.

New applications would be required for future land clearing. No significant impediments to obtaining these are foreseen.

MT WINDARRA RESERVE ASSUMPTIONS AND METHODOLOGY

Material Assumptions, Outcomes and Economic Assumptions

Resources to Ore Reserves are based on parameters listed within the Feasibility Study, as well as a report outlining the historic operational parameters. The mine has appropriate current designs. The underground sub-level caving mining method selected by Poseidon NIckel has been selected to best address the operational requirements of the deposit characteristics, and the historical success of the mining method at Windarra. Assumptions made regarding geotechncial constraints have been developed based on expert reports prepared for Posidon Nickel as part of the Feasibilty Study, including mining method suitability, and hydraulic mining radii. Mining dilution has been calculated based on a hangingwall and footwall skin and evaluated as part of the stope design.

The planned processing method is typical grinding and floatation to extract nickel concentrate. This method has been selected based on the ore characteristics and a commercial agreement with a third-party to process the ore from Windarra. The processing flowsheet that is used by the third party toll treatment supplier is considered conventional and the method is well tested. The processor has successful and current operational history and this does not represent an untried processing strategy. No assumptions or allowances have been made for deleterious elements. Poseidon Nickel will not be penalised for ore out of specification, however the toll processor may reject non spec ore, which would require re-blending.

As Windarra is an historical mine, Poseidon have records of the ore characteristics and the suitability to nickel floatation recovery of the Windarra Ore. Recent Bench scale test work was conducted by SGS in 2011 and 2012 on representative Windarra ore samples.

A basic economic analysis of the mine schedule using the mining costs from the Feasibility Study, processing costs and the provided economic parameters were used to determine if the Windarra underground was economically viable. The economic analysis was completed on both the mine plan; using the whole mineral inventory; as well as, the mine schedule, assuming mining only the Indicated Mineral Resources, which can be converted into Ore Reserves.

Copper and cobalt are minor secondary credits associated with the Windarra ore, which will be credited to Poseidon Nickel with the sale of the concentrate, and are calculated in the economic analysis. There are no penalties applied for deleterious elements, however, any ore that is below the agreed specification may be rejected. Optiro has not allowed for any penalty costs, when analysing the economic feasibility.

The capital costs used in the economic evaluation were derived from the Feasibility Study, as well as additional independent work and reviews carried out since the feasibility. Operating cost data has been provided by Poseidon Nickel and derived from the Feasibility Study, as well as tender documents from mining contractors and quotes from suppliers.

No allowances have been made for deleterious elements. Commodity prices have been provided by Poseidon Nickel based on current market forecasts and sales agreements.

All costs have been provided in AUD unless otherwise stated.

Transport charges have been provided by Poseidon Nickel and are based upon current transport operator quotations

Treatment and refining charges have not been included as these are reflected in the payable metal allowance, based on the third party commercial agreements provided by Poseidon Nickel.

A nickel royalty of 2.5% of gross revenue is payable to the West Australian State Government.
Revenue factors have been provided by Poseidon Nickel based on a payable nickel amount and current sales agreements. Commodity pricing assumptions have been provided by Poseidon Nickel based on nickel price forecasts and current sales arrangements.

Nickel Concentrate produced will be sold on the spot market to a local buyer. There are currently no prevailing supply or demand constraints in the local nickel industry. No constraints are anticipated over the production period for the project. Demand has recently increased due to anticipated supply issues pertaining to the Indonesian raw minerals export ban, however this is expected to be alleviated and smoothed by the time Poseidon commence production.
Forecast global demand for Stainless Steel products remain strong in the medium term with China considered the driving market factor.

The forecast nickel price used in preparation of this statement is considered to be an appropriate sales baseline for the production period applied.

Criteria Used for Classification and Estimation Methodology

Classification of the resource models are based primarily on drill density and geological understanding in conjunction with increased confidence from historic mining and grade control drill data. The classification takes into account the relative contributions of geological and data quality and confidence, as well as grade confidence and continuity.

The classification reflects the view of the Competent Person.

The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code. The statement relates to global estimates of tonnes and grade.

The resource estimates are considered to be appropriate for reserve generation and scheduling on a quarterly to annual scale. The resulting estimates are supported by historical production.

The Mineral Resource Estimate is reported inclusive of the Ore Reserves. Mineral Resources have been converted to Ore Reserves on the basis of the completed Feasibility Study and additional work carried out by Poseidon Nickel since then.

Cut-off Grades

Cut-off grades have been calculated based on forecast commodity pricings, processing recoveries, expected revenue and mining and processing costs and forecast commodity pricing factors.

Mining Methods and Mining Assumptions

The methods and assumptions used in converting Mineral Resources to Ore Reserves are based on parameters listed within the Feasibility Study, as well as a report outlining the historic operational parameters. The mine has appropriate current designs.

The underground sub-level caving mining method selected by Poseidon Nickel has been selected to best address the operational requirements of the deposit characteristics, and the historical success of the mining method at Windarra. Assumptions made regarding geotechnical constraints have been developed based on expert reports prepared for

Poseidon Nickel as part of the Feasibilty Study, including mining method suitability, and hydraulic mining radii. Mining dilution has been calculated based on a hangingwall and footwall skin and evaluated as part of the stope design.

Mining recovery varies depending of the level of the cave.
50% for first level of SLC
70% for second level of SLC
90% for third level of SLC
100% for fourth and subsequent level of SLC
85% for Open Stoping methods when used in upper levels
For stoping a minimum mining width of 2m was used in the mine designs.

Inferred Mineral Resources have not been included in any Ore Reserve figures reported, however Inferred material and non classified material was used as part of the mining inventory study which was used for the base project economic analysis. An economic analysis using the Indicated Resources only was also completed to ensure that the project was economically feasible extracting the Indicated Resources only. There is approximately a $143M NPV sensitivity range to the economic analysis of the mine plan NPV ($181M) and only analysing Indicated Resources NPV ($38M).

The infrastructure requirements of the underground mine are either already in place from prior operations, or pre-operational readiness, or have been identified and costed in the CAPEX expenditure budget. It is not envisaged that any infrastructure requirements will delay or hinder the production schedule at this point in time.

Processing Method and Processing Assumptions

The planned processing method is typical grinding and floatation to extract nickel concentrate. This method has been selected based on the ore characteristics and a commercial agreement with a third-party to process the ore from Windarra.

The processing flowsheet that is used by the third party toll treatment supplier is considered conventional and the method is well tested. The processor has successful and current operational history and this does not represent an untried processing strategy. No assumptions or allowances have been made for deleterious elements. Poseidon Nickel will not be penalised for ore out of specification, however the toll processor may reject non spec ore, which would require re-blending.

As Windarra is an historical mine, Poseidon have records of the ore characteristics and the suitability to nickel floatation recovery of the Windarra Ore. Recent Bench scale test work was conducted by SGS in 2011 and 2012 on representative Windarra ore sample**s.**

Modifying Factors and Approvals
The Reserve estimates are considered to be appropriate for the level of accuracy reported and for scheduling on a quarterly to annual basis and finalisation of the Mine Plan. The modifying factors used have been based on the Feasibility Study and benchmarked with comparable operations and historic operational data at Windarra.

The mining recovery factor used was provided by Poseidon Nickel to Optiro, on the basis of historic data. Optiro believes this is considered high for the mining method type, and noted this. The estimates are supported by historical production. No identifiable naturally occurring risks have been identified to impact the Ore Reserves.

Optiro has not conducted due diligence on the status of government approvals, and has relied upon the information tended by Poseidon.

Poseidon hold the current Mining Lease MSA 38/261 over Mt Windarra.

The Mining Proposal Stage 1, 2 and 3, including the underground mine and construction of associated infrastructure has been approved.

The Stage 1 Works approval including construction has been approved.

The Project Management Plan has been Approved

The Ground Water Licenses have been granted

The Dangerous Goods and Explosives Storage License have been issued

The Project Mine Closure Plan has been Approved

Poseidon have informed Optiro that there is no native title claim on the Project. Optiro is not aware of any unresolved matter with a third party which would impede the extraction of the Ore Reserve.

Discussions are underway with the local shires with respect to ore haulage approval from Windarra Nickel Project to the processing location, however this is not considered a significant risk.

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.*	Diamond drill core and reverse circulation (RC) drilling were used to obtain samples. Diamond core has been split on lithological contacts for sampling purposes. Sampling protocols are not known for individual campaigns of drilling, however historical reports refer to a combination of quarter, half and whole core analysis. Assays are by four acid digest and OES finish method and four acid digest with AAS finish. Historical Genalysis (Intertek) assaying was completed using four acid digest with AAS finish. Samples collected by Poseidon during 2015 were analysed by SGS Laboratories using Sodium Peroxide Fusion digest with AES 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.).	Golder created a drill hole database for use in the resource estimate. The database includes 1092 drill holes, which comprise of diamond drilling core and RC chip sampling. The estimation utilised only those holes of sufficient confidence, therefore 989 drill holes were used for estimation purposes. The database was compiled using information outlined in previous estimation work by McDonald Speijers, which identified the provenance of drill holes and the likely accuracy, and utilising updated survey information checked and updated by Poseidon. It is not known if core was oriented.
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*	Drilling recovery is not recorded in databases.

JORC Code explanation	Commentary
loss/gain of fine/coarse material.	
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. *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* *The total length and percentage of the relevant intersections logged.*	A sophisticated hierarchical lithological coding system based on observed properties was used for geological logging. Lithologies are recorded separately and an abbreviated code for plotting sections included. Mineralisation and structural 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.*	Sampling technique documentation has not been sighted by Golder, but it is recorded in the drilling database that sampled core includes quarter, half and full core sampling. Preparation techniques are not known for the samples processed prior to 2015. 2015 Poseidon sampling was completed on diamond drill core. Sampling was completed on lithological contacts. Half core sampling was completed on holes not previously sampled. When resampling, quarter core was taken.
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.*	There are records of laboratory assay repeats, standards and duplicates, though the percentage of standards in not known. Golder has relied on the assessment of assay quality by previous practitioners, principally as described in the McDonald Speijers (2008) Mineral Resource report.

JORC Code explanation	Commentary
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. The accuracy of these maps have been investigated by Poseidon and, where possible, updated to correctly position the underground face mapping.
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.* *Quality and adequacy of topographic control.*	Mine workings have been surveyed by employees of the various owning companies during underground mining development. Long surface drill holes of uncertain survey positions were systematically replaced with underground drilling to improve spatial accuracy of sample locations and domain boundary positions. Local mine grid coordinates were used for the estimation. Drill holes used in the database have been checked for location validity, and where required and possible, surveys have been updated to reflect their true position within the ore body. This work was undertaken by Poseidon using a range of validation techniques.
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.*	Where drilling intersected mineralisation at high angles, the holes were not included in the database used in the estimation. Most holes drilled from surface, which have some uncertainty in spatial positioning, were replaced with underground drilling, or have had the survey positioning checked for validity and have had the spatial positioning updated where possible.
Sample security	
The measures taken to ensure sample security.	There are no documented details available for sample security.

JORC Code explanation	Commentary
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.

MAGGIE HAYS - Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

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 plant is located on M63/283 which are located 190km SW of Kalgoorlie. Both tenements are registered to Poseidon Nickel Olympia Operations Pty Ltd, a wholly owned subsidiary of Poseidon Nickel Ltd. 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.*	Nickel mineralisation at Maggie Hays is interpreted as an intrusive style ultramafic body, not extrusive Kambalda style lava flows. Nickel mineralisation occurs as disseminated sulphides and lenses of massive sulphide
Drill hole information	Holes used are surface or underground diamond drill holes diamond and RC drill holes.
Data aggregation methods	N/A
Relationship between mineralisation widths and intercept lengths	N/A
Diagrams	See body of report.
Balance reporting	The reporting is factual & balanced. Where Poseidon or Golder has made assumptions and/or interpreted data, these are clearly identified.
Other substantive exploration data	The modelling supports the vast drilling database that was acquired with the purchase of the Lake Johnston Project. Historical assessments and estimations by other consultants or previous owners have been used to guide certain aspects of this resource update and are identified in the detailed resource estimation report.
Further work	Poseidon are undertaking a range of resource definition and mine planning programmes in addition to this resource update.

MAGGIE HAYS - Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

JORC Code explanation	Commentary
Database integrity	
Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. *Data validation procedures used.*	Logging and assay data has been uploaded in to an Access database. Some of this data is believed to have been transcribed from previous spreadsheets. The database has some errors, data inaccuracies and omissions. In these instances, information was not used for the Mineral Resource estimate. It does not contain sample and assay quality control information. Golder has seen no evidence of validation of drill hole data, however, underground workings have intersected mineralisation as drilled.
Site visits	
Comment on any site visits undertaken by the Competent Person and the outcome of those visits. *If no site visits have been undertaken indicate why this is the case.*	Golder undertook a site visit in August 2014 to view the surface and underground workings and infrastructure. The further visit was conducted in January 2015.
Geological interpretation	
Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. *Nature of the data used and of any assumptions made.* *The effect, if any, of alternative interpretations on Mineral Resource estimation.* *The use of geology in guiding and controlling Mineral Resource estimation.* *The factors affecting continuity both of grade and geology.*	Golder created sections through the disseminated mineralisation wireframes that were developed during the period the mine was in operation. The sections were then re-interpreted and snapped to drill holes using assay grades and lithological logging as a guide. The North Shoot mineralisation was re-interpreted by Poseidon using the updated survey information for drill holes and utilising the corrected underground face mapping positioning. Poseidon interpret the North Shoot to be a single unit of massive sulphide containing some splayed lenses. Due to the re-positioning of drill holes and face mapping from updated survey information, North Shoot mineralisation is considered of higher confidence than in previous estimates. In these areas, where drill hole information and development drive face mapping exist, the resource category status was updated to Indicated. Areas of the North Shoot where drilling is still wide-spaced, and no development drives exist retained their Inferred resource category status. Another massive sulphide mineralisation zone was also modelled by Poseidon south of the North Shoot in an area known as the Suture Zone. The sections were interpreted and snapped to drill holes using assay grades and lithological logging as a guide. Underground mapping was conducted and is believed to have been used in the construction of original wireframes. Wireframe locations were honoured where supported by drilling data. The geological interpretation is validated by drilling, underground chip sampling, geological mapping

JORC Code explanation	Commentary
	and mining activity.
Dimensions	
The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	The Mineral Resource associated with the Maggie Hayes deposit runs along a strike length of approximately 1000 m north-south and approximately 450 m east-west in a series of thin lenses. Drilling has intercepted Ni mineralisation at up to 600 m below surface. The deposit is split between, the 'North Shoot' mineralisation, disseminated and massive southern Cave Zone, with a disseminated and massive sulphide Suture Zone connecting the north and south areas.
Estimation and modelling techniques	
The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* *The assumptions made regarding recovery of by-products.* *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* *Any assumptions behind modelling of selective mining units.* *Any assumptions about correlation between variables.* *Description of how the geological interpretation was used to control the resource estimates.* *Discussion of basis for using or not using grade cutting or capping.* *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	Mineralisation was estimated within domains defined by lithological and assay information. Statistical analysis of sample data in the composite file was used for estimation purposes. The block size is 5 m (X) by 10 m (Y) by 5 m (Z). The sub-block size is 0.625 m (X) by 1.25 m (Y) by 0.625 m (Z) to achieve acceptable resolution of geological domains. Using parameters derived from the modelled variograms, Ordinary Kriging (OK) was used to estimate average block grades for Ni, As, Cu, Co, Fe, MgO and S. The Ni estimation was conducted in three passes with the search size increasing for each pass. In some domains, where blocks had not been filled after three passes, a fourth pass was used to fill the remaining blocks. All grade estimates were made to the parent cell size. Estimation for the remaining components was made in two passes. If blocks were still not filled after the second pass, then a default around the average grade was applied. These secondary components are not included in the Mineral Resource. The model was validated visually and statistically using swath plots and comparisons to sample statistics. The estimation smoothing effect was validated globally for the main mineralised domains against a Discrete Gaussian change of support model. Areas of depleted mine workings were removed from the model in order to yield the final Mineral Resources.

JORC Code explanation	Commentary
Moisture	
Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Golder used default assumed densities for each domain, taking into account the rock type, mineralisation and information from previous work by McDonald Speijers. These densities assume a dry density and do not include moisture
Cut-off parameters	
The basis of the adopted cut-off grade(s) or quality parameters applied.	No high-grade cuts were applied by Golder in the estimation of Ni grades, but spatial constraining was used to limit the influence of high grade sample intersections in "waste" domains to prevent excessive extrapolation of ore grade mineralisation. Reporting at cut-off grades of 0.8% Ni for disseminated mineralisation is consistent with previous analysis of breakeven cut-off grades. Massive sulphides form distinct units where application of cut-off grade is not appropriate.
Mining factors or assumptions	
Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	Golder assumed any future mining would likely continue with sub-level caving of disseminated mineralisation and a form of stoping for North Shoot massive sulphides. The block model uses a parent cell size of 5 m (X) by 10 m (Y) by 5 m (Z), Sub-block size is 0.625 m (X) by 1.25 m (Y) by 0.625 m (Z). These were primarily determined by data availability and the dimensions of the mineralisation. As grade estimates were made to the parent cell size, this defines the effective selectivity of the Mineral Resource estimate. The extent of the existing mining voids was based on surveyor's pickups of the southern sub-level cave and North Shoot stopes. The most conservative approach was taken, with the greatest extent of the sub-level cave depleted in the model.
Metallurgical factors or assumptions	
The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	The Lake Johnston concentrator has a capacity of approximately 1.5 Mtpa based on historically demonstrated mill capacity. The concentrator was shutdown in April 2013 by Norilsk before being placed into care and maintenance. Poseidon Nickel is planning to operate the concentrator at approximately 1.0 Mtpa throughput rates with ore supplied initially from Maggie Hayes underground operations, the disseminated caved ore, North zone and potentially the suture zone. The plant will be refurbished and minor modifications to the flowsheet and reagents will be made to allow for the reduced throughput. A scope and cost for this refurbishment has been generated as part of the study. The plant is an existing and proven concentrator with a demonstrated capacity to process nickel sulphide ores from Maggie Hays and Emily Anne. The metallurgical process is conventional, well understood and has many years of operational experience to support the flotation response of the Lake Johnston

JORC Code explanation	Commentary
	pentlandite and millerite ore. An assessment of the concentrate produced at Lake Johnston confirmed that a quality smeltable highly sort after concentrate was typically produced with no expected penalties.
Environmental factors or assumptions	
Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	As the project has previously been mined, there are existing waste storage facilities and environmental considerations are not expected to pose any issues to the resumption of mining activity. The site has a large number of approvals issued under the *Mining Act* and *Environmental Protection Act*. Approvals remain current for the project. Environmental impacts were assessed as part of obtaining the above approvals. No significant impacts are considered to result from the project. Geochemical characterisation studies have been conducted on Lake Johnston waste rock and tailings. Lake Johnston waste rock and tailings were both determined to be Potentially Acid Forming (PAF) similar to Windarra. Project land disturbance appears to be within approved amounts. No additional land disturbance beyond approved amounts will be required for waste rock and tailings management. Works for the tailings storage facility tails lift were commenced prior to the project being placed on care and maintenance. These works were not completed and, as such, certification of the works by the Department of Environment Regulation (DER) could not be obtained. The Works Approval authorising construction of the 4 metre tailings embankment raise has since been resubmitted to the regulator.
Bulk density	
Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	Density measurements were largely made using the water immersion technique. However, the database does not contain information on the origin of density measurements and there are some conflicting points on the provenance of density measurements in the database tables. Based on previous work done by McDonald Speijers, and knowledge of the area, Golder applied default densities for each geological unit.
Classification	
The basis for the classification of the Mineral	Mineral Resources were classified in accordance with the

JORC Code explanation	Commentary
Resources into varying confidence categories. *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* *Whether the result appropriately reflects the Competent Person's view of the deposit.*	Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). The classification of Mineral Resources was completed by Golder based on geological confidence, drill hole spacing and grade continuity. The Competent Person is satisfied that the result appropriately reflects his view of the deposit. Continuous zones meeting the following criteria were used to define the resource class: <u>Indicated Resource</u> ■ Two or more drill holes spaced no further than 40m apart confirming grade continuity. ■ Underground development and mapping confirming the relative positioning of the mineralised domains. <u>Inferred Resource</u> ■ Single drill holes or large spatial separation between drill holes (more than 40 m).
Audits or reviews	
The results of any audits or reviews of Mineral Resource estimates.	This Mineral Resource estimate is based on data and information from previous resource estimates completed by McDonald Speijers and Golder.
Discussion of relative accuracy/confidence	
Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	The relative accuracy is reflected in the Mineral Resource classification discussed above. This Mineral Resource estimate includes knowledge gained from mining recovery data during production.

MAGGIE HAYS - Section 4 Estimation and Reporting of Ore Reserves

JORC Code explanation	Commentary

JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	
Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	The Mineral Resource was estimated by Golder Associates Pty Ltd in March 2015. This model was used as the basis for the Ore Reserves. The Mineral Resource contains in-situ Indicated Resources based on drilling and face mapping data. The Mineral Resource model contains an estimate of volume, tonnage, Ni, As, Fe, Mg, Cu, Co and S The parent block size used in the Mineral Resource is 5 m (X) by 10 m (Y) by 5 m (Z). The sub-block size is 0.625 m (X) by 1.25 m (Y) by 0.625 m (Z). The Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.
Site visits	
Comment on any site visits undertaken by the Competent Person and the outcome of those visits. *If no site visits have been undertaken indicate why this is the case.*	Site visits were undertaken by the Competent Person (Mr Matthew Keenan) on 5-6 February 2015 and 11-12 February 2015. During these visits the Competent Person inspected the underground workings and mining surface infrastructure. The site visit confirmed that the site was in care and maintenance, and that the underground workings were dry, accessible and suitable for commencement of re-entry and refurbishment works.
Study status	
The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	The mine plan has been based on geological, geotechnical, metallurgical and mining factor inputs provided by expert external consultants as part of a Feasibility Study on the project. Much of this data is based on historically achieved production at the mine.
Cut-off parameters	
The basis of the cut-off grade(s) or quality parameters applied.	Nickel cut-off grades were determined for different areas of the mine to reflect differences in mining costs due to orebody geometry and geotechnical characteristics. For the narrower-vein longhole stoping North Shoot area, a recovered cut-off grade of 0.9% was used for design. For the wider Suture and SLC longhole stoping areas, a cut-off grade of 0.84% was used for design. For the sub-level cave part of the mine a cut-off of 0.75% was determined. Cut-off grades were determined based on mining costs from a recent relevant underground mining contract tender process provided by Poseidon, and metallurgical recoveries and other operating costs based on historical site data also provided by Poseidon. The nickel price used to estimate the cut-off grade is US$9.09/lb with a USD:AUD exchange rate of 0.81.
Mining factors or assumptions	
The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate	The Maggie Hays Ore Reserves are based on mechanised non-entry underground mining methods. Part of the Reserve will be mined by continuing the sub-level cave that was the primary historical source of ore for the

JORC Code explanation	Commentary
factors by optimisation or by preliminary or detailed design). *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* *The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.* *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* ▪ *The mining dilution factors used.* ▪ *The mining recovery factors used.* ▪ *Any minimum mining widths used.* ▪ *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* ▪ *The infrastructure requirements of the selected mining methods.*	mine. The remainder of the Reserve will be mined using a bottom-up longhole stoping method with unconsolidated backfill in a Modified Avoca-type arrangement. Unconsolidated waste will be hauled from the surface waste dumps to underground stockpiles for placement in stopes using loaders. In-situ sill pillars will be left in one level in the ultramafics to allow for concurrent mining fronts to be developed. Cemented aggregate fill pillars will be constructed in the narrower felsic zones to facilitate these multiple concurrent mining areas. Diesel powered trucks and loaders will be used for materials handling. Both conventional and remote stope loading will be employed. Diesel-electric jumbo drill rigs will be used for development and ground support installation. Diesel-electric longhole drill rigs will be used for production drilling. The existing historical development will provide access to the majority of the ore. The mine has been on care and maintenance for approximately 2 years and key infrastructure existing on-site is either serviceable or requires light refurbishment. The existing access (including boxcut and portal) and capital development is serviceable and requires only light rehabilitation works. Ground support rehabilitation requirements for existing operating development have been determined based on expert geotechnical advice and the costs and time involved in carrying out these works have been allowed for in the mine plan. The proposed mining methods are appropriate to the orebody geometry and geotechnical characteristics, and are well-known in the Western Australian mining industry. Local contractors possess suitable equipment and expertise to carry out this mine plan. Geotechnical parameters have been determined by independent expert geotechnical consultants based on a combination of site inspections and review of historical data. A minimum mining width of 2.5 m has been assumed for the North Shoot area (inclusive of dilution). A minimum mining width of 3 m (exclusive of dilution) has been assumed for other areas. Stope heights are 20 m backs to floor as per the existing sub-level intervals. Grade control is planned to be carried out by a combination of drilling, face sampling and airleg rising in the narrow vein areas Mining dilution has been estimated based on the geotechnical characteristics of the host rock. For longhole stopes contained within the felsic host rock, a dilution 'skin' of 0.25 m was assumed on each of the footwall and hangingwall contacts, with the dilution grade as per the Resource contained within this skin. For longhole stopes contained within the poorer ultramafic rock units, a mathematical dilution of 20% was applied. This ultramafic dilution has had a grade of 0.6% Ni assumed based on work completed by the Poseidon geological department. An extra 5% dilution at a zero grade was applied to backfilled stopes to account for overdig of unconsolidated fill. Mining recoveries of 95% were applied to the longhole stopes to account for mining-related losses. For stopes

JORC Code explanation	Commentary
	with no top access which were unable to be filled a pillar factor of 85% was also applied (i.e. 85% of tonnes are assumed to be extracted and 15% remain in-situ for pillars). Where sill pillars are left in the ultramafic zone, a pillar factor of 50% has been assumed (i.e. 10 m thick pillars). The sub-level cave recoveries have been estimated at 100% recovery of Resource tonnes and 75% recovery of Resource metal. These figures are based on historical production data from the mine. No Inferred Resource material has been included in the Reserve Estimate. Unclassified waste material has been included within the mining shapes as dilution.
Metallurgical factors or assumptions	
The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. *Whether the metallurgical process is well-tested technology or novel in nature.* *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* *Any assumptions or allowances made for deleterious elements.* *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	Ore will processed through the existing Lake Johnston Nickel Concentrator. The plant is an existing, conventional flotation style sulphide concentrator producing a nickel sulphide concentrate product. The process is the industry standard, the technology is well established and is not novel in nature. The last upgrade to the current configuration with a nameplate capacity of approximately 1.5 Mtpa of feed was undertaken in 2007. It is a proven concentrator with a well demonstrated operating history and is well suited to processing the local nickel sulphide ores including those from the Maggie Hays and Emily Ann underground mines. Testwork was undertaken in 2003 on the Maggie Hays ore as part of the 2007 upgrade. The program was extensive and included large scale testing and locked cycle flotation testwork. This testwork is now superseded by the production history on these ores. The metallurgical process is conventional, well understood and has many years of operational experience to support the flotation response of the Lake Johnston pentlandite and millerite ore. A grade versus recovery relationship has been developed based on the last period of operating history. This relationship has been supplemented with metallurgical testwork data to allow the relationship to be extended across a wider range of nickel grades. The concentrator was shutdown in April 2013 by Norilsk before being placed into care and maintenance. Poseidon Nickel is planning to operate the concentrator at approximately 1.0 Mtpa throughput rates with ore supplied initially from Maggie Hayes underground operations, the disseminated caved ore, North zone and potentially the suture zone. The plant will be refurbished and minor modifications to the flowsheet and reagents will be made to allow for the reduced throughput. A scope and cost for this refurbishment has been generated as part of the study. An assessment of the concentrate produced at Lake

JORC Code explanation	Commentary
	Johnston confirmed that a quality smeltable highly sort after concentrate was typically produced with no expected penalties.
Environmental	
The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	The site has an existing mining tenure and has a large number of approvals issued under the *Mining Act* and *Environmental Protection Act*. Approvals remain current for the project and have been transferred to Poseidon. Environmental impacts were assessed as part of obtaining the above approvals. No significant new or unaddressed impacts in respect to the environment are considered to result from the project. Previous baseline surveys have characterised the local environment, and assessed impacts from the development and operation of the mines to the satisfaction of regulators. They remain valid and typically would not need to be updated, provided that Poseidon does not intend to substantially alter the operation or its footprint as is the intent. No additional environmental impact assessment or primary environmental approvals are required as there are no proposed modified mining, processing or ancillary infrastructure or operations changes as part of the restart. The secondary environmental approvals including those for on-site power generation, mine dewatering and water supply remain valid and meet the requirements of a restarted LJO. They have been transferred to Poseidon and do not pose a risk to the restart schedule. The secondary environmental approvals including those for on-site power generation, mine dewatering and water supply remain valid and meet the requirements of a restarted LJO. They have been transferred to Poseidon and do not pose a risk to the restart schedule. The main waste streams of tailings discharge to the TSF, TSF seepage to groundwater, mine water discharge to Lake Hope North, treated sewerage, power generation emissions and inert and food wastes are permitted, subject to management conditions. Some amendments are being sought. The intention is to recommence operations at Lake Johnston with no substantial changes or further development, apart from a four metre raise of TSF2. As this is within the existing disturbed footprint and Mining Act approvals, no new Clearing Permit or Mining Proposal should be required; however the raise is subject to a Works Approval that was last issued for a 1.5 metre raise. As discussed in the tailings section, Poseidon has re-amended the TSF lift Works Approval application and it has been approved by the DER. In respect to sustainability, the site is in an area of greater significance for biodiversity than many projects however

JORC Code explanation	Commentary
	Poseidon intends to operate within the existing approved footprint of the project and according to existing approved measures for the protection of the surrounding environment; consequently there should be no substantial further impact to biodiversity.
Infrastructure	
The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	The project site is already developed and is in care and maintenance. The required infrastructure is already in place, including an airstrip, processing plant, power generation plant , borefield, water services, accommodation village, and associated offices, buildings and roads, and only relatively minor refurbishment is required.
Costs	
The derivation of, or assumptions made, regarding projected capital costs in the study. *The methodology used to estimate operating costs.* *Allowances made for the content of deleterious elements.* *The source of exchange rates used in the study.* *Derivation of transportation charges.* *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* *The allowances made for royalties payable, both Government and private.*	The project capital cost has been estimated to an accuracy level of +/-15% based on refurbishment tenders obtained as part of the Bankable Feasibility Study. Multiple tenders have been provided to allow for comparison. Contingency has been applied to the capital costs. The operating costs have been built up from first principles in an operating cost model. Inputs are based on supplier costs, proposals and historic consumptions. They were then benchmarked against the operation's 2012/13 historic operating costs and other similar sized concentrators. The USD:AUD exchange rate was provided by Poseidon Nickel. It is based on numbers provided by Consensus Economics. The plant feed characteristics are well understood and the final nickel concentrate will reflect historical product grades. The concentrate has a relatively high nickel grade of around 13 – 14 % but more importantly, a low arsenic grade of below 10 ppm which makes it attractive to smelters as it allows for blending of other concentrates with low to moderate levels of As. Other important concentrate specifications such as iron, sulphur and magnesia are all at good levels. It is considered to be a high quality, readily saleable nickel concentrate. The payable terms used for contained nickel in concentrate are based on the draft concentrate purchase agreement. Quotations have been obtained for road transportation charges for nickel concentrate from Lake Johnston to the point of sale. WA state royalties of 2.5% for nickel concentrate have been modelled. No private royalties are payable.
Revenue factors	
The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.	The forecast head grade of Maggie Hays ore to the mill is based on a mine production schedule (inclusive of dilution). Metal recoveries regressions based on historically achieved figures have been applied to the ore.

JORC Code explanation	Commentary
The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	The USD:AUD exchange rate and metal prices used were based on Consensus Economics' forecasts. No allowance has been made for potential credits from cobalt or copper.
Market assessment	
The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. *A customer and competitor analysis along with the identification of likely market windows for the product.* *Price and volume forecasts and the basis for these forecasts.* *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	The volume of concentrate produced by Lake Johnston will be too small to have an impact on the global market of nickel sulphide concentrate. Poseidon has previously adopted a flexible marketing strategy for the sale of nickel concentrate. Nickel market, and concentrate marketing studies were undertaken as part of this strategy. These studies are now superseded with a draft concentrate purchase agreement in place and data provided by Consensus Economics for forecasting nickel, copper and cobalt prices as well as foreign exchange rates. This data has been used for the assumptions in economic modelling. Poseidon Nickel is currently in advanced negotiations for a concentrate off-take (sale) agreement with a preferred buyer. Preliminary discussions have been held with other potential buyers to provide additional sales and financing options. The demand, supply and stock situation, consumer trends and future areas likely to influence the nickel market are captured through the forecast nickel price used in the reserve estimation. The Consensus Economics estimate was compared against a number of other metal traders and resource analyst estimates. These estimates consider the above factors driving nickel price forecast.
Economic	
The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	The key financial metrics of the Maggie Hays Underground Ore Reserves have also been assessed on a stand-alone basis. The results of the Maggie Hays economic analysis demonstrate that the project is viable and produces a positive NPV estimate of A$61.5M pre tax using an 8% discount rate. The financial analysis is based on the following key input parameters: ■ Nickel price forecast from US$7.53-US$8.86/lb (average of US$8.49/lb) ■ USD:AUD exchange rate between 0.742 and 0.790 (average of 0.764) ■ Capital costs have been estimated to an accuracy level of +/-15% based on refurbishment tenders obtained as part of the Bankable Feasibility Study. Multiple tenders have been provided to allow for comparison. Contingency has been applied to the capital costs. ■ Operating costs are based on first principals and historical consumption rates. They are then

JORC Code explanation	Commentary
	benchmarked against historically data Sensitivities were carried out on nickel price, exchange rate, capital and operating costs, processing costs and metallurgical recoveries. At +/-20% of the base case parameter, the Project NPV estimate remained positive. The project is most sensitive to changes in exchange rate, nickel price, operating costs and metallurgical recovery.
Social	
The status of agreements with key stakeholders and matters leading to social licence to operate.	The site is located in the Shire of Dundas. The Shire was consulted on the original development of the LJO and presented no objections, but did impose conditions for the use and maintenance of public roads by the operation. These have passed to Poseidon as the new owner. The restart of the project has been discussed with the Shire and they are broadly supportive of its return to operation and have presented no objections. The Lake Johnston Project has existing native title agreements in place with the Ngadju People that manage both Aboriginal heritage and native title approvals for the majority of the Lake Johnston tenement package (21 of 25 tenements). These agreements have been assigned to Poseidon. No issues with the existing native title agreements have been identified. The relations between the previous owner and the native title party was a good one. The remaining four tenements are not impacted by native title. No significant risks are considered with respect to native title and Aboriginal heritage. There is no pastoral lease over or near the site. Poseidon will continue to communicate and negotiate in good faith with key stakeholders.
Other	
To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: *Any identified material naturally occurring risks.* *The status of material legal agreements and marketing arrangements.* *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	To the best of the Competent Person's knowledge, the leases on which the mine and infrastructure sits are valid and legally owned by Poseidon Nickel Ltd and there are no known legal or regulatory impediments to mining commencing in a timely manner. The advanced standing of the project is demonstrated by the majority of the leases, licences and approvals being in place or granted. A design has been developed and submitted and approval has been received from the Department of Environmental Regulation (DER) to raise TSF2 by four metres to provide capacity for about two years of tailings generation at the expected production rate. New applications would be required for future land clearing. No significant impediments to obtaining these are foreseen.
Classification	
The basis for the classification of the Ore	The mine was operated successfully until June 2013,

JORC Code explanation	Commentary
Reserves into varying confidence categories. *Whether the result appropriately reflects the Competent Person's view of the deposit.* *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	when it was put on care and maintenance. Most of the required infrastructure is still on site and in a reasonable condition. A study was undertaken in November 2014 regarding the works required for refurbishment of the site and this study has been incorporated in the mine plan and associated financial modelling. The Ore Reserves have been estimated after the application of loss, dilution and other modifying factors to the Mineral Resource. No Measured Resources have been defined at Maggie Hays and therefore no Proved Ore Reserves can be defined. The Probable Ore Reserves are based on the economically mineable portions of the Indicated Mineral Resource. The Competent Person believes that the conversion of the Mineral Resource to Ore Reserves, as described above, is appropriate.
Audits or reviews	
The results of any audits or reviews of Ore Reserve estimates.	The Ore Reserve estimation methodology has been internally reviewed by Entech.
Discussion of relative accuracy/confidence	
Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	Factors determining the confidence level of the Reserve Estimate are discussed as follows; ■ The proposed mining method is well-known and proven; ■ Where possible, the modifying factors have been based on what was historically achieved at the mine; ■ The mine has been successfully operated in the recent past and kept in a reasonable condition since care and maintenance commenced; ■ There is a degree of uncertainty associated with geological estimates. The Reserve classifications reflect the levels of geological confidence in the estimates. ■ Future nickel price and exchange rate forecasts carry an inherent level of risk. All modifying factors have been applied at a local scale (e.g. loss and dilution, economic parameters).

ATTACHMENT B
JORC (2012) Table 1
Mt Windarra

MT WINDARRA

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	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.*	Drilling at Windarra Nickel Project (WNP) was initially completed by Poseidon NL then subsequently Western Mining Corporation (WMC) from 1969 to 1992. Poseidon Nickel Limited (Poseidon) recommenced drilling in 2006. No activity took place between the periods 1992 to 2006.
	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	All sampling for resource estimation at Windarra Nickel Project (WNP) is based on diamond drill core. Sample selection is based on geological core logging and sampled to geological contacts. Individual assay samples typically vary in length from a minimum of 0.2m and a maximum length of 1.2m.
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.).*	Diamond drilling at WNP is typically NQ2 size. Occasionally BQ and HQ size holes have been drilled. WMC used downhole orientation methods such as the Core-stub Spear and the Craelius System. The entire core from 2006 onwards was orientated using the 2IC EzyMark orientation tool in surface holes and Reflex ACTII RD downhole tools in underground holes.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	All recovered diamond core has been meter marked by on site field technicians and/or geologists. Any core loss is determined and recorded as part of the geological logging process.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Core recovery is typically 100% with only minor losses in and around shear zones with rare loss in mineralised zones.
	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.	No relationship exists between core recovery and grade.
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.*	All core is geologically and geotechnical logged to a standard appropriate for mineral resource estimation purposes.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Core is logged onto Toughbook computers using FieldMarshal software using validated coding. The data is checked in Micromine then loaded into Poseidon's SQL Server database via DataShed which is managed and maintained by Maxwell Geoservices. All core from 2006 is photographed dry and wet. No photo records exist for WMC core, however core from several holes was preserved at the Joe Lord Core library in Kalgoorlie
	The total length and percentage of the relevant intersections logged	Core is continuously logged along the entire length of the hole.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	All core selected for sampling is cut into half core using a CoreWise automated core saw and sampled for assaying by on site field technicians. WMC used a manual brick saw.

Criteria	JORC Code explanation	Commentary
	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.	Assay samples are typically 1 m in length but may vary in length from a minimum of 0.2 m and a maximum length of 1.2 m according to geological boundaries.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Where possible all cut samples are selected from the same side of the downhole orientation mark to ensure the core is not "selectively sampled".
	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.	Nickel mineralisation is very coarse and represents a large proportion of the material therefore weigh vs. grain size is not an issue.
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.*	The majority of the historic samples were analysed by Analabs in Perth and grade control samples were analysed by the Windarra onsite laboratory. Samples were dissolved in a mixed acid digest and analysed using an AAS finish. Poseidon samples have been analysed by Ultratrace and Quantum Analytical laboratories in Perth. The laboratory process for Poseidon samples involve: sorting, drying, & crushing to nominal 10mm, then up to 3kg is pulverised to 75um (LM5). A 0.5g sample charge is mixed with Lithium Borate flux and fused at 1080°C. The melt is dissolved in HCl acid and analysed using ICP-OES finish (15 elements).
	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.	Not applicable – chemical assaying applied.
	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.	Reference standards and blanks are routinely inserted into every batch of samples at a rate of 1 in every 25 samples. Poseidon's inserted standards in general showed results within expected ranges with minor biases observed in 2 batches of standards. The calculated means for Lab standards are very close to expected for the majority of standards and are within industry expectations. Laboratory repeat checks and original samples correlated very well. Monthly QAQC reports are compiled by Maxwell Geoservices. The QAQC results indicate that the assays used for resource estimation at WNP are a fair representation of the material that has been sampled.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Significant intersections are calculated by the Chief Geologist on site and verified/reported by the Geology Manager (CP).
	The use of twinned holes.	Numerous historic drill holes were checked with twinned holes but no twinning has occurred during recent drilling as adjacent drill holes at WNP support each other very well geologically and analytically
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Assay data is imported directly from laboratory supplied digital files which are QAQC validated via DataShed then loaded into the SQL drillhole database.
	Discuss any adjustment to assay data.	No adjustments to assays are made.

Criteria	JORC Code explanation	Commentary
Location of data points	*Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	WMC holes progressed from downhole survey methods such as acid tubes to Eastman Single Shot Cameras from 1971 then to multi-shot orientation tools by the 1980's. Underground drill hole collar dips and azimuths were historically setup by WMC mine surveyors. Poseidon uses DHS's digital Azimuth Aligner gyroscope system. Mine workings have been digitized from the WMC survey master level plans completed by the authorized mine surveyor.
	Specification of the grid system used.	All historic and modern surveying is completed in local mine coordinates which are then converted to MGA GDA94 Zone 51 and stored in the database.
	Quality and adequacy of topographic control.	All underground and most surface hole collars are located by mine surveyors using Total Station control and surveyed control points which are tied into surveyed trig points. Surface holes have more recently been surveyed using real time DGPS instruments.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	WNP resource estimation holes are typically drilled on a regular grid spacing that varies according to the size and consistency of the resource being drilled.
	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.	Typical spacing is less than 30 m between drill holes for Indicated Resources.
	Whether sample compositing has been applied.	No sample compositing is undertaken as all samples are logged and analysed in full.
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.*	The mineralised bodies are relatively planar and grades are typically consistent within individual resource domains so drill orientation does not introduce any significant bias.
	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.	Underground drill holes can have varying intersection angles from 90° to not less than 15° to contacts with the majority not being less than 30°.
Sample security	*The measures taken to ensure sample security.*	Core is delivered directly to the core yard which is separated from the main mine area and is manned by Poseidon personnel. All sampled core is bagged and wire-tied closed then placed in a large bulka bag which is also wire-tied closed. This is couriered direct to the labs were it is inspected before opening by lab staff. Sample security is considered adequate.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	All Mineral Resource data is audited by consultants Maxwells Geoservices and Optiro. Independent Consultants Behre Dolbear Australia (BDA) completed an extensive independent technical review of the WNP which included site visits. Sampling techniques and data quality is considered adequate.

SECTION 2: REPORTING OF EXPLORATION TARGETS

This section has not been reported on as there was no additional information reported as part of the updated Mineral Resource estimate.

SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	All WNP drill holes and resource samples are logged onto Toughbook computers using FieldMarshal software with validated coding restricting incorrect data entry. The data is checked in Micromine then loaded into Poseidon's SQL Server database and validated via DataShed which is managed and maintained by Maxwell Geoservices. Assay data is imported directly from laboratory supplied digital files which are QAQC validated via DataShed then loaded into the SQL drillhole database to ensure there are no transcript errors. WMC data was recorded on paper drill logs which were stored on microfilm. Logs were printed and entered manually into excel spreadsheets then imported into the Poseidon Datashed database. The data was validated against library tables during the import. CSA Australia completed an audit of the historical data in the database, which resulted in the location of missing &/or uncertain data and correcting it.
	Data validation procedures used.	Validation checks were undertaken on the data. See above.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	The geology competent person has been with Poseidon for 7 years and is intimately involved in the WNP taking regular trips to site and going on FIFO roster during drilling programs. Representatives of Maxwell Geoservices, BDA and CSA have all visited the site.
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	There is a high level of confidence in the geological interpretation of all WNP resources due to the extensive historical operating experience and records kept by WMC, as well as the readily identifiable stratigraphic control on mineralisation. Wireframes are used to constrain the estimation and are based on drill hole intercepts and geological boundaries. All wireframes are constructed to 0.75% Ni cut-off grades for shape consistency.
	Nature of the data used and of any assumptions made.	The mineralisation is generally quite planner with minor structural overprints and drill intercepts clearly define the shape of the mineralised body with limited options for large scale alternate interpretations.
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	
	The use of geology in guiding and controlling Mineral Resource estimation.	Wireframes are used to constrain the estimation and are based on drill hole intercepts and geological boundaries.
	The factors affecting continuity both of grade and geology.	Wireframes are constructed to 0.75% nickel and 0.45% nickel cut-off grades for shape consistency.
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource*	The mineral resource at WNP comprises seven mineralised "shoots" (A, B, C, D, F, G & H Shoots) which have a total strike length of 1200 m and extend vertically from 45 m below surface (Upper G Shoot) to an open depth of 1125 m below surface (C & G Shoot). Four of the "shoots" (A, B, C & D Shoots) have been historically mined to a depth of 550 m below surface and continue from this depth to 1125 m.
Estimation and modeling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	Grade estimation using Ordinary Kriging (OK) was completed using Surpac software for eight elements; nickel, copper, cobalt, arsenic, magnesium, magnesium oxide, iron and sulphur. Drill grid spacing was roughly 40 m by 40 m. Variogram orientations were largely controlled by the strike of mineralisation and downhole variography. Variograms for estimation were determined individually for each element. Where there was poor variograms, correlated elements used the Ni variogram. Local search domains were established within individual shoots to reflect the different orientations.

Criteria	JORC Code explanation	Commentary
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	The March 2014 Mineral Resource estimates were compared to those of May 2013 (C and F shoots) and April 2012 (D Shoot). Overall there has been an increase of 8% in tonnes and a decrease of 11% in nickel grade in the March 2014 resource update, and is due to the lower mean grade of the recent drilling. The decrease in nickel metal of the resource is 4%. The resource model has not been compared to any reconciliation data.
	The assumptions made regarding recovery of by-products.	No assumptions have been made regarding recovery of any by-products.
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	As was the only deleterious element estimated.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	The block model dimensions and parameters were based on the geological boundaries and average drill grid spacing. Sub-blocks were used to ensure that the block model honoured the domain geometries and volume. Block estimates were controlled by the original parent block dimensions. The individual parent block dimensions were 5 mE by 25 mN by 25 mRL, with sub-blocking allowed. Estimation into parent blocks used a discretisation of 2 (X points) by 5 (Y points) by 5 (Z points) to better represent estimated block volumes.
	Any assumptions behind modelling of selective mining units.	No selective mining units were assumed in this estimate.
	Any assumptions about correlation between variables.	Multi-element analysis was conducted on the density weighted composites. There was a strong correlation between nickel and cobalt, nickel and iron and nickel and sulphur. In some cases there was also a strong correlation between copper and cobalt.
	Description of how the geological interpretation was used to control the resource estimates.	Drillhole sample data was flagged using domain codes generated from three dimensional mineralisation domains. Sample data was composited to a one metre density weighted downhole length. Mineralisation domains for each shoot were treated as hard boundaries, while orientation domains were treated as soft boundaries in the estimation process.
	Discussion of basis for using or not using grade cutting or capping.	Top cuts were established by investigating univariate statistics and histograms of sample values by domain. A top cut level was selected if it reduced the sample variance and did not materially change the mean value.
	The process of validation, the checking process used the comparison of model data to drillhole data, and use of reconciliation data if available.	Model validation was carried out, including visual comparison between density weighted composites and estimated blocks; check for negative or absent grades; statistical comparison against the input drill hole data and graphical plots.
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages are estimated on a dry basis
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied*	All WNP resource models are modelled to a nominal wireframe cut-off grade of 0.75% and 0.45% nickel with a minimum width of 1 m to encapsulate the entire mineralised body. The edges of the resource shapes may be narrower than minimum mining widths which means a small proportion of the shape is unlikely to be mineable however the inclusion adds to the ore/waste discrimination of the Reserve process.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	No minimum mining assumptions are made during the resource wire framing or estimation process. Mining parameters, including minimum width assumptions are applied during the conversion to Ore Reserves. The mining process will be Sub-Level Caving (SLC) which includes internal dilution and is included during the resource estimation process.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	No metallurgical factors or assumptions are made during the resource estimation process as this is addressed during conversion to Ore Reserve. The resource estimation block model has been populated with multi-element data which is required for the metallurgical analysis during the Ore Reserve process.
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a Greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made*	WNP is a historic brown-fields mine with a 20 year operating history and residual infrastructure remains in place. No environmental factors or assumptions are made during the resource estimation process.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	Bulk density measurements are taken using weight in air vs. weight in water gravimetric methodology
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit,	All drill core is in fresh rock and solid so no coatings are applied to reduce water penetration.
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	A nickel grade vs. density regression formula was used to assign density to the block model. A fixed density of 2.88 was applied from 0 to less than 0.8% nickel, followed by the application of the linear regression "Density = (0.132*Ni% + 2.856)"from 0.8% nickel and above.
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories*	Classification of the resource models are based primarily on drill density and geological understanding in conjunction with increased confidence from historic mining and grade control drill data.
	Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	The classification takes into account the relative contributions of geological and data quality and confidence, as well as grade confidence and continuity.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The classification reflects the view of the Competent Person.

Criteria	JORC Code explanation	Commentary
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	In June 2013 independent Consultants Behre Dolbear Australia (BDA) completed an extensive independent technical review of the WNP which included site visits and review of the Resource & Reserve estimates. BDA's review of the resources and reserves has been undertaken in accordance with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2004 update ("the JORC Code"). This report has been prepared in keeping with the Valmin Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 ("the Valmin Code"). The Poseidon drill results and techniques were reviewed and confirmed by Optiro as compliant to the reporting of Reserves and Resources under the JORC Code. BDA has reviewed this report and discussed the work with Optiro. The work has been competently undertaken by recognised specialists, based on geological interpretations of the various zones and shoots by Poseidon geologists. The estimation procedures are considered appropriate and are generally consistent with industry standards.
Discussion of relative accuracy/confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate*	The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code. The statement relates to global estimates of tonnes and grade.
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used	The resource estimates are considered to be appropriate for reserve generation and scheduling on a quarterly to annual scale.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available	The resulting estimates are supported by historical production.

SECTION 4: ESTIMATION AND REPORTING OF ORE RESERVES

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	*Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	The Mineral Resource estimate used for the Windarra Mine is classified as a JORC 2012 Mineral Resource Statement, and was completed by Mr. Ian Glacken of Optiro on behalf of Poseidon Nickel.
	Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	The Mineral Resource Estimate is reported inclusive of the Ore Reserves.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	A site visit was not undertaken for this Ore Reserves Estimate, as Optiro has completed extensive work for Poseidon Nickel and its Windarra Project, and the mine is an historical mine with an operating history.
Study status	*The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.*	Mineral Resources have been converted to Ore Reserves on the basis of the completed Feasibility Study compiled by Rock Team in October 2012 and additional work carried out by Poseidon Nickel since then.

Criteria	JORC Code explanation	Commentary
	The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	
Cut-off parameters	*The basis of the cut-off grade(s) or quality parameters applied.*	Cut-off grades have been calculated based on forecast commodity pricings, processing recoveries, expected revenue and mining and processing costs and forecast commodity pricing factors.
Mining factors or assumptions	*The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	The methods and assumptions used in converting Mineral Resources to Ore Reserves are based on parameters listed within the Feasibility Study, as well as a report outlining the historic operational parameters. The mine has appropriate current designs.
	The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.	The underground sub-level caving mining method selected by Poseidon NIckel has been selected to best address the operational requirements of the deposit characteristics, and the historical success of the mining method at Windarra.
	The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc.), grade control and pre-production drilling. *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	Assumptions made regarding geotechncial constraints have been developed based on expert reports prepared for Posidon Nickel as part of the Feasibilty Study, including mining method suitability, and hydraulic mining radii.
	The mining dilution factors used.	Mining dilution has been calculated based on a hangingwall and footwall skin and evaluated as part of the stope design.
	The mining recovery factors used.	Mining recovery varies depending of the level of the cave. 50% for first level of SLC 70% for second level of SLC 90% for third level of SLC 100% for fourth and subsequent level of SLC 85% for Open Stoping methods when used in upper levels
	Any minimum mining widths used.	For stoping a minimum mining width of 2m was used in the mine designs.
	The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.	Inferred Mineral Resources have not been included in any Ore Reserve figures reported, however Inferred material and non classified material was used as part of the mining inventory which was used for the base project economic analysis. An economic analysis using the Indicated Resources only was also completed to ensure that the project was economically feasible extracting the Indicated Resources only. There is approximately a $143M NPV sensitivity range to the economic analysis of the mine plan NPV ($181M) and only analysing Indicated Resources NPV ($38M)
	The infrastructure requirements of the selected mining methods.	The infrastrucutre requirements of the underground mine are either already in place from prior operations, or pre-operational readiness, or have been identified and costed in the CAPEX expenditure budget. It is not envisaged that any infrastrucutre requirements will delay or hinder the production schedule at this point in time.
Metallurgical factors or assumptions	*The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	The planned processing method is typical grinding and floatation to extract nickel concentrate. This method has been selected based on the ore characteristics and a commercial agreement with a third-party to process the ore from Windarra.
	Whether the metallurgical process is well-tested technology or novel in nature. *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	The processing flowsheet that is used by the third party toll treatment supplier is considered conventional and the method is well tested. The processor has successful and current operational history and this does not represent an untried processing strategy.

Criteria	JORC Code explanation	Commentary
	Any assumptions or allowances made for deleterious elements.	No assumptions or allowances have been made for deleterious elements. Poseidon Nickel will not be penalised for ore out of specification, however the toll processor may reject non spec ore, which would require re-blending.
	The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.	As Windarra is an historical mine, Poseidon have records of the ore characteristics and the suitability to nickel floatation recovery of the Windarra Ore. Recent Bench scale test work was conducted by SGS in 2011 and 2012 on representative Windarra ore samples.
	For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	Yes this has been compiled with the minimum specifications as required.
Environmental	*The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	Following an assessment the EPA has concluded an Environmental Impact Statement is not required. The associated Mining Lease, Works Permits and Water and Environmental permits and licenses have been granted, as well as the Mine Project Management Plan and Mine Closure Plan have been approved. Optiro believes the risk for any unanticipated environmental impact is low.
Infrastructure	*The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	The Windarra Nickel Project will make use of existing surface infrastructure, including the camp, village, ROM Pads, Waste Dumps, and workshops and haul roads
Costs	*The derivation of, or assumptions made, regarding projected capital costs in the study.*	The capital costs used in the economic evaluation were derived from the Feasibility Study, as well as additional independent work and reviews carried out since the feasibility.
	The methodology used to estimate operating costs.	Operating cost data has been provided by Poseidon Nickel and derived from the Feasibility Study, as well as tender documents from mining contractors and quotes from suppliers.
	Allowances made for the content of deleterious elements.	No allowances have been made for deleterious elements.
	The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.	Commodity prices have been provided by Poseidon Nickel based on current market forecasts and sales agreements.
	The source of exchange rates used in the study.	All costs have been provided in AUD unless otherwise stated.
	Derivation of transportation charges.	Transport charges have been provided by Poseidon Nickel and are based upon current transport operator quotations
	The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.	Treatment and refining charges have not been included as these are reflected in the payable metal allowance, based on the third party commercial agreements provided by Poseidon Nickel.
	The allowances made for royalties payable, both Government and private.	A nickel royalty of 2.5% of gross revenue is payable to the West Australian State Government.
Revenue factors	*The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	Revenue factors have been provided by Poseidon Nickel based on a payable nickel amount and current sales agreements.
	The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	Commodity pricing assumptions have been provided by Poseidon Nickel based on nickel price forecasts and current sales arrangements.
Market assessment	*The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* *A customer and competitor analysis along with the identification of likely market windows for the product.* *Price and volume forecasts and the basis for these*	Nickel Concentrate produced will be sold on the spot market to a local buyer. There are currently no prevailing supply or demand constraints in the local nickel industry. No constraints are anticipated over the production period for the project. Demand has recently increased due to anticipated supply issues pertaining to the Indonesian raw minerals export ban, however this is expected to be alleviated and smoothed by the time Poseidon commence

Criteria	JORC Code explanation	Commentary
	forecasts. *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	production. Forecast global demand for Stainless Steel products remain strong in the medium term with China considered the driving market factor. The forecast nickel price used in preparation of this statement is considered to be an appropriate sales baseline for the production period applied.
Economic	*The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	A basic economic analysis was undertaken by Optiro to determine economic viability on the basis of mined tonnages and grade as well as mining and processing costs and commodity price assumptions. No taxes were accounted for in the economic assessment An NPV was calculated and sensitivity analysis completed for ranges between 80% to 120% of variables
Social	*The status of agreements with key stakeholders and matters leading to social license to operate.*	Optiro understands that there are no existing impediments to the license to operate for the project.
Other	*To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* *Any identified material naturally occurring risks.*	No identifiable naturally occurring risks have been identified to impact the Ore Reserves.
	The status of material legal agreements and marketing arrangements.	Poseidon have an agreement in place with a third party to process and buy Windarra Ore at spot commodity prices. Poseidon are in the process of contracting a haulage contractor for ore transport. Poseidon is in the process of selecting a preferred mining contractor, having received tenders for this work, however there is currently no agreement in place. As this is in progress, Optiro does not see this as a major impediment or likely to cause delays to achieving the stated ore reserves or mine schedule.
	The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study.	Optiro has not conducted due diligence on the status of government approvals, and has relied upon the information tended by Poseidon. Poseidon hold the current Mining Lease MSA 38/261 over Mt Windarra. The Mining Proposal Stage 1, 2 and 3, including the underground mine and construction of associated infrastructure has been approved. The Stage 1 Works approval including construction has been approved. The Project Management Plan has been Approved The Ground Water Licenses have been granted The Dangerous Goods and Explosives Storage License have been issued The Project Mine Closure Plan has been Approved Poseidon have informed Optiro that there is no native title claim on the Project.
	Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	Optiro is not aware of any unresolved matter with a third party which would impede the extraction of the Ore Reserve. Discussions are underway with the local shires with respect to ore haulage approval from Windarra Nickel Project to the processing location, however this is not considered a significant risk.
Classification	*The basis for the classification of the Ore Reserves into varying confidence categories.*	Mineral Resources are converted to Ore Reserves as per the JORC (2012) code, (i.e. Measured to Proven, Indicated to Probable). No downgrading in category has occurred for this project.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The result reflects the Competent Person's view of the deposit.
	The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	There were no reported Measured Mineral Resources, therefore no Probable Ore Reserves have been derived.
Audits or reviews	*The results of any audits or reviews of Ore Reserve estimates.*	In June 2013 Behre Dolbear Australia (BDA) conducted an extensive independent technical review of the Windarra Nickel Project which included site visits and review of the Mineral Resource, Ore Reserve estimates and mine designs at the time. In September 2014 Optiro conducted an Independent Technical Review of the mine designs on which this Ore

Criteria	JORC Code explanation	Commentary
		Reserve Statement is based. In December 2014, based on additional geotechnical data Deswik reviewed and revised the mine design and schedule which was used as the basis for the Ore Reserves.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	Relative accuracy and confidence calculations have not been conducted for the Ore Reserve.
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	The Reserve estimates are considered to be appropriate for the level of accuracy reported and for scheduling on a quarterly to annual basis and finalisation of the Mine Plan.
	Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.	The modifying factors used have been based on the Feasibility Study and benchmarked with comparable operations and historic operational data at Windarra. The mining recovery factor used was provided by Poseidon Nickel to Optiro, on the basis of historic data. Optiro believes this is considered high for the mining method type, and noted this.
	It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	The estimates are supported by historical production.

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