

# ASX Announcement

## 30 April 2024

## UPDATE ON PROPOSED SALE OF LAKE JOHNSTON

**Poseidon Nickel Limited (ASX: POS, “the Company”)** provides an update on the proposed sale of the Lake Johnston Project to Mineral Resources Limited (**ASX: MIN, “MRL”**).

On 15 March 2024 the Company entered into a Binding Heads of Agreement (**HoA**) to divest Lake Johnston to MRL, subject to certain conditions precedent and other terms – see full announcement “*Binding Heads of Agreement for the Sale of Lake Johnston*” dated 18 March 2024.

In broad terms, the proposed transaction provided for:

- \$1 million non-refundable cash payment, which was received late during the quarter;
- A further \$14 million in cash, comprising \$6.5 million payable on completion of a formal SPA and a \$7.5 million deferred payment (payable 12 months after completion); and
- 0.75% FOB royalty on lithium minerals and a 1.5% NSR royalty on all other minerals and metals extracted from the Lake Johnston tenements.

Further to this, under the terms of the Binding HoA, the Company and MRL are to use reasonable endeavours to negotiate and finalise a formal sale and purchase agreement (SPA) within 30 days of the signing of the Binding HoA, which at the request of MRL was extended to 30 April 2024, and the Binding HoA is subject to the following conditions precedent:

- MRL is to complete and be satisfied with its legal due diligence as soon as practicable or in any event within 30 days after execution of the SPA (**Sunset Date**);
- The Company is to arrange assignment of the Ngadju Native Title Agreement on terms acceptable to Poseidon as soon as practicable or in any event by the Sunset Date; and
- MRL and the Company are to seek consent of the Minister for Mines for the transfer of all rights and obligations in respect of the Lake Johnston tenements as soon as practicable or in any event by the Sunset Date.

In the Poseidon Board’s opinion, at all times since executing the Binding HoA, the Company and management have efficiently and expeditiously undertaken steps to pursue the agreed transaction, to meet the conditions precedent and to negotiate, finalise and execute the SPA.

Despite this, MRL has this afternoon indicated to Poseidon that it does not wish to proceed with the transaction as agreed, and would instead prefer Poseidon to consider a renegotiation of terms. At this time, Poseidon is not aware of MRL’s reasons for wanting to renegotiate the already agreed transaction. The terms which have been suggested by MRL are materially different to the agreed transaction, and at the time of making this announcement, the Board considers are not in the best interests of its shareholders.

The Board remains open to negotiations with MRL continuing, provided that the terms of any renegotiated transaction are closer to and aligned with the present agreed transaction.

At the time of lodging this announcement, the Company remains ready, willing and able to complete the transaction in accordance with the terms of the Binding HoA. The Company considers the terms of the Binding HoA are sufficiently fulsome and clear to complete the transaction, irrespective of whether a SPA is finalised, and that it was the parties’ intentions at the time that the Binding HoA was entered into, to complete on the

agreed transaction. Poseidon is considering its legal position and options, and will provide further updates in due course.

CEO, Brendan Shalders, commented: *“It is disappointing that MRL have sought at this late stage to amend the transaction as agreed. The alternative deal structure presented by MRL did not represent a compelling value proposition for Poseidon’s shareholders at this time. Poseidon is considering its legal position and options, but we remain hopeful that MRL will either complete the original deal as documented in the Binding Heads of Agreement or that Poseidon and MRL negotiate a new deal structure which reflects the value we see in the Lake Johnston project.”*

*This announcement was authorised for lodgement by the Board of Poseidon Nickel Limited.*



**Brendan Shalders**  
Chief Executive Officer

**30 April 2024**

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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 over 420,000 tonnes of nickel and 180,000 ounces of gold<sup>1</sup>.

Poseidon’s strategy is focused on the exploration and eventual restart of its established nickel operation in Western Australia with the aim of being a profitable and sustainable nickel producer. A critical element of this strategy has been owning 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 Black Swan, Windarra Nickel and Lake Johnston Projects (Lake Johnston in the process of being divested). In addition to the mines and infrastructure including the concentrator at Black Swan, these projects have significant exploration opportunities demonstrated by the discovery of the Golden Swan Resource at Black Swan, and more recently the NW05 and NW04 targets at Windarra.

The Company completed a Bankable Feasibility Study on Black Swan in November 2022 which is planned to be the first project to restart, subject to appropriate project financing structures being achieved, the outlook for the nickel price improving and all necessary approvals being obtained.

A Definitive Feasibility Study on retreating the gold tailings at Windarra and Lancefield was completed in mid-2022. In December 2023 Mt Morgans entered into a trial processing agreement with Poseidon on the Lancefield gold tailings and accessing the water in the South Windarra pit.

<sup>1</sup> Refer to the Company website, [www.poseidon-nickel.com.au](http://www.poseidon-nickel.com.au), for Resource and Reserves tables