

31st March 2017

Regulatory Approvals Granted for Lithium Exploration at Lake Johnston

Highlights

- **Regulatory approvals for lithium exploration have been secured**
- **Access clearing to begin north of Emily Ann at Lake Johnston**
- **Surface geochemistry identified multiple soil sampling anomalies which returned >200ppm lithium index**
- **Rockchip sampling of outcropping pegmatites returned lithium values ranging 2.80-3.85% Li₂O**
- **Aerial magnetic and radiometric surveys applied to improve the exploration targets selected**
- **RC drilling will be used to explore lithium bearing pegmatites previously defined**

Poseidon Nickel Limited (ASX:POS, “the Company” or “Poseidon”) is pleased to announce that the Department of Parks and Wildlife (DPaW) and the Department of Mines and Petroleum (DMP) have granted the necessary regulatory approvals, paving the way for the Company to commence line access clearing at the Lake Johnston “Medusa Lithium Project” within E63/1067 on the Lake Johnston tenements.

The Medusa Lithium Project is located 190km south-west of Kalgoorlie and 6km north of the Company’s 100% owned Lake Johnston process plant and infrastructure (Figure 1).

In October 2016 Poseidon announced (ASX: Lithium Targets Generated at Lake Johnston) it had completed soil sampling and surface geochemistry analysis. By applying an algorithm referred to as the lithium index, preliminary prospective exploration targets were identified (Figure 2).

Subsequently the Company announced (ASX: Airborne Geophysical Survey and Drill Targeting Completed at Lake Johnston, 27 January 2017), soil sampling, rock chip sampling, aerial magnetic and radiometric surveys have all been completed over the area resulting in the definition of numerous highly prospective lithium exploration targets reinforcing previous results obtained (Figure 3).

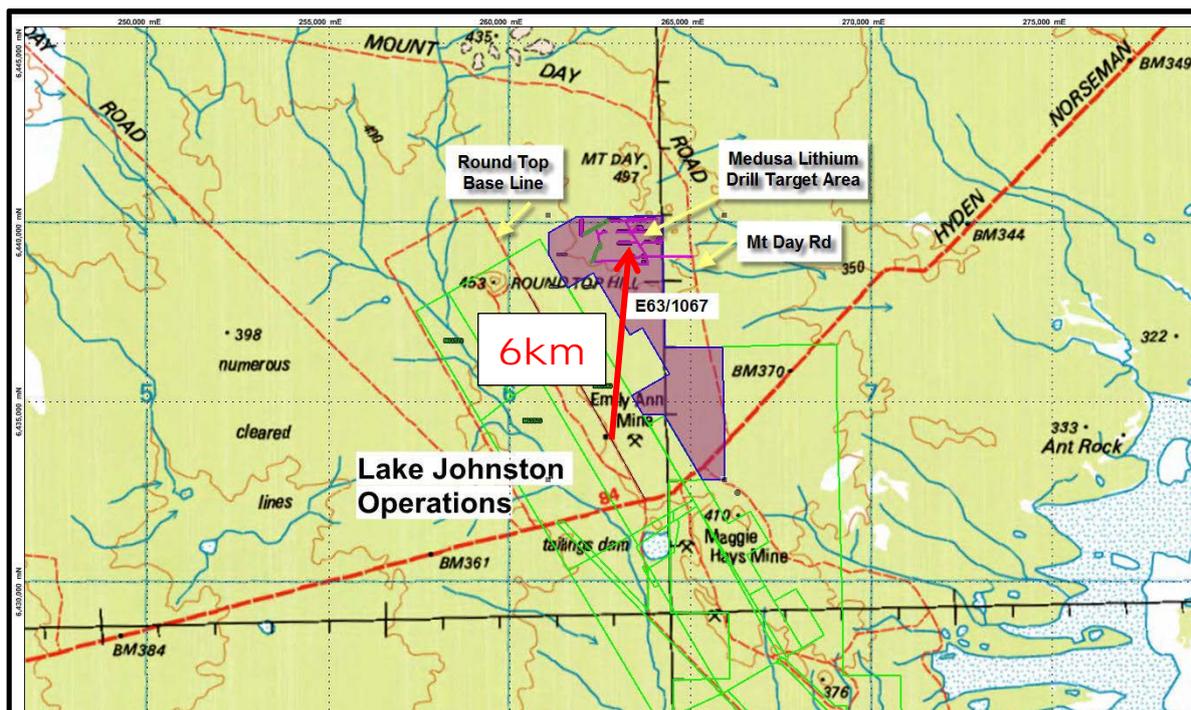


Figure 1: Location of the Lake Johnston Operation and Medusa Lithium Project drill target area

Previous rock chip sampling of outcropping pegmatites returned results of up to 3.85% Li_2O and evidence of Ta_2O_5 . Surface soil sampling returned multiple geochemical anomalies of greater than 200ppm and up to 650ppm calculated Li_Index (ASX: Lithium Targets Generated at Lake Johnston, 12 October 2016).

The radiometric anomalies coincide well with the Li_Index soil anomalies and mapped pegmatites allowing for primary exploration drill targets to be well defined (Figure 2).

Line clearing, mapping and drill target refinement will commence in the coming weeks in preparation for commencement of the drilling program which will comprise of ~4,000m of RC drilling.

Lake Johnston is a 1.5 million tonne per annum process plant, including associated existing infrastructure that can process lithium hosted pegmatite ores to produce a spodumene concentrate. The area in and around Lake Johnston is highly prospective for lithium with several ASX listed companies exploring the belt for lithium.

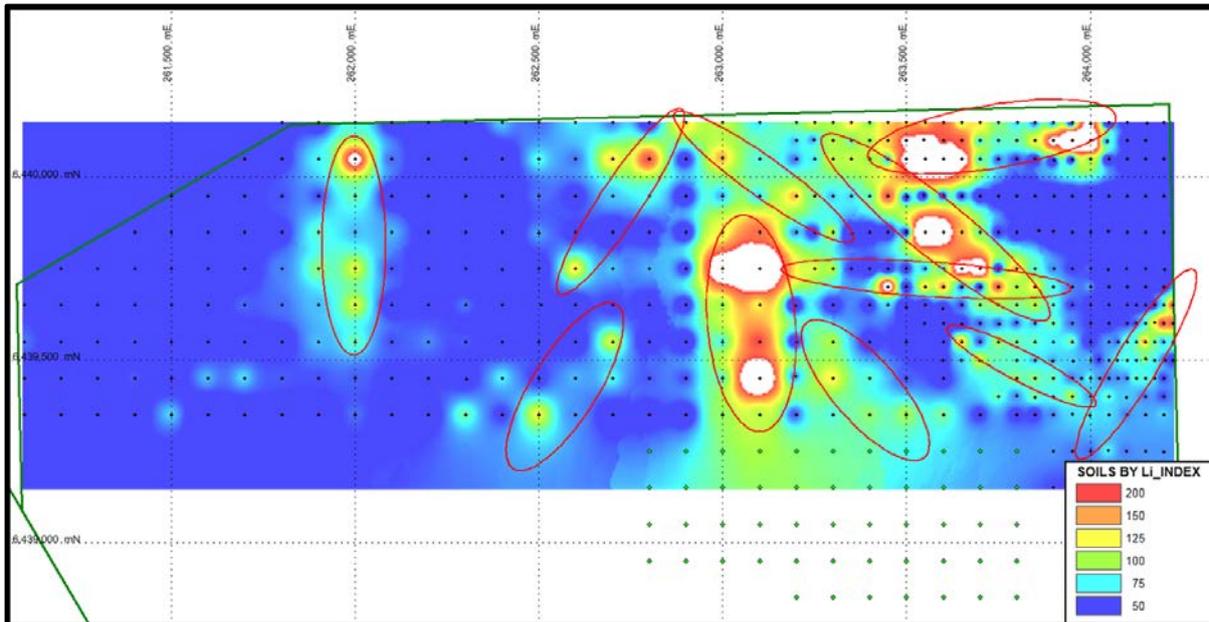


Figure 2: Initial soil geochemistry sample locations within E36/1067 coloured by Lithium Index and showing interpreted prospective pegmatite target zones that warranted further field investigation and drill testing

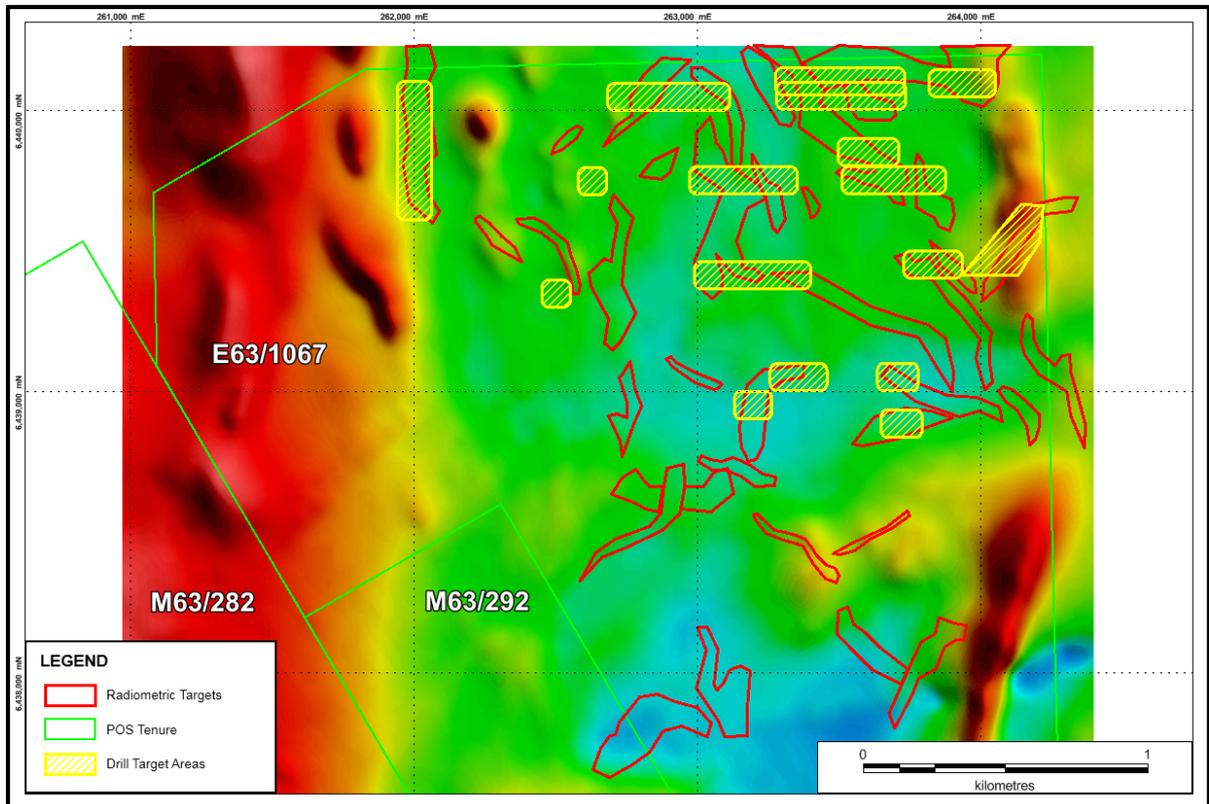


Figure 3: Drill targets (yellow hatched areas) overlie TMI image and the coincident defined radiometric-soil anomalies (red polygons) supporting the highly prospective nature of the exploration targets identified

Notes

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr N Hutchison, General Manager of Geology who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists.

Mr Hutchison has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Mr Hutchison has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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

Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

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

Principal & Registered Office

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

Media Enquiries

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