

Windarra Gold Tailings Heads of Agreement

6 September 2022

Key Points

- Windarra Gold Tailings binding Heads of Agreement signed with Green Gold Projects
- Poseidon will receive a total of \$1.25 million and an 8% free carried profit interest should Green Gold proceed with development of the project
- Green Gold Projects specialises in funding, developing and operating tailings projects and has in-house technology that has the potential to further enhance the economics of the project

Poseidon Nickel (ASX: POS) (“Poseidon” or “the Company”) is pleased to report a binding Heads of Agreement has been signed with Green Gold Projects Pte Ltd (“**GGP**”) for the processing of the Windarra Gold Tailings Project (“**Project**”).

Managing Director and CEO, Peter Harold, commented, “*This agreement is a significant milestone in the Company’s strategy to monetise the Windarra Gold Tailings Project. Green Gold Projects is an experienced developer and operator and is currently active in 30 projects globally.*”

The binding Heads of Agreement outlines the proposed partnership with Green Gold for the processing of the Windarra Gold Tailings Project, with a final agreement subject to Green Gold being satisfied with the outcome of metallurgical testwork and a bankable feasibility study being completed at their expense.

Upon achieving these milestones, Green Gold will earn a farm-in interest in the Project. In return, Poseidon will receive consideration in the form of cash payments - upfront and upon project financing and a free carried profit interest of 8%. The funding, development and operation of the Project will be the responsibility of Green Gold.

The proposed partnership with Green Gold is an ideal outcome for Poseidon given our focus on the development of our nickel projects.”

Details

The Windarra Gold Tailings Project (the “**Project**”) consists of the Windarra and Lancefield Tailings with a combined Mineral Resources of 5.96Mt at 0.84g/t gold and 2.10g/t silver, containing 180koz of gold (refer announcement *Gold Tailings Resource at Windarra updated to JORC 2012 Indicated dated 22 Jun 2020*). A Definitive Feasibility Study (**DFS**) was completed by Poseidon and released in mid-2021 (refer announcement *Windarra Gold Tailings DFS Highlights Robust Project* dated 23 July 2021). The DFS investigated using two different mining methods on the Windarra tailings, amphibious dredging or hydraulic mining, and the construction of a modular 1.5Mtpa processing plant to recover up to 55koz of gold over a 45-month period. The economic analysis indicated a robust project with an NPV of circa \$20 million and IRR of 45-50% depending on the mining method assuming a gold price of US\$1,750/oz and an exchange rate of A\$1.00 = US\$0.75.

While the outcome of the DFS was positive the Company is focused on the restart of the Black Swan Project and decided that finding a partner to develop and operate the Windarra Gold Tailings Project was the best outcome for shareholders. This process commenced earlier in the year and significant interest was received from various parties.

Green Gold Projects was selected as the preferred partner given its experience as a developer and operator of similar projects. GGP's patented technology has the potential to improve the economics of the Project. For more information on GGP refer to their website at www.greengoldtechnology.com

The binding Heads of Agreement (“**HoA**”) outlines certain conditions to be met to reach a Final Agreement to develop the Project. These include:

- metallurgical testwork performed by GGP on the Windarra and Lancefield Tailings to determine if its patented technology can improve gold recovery;
- the rights and obligations of the Lancefield tailings Right-To-Treat Agreement are assigned to GGP; and
- GGP receiving Foreign Investment Review Board and any other anticipated approval if required.

Subject to the satisfaction of these pre-conditions, the Company will grant GGP the right to farm-in to the Project subject to the completion of the following milestones:

- **Milestone 1:** GGP making a non-refundable upfront payment of A\$250,000 upon satisfying the pre-conditions mentioned above to earn an initial 13.8% interest in the Project;
- **Milestone 2:** GGP completing a positive bankable feasibility study on the Project to earn a further 13.8% interest in the Project; and
- **Milestone 3:** GGP making a final investment decision, securing funding for the Project, and making a non-refundable payment of A\$1.0 million to Poseidon to earn a further 64.4% interest in the Project.

Poseidon will then retain an 8% free carried profit interest in the Project, which entitles the Company to 8% of the profit while not contributing to any capital or any other payments. The binding HoA also specifies that the Project must be in production within three years from the date that the last farm-in milestone is satisfied, and that GGP will be solely responsible for meeting any rehabilitation or other environmental liabilities arising from the Project.

Summary

GGP is an excellent partner given its experience in operating tailings and its patented technology. The binding HoA entered into with GGP will ensure that Poseidon's primary focus remains on the restart of the Black Swan Project while realising some economic benefit from the Windarra Tailing Project, if the Project is developed by GGP.

Argonaut PCF acted as financial advisor and Steinepreis Paganin as legal advisor to the Company in relation to this transaction.

This announcement has been authorised for release by the Poseidon Board of Directors.



Peter Harold
Managing Director and CEO

6 September 2022

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About Poseidon Nickel Limited

Poseidon Nickel Limited (ASX Code: POS) is a nickel sulphide exploration and development company with three projects located within a radius of 300km from Kalgoorlie in the Goldfields region of Western Australia and a resource base of around 400,000 tonnes of nickel and 180,000 ounces of gold.

Poseidon's strategy is focused on the exploration and eventual restart of its established nickel operations in Western Australia. A critical element of this strategy has been to acquire projects and operations with significant existing infrastructure, large nickel resources and geological prospectivity likely to lead to resource growth through the application of modern exploration techniques.

Poseidon owns the Windarra, Black Swan and the Lake Johnston Nickel Projects. In addition to the mines and infrastructure including concentrators at Black Swan and Lake Johnston, these projects have significant exploration opportunities demonstrated by the discovery of the Golden Swan Resource at Black Swan and the Abi Rose mineralisation at Lake Johnston.

Black Swan will be the first project to restart followed by Lake Johnston and then Windarra, subject to favourable Feasibility Studies, appropriate project financing structures being achieved, the outlook for the nickel price remaining positive and all necessary approvals being obtained.

The Company completed the Definitive Feasibility Study on retreating the gold tailings at Windarra and Lancefield in July 2021 and has now partnering with Green Gold Projects to develop the asset.

COMPETENT PERSON STATEMENTS:

The information contained within this announcement is extracted from the reports titled:

- *"Gold Tailings Resource at Windarra updated to JORC 2012 Indicated" 22 Jun 2020.*
- *"Windarra Gold Tailings Feasibility Study Highlights Robust Project" 23 July 2021*

which are available to view on www.poseidon-nickel.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement and, in the case of Minerals Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement."

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

Appendix One – Gold Projects Ore Resource Statement

Table 2A Windarra Gold Tailings Project North and South Dams Mineral Resource – JORC 2012 Tabulation

INDICATED							
	Tonnes (t)	AU (g/t)	Au (oz)	Ag (g/t)	As (ppm)	CU (ppm)	Ni (ppm)
North Dam	3,902,000	0.78	98,000	1.9	1,805	365	975
South Dam	850,000	0.50	14,000	0.6	645	355	2,533
Total	4,752,000	0.73	112,000	1.7	1,600	363	1,250

Table 2B Windarra Gold Tailings Project Central Dam Mineral Resource – JORC 2012 Tabulation

INDICATED							
	Tonnes (t)	AU (g/t)	Au (oz)	As (ppm)	CU (ppm)	Ni (%)	
Central	6,198,000	0.37	74,000	435.0	270	0.3	

Windarra Gold Tailings North and South Dams Resource: no cut-off grade has been used to report the resource, as potential mining method dictates removal of the entire dams. a dry bulk in situ density of 1.6 t/m³ has been used to derive tonnages. resource numbers in Table 3A may not sum exactly due to rounding.

Windarra Gold Tailings central Dam Resource: No cut-off grade has been used to report the resource, as the potential mining method dictates removal of the entire dam down to a specified elevation. The mineralisation has been reported above a flat elevation of 446 mRL; there are tailings below this level but these have been shown by drilling to contain no gold, and it is anticipated that the proposed mining method will not treat material below this elevation. A dry bulk in situ density of 1.6 t/m³ has been used to derive tonnages. Resource totals may not sum exactly due to rounding.

Windarra Gold Tailings Resource as at 22 June 2020 (see ASX announcement "Gold Tailings Resource at Windarra updated to JORC 2012 Indicated" 22 Jun 2020).

Appendix Two - Nickel Projects Mineral Resource Statement

Nickel Sulphide Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY															
			MEASURED			INDICATED			INFERRED			TOTAL						
			Tonnes (Kt)	Ni% Grade	Ni Metal (t)	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	0.4%	800	0.76	6,000	9,900	0.75	74,000	18,200	0.62	101,000	28,900	0.63	181,000	0.01	4,500	0.02	5,800
Silver Swan	2012	4.5%	-	-	-	138	9.00	12,450	8	6.00	490	146	9.50	12,940	0.16	240	NA	-
Golden Swan	2012	1.0%	-	-	-	112	4.70	5,200	48	2.20	1,050	160	3.90	6,250	0.08	120	0.30	480
Silver Swan Tailings	2012	NA	675	0.92	6,200	-	-	-	-	-	-	675	0.92	6,200	0.07	450	0.04	250
LAKE JOHNSTON PROJECT																		
Maggie Hays	2012	0.8%	-	-	-	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	0.9%	-	-	-	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	0.8%	-	-	-	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		1,475	0.83	12,200	17,217	1.11	190,550	24,370	0.84	204,140	43,062	0.94	406,890	0.02	8,310	0.04	19,230

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

- **Black Swan Resource** as at 4 July 2022 (see ASX announcement “More Nickel in Updated Black Swan Mineral Resource” released 4 July 2022)
- **Silver Swan Resource** as at 27 April 2022 (see ASX announcement “Updated Silver Swan Resource underpins significant increase in high-grade Indicated resource base” released 27 April 2022)
- **Golden Swan Resources** as at 27 October 2021 (see ASX announcement “Golden Swan Maiden Resource” released 27 October 2021).
- **Silver Swan Tailings Resource** as at 15 September 2021 (see ASX announcement “Silver Swan Tailings – Maiden Resource Estimate” released 15 September 2021)
- **Maggie Hays Resource** as at 17 March 2015 (see ASC announcement “50% Increase in Indicated Resources at Lake Johnston” released 17 March 2015)
- **Mt Windarra Resource** as at 7 November 2014 (see ASX announcement “Poseidon Announces Revised Mt Windarra Resource” released 7 November 2014)
- **South Windarra and Cerberus Resource** as at 30 April 2013 (see ASX announcement “Resource Increase of 25% at Windarra Nickel Project” released 1 December 2011)

The Company is not aware of any new information or data that materially affects the information in the relevant market announcements. All material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

COMPETENT PERSON STATEMENTS:

The information contained within this announcement is extracted from the reports titled (which are available to view on www.poseidon-nickel.com.au). The Company confirms that the form and context in which the Competent Person’s findings are presented have not materially modified from the original market announcement.:

- “Black Swan Restart Update” released 12 July 2022
- “More Nickel in Updated Black Swan Mineral Resource” released 4 July 2022
- “Non-Executive Director Warren Hallam Appointment” released 1 June 2022
- “Silver Swan Resource Update” released 27 April 2022
- “Golden Swan Maiden Resource” released 27 October 2021
- “Silver Swan Tailings – Maiden Resource Estimate” released 15 September 2021