

16 July 2015

Concentrate Deliveries and Operational Cost Reduction

Highlights

- **Poseidon commences delivery of nickel concentrate to Tsingshan**
- **Poseidon expects to deliver over 3,000 tonnes of concentrate and receive revenue of \$1.5M**
- **All 3 sites have now been put on care and maintenance to reduce costs until market improves**
- **Board, CEO and Management salaries cut by 20%**

Poseidon Nickel Limited (ASX:POS or the Company) is pleased to announce that it has commenced deliveries of nickel concentrate to Tsingshan in China from its Lake Johnston operation.

The nickel concentrate has been recovered from on-site storage and reprocessed through the filtration circuit at Lake Johnston. The filtration circuit was re-commissioned as part of the overall plant testing and restart activities carried out in the first half of the year as Lake Johnston was readied for full scale production activities.

Poseidon intends to deliver a minimum of 3,000 tonnes of concentrate with a value of circa \$1.5 million. Material is currently being loaded into containers and trucked to Fremantle for shipment to China. Poseidon expects site shipments to be completed by end of July.

Poseidon has now completed all of its planned pre-production activities at Lake Johnston but the current nickel price will delay formal opening of the site. Having completed all of the required technical and engineering activities, Poseidon has reduced its site and office based workforce to basic care and maintenance levels to reduce ongoing costs whilst waiting for improvements in the nickel market. In addition the Board members, CEO and Senior Management have implemented a voluntary salary cut of 20% until such a time as the site can be reactivated. The Board of Poseidon continues to take no cash remuneration as has been its previous practice.

Poseidon has previously reported that it is in an advanced state of readiness to reactivate Lake Johnston as the market improves with licensing, technical, offtake and working capital financing either complete or near complete.

Poseidon CEO, David Singleton, said, "Since acquiring Lake Johnston, the team has moved to rapidly ready the site for full scale operations which included many individuals working through the last Christmas period and thereby achieving a number of important milestones ahead of our original schedule. One of the outcomes of this activity has been our ability to now create revenue for the business through the sale of concentrate to Tsingshan. The restart activity was completed in the expectation of an improving nickel price environment in 2015 as predicted by most pundits. Unfortunately economic uncertainties, which continue to play out, have conspired to prevent the nickel price keeping pace with us. Therefore, with this work finished, the company is completing a programme of major cost reductions across the Board whilst preserving our ability to move into production at the appropriate time. We currently expect a restart to only take 4 months."

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

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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