

24 August 2018

Placement and Fully Underwritten Entitlement Offer to raise approximately \$75 million

Highlights

- Placement for approximately \$5.8 million successfully completed
- Launch of underwritten entitlement offer to raise approximately \$68.8 million
- Funds raised will be used to restart the Silver Swan and Black Swan mines and bring the Black Swan processing plant back into production
- First production targeted within 12 months
- Initial exploration drilling will also be commenced below the Black Swan open pit and at the Abi Rose prospect at the Lake Johnston Operation

Poseidon Nickel Limited (**Poseidon** or the **Company**) (ASX:POS) is pleased to announce a placement and fully underwritten renounceable entitlement offer at \$0.05 per share to raise approximately \$74.6 million (before costs). Petra Capital is acting as Lead Manager to the Placement and Underwriter to the Entitlement Offer.

The Placement was made to sophisticated and professional investors including Squadron Resources, a resources-focused investment entity associated with Mr Andrew Forrest. Following the Placement, Squadron Resources and its associates will increase their holding in the Company to approximately 221.6 million shares or approximately 18% of the expanded capital post Placement. Squadron Resources is also sub-underwriting 100% of the Entitlement Offer.

Each Director of Poseidon has also agreed to take up a significant portion of their individual entitlements equating to approximately \$2.2 million of the Entitlement Offer.

Chris Indermaur, Chairman, said “We are delighted by the response to the capital raising and welcome Squadron Resources’ support. Funds raised from the placement and entitlement offer will enable the Company to bring the Black Swan and Silver Swan mines and processing plant back into production.”

Rob Dennis, Managing Director, said “The Company has always been positively leveraged to the Nickel market but now, with a fully underwritten capital raising to allow us to be fully funded for the previously disclosed restart, investors have the opportunity to retain exposure and the Company positioned to take advantage of the strong Nickel market dynamics with certainty of funding.”

“We look forward to putting investors’ money to work, targeting first production within 12 months. In addition, we plan to commence initial Exploration in the prospective areas below the Black Swan Pit and at the Abi Rose prospect at Lake Johnston to guide the direction for the future extension of ore deposits.”

Capital Raising Structure

Placement

To enable the commencement of restart early works the Company has agreed placement terms to raise \$5.8 million at \$0.05 per share (**Placement**). Placement shares will settle prior to the Record Date and rank for participation in the Entitlement Offer. A total of 116,777,000 shares will be issued under the Placement (68,325,700 under Listing Rule 7.1 and 48,451,300 under Listing Rule 7.1A).

Entitlement Offer

The Company will also launch a fully underwritten renounceable entitlement offer to raise approximately \$68.8 million at \$0.05 per share (**Entitlement Offer**), the same price as the Placement. Under the Entitlement Offer, Eligible Shareholders will be entitled to apply for 11 new shares for every 10 existing shares outstanding, equating to the issue of approximately 1,375 million new shares.

Entitlement Offer including Shortfall Offer to Eligible Shareholders

Eligible Shareholders have the opportunity to subscribe for all, part or none of their Entitlement and can also apply for additional new shares in excess of their Entitlement under the Shortfall Offer (**Top Up Applications**). Squadron Resources is sub-underwriting 100% of the Entitlement Offer.

The prospectus, including full details and effects of the Entitlement Offer, will be mailed to Eligible Shareholders in accordance with the ASX approved timetable.

Entitlement Tradeable on ASX

The Entitlement Offer is renounceable, meaning the Entitlements to participate in the Entitlement Offer are transferable and therefore can be traded on the ASX or transferred privately.

Offer Jurisdictions

Poseidon has determined that the Entitlement Offer will be offered to shareholders with registered addresses within Australia and New Zealand. The Company has appointed a foreign holder nominee to sell Entitlements of Ineligible Shareholders and remit net proceeds (if any), through the Company’s shareholder registry, to the Ineligible Shareholders in proportion to their respective shareholdings.

Shortfall Bookbuild

Following the Closing Date, and after the Board has considered Top Up Applications from existing shareholders, Petra Capital will conduct a Shortfall Bookbuild, to professional and sophisticated investors, of any Entitlement Offer Shortfall.

Entitlement Offer Timetable*

Key dates for the Entitlement Offer are set out below:

Event	Date
Lodgement of Entitlement Offer prospectus	23 August 2018
Ex-Date	28 August 2018
Entitlements commence trading	28 August 2018
Allotment of Placement Shares and Performance Rights Shares ¹	Before the Record Date
Record Date	29 August 2018
Prospectus sent to Shareholders	31 August 2018
Opening Date	31 August 2018
Entitlements trading ends	5 September 2018
Shares quoted on a deferred settlement basis	6 September 2018
Closing Date	12 September 2018
ASX notified of undersubscriptions	17 September 2018
Allotment	19 September 2018
Quotation of Shares under the Entitlement Offer	20 September 2018

¹ Chairman, Chris Indermaur, has advised his intention to covert approximately 19.1 million Performance Rights into shares prior to the Record Date

Dates and times in this release are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of Offer Shares is subject to confirmation from ASX.

About Squadron Resources

Squadron Resources is a proudly Australian company focused on exploration and development projects in the natural resources sector.

Squadron Resources is sub-underwriting 100% of the Entitlement Offer. For instance, based on the number of shares currently held by Squadron and its associates, if 100% of shareholders take up their entitlements under the Entitlement Offer (including Squadron Resources' associates), Squadron Resources and its associates would continue to hold approximately 18% of the expanded capital following the Entitlement Offer. If no shareholders take up their entitlements under the Entitlement Offer, based on the number of shares currently held by Squadron and its associates, the maximum holding Squadron Resources and its associates would hold following the Entitlement Offer is 59.3%.

Full details regarding these arrangements and dispersion strategies for dealing with any shortfall will be set out in the prospectus to be issued by the Company.

Black Mountain proposal withdrawn

The informal and conditional proposal referred to in the Company release dated 17 August 2018 has been withdrawn.

Investor Enquiries

For further information in relation to the Entitlement Offer once the offer is open, please contact Chris Indermaur Chairman or Rob Dennis CEO on 08 6167 6600.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

CORPORATE DIRECTORY

Director / Senior Management

Chris Indermaur	Non-Executive Chairman
David Singleton	Non-Executive Director
Geoff Brayshaw	Non-Executive Director
Robert Dennis	Managing Director & CEO
Eryn Kestel	Company Secretary

Principal & Registered Office

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Corporate & Media Enquiries

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Shareholder Enquiries

Personal shareholding queries should be addressed to:
Computershare Investor Services
GPO Box D182, Perth WA 6840
T: +61 8 9323 2000

Home Exchange

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

MINERAL RESOURCE STATEMENT

Table 1: Nickel Projects Mineral Resource Statement

Nickel Sulphide Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY												
			INDICATED			INFERRED			TOTAL						
			Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Co% Grade	Co Metal (t)	Cu% Grade	Cu Metal (t)
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	0.01	4,200	NA	-
Silver Swan	2012	4.50%	52	9.19	4,800	84	9.01	7,600	136	9.08	12,400	0.17	250	0.45	600
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	0.05	1,800	0.10	3,400
WINDARRA PROJECT															
Mt Windarra	2012	0.90%	922	1.56	14,000	3,436	1.66	57,500	4,358	1.64	71,500	0.03	1,200	0.13	5,700
South Windarra	2004	0.80%	772	0.98	8,000	-	-	-	772	0.98	8,000	NA	-	NA	-
Cerberus	2004	0.75%	2,773	1.25	35,000	1,778	1.91	34,000	4,551	1.51	69,000	NA	-	0.08	3,600
TOTAL															
Total Ni, Co, Cu Resources	2004 & 2012		16,720	1.01	168,700	27,300	0.82	223,200	44,020	0.89	391,900	0.05	7,450	0.10	13,300

Note: totals may not sum exactly due to rounding. NA = information Not Available from reported resource model.

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

Black Swan Resource as at 22 July 2014, Silver Swan Resource as at 3 June 2016, Maggie Hays Resource as at 17 March 2015, Mt Windarra, South Windarra and Cerberus Resource as at 30 April 2013

Table 2: Gold Tailings Project Mineral Resource Statement

Gold Tailings Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY				
			TOTAL INDICATED				
			Tonnes (Kt)	Au Grade (g/t)	Au (oz)	Ag Grade (g/t)	Ag (oz)
WINDARRA GOLD TAILINGS PROJECT							
Gold Tailings	2004	NA	11,000	0.52	183,000	1.9	670,000
TOTAL							
Total Au Resources	2004		11,000	0.52	183,000	1.9	670,000

Note: totals may not sum exactly due to rounding.

Windarra Gold Tailings Resource as at 30 April 2013.

ORE RESERVE STATEMENT

Table 3: Nickel Projects Ore Reserve Statement

Nickel Sulphide Reserves	JORC Compliance	ORE RESERVE CATEGORY						
		PROBABLE						
		Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Co% Grade	Co Metal (t)	Cu% Grade	Cu Metal (t)
SILVER SWAN PROJECT								
Silver Swan Underground	2012	57	5.79	3,300	0.11	60	0.26	150
Black Swan Open pit	2012	3,370	0.63	21,500	NA	NA	NA	NA
TOTAL								
Total Ni Reserves	2012	3,427	0.72	24,800	0.11	60	0.26	150

Note: Calculations have been rounded to the nearest 10,000 t of ore, 0.01 % Ni grade 100 t Ni metal and 10t of cobalt metal.

Co & Cu grades and metal content for Black Swan require additional modelling prior to estimation.

Silver Swan Underground Reserve as at 26 May 2017, Black Swan Open Pit Reserve as at 5 November 2014.

The Company is not aware of any new information or data that materially affects the information in this report and the Resource/Reserve tables above. Such information is based on the information compiled by the Company's Geologists and the Competent Persons as listed below in the Competent Person Statements.

COMPETENT PERSON STATEMENTS:

The information in this report that relates to Exploration Results is based on, and fairly represents, information compiled and reviewed by Mr N Hutchison, General Manager of Geology who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists.

The information in this report which relates to the Black Swan Mineral Resource is based on, and fairly represents, information compiled by Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd. The information in this report which relates to the Black Swan Ore Reserve is based on, and fairly represents, information compiled by Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd and who is a Members of the Australasian Institute of Mining and Metallurgy.

The information in this report which relates to the Silver Swan Mineral Resource is based on, and fairly represents, 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 which relates to the Silver Swan Ore Reserve is based on, and fairly represents, information compiled by Matthew Keenan who is a full-time employee of Entech Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.

The information in this report which relates to the Lake Johnston Mineral Resource is based on, and fairly represents, 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, and fairly represents, 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 and Gold Tailings Project is based on, and fairly represents, 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 Windarra Project contains Mineral Resources which are reported under JORC 2004 Guidelines as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Codes. Future estimations will be completed to JORC 2012 Guidelines.

Mr Hutchison, Mr Glacken, Mr Weeks, and Mr Keenan 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 Weeks, and Mr Keenan have consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

FORWARD LOOKING STATEMENT – INFERRED RESOURCE STATEMENTS:

The Company notes that an Inferred Resource has a lower level of confidence than an Indicated Resource and that the JORC Codes, 2012 advises that to be an Inferred Resource it is reasonable to expect that the majority of the Inferred Resource would be upgraded to an Indicated Resource with continued exploration. Based on advice from relevant competent Persons, the Company has a high degree of confidence that the Inferred Resource for the Silver Swan deposit will upgrade to an Indicated Resource with further exploration work.

The Company believes it has a reasonable basis for making the forward looking statement in this announcement, including with respect to any production targets, based on the information contained in this announcement and in particular, the JORC Code, 2012 Mineral Resource for Silver Swan as of May 2016, together with independent geotechnical studies, determination of production targets, mine design and scheduling, metallurgical testwork, external commodity price and exchange rate forecasts and worldwide operating cost data.

FORWARD LOOKING STATEMENTS:

This release contains certain forward looking statements including nickel production targets. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "except", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also forward looking statements

Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change, without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance.

Forward looking statements may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility and potential development of the Silver Swan underground mine.