

QUARTERLY REPORT 30 SEPTEMBER 2021

29 October 2021

HIGHLIGHTS

Fill the Mill Strategy – Black Swan Restart

- New strategy focused on restarting the concentrator at Black Swan derated to 1.1Mtpa to maximise production of nickel given strong outlook for the nickel price
- Metallurgical testwork on blended ore sources well underway, as is Bankable Feasibility Study

Golden Swan Resource Drilling Assays

- Final assays for the Golden Swan Resource Drilling Program received
- Maiden resource released late October 2021

Silver Swan and Southern Terrace Exploration

- Drilling at Silver Swan and Southern Terrace continued

Silver Swan Tailings (SST) Maiden Resource

- Maiden resource of 675kt grading 0.92% Ni and 683 ppm Co containing 6,200 tonnes of nickel and 460 tonnes of cobalt
- Metallurgical testwork supports concept of blending SST with Black Swan Disseminated open pit ore to increase the Fe:MgO ratio to improve product marketability

Windarra Gold Tailings BFS completed

- Ore Reserve of 5.5-5.7Mt, subject to mining method, grading 0.84 g/t gold and 2.1 g/t silver for approximately 150koz of contained gold and 375koz of contained silver
- Gold production approximately 53.5-55.2koz gold over 45-month period, net operating cashflow of \$30.6 million, Net Present Value (NPV₃) of \$21.7 million and IRR of 50.6%

Lake Johnston

- Scoping Study underway to determine estimated capital for 1.5Mtpa plant refurbishment and operating cost estimates
- Detailed review of historical exploration data has identified new exploration targets, planning underway for drilling to commence in 2nd half FY22

Placement and Share Purchase Plan (SPP)

- \$22 million (before costs) raised through issue of 200 million new fully paid ordinary shares at issue price of 11 cents per share
- SPP raised \$6 million, well in excess of targeted \$3 million
- Post equity raising end of quarter cash position of \$28.4 million

Poseidon Nickel (ASX: POS, “the Company”) is pleased to report on its activities for the September quarter 2021.

Managing Director and CEO, Peter Harold, commented: *“In the September quarter, Poseidon announced its “Fill the Mill” strategy which is designed to maximise nickel production given the strong nickel price outlook and provides a pathway to production in late 2022. The primary source of feed will be the Black Swan Disseminated low grade open pit ore augmented by high-grade underground feed from Silver Swan and Golden Swan together with Silver Swan Tailings to improve the Fe:MgO ratio in the concentrate to improve concentrate marketability.*

During the period the Company raised \$28 million via a \$22 million placement and \$6 million via a SPP, both of which were over-subscribed. I would again like to thank our existing and new shareholders who participated in the placement. I would also like to thank Morgans and MST Financial for their assistance. Thanks also to our existing shareholders who supported the SPP.

The Company is now well funded through to the Black Swan Restart Financial Investment Decision scheduled for May 2022.”

Black Swan

Fill the Mill Strategy – Black Swan Restart

Over the period, the Company announced its new “Fill the Mill” strategy. As mentioned in the Scoping Study ASX release dated 27 July 2021 the Company was previously considering either a small, high-grade underground mining operation utilising the refurbished 150ktpa Silver Swan processing circuit or the 1.1Mtpa Black Swan circuit and processing a number of ore sources (low and high-grade).

Internal studies have confirmed that maximising nickel tonnes produced will have the best economic outcome given:

- the large resource base at Black Swan (approaching 200kt Ni);
- the modest capital and operating cost estimates for the 1.1Mtpa plant;
- the recent improvements in payability of nickel in concentrates globally, due to a tightening market;
- the positive outlook for the nickel price; and
- the ability to have a long-life project that primarily sources feed from Black Swan orebodies that could also treat ore from Windarra (100% Poseidon owned) and potentially third-party feed (subject to plant capacity availability and other factors).

The Company has commenced a Bankable Feasibility Study on refurbishing the existing 1.1Mtpa processing plant and feeding that plant with a combination of low-grade open pit ore, high-grade underground ore and Silver Swan tailings to improve concentrate quality (specifically the Fe:MgO ratio). The indicative timetable for the Fill the Mill Strategy is shown in Figure 1.

The following workstreams are currently underway:

- updating the existing Black Swan open pit mining study including determining the optimal pit shell and production rate and estimated capital and operating costs;
- delivering a maiden Resource from Golden Swan (completed post the end of the quarter) and converting that to a Reserve;
- undertake further drilling at Silver Swan to identify potential resource growth opportunities and convert more Resource to Reserve;
- metallurgical test work on blending the various ore sources to determine the optimum feed blend and typical concentrate specifications;
- seek indicative offtake terms for the quality and quantity of nickel concentrate expected to be produced;
- seek financing proposals for the debt component of the restart capital; and
- completing a Bankable Feasibility Study.

The following work streams have been completed:

- Silver Swan Tailings maiden Resource (ASX release 15 September 2021);
- 5-year water access agreement signed with Norton Gold Fields Pty Ltd; and
- Golden Swan maiden Resource (ASX release 27 October 2021).

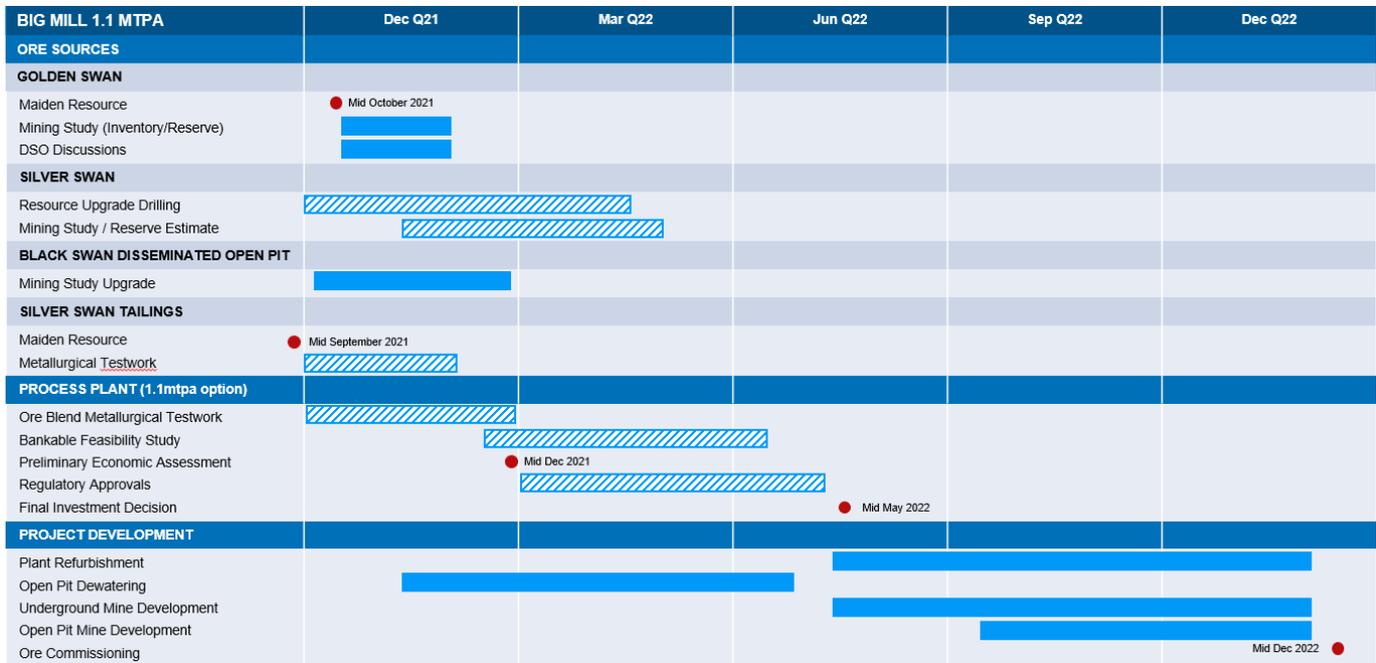


FIGURE 1: FILL THE MILL INDICATIVE TIMETABLE

Golden Swan Resource Drilling

The Golden Swan Resource Definition drilling program commenced in late April 2021 and was designed to increase confidence in the continuity of the Golden Swan mineralisation to allow a resource to be determined in accordance with JORC 2012 Inferred and Indicated categories. The drill program was completed ahead of schedule at the end of July 2021 with 60 holes drilled for a total of 15,968 metres.

The maiden Resource was released in late October (refer ASX release dated 27 October 2021).

The long section showing all down-hole intersections in the resource drilling program is shown in Figure 2.

Silver Swan and Southern Terrace Drilling

During the quarter a drill rig was moved up plunge of the Southern Terrace to drill test some weak EM plates detected during the Golden Swan DHEM surveys to gain a greater understanding of the potential extent of Southern Terrace and its prospectivity for further high-grade mineralisation.

A second rig was moved to start work on the Silver Swan Resource extension and exploration program and was later joined by the first rig having completed four initial holes on the Southern Terrace. Results of the Silver Swan drilling will be announced as assays become available.

Silver Swan Tailings Maiden Resource

The Company announced the maiden resource estimate for the Silver Swan Tailings, located at the Black Swan project, of 675kt grading 0.92% Ni and 683ppm Co containing 6,200 tonnes of nickel and 460 tonnes of cobalt. For further details refer to the ASX announcement dated 15 September 2021.

Metallurgical testwork has already been completed that confirms the blending the Silver Swan Tailings with Black Swan Disseminated open pit ore will increase the Fe:MgO ratio and improve product marketability. Detailed testwork is ongoing to optimise the Black Swan Disseminated/Silver Swan Tailings blend ratio and test the impact on recovery of blending in high-grade Silver Swan and Golden Swan massive sulphides.

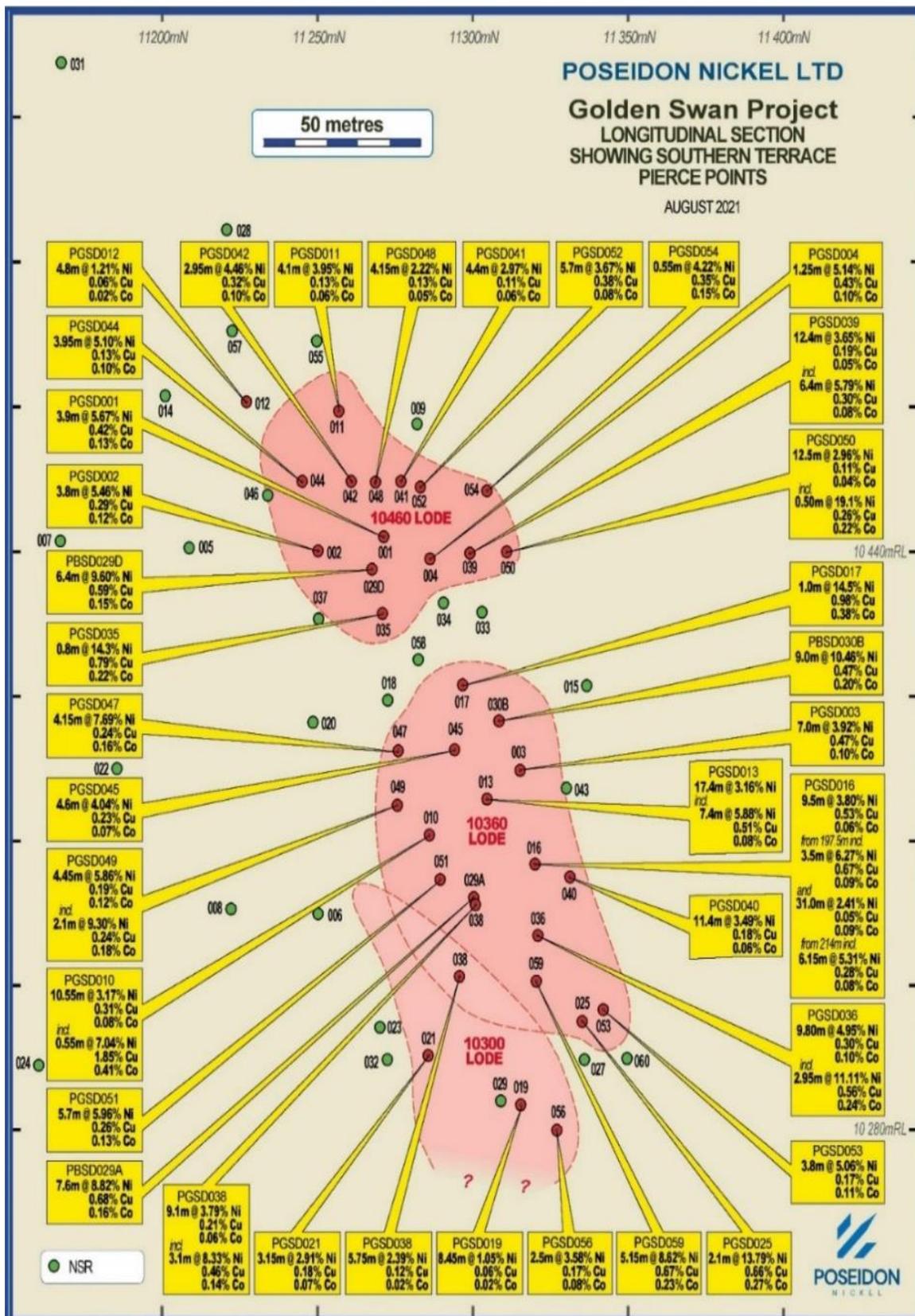


FIGURE 2: SIMPLIFIED GOLDEN SWAN LONG SECTION SHOWING ALL PIERCE POINTS AND SIGNIFICANT DRILL RESULTS

Lake Johnston

Exploration targeting review

The Company's geological consultants, NewExco, have reviewed a number of prior studies into the exploration potential at Lake Johnston over the past six months. NewExco has completed a detailed report and confirmed the following advanced exploration targets as moderate to high priority (refer Figure 4):

- Abi Rose Extension Drilling - Maggie Hays drilling for Resource Expansion, based on the reopening of the Maggie Hays underground operation
- Emily Ann/Abi Rose type intrusions - relogging to identify and locate parts of the ultramafic intrusive system that may have been overlooked
- Surface EM/Drilling at Vision / Spielers - nickel sulphides have been encountered in these areas in the past proving the fertility of the area
- Western Ultramafic / Roundtop - Surface Sampling / Drilling - a valid target in an under-explored area with high prospectivity

NewExco are assisting the Company in preparing an exploration program and budget with the Western Ultramafic being the priority. Program of work (PoW) submissions are being prepared and it is envisaged that drilling could commence during the second half of FY22.

Scoping Study on restarting 1.5Mtpa processing plant

The Company has engaged GR Engineering Services to undertake a scoping study on the estimated capital cost to refurbish the existing 1.5Mtpa processing plant and estimated operating costs for that plant. Various studies on mining the Maggie Hays Resource have been undertaken previously and these will be used in the Scoping Study. Assuming the results of the Scoping Study are positive the Company would then look to undertake a Bankable Feasibility Study on restarting Lake Johnston.



FIGURE 3: LAKE JOHNSTON 1.5MTPA PROCESSING PLANT AND ASSOCIATED INFRASTRUCTURE

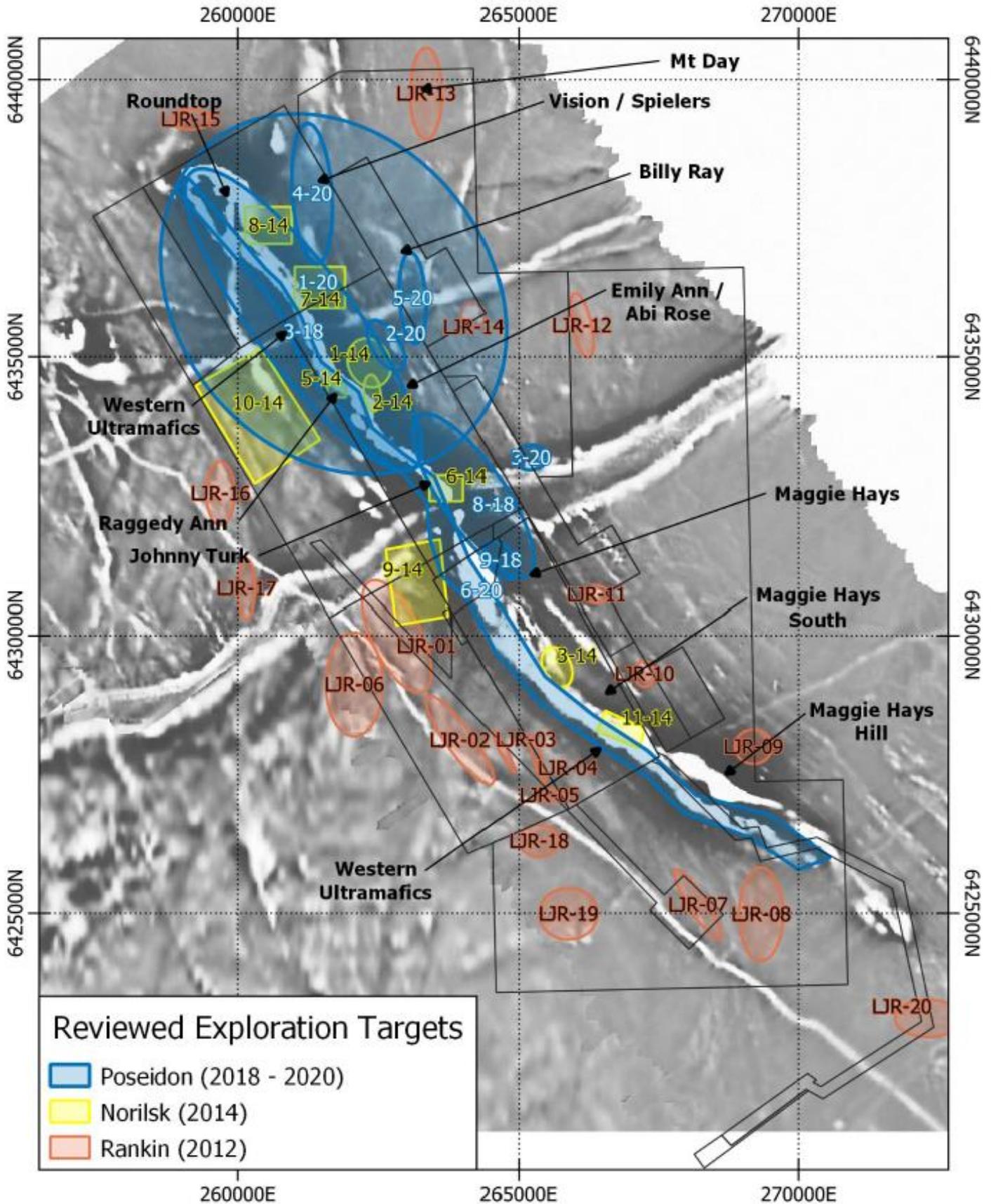


FIGURE 4: LAKE JOHNSTON EXPLORATION TARGETS

Windarra

Gold Tailing Feasibility Study

The Company delivered the Windarra Gold Tailings Feasibility Study in July (refer ASX release dated 23 July 2021). The study confirmed an ore Reserve of 5.54-5.73Mt, subject to mining method, grading 0.84 g/t gold and 2.1 g/t silver for approximately 150koz of contained gold and 375koz of contained silver.

The Study reported that the Windarra Gold Tailings Project, incorporating the Windarra and Lancefield tailings, could produce approximately 53.5-55.2koz gold, subject to mining method, over a 45-month period, utilising low-cost, low-risk tailings mining methods and a conventional 1.5Mtpa modular designed processing facility.

The Feasibility Study Base Case utilising dredge mining returns the following economic outcomes:

- Net operating cashflow of \$30.6 million, Net Present Value (NPV₈) of \$21.7 million and IRR of 50.6%, assuming a gold price of US\$1,750/oz and exchange rate of A\$1.00 = US\$0.75
- Application of the Residual Value assessment improves net operating cashflow to \$36.3 million, NPV₈ to \$25.7 million and IRR to 53.9%
- All in sustaining cost (AISC) for the Project is A\$1,393/oz

The Study confirmed a modest development capital cost of \$25.8-\$29.5 million, subject to the mining method selected, with a payback of 27-28 months from start of construction. Ministerial approval has been received for the annual renewal of the Lancefield Licences to Treat and environmental approval for the project was received, conditional upon receipt of an approved Mining Proposal.

The Company is now considering various options in relation to fast tracking development of the project by bringing in a partner. Discussions are ongoing.

Placement and Share Purchase Plan (SPP)

\$22 million (before costs) was raised through the issue of 200 million fully paid ordinary shares at an issue price of 11 cents per share from new and existing institutional, professional and sophisticated investors. The price represented a 10% discount to the 10-day volume weighted average share price ("VWAP") and a 18.5% discount to last closing price before the trading halt. The placement was over-subscribed.

The Company also undertook an SPP at 11 cents per share and received overwhelming support for the SPP which was also over-subscribed. The Company received valid applications totalling approximately \$13.5 million, well in excess of the targeted \$3 million. As a result of the oversubscription, Poseidon's Board of Directors exercised its discretion under the terms of the SPP to accept a total of \$6 million in applications for the issue of approximately 54.5 million New Shares.

These funds will be used to progress the objectives of the Company's Fill the Mill Strategy including drilling of the Silver Swan orebody to upgrade existing mineral resources to ore reserves, undertaking mining and production studies and obtaining regulatory approvals and other objectives such as reviewing the exploration and development potential at Lake Johnston.

Operating Update

Black Swan

Black Swan was on care and maintenance during the quarter. Activities at Black Swan over the quarter included the drilling programs on the Southern Terrace and in the Silver Swan Channel together with mine rehabilitation works in the decline and drill platform preparation. All works were completed without any significant safety incidents.

Windarra

The Windarra project was on care and maintenance over the period.

The main activities at site was the drilling of six Electric Friction Cone Piezocone Test (CPTu) probes into the Windarra Tailings Storage Facility to assess the geotechnical stability of the Windarra Central dam. The results from this testing will be used to generate a geotechnical stability model of the Windarra Central dam to answer specific queries raised by the regulator, as part of its assessment of the Mining Proposal for the Windarra Gold Tailings Project.

Lake Johnston

Lake Johnston remained on care and maintenance during the quarter.

COVID Update

The Company and its contractors continue to operate within the safe operating parameters specified by the WA Government.

Financial

As at 30 September 2021, the Company held cash and current investments totaling \$28.4 million.

Over the September 2021 quarter, Poseidon's net cash outflow from operating and investing activities totalled \$6.3 million which included \$4.7 million of exploration and evaluation costs.

Costs incurred over the quarter amounted to \$6.2 million compared to a forecast of \$7.4 million, with the variance to forecast resulting primarily due to the timing of exploration costs incurred. Total cash expenditure for the quarter was \$6.3 million.

There were no production or development activities conducted over the quarter and as such no production or development expenditures were incurred.

Related party expenses over the quarter totalled \$52,663:

- \$1,320 paid to Black Mountain Metals Pty Ltd for consultancy services provided to Poseidon with regards to technical studies conducted on Poseidon's mining assets; and
- \$51,343 fees paid to Directors.

With continuing exploration activities at Silver Swan and feasibility study works on the Black Swan restart, Poseidon has forecasted costs of \$8.1 million over the next quarter.

Other

There were no material changes in mineral tenements during the period (as shown in Table 1).

This Quarterly Activities Report was authorised for release by Peter Harold, Managing Director of Poseidon.



Peter Harold
Managing Director and CEO

29 October 2021

For further information contact Peter Harold: + 61 (0)8 6167 6600.

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 around 400,000 tonnes of nickel and 180,000 ounces of gold.

Poseidon's strategy is focused on the exploration and eventual resumption of its established nickel operations in Western Australia where project risk capital and operating costs are low. A critical element of this strategy has been to acquire projects and operations with high levels of geological prospectivity likely to lead to potential substantial extension of the operation's life through the application of modern exploration techniques.

Poseidon owns the Windarra, Black Swan and the Lake Johnston Nickel Projects. In addition to the mines and infrastructure including concentrators at Black Swan and Lake Johnston, these projects have significant exploration opportunities demonstrated by the discovery of the Abi Rose deposit at Lake Johnston and the recent discovery of the Golden Swan mineralisation at Black Swan. The Company has recently completed a Definitive Feasibility Study on retreating the gold tailings at Windarra and Lancefield given the strength of the A\$ gold price.

Table 1: Tenements Held as at 30 September 2021

| AREAS OF INTEREST | TENEMENTS | ECONOMIC ENTITY'S INTEREST |
|-----------------------------|--|----------------------------|
| Western Australia | | |
| Windarra Nickel Assets | SA 38/261, G38/21, L38/121, L39/184, L38/199, L38/218, L39/221 | 100% |
| Windarra South | MSA 38/261, L38/119, L38/122, L38/220 | 100% |
| Woodline Well | M39/1075, L39/224 | 100% |
| Pool Well | M38/1244, M38/1245, L38/118 | 100% |
| Lake Johnston Nickel Assets | E63/1067, G63/0008, G63/0005, L63/0051, L63/0052, L63/0055, L63/0057, M63/0163, M63/0282, M63/0283, M63/0284, M63/0292, M63/0293, M63/0294, M63/0522, M63/0523, M63/0524, E63/1784 | 100% |
| Black Swan Nickel Assets | M27/0039, M27/0200, M27/0214, M27/0216, L27/0057, L27/0058, L27/0059, L27/0074, L27/0075, L27/0077, L27/0078, L24/0219, L24/0222, G27/ | 100% |

E = Exploration Licence M = Mining Lease MSA = Mining Tenement State Act PL = Prospecting Licence L = Miscellaneous Licence

Mining Tenements Acquired or Disposed during the September 2021 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the September 2021 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the September 2021

Nil

MINERAL RESOURCE STATEMENT

Table 2: Nickel Projects Mineral Resource Statement

| Nickel Sulphide Resources | JORC Compliance | Cut Off Grade | MINERAL RESOURCE CATEGORY | | | | | | | | | | | | |
|------------------------------|-----------------|---------------|---------------------------|-----------|--------------|-------------|-----------|--------------|-------------|-----------|--------------|-----------|--------------|-----------|--------------|
| | | | INDICATED | | | INFERRED | | | TOTAL | | | | | | |
| | | | Tonnes (Kt) | Ni% Grade | Ni Metal (t) | Tonnes (Kt) | Ni% Grade | Ni Metal (t) | Tonnes (Kt) | Ni% Grade | Ni Metal (t) | Co% Grade | Co Metal (t) | Cu% Grade | Cu Metal (t) |
| BLACK SWAN PROJECT | | | | | | | | | | | | | | | |
| Black Swan | 2012 | 0.40% | 9,600 | 0.68 | 64,900 | 21,100 | 0.54 | 113,800 | 30,700 | 0.58 | 179,000 | 0.01 | 4,200 | NA | - |
| Silver Swan | 2012 | 4.50% | 108 | 9.4 | 10,130 | 61 | 9.7 | 5,900 | 168 | 9.5 | 16,030 | 0.19 | 316 | 0.4 | 679 |
| LAKE JOHNSTON PROJECT | | | | | | | | | | | | | | | |
| Maggie Hays | 2012 | 0.80% | 2,600 | 1.60 | 41,900 | 900 | 1.17 | 10,100 | 3,500 | 1.49 | 52,000 | 0.05 | 1,800 | 0.10 | 3,400 |
| WINDARRA PROJECT | | | | | | | | | | | | | | | |
| Mt Windarra | 2012 | 0.90% | 922 | 1.56 | 14,500 | 3,436 | 1.66 | 57,500 | 4,358 | 1.64 | 72,000 | 0.03 | 1,200 | 0.13 | 5,700 |
| South Windarra | 2004 | 0.80% | 772 | 0.98 | 7,500 | - | - | - | 772 | 0.98 | 7,500 | NA | - | NA | - |
| Cerberus | 2004 | 0.75% | 2,773 | 1.25 | 34,600 | 1,778 | 1.91 | 34,000 | 4,551 | 1.51 | 69,000 | NA | - | 0.08 | 3,600 |
| TOTAL | | | | | | | | | | | | | | | |
| Total Ni, Co, Cu Resources | 2004 & 2012 | - | 16,775 | 1.03 | 173,530 | 27,275 | 0.81 | 221,300 | 44,049 | 0.90 | 395,530 | 0.02 | 7,516 | 0.03 | 13,379 |

| Zone | SILVER SWAN TAILINGS RESOURCE - SEPTEMBER 2021 | | | | | | | | | | |
|-------|--|------|------|------|--------|------|------|------|-------|---------|--|
| | Measured | | | | | | | | | | |
| | Tonnes | Ni% | Ni t | Cu% | Co ppm | Fe% | MgO% | As% | S% | Density | |
| 1 | 280,600 | 0.75 | 2118 | 0.02 | 283 | 16.7 | 8.81 | 0.04 | 7.56 | 2.84 | |
| 2 | 394,365 | 1.04 | 4082 | 0.06 | 967 | 26.1 | 4.71 | 0.17 | 13.56 | 3.09 | |
| Total | 674,964 | 0.92 | 6201 | 0.04 | 683 | 22.2 | 6.42 | 0.11 | 11.06 | 2.98 | |

Note: totals may not sum exactly due to rounding. NA = information Not Available from reported resource model. The Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

Black Swan Resource as at 22 July 2014 (see ASX announcement "Poseidon Announces Black Swan Mineral Resource" released 4th August 2014)

Silver Swan Resource as at 5 August 2019 (see ASX announcement "Silver Swan Resource Upgrade" released 5th August 2019)

Maggie Hays Resource as at 17 March 2015 (see ASC announcement "50% Increase in Indicated Resources at Lake Johnston" released 17th March 2015)

Mt Windarra Resource as at 7 November 2014 (see ASX announcement "Poseidon Announces Revised Mt Windarra Resource" released 7th November 2014)

South Windarra and Cerberus Resource as at 30 April 2013 (see ASX announcement "Resource Increase of 25% at Windarra Nickel Project" released 1st December 2011)

Silver Swan Tailings Resource as at 15 September 2021 (ASX Announcement "Silver Swan Tailings – Maiden Resource Estimate" 15 September 2021)

The Company is not aware of any new information or data that materially affects the information in the relevant market announcements. All material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

GOLD TAILINGS MINERAL RESOURCE STATEMENT

Table 3: Gold Projects Ore Resource Statement

Table 3A Windarra Gold Tailings Project North and South Dams Mineral Resource – JORC 2012 Tabulation

| | INDICATED | | | | | | |
|--------------|------------------|-------------|----------------|------------|--------------|------------|--------------|
| | Tonnes (t) | AU (g/t) | Au (oz) | Ag (g/t) | As (ppm) | CU (ppm) | Ni (ppm) |
| North Dam | 3,902,000 | 0.78 | 98,000 | 1.9 | 1,805 | 365 | 975 |
| South Dam | 850,000 | 0.50 | 14,000 | 0.6 | 645 | 355 | 2,533 |
| Total | 4,752,000 | 0.73 | 112,000 | 1.7 | 1,600 | 363 | 1,250 |

Table 3B Windarra Gold Tailings Project Central Dam Mineral Resource – JORC 2012 Tabulation

| | INDICATED | | | | | |
|---------|------------|----------|---------|----------|----------|--------|
| | Tonnes (t) | AU (g/t) | Au (oz) | As (ppm) | CU (ppm) | Ni (%) |
| Central | 6,198,000 | 0.37 | 74,000 | 435.0 | 270 | 0.3 |

Windarra Gold Tailings North and South Dams Resource: no cut-off grade has been used to report the resource, as potential mining method dictates removal of the entire dams. a dry bulk in situ density of 1.6 t/m³ has been used to derive tonnages. resource numbers in Table 3A may not sum exactly due to rounding.

Windarra Gold Tailings central Dam Resource: No cut-off grade has been used to report the resource, as the potential mining method dictates removal of the entire dam down to a specified elevation. The mineralisation has been reported above a flat elevation of 446 mRL; there are tailings below this level but these have been shown by drilling to contain no gold, and it is anticipated that the proposed mining method will not treat material below this elevation. A dry bulk in situ density of 1.6 t/m³ has been used to derive tonnages. Resource totals may not sum exactly due to rounding.

Windarra Gold Tailings Resource as at 22 June 2020 (see ASX announcement “Gold Tailings Resource at Windarra updated to JORC 2012 Indicated” 22 Jun 2020).

ORE RESERVE STATEMENT

Table 4: Nickel Projects Ore Reserve Statement

| Nickel Sulphide Reserves | JORC Compliance | ORE RESERVE CATEGORY | | |
|----------------------------|-----------------|----------------------|-----------|--------------|
| | | PROBABLE | | |
| | | Tonnes (Kt) | Ni% Grade | Ni Metal (t) |
| SILVER SWAN PROJECT | | | | |
| Silver Swan Underground | 2012 | 130 | 5.2 | 6,800 |
| Black Swan Open pit | 2012 | 3,370 | 0.63 | 21,500 |
| TOTAL | | | | |
| Total Ni Reserves | 2012 | 3,500 | 0.81 | 28,300 |

Note: Calculations have been rounded to the nearest 10,000 t of ore, 0.01 % Ni grade 100 t Ni metal and 10t of cobalt metal.

Silver Swan Underground Reserve as at 26 May 2017 (see ASX announcement “Silver Swan Definitive Feasibility Study” released 26th May 2017) **Black Swan Open Pit Reserve** as at 5 November 2014 (see ASX announcement “Poseidon Announces Black Swan Ore Reserve” dated 5th November 2014).

The Company completed an upgrade to the Silver Swan Indicated Resource in 2019 which was based upon the 2015 Silver Swan Resource Estimate (refer to Table 2 above for the new Silver Swan Resource estimate). At this point it is not known the impact the update to the Silver Swan Resources will have on the Silver Swan Reserve.

The Company is not aware of any new information or data that materially affects the information in the relevant market announcements for the Black Swan Open Pit Reserve. All material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

COMPETENT PERSON STATEMENTS:

The information in this report that relates to Exploration Targeting and Results is based on, and fairly represents, information compiled and reviewed by Mr Andrew Pearce, who is an employee of Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists.

The information in this report which relates to the Black Swan Mineral Resource is based on, and fairly represents, information compiled by Mr David Reid who is a full-time employee of Golder Associates Pty Ltd and who is a Fellow of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Black Swan Ore Reserve is based on, and fairly represents, information compiled by Mr Francois Bezin who is a full-time employee of IMC Mining and is a Member of the Australasian Institute of Mining and Metallurgy.

The information in this report which relates to the Silver Swan Mineral Resource is based on, and fairly represents, information compiled by Mr Steve Warriner, who was a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr Kahan Cervoj who is a full-time employee of Optiro Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Silver Swan Ore Reserve is based on, and fairly represents, information compiled by Mr Matthew Keenan who is a full-time employee of Entech Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.

The information in this report which relates to the Lake Johnston Mineral Resource is based on, and fairly represents, information compiled by Mr Steve Warriner, who was a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr David Reid who is a full-time employee of Golder Associates Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Lake Johnston Ore Reserves Project is based on, and fairly represents, information compiled by Mr Matthew Keenan who is a full-time employee of Entech Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.

The information in this report that relates to Mineral Resources at the Windarra Nickel Project and Gold Tailings Project is based on, and fairly represents, information compiled by Mr Steve Warriner, who was a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr Ian Glacken who is a full-time employee of Optiro Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. The Windarra Project contains Mineral Resources which are reported under JORC 2004 Guidelines as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Codes. Future estimations will be completed to JORC 2012 Guidelines.

Mr Pearce, Mr Warriner, Mr Cervoj, Mr Reid, Mr Glacken and Mr Keenan all have 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 Pearce, Mr Warriner, Mr Cervoj, Mr Glacken and Mr Keenan have 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.

FORWARD LOOKING STATEMENT – INFERRED RESOURCE STATEMENTS:

The Company notes that an Inferred Resource has a lower level of confidence than an Indicated Resource and that the JORC Codes, 2012 advises that to be an Inferred Resource it is reasonable to expect that the majority of the Inferred Resource would be upgraded to an Indicated Resource with continued exploration. Based on advice from relevant competent Persons, the Company has a high degree of confidence that the Inferred Resource for the Silver Swan deposit will upgrade to an Indicated Resource with further exploration work.

The Company believes it has a reasonable basis for making the forward looking statement in this announcement, including with respect to any production targets, based on the information contained in this announcement and in particular, the JORC Code, 2012 Mineral Resource for Silver Swan as of May 2016, together with independent geotechnical studies, determination of production targets, mine design and scheduling, metallurgical testwork, external commodity price and exchange rate forecasts and worldwide operating cost data.

FORWARD LOOKING STATEMENTS:

This release contains certain forward looking statements including nickel production targets. Often, but not always, forward looking statements can generally be identified by the use of forward-looking words such as "may", "will", "except", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also forward-looking statements.

Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change, without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance.

Forward looking statements may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility and potential development of the Golden Swan underground mine.