

27<sup>th</sup> January 2017

## POSEIDON SELLS WINDARRA GOLD RIGHTS TO GTI RESOURCES

### *Highlights*

- Poseidon signs an Option Deed with GTI Resources to sell the Windarra gold rights for A\$3M
- A 1% gold royalty to apply on any new gold discovery on the Windarra tenements
- New gold discoveries will be subject to a joint venture agreement for 20% of the project
- GTI Resources has circa 6 years to process the gold tailings
- Poseidon is focussed on terminating the Poseidon Nickel Agreement Act 1971
- GTI Resources will pay a further A\$0.5M into a trust fund held by Poseidon as an environmental bond
- Exploration to be progressed on the Abi Rose nickel discovery at Lake Johnston

Poseidon Nickel Limited (**Poseidon**) is pleased to announce that it has agreed to sell the gold rights on its Windarra tenements to GTI Resources Limited (**GTI**) for A\$3.0M. Poseidon will transfer the Windarra Gold Rights in exchange for the following:

- A\$25,000 initial cash payment for a period of due diligence secured under an Option Deed;
- Upon exercising the option on or before 28 February 2017, GTI will pay Poseidon A\$975,000;
- A further A\$1,000,000 payment on or before 28 June 2017;
- A final payment of A\$1,000,000 upon the termination of the Poseidon Nickel Agreement Act 1971 (State Act);
- Establishing a trust fund of AUS\$0.5M within 18 months of concluding the agreement to be held as an environmental bond by Poseidon;
- Pay a 1% gold royalty on any new gold discovery on the Windarra leases;
- Any new gold discovery will be subject to a joint venture agreement, Poseidon will be free carried to a bankable feasibility study level and own 20% of the project;

- Poseidon will 100% own any new nickel deposit discovered by GTI on the Windarra leases.

The Company Chairman Mr Chris Indermaur said, "As no work can proceed on the treatment of gold tailings at Windarra until the State Act is terminated, we believe this agreement represents fair value as it provides a cash injection in a soft nickel market. Furthermore Poseidon will benefit from any gold or nickel discovery without being required to fund ongoing exploration or project development at Windarra."

The commencement of the lease is conditional upon the termination of the State Act and payment of the consideration. The Company offers no warranties or guarantees on the timing of the termination however, Poseidon believe the State Act is likely to be terminated during 2017 with the support of the Department of State Development (DSD) and the Department of Mines and Petroleum (DMP). Termination of the State Act will enable the gold tailings to be processed by GTI under the Western Australian Mines Act.

Poseidon is progressing the termination of the State Act. As previously advised to the market the State Act is an Act of the Western Australian Parliament and therefore the termination requires approval from both houses of Parliament. As 2017 is an election year it is likely the termination will be concluded late in the year.

The Company will benefit from exploration to be conducted by GTI on the Windarra tenements. Any new gold discovery on the Windarra mining leases will be subject to a joint venture agreement and Poseidon will own 20% of any new gold discovery and 100% of any new nickel discovery.

Poseidon will continue to focus on developing its significant nickel resources within the 3 nickel regions held by the Company. After successfully securing the Exploration Incentive Scheme (EIS) grant from by the DMP, Poseidon plan to progress further drilling at the Company's Abi Rose high-grade nickel discovery, located within the Lake Johnston Project, 190km south-west of Kalgoorlie in Western Australia.

#### **CORPORATE DIRECTORY**

##### **Director / Senior Management**

Chris Indermaur	Non-Executive Chairman
David Singleton	Non-Executive Director
Geoff Brayshaw	Non-Executive Director
Robert Dennis	Non-Executive Director
Gareth Jones	Company Secretary

##### **Corporate Enquiries**

P: 61 8 6167 6600  
F: 61 8 6167 6649

E: [admin@poseidon-nickel.com.au](mailto:admin@poseidon-nickel.com.au)

##### **Shareholder Enquiries**

Enquiries concerning shareholdings should be addressed to:

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

##### **Principal Office**

Unit 8, Churchill Court  
331-335 Hay Street  
SUBIACO WA 6008  
P: 61 8 6167 6600  
F: 61 8 6167 6649

##### **Registered Office**

Level 2, Spectrum  
100 Railway Road  
SUBIACO WA 6008  
P: 61 8 9367 8133  
F: 61 8 9367 8812

##### **Media Enquiries**

P: 61 8 6167 6600  
F: 61 8 6167 6649  
E: [admin@poseidon-nickel.com.au](mailto:admin@poseidon-nickel.com.au)

##### **Home Exchange**

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