

ASX Announcement

1 December 2022

POSEIDON TO RAISE UP TO \$9 MILLION TO PROGRESS BLACK SWAN RESTART

KEY POINTS

- Commitments received to place 171.5 million new shares at 3.5 cents per share to raise \$6 million
- Share Purchase Plan (SPP) targeting \$3 million for existing shareholders on the register at the Record Date of 30 November 2022
- Funds raised will be applied towards:
 - Pre-production works at Black Swan to support the restart of operations, including ordering long lead items
 - Resource drilling from the bottom of the Black Swan open pit to convert Inferred Resources to Indicated to extend the mine life beyond four years based on the 1.1Mtpa Bankable Feasibility Study
 - Undertake drilling at Lake Johnston targeting the Western Ultramafic Unit, a priority target identified by external specialised geological consultants NewExco
 - Progress the 2.2Mtpa rougher concentrate Feasibility Study through to completion
- Post placement, the Company will have approximately \$10.5 million in cash, before the SPP
- Assuming Final Investment Decision for the Black Swan project is made during first half 2023 (whether based on a 1.1Mtpa or 2.2Mtpa mill feed), concentrate production would commence in early 2024 taking advantage of the strong nickel price environment

Poseidon Nickel (ASX: POS “the Company”) is pleased to advise that it has received commitments to raise \$6 million (before costs) through a private placement of ordinary shares in the Company (“**Placement**”) to clients of Morgans Corporate Limited (“**Morgans**”), who has acted as Lead Manager of the Placement.

Managing Director and CEO, Peter Harold, commented *“this placement and SPP will support the Company’s strategy to grow our nickel inventory and to “Fill the Mill” at Black Swan as we move to a decision to proceed in Q2 2023 with first production to follow in 2024. The funds raised will be used to convert more Resources to Reserves at Black Swan to expand the mine life, continue with pre-production works, order long lead items, complete the rougher concentrate Feasibility Study and undertake an extensive drilling program at Lake Johnston targeting Emily Ann style (+3% Ni) mineralisation.*

The Company would like to thank our existing and new shareholders who participated in the placement and Morgans for their role as Lead Manager.”

Placement Details

Commitments received from new and existing institutional, professional and sophisticated investors to raise \$6 million (before costs) through the issue of 171.5 million fully paid ordinary shares at an issue price of 3.5 cents per share, representing a 18.2% discount to the 5 day volume weighted average share price (“**VWAP**”) of \$0.043 and a 14.6% discount to last closing price before the trading halt of \$0.041.

Shares issued under the Placement will be issued under the Company’s existing placement capacity pursuant to ASX Listing Rule 7.1.

Directors of the Company have subscribed for 2,857,143 New Shares as part of the Placement for \$0.1 million (Related Party Participation). As per the requirements of ASX Listing Rule 10.11, the Company will seek shareholder approval for the Related Party Participation at a General Meeting to be announced in due course.

Share Purchase Plan

In addition to the Placement, Poseidon will also offer existing eligible shareholders the opportunity to participate in a non-underwritten Share Purchase Plan (**SPP**) to raise up to approximately \$3.0 million.¹

Under the SPP, eligible Poseidon shareholders will have the opportunity to apply for up to \$30,000 of New Shares without incurring brokerage or other transaction costs.

The Company confirms that the record date for participation in the SPP is Wednesday 30 November 2022 (**Record Date**). Registered holders of Shares at the Record Date with a registered address in Australia, New Zealand or such jurisdiction that the Directors may determine, will be eligible to participate in the SPP.

The SPP offer period will open on Monday, 5 December 2022 and is expected to close at 5:00pm (AEDT) Monday, 19 December 2022. The New Shares to be issued under the SPP will be issued at 3.5 cents per Share, the same price as the Placement.

New Shares to be issued under the Placement and SPP will rank pari passu with fully paid ordinary shares in Poseidon.

The Directors of the Company who are Eligible Shareholders may participate under the Plan.

The terms and conditions of the SPP will be set out in the SPP offer booklet, which is expected to be released to the ASX and dispatched to eligible shareholders via their preferred method of contact on Monday, 5 December 2022.

Key Dates as follows:

| Event | Date |
|---|--|
| Trading Halt | Tuesday 29 November 2022 |
| SPP Record Date | 7.00pm AEDT on Wednesday 30 November 2022 |
| SPP offer opens and SPP offer booklet dispatched | Monday 5 December 2022 |
| Settlement of New Shares issued under the Placement | Wednesday 7 December 2022 |
| Issue and Allotment and normal trading of New Shares issued under the Placement | Thursday 8 December 2022 |
| SPP offer closes | Monday 19 December 2022 |

¹As the SPP is not underwritten, the SPP may raise more or less than this amount. If the SPP raises more than \$3.0 million, Poseidon may decide to accept applications (in whole or in part) that result in the SPP raising more than \$3.0 million. If Poseidon decides to conduct any scale back of applications, for example because the aggregate amount applied for under the SPP exceeds Poseidon’s requirements, the scale back will be applied on a pro rata basis to shareholdings of participating eligible shareholders at the record date for their SPP.

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|---|----------------------------|
| Announcement of results of SPP | Friday 23 December 2022 |
| SPP allotment date | Friday 23 December 2022 |
| Normal trading of SPP shares and dispatch of holding statements | Wednesday 28 December 2022 |

Use of Funds

The Company intends to use the funds raised from the Placement and SPP for the following purposes:

- immediately commence an infill RC drilling program from the bottom of the dewatered Black Swan open pit to convert Inferred resources to Indicated for both the 1.1Mtpa smelter grade concentrate and 2.2Mtpa rougher concentrate projects;
- commence a 15,000 metre RC drilling program at Lake Johnston in early 2023 targeting the Western Ultramafic Unit identified by specialised geological consultants NewExco as a high priority exploration target;
- completing the Black Swan 2.2Mtpa rougher concentrate Feasibility Study during first half 2023 to potentially support the expansion of operations at Black Swan beyond the recently released 1.1Mtpa smelter grade concentrate project;
- reviewing the exploration potential of Windarra by NewExco to identify priority targets for future exploration programs; and
- general working capital purposes.

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

Peter Harold
Managing Director and CEO

1 December 2022

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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 over 400,000 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. A critical element of this strategy has been to acquire projects and operations with significant existing infrastructure, large nickel resources and geological prospectivity likely to lead to resource growth 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 Golden Swan Resource at Black Swan and the Abi Rose mineralisation at Lake Johnston.

Black Swan will be the first project to restart 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. The Bankable Feasibility study on the Black Swan smelter grade concentrate project was recent completed and the study on the rougher concentrate option is underway, First production from Black Swan is targeted for the first half of 2024.

The Company has completed a Definitive Feasibility Study on retreating the gold tailings at Windarra and Lancefield and has entered into a Heads of Agreement with Green Gold Projects whereby Green Gold will develop the project and Poseidon can retain an 8% free carried interest, subject to certain conditions precedent being satisfied.