

## QUARTERLY REPORT

31 MARCH 2017

### COMPANY OVERVIEW

Poseidon Nickel Limited is an ASX listed company focussed on developing its nickel assets in Western Australia. The Company has two nickel sulphide concentrators and six independent mines, all located within a 300km radius from Kalgoorlie in the Goldfields region of Western Australia. Poseidon has the second largest nickel sulphide concentrator and associated JORC compliant nickel sulphide resource within Australia.

The Company initially plans to restart operations at Black Swan when the nickel market improves. This will be followed by Lake Johnston and Windarra. The critical elements of the Company's growth platform are local and regional exploration, commodity diversification and acquiring long life projects.

Poseidon has a proven track record in discovering new ore bodies, securing existing operations and applying a novel and inventive approach to unlocking capital. This has been demonstrated by the discovery of lithium on our wholly owned tenements at Lake Johnston and the ability to reinvent our processing plants to recover minerals in addition to nickel, copper and cobalt providing an exciting opportunity to enhance value to shareholders through commodity diversification.

The Company's vision is to redevelop its existing mines, recommission the process plants and restart production, build on its exploration success, acquiring long life strategic assets with the aim of becoming a major diversified resource company managed by an experienced management team.

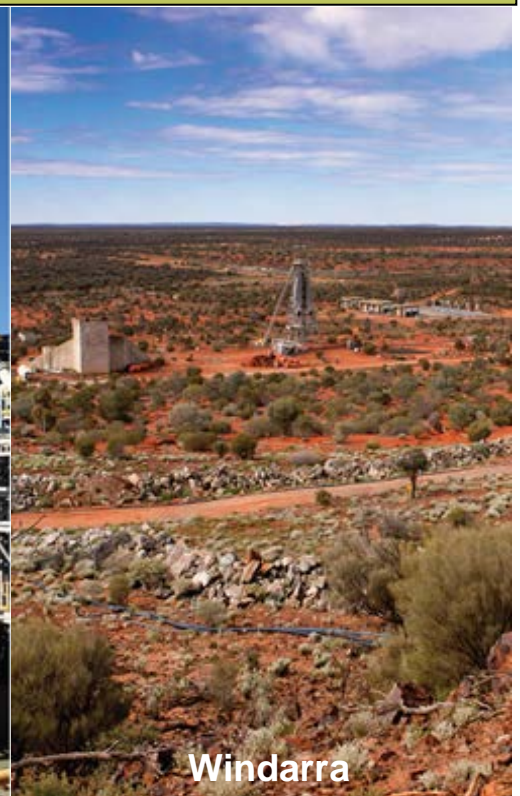
**ASX Code: POS**



**Lake Johnston**



**Black Swan**



**Windarra**

## COMPANY MILESTONES

- Poseidon enters into an Option Deed with GTI Resources for the sale of the gold rights at Windarra for \$3.0 million
- Period of due diligence extended to 28 May 2017 for an additional \$100,000 option fee
- Airborne magnetic and radiometric geophysical survey completed and drill targets identified
- Approval received from DPaW and DMP for lithium exploration
- Work commencing on line access clearing in readiness for RC drilling

## OVERVIEW

The Company has continued to focus on developing opportunities that can add or extract value from its assets. This includes the option previously announced with Kidman Resources (Kidman) and the agreement to sell the gold rights on its Windarra tenements to GTI Resources Ltd (GTI) for \$3.0 million (further detail below).

The Company has also received the necessary regulatory approvals from the Department of Parks & Wildlife (DPaW) and the Department of Mines & Petroleum (DMP), paving the way for Poseidon to commence line access clearing at the Lake Johnston "Medusa Lithium Project".

In line with expectations, the work to complete the feasibility and options study on Black Swan, Silver Swan and Windarra is nearing completion and the Company expects to be able to announce the results shortly. The independent consultants that have been engaged to complete the geotechnical, engineering, mining method and life of mine planning are in the process of finalising the Feasibility Study to define the reserve base and financial models required to confirm overall project economics.

## WINDARRA GOLD RIGHTS AGREEMENT

Poseidon has entered into an Option Deed (Option) with GTI for the sale of the gold rights at Windarra. GTI initially paid a non-refundable fee of \$25,000 for a period of due diligence under an Option Deed until 28 March 2017. Subsequently, the companies have agreed an extension to this timeframe to 28 May 2017 in return for a further \$100,000 fee being paid.

Upon completion of due diligence and exercising the option, GTI will pay Poseidon \$975,000 on or before 28 May 2017, a further \$1.0 million on or before 28 June 2017 and a final \$1.0 million upon termination of the Poseidon Nickel Agreement Act 1971 (State Act). The agreement is conditional upon the termination of the State Act and payment of the consideration. Whilst the Company offers no warranties or guarantees on the timing of the termination, Poseidon is pleased with the progress made to date and remains on track to terminate the State Act this year.

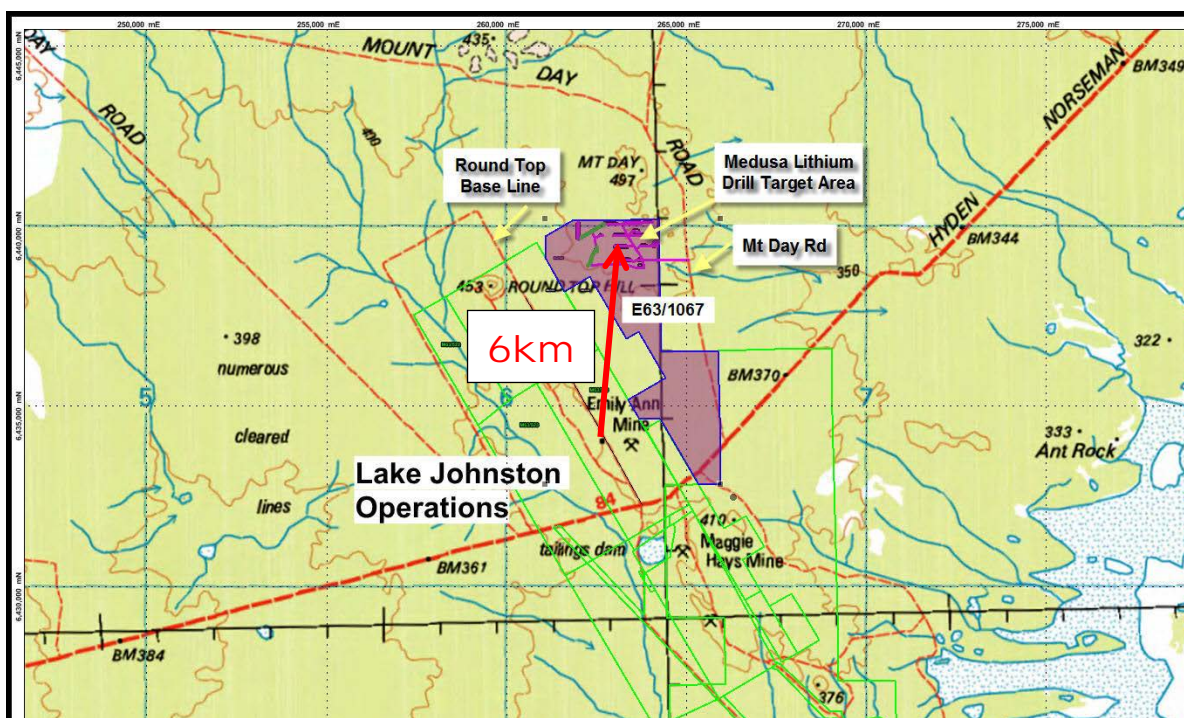
Prior to the State Election, Poseidon had several meetings with both the Minister and Shadow Minister for State Development and does not expect the recent change of State Government to impact on the termination of the State Act.

The remaining terms of the agreement are:

- GTI to establish a trust fund of \$0.5 million 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 own 100% any new nickel deposit discovered by GTI on the Windarra leases.

### LAKE JOHNSTON LITHIUM UPDATE

The Medusa Lithium Project is situated within E63/1067, which is located 190km south-west of Kalgoorlie and 6km north of the Company's 100% owned Lake Johnston process plant and infrastructure (Figure 1).

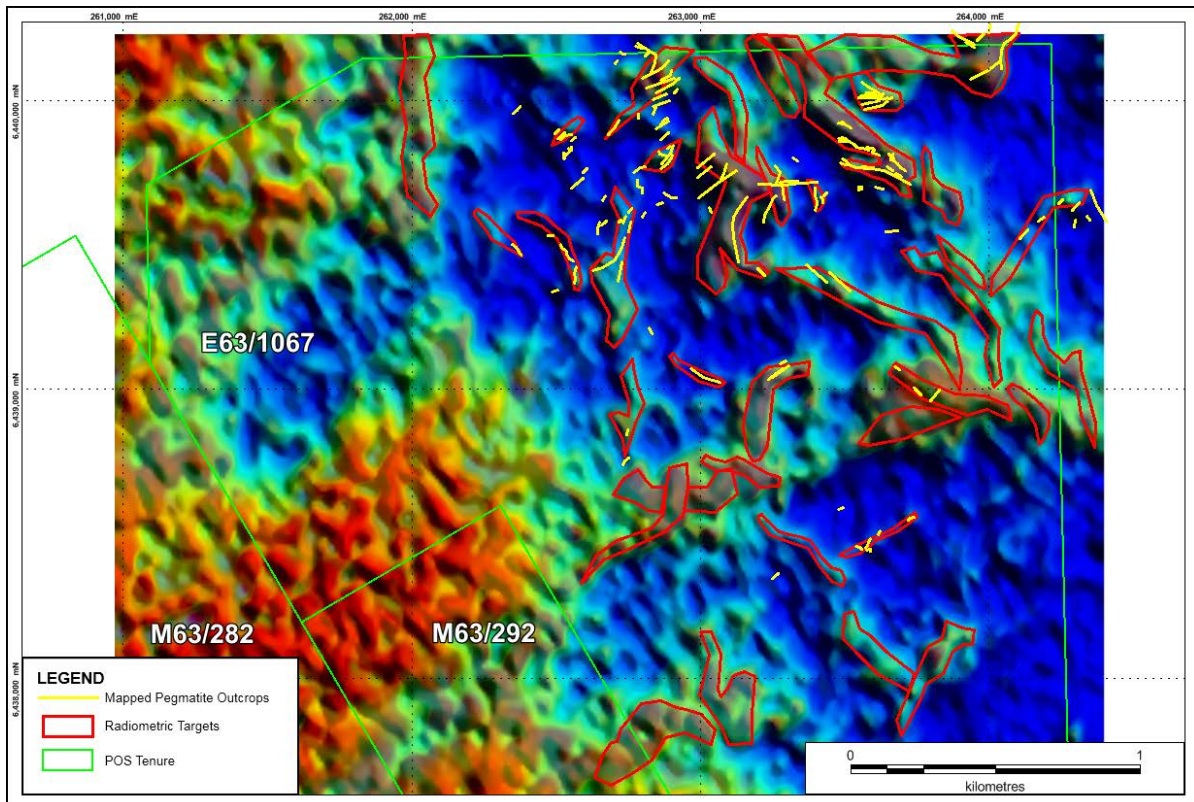


**Figure 1:** Location of the Lake Johnston Operation and Medusa Lithium Project drill target area.

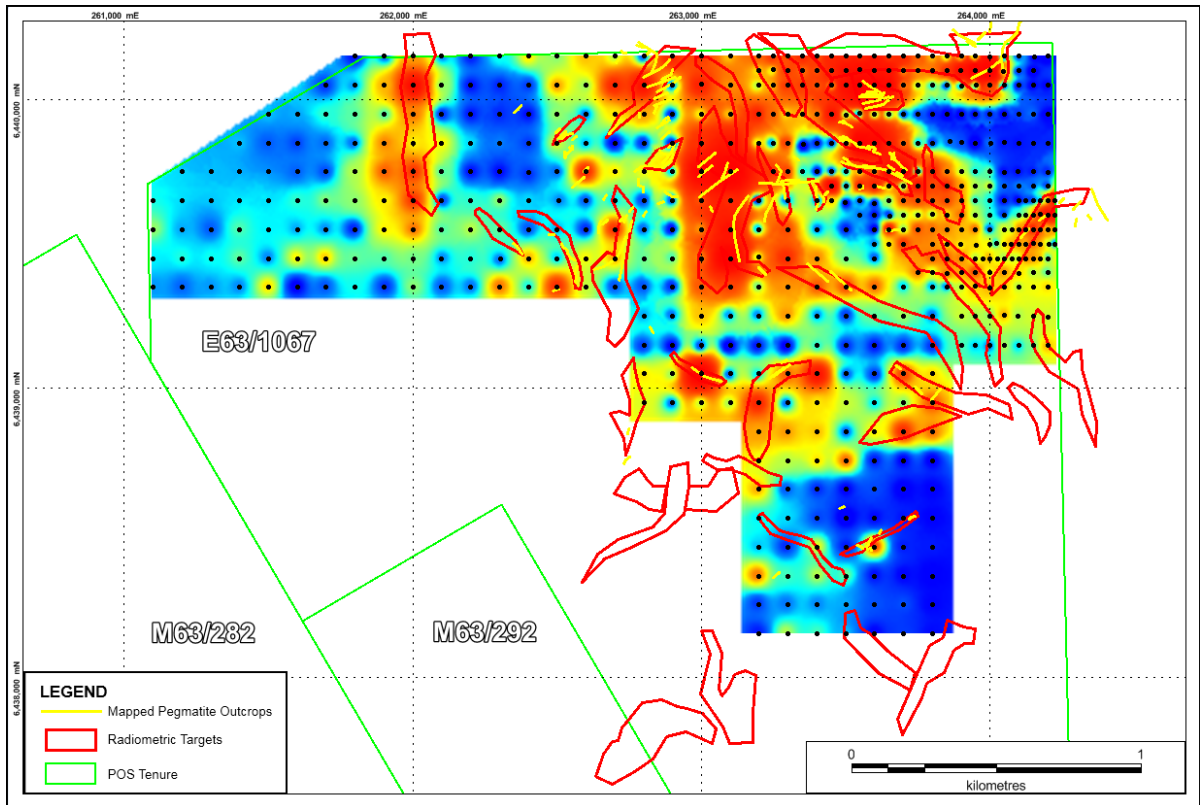
The Company initially completed soil sampling, surface geochemistry analysis and rock chip sampling over the identified pegmatite host area within E63/1067. By using a Bruker pXRF machine to record mineral elements and applying an algorithm to the results (referred to as the lithium index), the collected soil samples returned multiple geochemical anomalies of greater than 200ppm and up to 650ppm calculated Li\_Index. Preliminary prospective exploration targets were identified (Figure 2) and follow-up rock chip sampling of outcropping pegmatites returned results of up to 3.85% Li<sub>2</sub>O and evidence of Ta<sub>2</sub>O<sub>5</sub>.

Subsequently an airborne magnetic and radiometric geophysical survey was completed over the northern area of the Lake Johnston tenements based on detailed 50m line spaced data collection grid to identify both nickel and lithium targets. The survey was completed collaboratively with neighbouring tenement holders Lithium Australia and Lefroy Exploration, significantly reducing the acquisition cost of the survey.

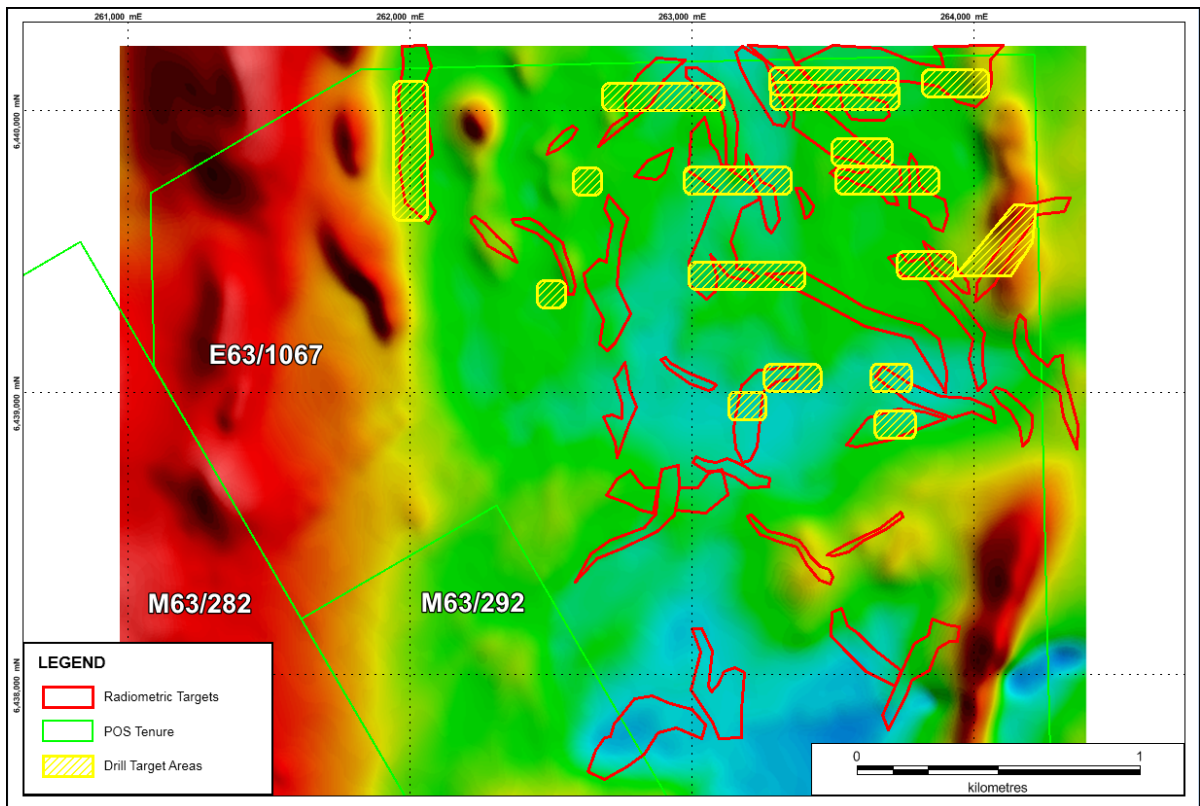
Interpretation of the radiometric data has defined multiple prospective anomalous trends which are highlighted in the combined Total Count and Potassium radiometric image below (Figure 2). Multiple pegmatite outcrop trends which were located during field mapping and aerial photo interpretation (yellow lines on Figure 2) also coincide with the position and trends of many of the defined radiometric targets. The radiometric survey also highlights potential new target zones which had not been previously identified. Reinforced by the results obtained from the soil sampling program (Figure 3), numerous highly prospective lithium exploration drill targets have now been defined (Figure 4).



**Figure 2:** Potassium and total count radiometric anomalies define multiple strong anomalies (red outlines) which coincide with known mapped pegmatites (yellow lines) as well as additional anomalies in the south.



**Figure 3:** Identified radiometric anomalies coincide with lithium soil sampling anomalies as well as highlighting new unsampled target areas.



**Figure 4:** Drill targets (yellow hatched areas) overlie TMI image and the coincident defined radiometric-soil anomalies.

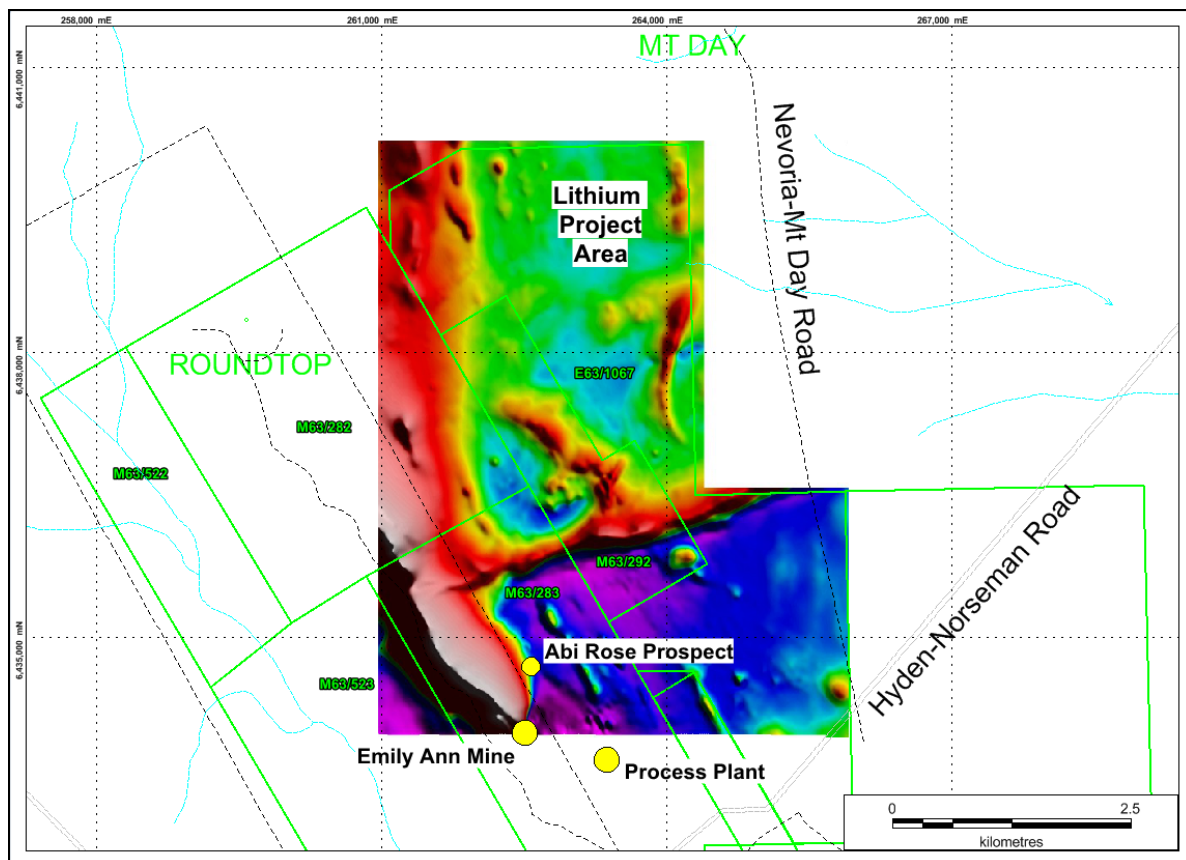
Detailed flora surveying drill line clearing has commenced, and will be followed by detailed mapping and drill target refinement ahead of the commencement of the DMP approved drilling program which will comprise of ~4,000m of RC drilling. Poseidon has worked collaboratively with Lithium Australia on local exploration lowering overall costs and established a strong working relationship.

In addition, the Company has continued to work closely with Kidman, supporting the engineering work underway for the processing of Kidman ore at Lake Johnston. Progress is strong and remains positive.

### LAKE JOHNSTON NICKEL UPDATE

In addition to the lithium exploration the airborne geophysical survey also covered the Abi Rose nickel discovery in the south of the survey area (Figure 5). The results from the airborne magnetic survey will also be applied to support the nickel exploration planned to extend the recently identified Abi Rose nickel discovery, situated to the north of the Emily Ann underground nickel mine (Figure 5).

Poseidon has secured a co-funding grant of \$150,000 under the Western Australian Government's Exploration Incentive Scheme (EIS) which will fund 50% of drilling cost to further test the Abi Rose high-grade nickel discovery. Three carefully targeted diamond drill holes were completed in 2015-2016, 360m north of the Emily Ann mine under the previous EIS co-funded grant. This resulted in the discovery of the high-grade Abi Rose nickel mineralisation 390m below the surface, with a best intersection of **10.48m grading 3.20% Ni** which includes a massive sulphide base grading **2.32m at 7.62% Ni**.



**Figure 5:** Aerial magnetic survey area showing Total Magnetic Intensity (TMI) image, prospect locations and tenement boundaries.

The images returned from the aerial magnetic survey (Figure 5) shows that Abi Rose sits on a large north-south structural feature which will be targeted to better understand the controls on the nickel mineralisation and potential extend prospectivity of the zone. The discovery of this new lens of nickel mineralisation has the potential to develop into an economically viable project as it is located close to the existing Emily Ann Mine infrastructure and the Lake Johnston nickel concentrator.

## **FINANCIAL**

As at 31 March 2017, the Company had cash on hand of A\$1.9 million which includes receipt of the \$125,000 option fees from GTI Resources. For the March quarter, the Company has elected to settle the interest due to Jefferies LLC for the Convertible Note in shares in order to preserve cash reserves.

The Company continues to utilise the mechanism set up in September 2015 for selling shares to an intermediary. The exact quantum of funds received depends on the success of the intermediary in selling those shares. The issue of shares has raised \$660,000 after fees during the quarter.

## **CORPORATE**

The Company continues to explore opportunities that are aligned to its core strengths in securing assets in a counter cyclical market. Several opportunities both domestic and international were reviewed during the quarter.

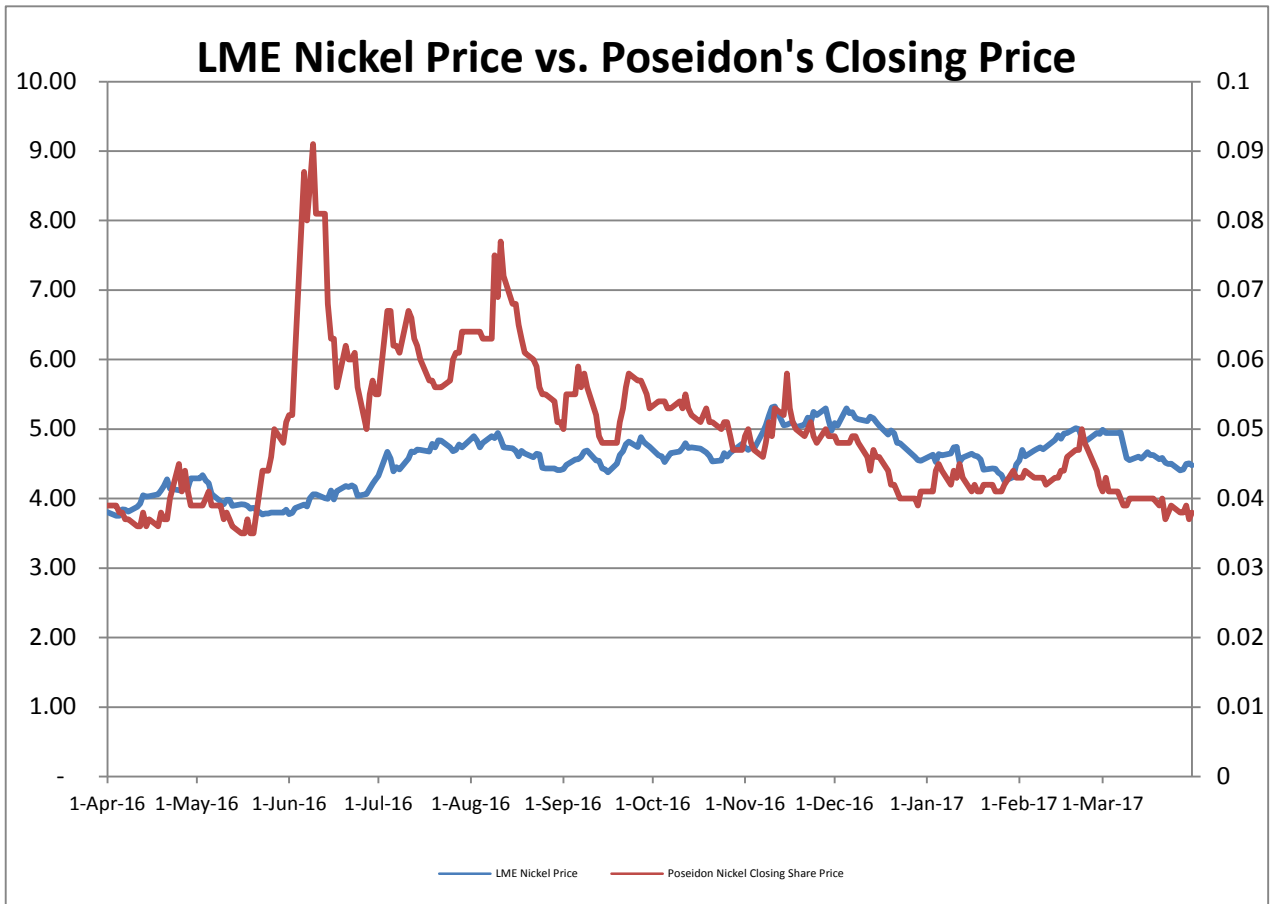
In line with Poseidon's policy to only pay Directors fees in performance rights in order to retain the cash reserves of the Company, 1,477,698 Unlisted Performance Rights were issued in lieu of Directors fees for the quarter to December under the terms of the Director Fees Performance Rights Plan. The performance rights were issued on 10 January 2017 at a deemed issue price of A\$0.0494 based upon the volume weighted average sale price ("VWAP") for the 91 days prior to the expiration of the quarter. The payment of performance rights was approved by shareholders at the Annual General Meeting held on 12 October 2016.

A further 1,169,332 Unlisted Performance Rights were issued to the Chairman in relation to additional part time duties undertaken in the absence of a CEO for the quarter to December as approved by shareholders at the Annual General Meeting held on 12 October 2016.

The Company also issued 35,000,000 Fully Paid Ordinary Shares to professional and sophisticated investors, via an intermediary, in order to fund ongoing studies for Black Swan, lithium and care and maintenance programs across all sites.

**MARKET INFORMATION**

Figure 6 below shows the underlying correlation between Poseidon's share price and the LME Nickel price over the last 12 months.



**Figure 6:** Poseidon share price graph compared to LME Nickel price

**Chris Indermaur**  
**Chairman**

18 April 2017



## **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

**MINERAL RESOURCE STATEMENT**

**Table 1: 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
<b>WINDARRA PROJECT</b>											
Mt Windarra	2012	0.90%	922	1.56	14,000	3,436	1.66	57,500	4,358	1.64	71,500
South Windarra	2004	0.80%	772	0.98	8,000	-	-	-	772	0.98	8,000
Cerberus	2004	0.75%	2,773	1.25	35,000	1,778	1.91	34,000	4,551	1.51	69,000
<b>BLACK SWAN PROJECT</b>											
Black Swan	2012	0.40%	9,600	0.68	65,000	21,100	0.54	114,000	30,700	0.58	179,000
Silver Swan	2012	4.50%	52	9.19	4,800	84	9.01	7,600	136	9.08	12,400
<b>LAKE JOHNSTON PROJECT</b>											
Maggie Hays	2012	0.80%	2,600	1.60	41,900	900	1.17	10,100	3,500	1.49	52,000
<b>TOTAL</b>											
Total Ni Resources	2004 & 2012		16,720	1.01	168,700	27,300	0.82	223,200	44,020	0.89	391,900

Note: totals may not sum exactly due to rounding

**Table 2: Gold Tailings Project Mineral Resource Statement**

Gold Tailings Resources	JORC Compliance	Cut Off Grade	Mineral Resource Category								
			Indicated			Inferred			TOTAL		
			Tonnes (Kt)	Grade (g/t)	Au (oz)	Tonnes (Kt)	Grade (g/t)	Au (oz)	Tonnes (Kt)	Grade (g/t)	Au (oz)
<b>WINDARRA GOLD TAILINGS PROJECT</b>											
Gold Tailings	2004	NA	11,000	0.52	183,000	-	-	-	11,000	0.52	183,000
<b>TOTAL</b>											
Total Au Resources	2004		11,000	0.52	183,000	-	-	-	11,000	0.52	183,000

Note: totals may not sum exactly due to rounding.

## ORE RESERVE STATEMENT

**Table 3: Nickel Project Ore Reserve Statement**

Nickel Sulphide Reserves	JORC Compliance	Ore Reserve Category		
		Probable		
		Tonnes (Mt)	Ni% Grade	Ni Metal (Kt)
<b>LAKE JOHNSTON PROJECT</b>				
Maggie Hays	2012	1.9	1.19	22.6
<b>BLACK SWAN PROJECT</b>				
Black Swan	2012	3.4	0.63	21.5
<b>WINDARRA PROJECT</b>				
Mt Windarra	2012	0.6	1.70	9.6
Cerberus	2004	1.2	1.30	16.0
<b>Windarra Sub Total</b>		<b>1.8</b>	<b>1.42</b>	<b>25.6</b>
<b>TOTAL</b>				
<b>Total Ni Reserves</b>	2004 & 2012	<b>7.1</b>	<b>0.98</b>	<b>69.7</b>

Note: totals may not sum exactly due to rounding.

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

### 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.

The information in this report which relates to the Lake Johnston Mineral Resource is based on information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and Andrew Weeks who is a full-time employee of Golder Associates 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 Ore Reserves Project is based on information compiled by Matt 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 Silver Swan Mineral Resource is based on information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists.

The information in this report which relates to the Black Swan Mineral Resource and Ore Reserves is based on information compiled by Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd, as well as Francois Bazin of IMC Mining Pty Ltd. Both are Members of the Australasian Institute of Mining and Metallurgy.

The information in this report that relates to Mineral Resources at the Windarra Nickel Project is based on information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and 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 information in this report that relates to Ore Reserve at the Windarra Nickel Project is based on information compiled Leanne Cureton and Andrew Law who are both full time employees of Optiro Pty Ltd and are a Member and a Fellow of the Australasian Institute of Mining and Metallurgy respectively.

Mr Hutchison, Mr Glacken, Mr Keenan, Mr Weeks, Mr Bazin, Mr Law & Ms Cureton 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 Hutchison, Mr Glacken, Mr Keenan, Mr Weeks, Mr Bazin, Mr Law & Ms Cureton have consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This document contains Mineral Resources and Ore Reserves which are reported under JORC 2004 Guidelines as there has been no Material Change or Re-estimation of the Mineral Resource or Ore Reserves since the introduction of the JORC 2012 Codes. Future estimations will be completed to JORC 2012 Guidelines.

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

**TENEMENTS****Mining Tenements Held as at 31 March 2017**

Areas of Interest	Tenements	Economic Entity's Interest
<b>Western Australia</b>		
- Windarra Nickel Assets	MSA 38/261, G38/21, L38/121, L39/184, L38/199, L38/218, L39/221	100%
- Windarra South	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, E63/1135, 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, E63/1811, E63/1812	100%
- Black Swan Nickel Assets	E27/0357, M27/0039, M27/0200, M27/0214, M27/0216, L27/0057, L27/0058, L27/0059, L27/0074, L27/0075, L27/0077, L27/0078	100%

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

**Mining Tenements Disposed during the March 2017 Quarter**

Nil

**Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the March 2017 Quarter**

Nil

**Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the March 2017 Quarter**

Nil

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

Poseidon Nickel Limited

**ABN**

60 060 525 206

**Quarter ended ("current quarter")**

31 March 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(992)	(3,467)
(b) development	-	-
(c) production	-	-
(d) staff costs	(143)	(452)
(e) administration and corporate costs	(319)	(923)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	15
1.5 Interest and other costs of finance paid	(309)	(626)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	544	544
1.8 Other – sundry income	21	209
– option fee for Lake Johnson	-	500
– option fee for Windarra Gold	125	125
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,069)</b>	<b>(4,075)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(53)
(b) tenements (see item 10)	-	-
(c) investments	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	110	110
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>110</b>	<b>57</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	672	2,889
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(9)	(51)
3.5	Proceeds from borrowings	-	122
3.6	Repayment of borrowings	(36)	(61)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>627</b>	<b>2,899</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,243	3,030
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,069)	(4,075)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	110	57
4.4	Net cash from / (used in) financing activities (item 3.10 above)	627	2,899

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,911</b>	<b>1,911</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,901	2,233
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Term Deposits	10	10
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,911</b>	<b>2,243</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	-
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

On 10 January 2017, 2,647,030 unlisted performance rights were issued to Non-Executive Directors as approved by Shareholders at the October 2016 Annual General Meeting. For further details refer to the Appendix 3B announcement released on 11 January 2017.

These have not been included in the above cash flow.

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	US\$17,500	US\$17,500
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Unsecured Convertible Note held by Jefferies LLC – interest rate of 5% per annum, denominated in US\$ and repayable on 30 September 2020 with a conversion price of AU\$0.09 per share.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	1,100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	150
9.5 Administration and corporate costs	300
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,550</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			



### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:  
(Director)

Date: 18 April 2017

Print name: Geoff Brayshaw

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.