

ASX Announcement

22 September 2023

LEADERSHIP AND OPERATIONS TRANSITION

KEY POINTS

Significant progress has been made towards the restart of the Black Swan operations with the confirmation of the metallurgical recoveries one of the key items outstanding. Notwithstanding the Company made the prudent decision to defer the Black Swan restart until all outstanding items are resolved and the nickel price environment and equity markets improve.

To scale back corporate overheads and Black Swan site operating costs the following proactive initiatives will be implemented:

Executive and Board Transition

- Peter Harold will transition from Managing Director and CEO to Non-Executive Chair
- Craig Jones, Poseidon's current General Manager Mining, will transition to CEO
- Derek La Ferla and Dean Hildebrand will retire from the Board

Black Swan Operations

- Revised operating model implemented to materially reduce care and maintenance costs

Strategy going forward

- The changes at corporate and site will save approximately \$3 million annually
- Black Swan restart remains a key strategic initiative
- Exploration activities will be primarily at Lake Johnston along Western Ultramafic Unit
- Non-core asset rationalisation and other cost reduction strategies will be considered

Poseidon Nickel Limited (ASX: POS, "the Company") provides this information on corporate changes together with a revised care and maintenance operating model at Black Swan which will result in significant cost savings across the Company.

Managing Director and CEO, Peter Harold, commented: *"While we have made significant progress on project financing, concentrate quality and offtake, approvals and planning in relation to the Black Swan restart as previously advised we are not in a position to make the final investment decision for a number of reasons including the current weaker than anticipated nickel price, the short-term outlook for commodity prices and the need to complete additional metallurgical testwork.*

Since the decision was made, in mid-July 2023, to defer the restart, the board and executive team has been looking at ways to reduce costs in the business both at the corporate and asset levels. To that end some major personnel changes will be made, including myself, to significantly reduce the corporate overhead while preserving the knowledge base of the Company. In addition, we have revised the care and maintenance operating model at Black Swan which will result in a material reduction in annual operating costs without

impacting the restart timetable for the mine and processing plant when a decision to restart is made. Our aim is to ensure costs are reduced while at the same time putting Poseidon in the best position for the restart.

Combined cost reductions from these initiatives total approximately \$3 million on an annualised basis.

I would like to take this opportunity to thank Derek and Dean for their efforts and dedication since they joined the Company. I would also like to thank Craig for his commitment to the Company and for stepping up into the CEO role.

I am passionate about Poseidon, its assets and its people and will transition from my current role to Non-Executive Chair. I look forward to assisting Craig and the executive team over this transition period.

Our primary focus remains to restart Black Swan in the right nickel price environment. Our immediate priorities are to confirm the metallurgical recoveries for the smelter grade concentrate project, complete the Expansion Project prefeasibility study, continue exploration activities at Lake Johnston along the highly prospective Western Ultramafic Unit and keep reviewing our assets and costs and make further adjustments where necessary.”

BOARD & SENIOR EXECUTIVE CHANGES

The size of the Board and senior executive is being reduced in line with the deferred restart of Black Swan and the need to reduce costs at the corporate level. The following changes will be made effective 2 October 2023:

- **Craig Jones**, currently General Manager Mining, will transition to the role of CEO. Craig commenced with Poseidon in February 2022 and is a highly experienced mining executive and qualified mining engineer with more than 28 years' experience in Western Australian underground hard-rock mining within the resource industry. Prior to joining the Company, Craig was the Chief Operating Officer for Bellevue Gold where he was instrumental in establishing the restart of the historical operation, leading the feasibility study and an integral team member involved in the financing of the project. Prior to that, he held senior roles in operations, mine management and business development for various mining companies including Northern Star Resources. Craig has significant experience in optimising, integrating and operating underground mines as well as upgrading mill infrastructure and installation of major capital projects at various operations. Craig holds a Bachelor of Engineering (Mining) from the University of Ballarat and a WA First Class Mine Manager's Certificate.
- **Peter Harold** will transition from Managing Director and CEO to Chair. Peter has been the Managing Director and CEO of Poseidon since March 2020 and has managed the Company through some challenging times while at the same time has seen the Company deliver the November 2022 Black Swan Feasibility Study, the maiden high-grade Golden Swan discovery, received some excellent offtake and project financing proposals from large resource companies, assisted in securing over \$50 million in new equity, repaying US\$17.5 million (A\$25.1 million) in debt and recruiting some experienced resources executives to the Company from his extensive network.

The following changes will be made effective 27 October 2023:

- **Derek La Ferla** will retire as Chair. Derek has been Chair since November 2019 and has assisted in steering the Company through a demanding period in its history.
- **Dean Hildebrand** will retire as Non-Executive Director. Dean joined the board in July 2020 to represent the Company's major shareholder, Black Mountain Metals. Since leaving Black Mountain in 2022 he has acted independently in his directorship role.

BLACK SWAN CHANGES

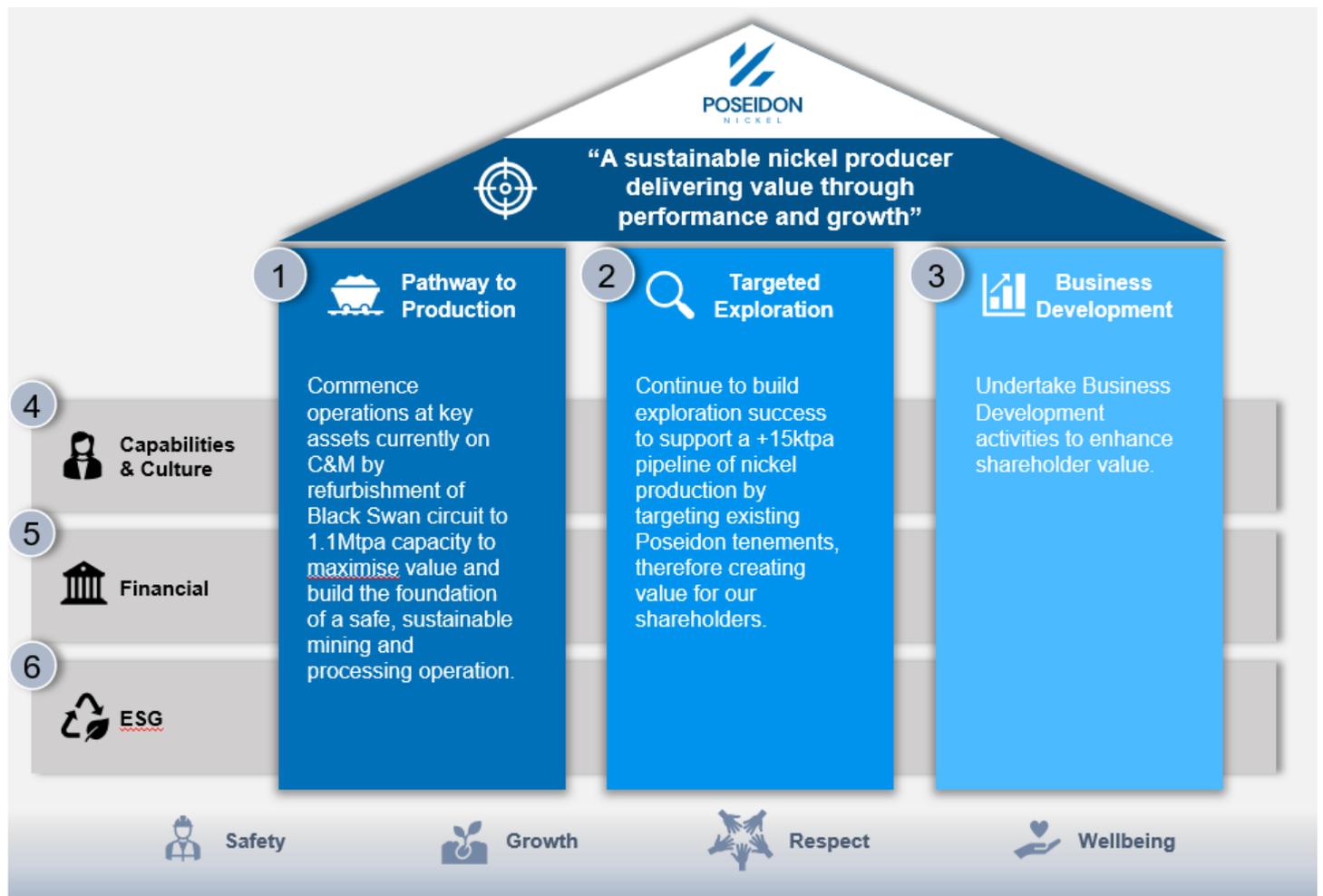
The executive team in reviewing costs has identified an opportunity to reduce the current care and maintenance expenditure by changing the pumping and ventilation regime in the Silver Swan decline, from the current continuous operation to a more sustainable periodic operating model, given the decision to defer the restart.

The planned changes involve moving to a smaller workforce, lowering power consumption for ventilation and pumping and reducing various other onsite expenses. Importantly, these initiatives will save money while continuing to preserve the key underground infrastructure and not impact on the restart timetable, given there is a 12-month plant refurbishment period between the decision to restart and first ore through the processing plant.

STRATEGY GOING FORWARD

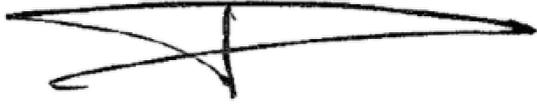
The Company’s three pillars of focus are:

1. Pathway to Production - restart Black Swan;
2. Targeted Exploration - continue exploration on our tenements to find more high-grade nickel sulphide resources; and
3. Business Development - undertake value accretive business development activities.



In line with our stated corporate goals the pathway to production remains to restart Black Swan in the right nickel price environment. In addition, we are focusing our efforts on completing the Expansion Project prefeasibility study, the exploration activities at Lake Johnston along the highly prospective Western Ultramafic Unit and continue to review our assets and costs and make further adjustments where necessary.

This announcement was authorised for lodgement by the Board of Poseidon Nickel Limited.



Peter Harold
Managing Director & CEO

22 September 2023

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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 420,000 tonnes of nickel and 180,000 ounces of gold.

Poseidon's strategy is focused on the exploration and eventual restart of its established nickel operations in Western Australia with the aim of being a +15,000tpa nickel producer. At each historical mining centre there is significant existing infrastructure, large nickel resources and geological prospectively that is likely to lead to resource growth through the application of modern exploration techniques and further drilling.

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 Golden Swan Resource at Black Swan, the Abi Rose and more recently the Maggie Hays West mineralisation at Lake Johnston.

The Company completed a Bankable Feasibility Study on Black Swan in November 2022 which will be the first project to restart. This could be followed by Lake Johnston and then Windarra, subject to favourable Feasibility Studies, appropriate project financing structures being achieved, the outlook for the nickel price remaining positive and all necessary approvals being obtained.

A Definitive Feasibility Study on retreating the gold tailings at Windarra and Lancefield was completed in mid-2022. A potential partner for this project is currently conducting due diligence on the Lancefield gold tailings and accessing the water in the South Windarra pit.

CRAIG JONES - CEO - SUMMARY OF CONTRACT MATERIAL TERMS

Commencement	Mr Jones' appointment as Chief Executive Officer (CEO) will commence with Poseidon on 2 October 2023 (Commencement Date).
Remuneration	A base salary of \$400,000 per annum (Base Remuneration) plus statutory superannuation.
Short-Term Incentive	A short-term incentive in either cash or shares (subject to shareholder approval) for up to 50% of the Base Remuneration subject to achieving key performance milestones to be determined by the Board.
Long-Term Incentive	<p>Subject to shareholder approval, up to a maximum of 80% of Base Remuneration per annum in the form of performance rights in the capital of the Company (Performance Rights).</p> <p>The Performance Rights will vest after a period of 3 years on terms standard for their nature and applicable regulatory requirements.</p>
Project Performance Long-Term Incentive	<p>The Project Performance Long Term Incentive (PPLTI) is a special incentive designed to reward performance in line with positive outcomes for shareholders, delivered by the achievement of key material production and commercial milestones.</p> <p>Subject to shareholder approval Mr Jones will be eligible to participate in the PPLTI as described below:</p> <ul style="list-style-type: none"> • the fully funded FID for Black Swan restart (project debt and equity secured), or • an alternative similarly material structured project or transaction. <p>Mr Jones will qualify for participation in the PPLTI grant of performance rights. The dollar value of Mr Jones' participation in the PPLTI will be based on an amount of up to four times his Base Salary.</p>
Termination	<p>The Company may terminate Mr Jones' employment in the following manners:</p> <ul style="list-style-type: none"> • without cause at any time by providing 3 months' notice (3 months of the Base Remuneration must be paid at the end of notice period); • without notice for cause at its sole discretion; • with 3 months' notice for cause. <p>Mr Jones may resign from the Company at any time on 3 months' notice to the Company.</p> <p>If Mr Jones resigns due to a material adverse change to his role, Base salary or for another specified "good reason" during the 12-month period following a change of control in the Company, Mr Jones shall be entitled to a payment equal to the Base Remuneration (subject to any required shareholder approvals).</p>