

24 February 2014

Company Announcements Officer  
ASX Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir,

## COMPLETION OF A\$3.8 MILLION PLACEMENT AND THE LIFTING OF VOLUNTARY SUSPENSION

Poseidon Nickel Limited (**Poseidon or the Company**) requested voluntary suspension of its Securities on 28 January 2014 pending an announcement relating to capital raising/financing.

Attached is the announcement confirming the completion of a \$3.8 million Placement and as such the Company is pleased to advise that its Securities are now no longer suspended.

Yours faithfully



**David P.A. Singleton**  
MANAGING DIRECTOR &  
CHIEF EXECUTIVE OFFICER

### 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**

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#### **Shareholder Enquiries**

Enquiries concerning shareholdings should be addressed to:

Computershare Investor Securities  
GPO Box D182, Perth WA 6840  
P: 61 8 9323 2000

#### **Principal Office**

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SUBIACO WA 6008  
P: 61 8 9382 8799  
F: 61 8 9382 4760

#### **Registered Office**

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#### **Media Enquiries**

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#### **Home Exchange**

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

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ASX Announcement

24 February 2014

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### **Completion of A\$3.8 Million Placement and the Lifting of Voluntary Suspension**

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- **Poseidon has raised A\$3.8m for pre-production activities**
- **Negotiations for an ore offtake agreement are advancing**
- **Plans for parallel gold production at Windarra**
- **Project approvals remain in place**
- **Board reorganisation to strengthen operational focus**
- **Nickel market characteristics are continuing to improve**

Poseidon Nickel Limited (ASX: POS) is pleased to announce the completion of a capital raising with commitments received for a placement of Fully Paid Ordinary Shares to raise approximately \$3.8 million. The placement is for approximately 54,285,715 Shares at \$0.070 per Share to strategic, professional and sophisticated investors. The purpose of the capital raising is to undertake essential activities prior to potential production start-up. The start-up focus reflects improving market conditions predicted for nickel in the short and medium term. Poseidon intends to update its current resource and reserve model at Mt Windarra to fully reflect all of the recent drilling. In addition, Poseidon will update its capital and operating studies.

On 12<sup>th</sup> February 2014, Poseidon informed the market of negotiations which could lead to an ore tolling agreement. This follows previous announcements made by Poseidon where it outlined the successful results of a Definitive Feasibility Study (DFS) into recommencing mining at the Mt Windarra mine. The refurbishment work carried out on the mine coupled with the existing extensive above ground infrastructure, is expected to allow the start-up of operations during the current calendar year. As a guide for shareholders, the Company believes that the capital costs to restart mining operations could be under \$15m primarily as a result of the investment made to date. It is important to note that this estimate has been made by the Company without the use of external independent contractors and is indicative only.

Poseidon is also reviewing the potential to commence gold production on site in line with plans outlined above. The gold inventory is in tailings adjacent to the Mt Windarra facilities and would be a standalone operation which could last for up to 6 years, yielding a total of over 50,000 ounces depending on the final design throughput. The gold inventory has been fully drilled to a reserve status and the process plant has been designed and independently reviewed in the DFS previously published by the Company. The cost of the process plant has previously been estimated at under \$10m by local specialist contractors and the Company expects that the current cost environment would apply downward pressure on that estimate. The DFS indicated that gold production could be undertaken at under A\$800/ounce. The Company notes that the current gold price is over A\$1,470/ounce.

Poseidon has previously announced that it has received all the necessary development and environmental approvals covering construction and operations at the site, subject to only the company achieving an offtake agreement and the necessary funding to restart operations. It is possible however, that some modifications to the current licences maybe required to reflect the different implementation phasing now envisaged.

The Company is also pleased to announce a reorganisation of the Board of Directors in readiness for a potential operating stage. The Board has elected Mr Christopher Indermaur as its new Chairman. Chris has been on the Board as a non-executive Director and Chairman of

the Remuneration, Nomination and Diversity and Corporate Governance Committees since April 2009. In addition, Mr Robert Dennis will immediately join the Board as a non-executive Director. Rob was previously the Chief Operating Officer at Poseidon. This will enable the Company to retain the in-depth knowledge that Mr Dennis has of the Windarra Nickel Project and in particular the Mt Windarra mine where he was underground mine manager from 1980 - 1986.

Following his resignation, the Board wishes to thank Mr H.E. "Bud" Scruggs for his very valuable contributions to the Company as its Chairman. Bud is a resident of the USA and was involved in the Company's preparations for a debt raising in New York, however his experience in the US Capital markets is no longer a primary issue for Poseidon as it moves towards production and focuses on Australian investors.

Poseidon Nickel believes that it is in a position to capitalise on what many institutions believe will be a strong market for nickel in the short and medium term. The recently announced Indonesian nickel ore export ban has the potential to disrupt supplies of approximately 20% of the world's nickel ore. If the export ban is maintained, structural nickel supply shortages predicted for 2016 could occur much earlier. Nickel prices have already risen 7% from January lows and could continue to strengthen.