

QUARTERLY REPORT

30 SEPTEMBER 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.

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 and acquire long life strategic assets with the aim of becoming a major diversified resource company managed by an experienced management team. The Company initially plans to restart operations at Silver Swan when the nickel market improves. This will be followed by Black Swan, Lake Johnston and Windarra.

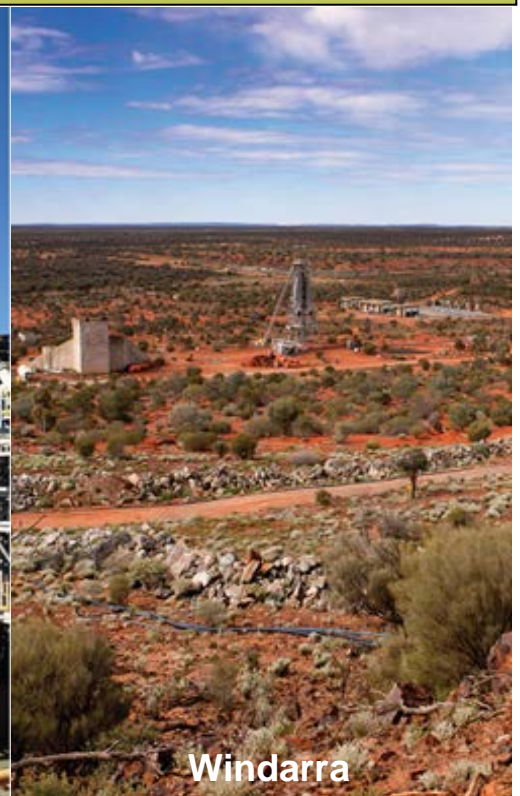
ASX Code: POS



Lake Johnston



Black Swan



Windarra

COMPANY MILESTONES

- Poseidon enters into an MOU with Northern Star on Black Swan Operations
- Aphrodite & Poseidon agree to progress due diligence
- Empire Gold enters into an MOU with Poseidon
- Poseidon commissions engineering study for the co-processing of nickel and gold ores at Black Swan
- Progressing a non-binding offer for gold tenements close to Black Swan
- Poseidon enters into collaborative POX study for the production of battery grade Ni & Co sulphate crystal
- Poseidon meets with battery grade nickel & cobalt crystal suppliers
- Lithium Australia enters into an MOU with Poseidon
- Poseidon seeking to establish Lake Johnston as a Ni and Li co-processing facility
- Windarra State Agreement termination deeds prepared by the regulators
- Co-processing patents lodged

OVERVIEW

The decision to progress a diversified basket of commodities underpins the Company's commitment to extract value from its world class assets during a prolonged period of historically depressed nickel pricing. Some investors however are starting to secure nickel positions due to the emergence of electric vehicles and importantly the green energy revolution. The growth of the electric vehicle market will increase consumption of refined primary nickel from sources such as nickel sulphide concentrate, mixed sulphides and mixed hydroxides produced from laterite nickel ores.

Change in consumption dynamics will likely drive a bifurcation within the nickel industry where ferro-nickel and nickel pig iron produced from nickel laterites will meet the future growth in low grade stainless steels such as the 300 and 400 series stainless steels but cannot be used in the manufacture of battery grade nickel and cobalt sulphates, compared to primary refined nickel that can be used to produce high purity battery grade chemicals.

The Company is expecting the nickel market to improve in the mid-term and is consequently progressing preparations for the restart of the Black Swan Operations as a priority. Poseidon has recently completed a Definitive Feasibility Study (DFS) for the restart of the high grade Silver Swan underground mine. At 9% nickel Silver Swan is the world's highest grade nickel mine. Co-processing nickel and gold at the Black Swan Operations offers an advantage compared to a stand-alone nickel operation with lower than forecast cash costs achieved through improved equipment utilisation and efficiencies.

Poseidon joined a collaborative study for the processing of nickel and cobalt sulphide concentrates through to battery grade chemicals via a Pressure Oxidative Leach (POX) installation. The study will establish the capital and operating costs of processing concentrate through to nickel and cobalt sulphate chemicals suitable for the battery industry.

Poseidon progressed several strategic agreements with third parties during the quarter as the Company continues to focus on developing a diversified portfolio of commodities. Poseidon has progressed agreements with Northern Star, Aphrodite Gold, Empire Resources and Lithium Australia. The Company plans to aggressively progress each of these opportunities to secure binding agreements. Since announcing these agreements, Poseidon has been approached by a number of other gold, nickel and lithium resource companies as they seek to secure capacity at our Black Swan and Lake Johnston Operations. Co-processing lithium and nickel at Lake Johnston Operations offers similar advantages to the co-processing of nickel and gold ores at Black Swan.

Poseidon is also in advanced stages of completing a purchase agreement for gold tenements located within a 25km radius of Black Swan. A view of the Black Swan grinding facility is shown below in Figure 1.



Figure 1: Black Swan Grinding Circuit (10MW of installed power)

BLACK SWAN GOLD UPDATE

During the quarter Poseidon entered into a Memorandum of Understanding (MOU) with Northern Star to explore the option of processing free milling gold ores at Black Swan. This is consistent with the Company's strategy of establishing Black Swan Operations as a nickel and gold co-processing central hub.

Poseidon plans to use existing plant and infrastructure at Black Swan to become a major nickel and gold producer in the highly prospective Goldfields region of Western Australia. The Company remains focussed on restarting the high grade Silver Swan underground nickel mine as the facility has the flexibility of processing high grade Silver Swan nickel ore at Black Swan via a parallel and independent circuit.

On 10th July 2017 the Company announced a non-binding MOU to process Aphrodite gold ores at Black Swan. On 14th August 2017 Aphrodite and Spitfire announced that they had entered into a binding term sheet to merge the two ASX-listed companies to create a new diversified

Australian gold company with a prospective exploration portfolio and growth potential. Following discussions with both Aphrodite Gold and Spitfire Materials on the proposed merger Poseidon released an update to the market. The Company stated it was of the opinion that the merger between Aphrodite and Spitfire was a positive outcome as it not only complemented the existing MOU but enhanced it.

The synergies and fundamental drivers that underpinned the original MOU are improved and represent a compelling business opportunity for all parties and as such it was mutually agreed between Aphrodite and Poseidon to extend the due diligence period further until both parties conclude detailed assessment

During the quarter Poseidon entered into an agreement with Empire Resources to evaluate the option of processing Penny's Find gold ore through the Black Swan Operations gold processing facility. Empire holds a 60% direct interest in the Penny's Find gold project situated on granted Mining Lease 27/156. The remaining 40% interest is held by unlisted Brimstone Resources Limited. Via road Penny's Find is located 48 kilometres south-east of the Black Swan facility.

Since announcing the Company's plans to establish the Black Swan Operations as a central gold processing facility a number of third party gold explorers and miners have expressed an interest in securing capacity at the facility. Poseidon welcomes the opportunity to engage with third parties to ensure the facility is operated at optimum throughput. Poseidon and Empire plan to progress due diligence and once complete a further announcement will be made to the market.

After securing third party interest to process gold ores at Black Swan, Poseidon commissioned an engineering study to confirm the capital and operating costs to refurbish the existing plant and install equipment required to process gold ores. The engineering is progressing and when complete, Poseidon plans to enter into binding agreements.

The Company is negotiating the purchase of a gold mine within a 25km radius from Black Swan. These discussions are well advanced. Securing a gold mine is a strategic objective for Poseidon as funding the restart of Black Swan will be enhanced by controlling both the supply of nickel and gold ores for processing at Black Swan.

As the nickel market bifurcates Poseidon plans to take advantage of the premium that battery grade nickel and cobalt chemicals will attract. To that end the Company is progressing a collaborative engineering study to establish a POX co-processing facility. Several overseas companies have approached Poseidon for the supply of concentrate and high purity nickel and cobalt sulphate for the emerging battery industry. This is consistent for the Company's strategy to establish a POX facility at Black Swan to co-process nickel and gold concentrates.

The diagram below in Figure 2 shows a potential POX facility.

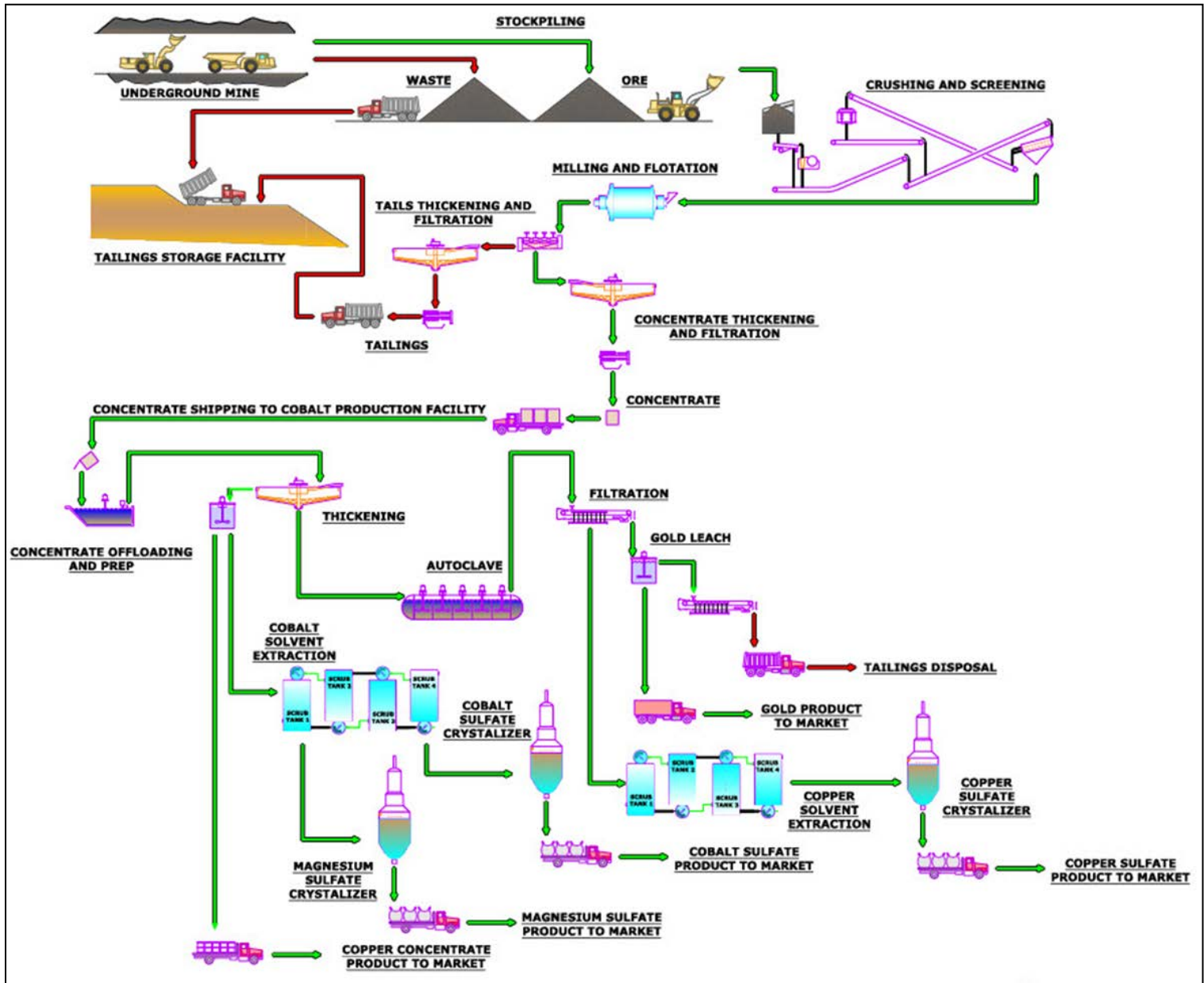


Figure 2: A potential POX circuit at Black Swan to co-process nickel and gold concentrates

The Parties intend to progress a detailed feasibility study (DFS) with a suitably experienced engineering subcontractor to begin the integrated design at Black Swan. The DFS would underpin the future funding of the Project. Regulatory approvals will also be progressed in parallel to allow early engagement with key stakeholders. Further gold exploration will be developed on Aphrodite’s tenements and some “hot spots” for gold on the Black Swan tenements will also be reviewed.

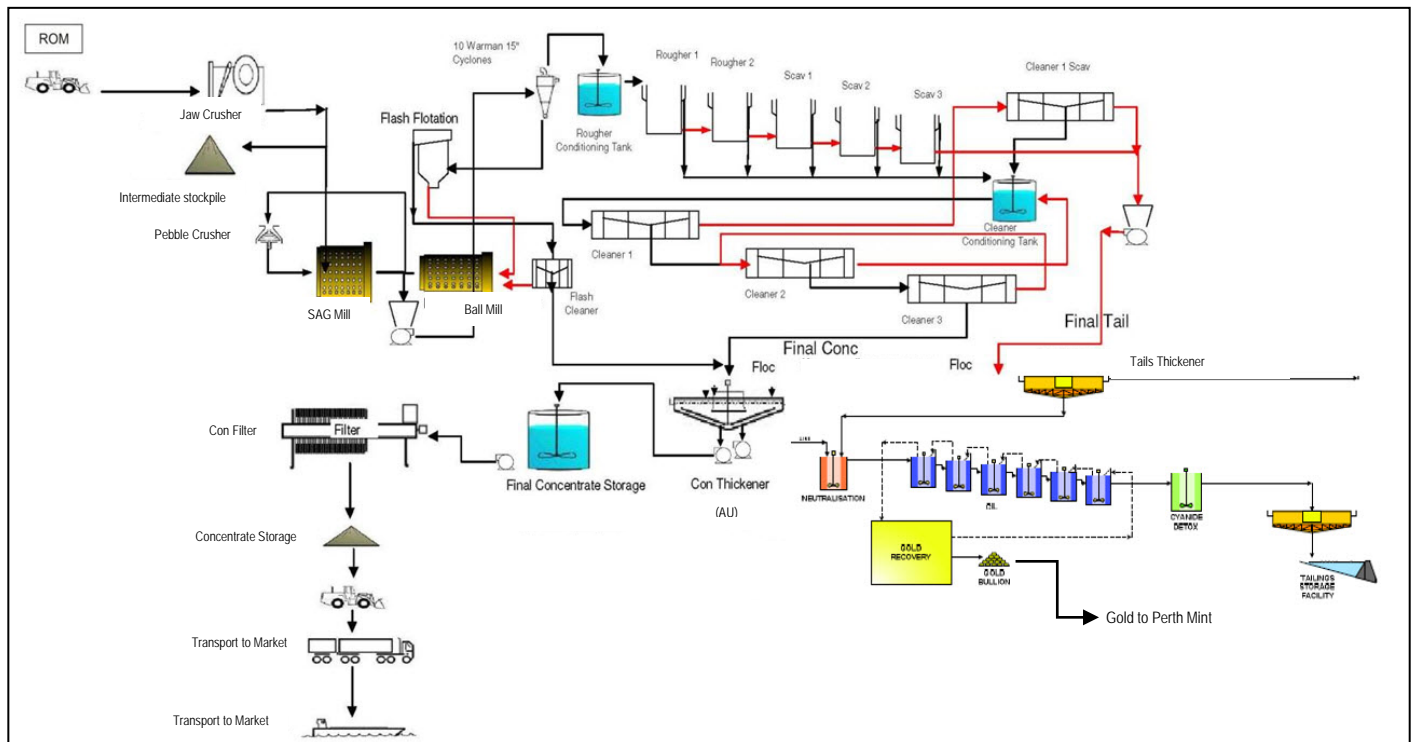


Figure 3: Simplified Initial Refractory Gold Flowsheet

Figure 3 highlights the proposed initial refractory gold flowsheet from gold sulphide ore through to concentrate with the option to process free milling gold. Adopting a refractory gold strategy at Black Swan, by utilising the existing plant and infrastructure, would support establishing the first refractory gold POX facility within the Goldfields region. Maintaining the nickel co-processing capability at Black Swan will thereby improve the overall project economics.

SILVER SWAN NICKEL UPDATE

On 26th May 2017, the Company announced the outcomes of the DFS for the Silver Swan high grade underground nickel mine. The DFS demonstrates strong economic fundamentals due to the high grade nature of the underground nickel mine and low capital intensity, resulting in an all-in-sustaining cash costs including capital of US\$3.10lb.

The project has an initial 2 year mine life for 147Kt of ore and 8.8Kt of contained nickel and an underground mine diluted Ore Reserve of 3.3kt of contained nickel, grading 5.8% nickel, 0.1% cobalt & 0.3% copper. There is also the potential to add significant upside through Silver Swan Deeps, Black Swan Open Pit plus stockpiled ore, combined with Windarra & Cerberus which could increase the project mine life for a minimum of 7 years

Recently the Company has experienced an increase in interest for the Silver Swan nickel ore or concentrate. A number of investors and refiners are seeking to secure a position on nickel associated with the rise of the electric vehicle market. Co-processing nickel and gold at Black Swan will lower the operating costs for nickel mined at Silver Swan due to shared infrastructure and resources.

The Company will need to secure new funding in order to support a restart of the operations at Black Swan. This funding may be raised via a combination of debt and equity, depending upon market conditions at the time. The need for an equity raising has not yet been determined.

WINDARRA STOCKPILED GOLD TAILINGS

A number of enquiries for the stockpiled Windarra gold tailings were made during the quarter. Since the agreement with GTI Resources lapsed Poseidon has received several enquiries from third parties seeking to secure the rights to process the gold tailings. These discussions are active and progressing.

The termination of the State Agreement over the Windarra tenements is progressing. The Company was seeking to terminate the State Agreement this year however that is now unlikely. Since the change in State Government this year priorities have shifted and it is now clear that the termination will not be achieved this year.

LAKE JOHNSTON LITHIUM EXPLORATION

During the quarter Poseidon entered into an agreement with Lithium Australia (LIT) to jointly explore the tenements held by both companies in the Lake Johnston and Ravensthorpe area for lithium. Combining exploration resources with LIT would reduce costs and improves the prospectivity for discovering a commercial lithium deposit on the combined tenement package. This is consistent with the Company's stated strategy of establishing Lake Johnston, with all of its existing plant and infrastructure, as a central lithium processing hub.

Poseidon maintains a portfolio of tenements in the Lake Johnston region which are prospective for lithium hosted pegmatites. The tenements are adjacent to a substantial package held by LIT exploring for lithium in the area. Figure 4 below highlights the combined tenement area.

The Company will retain ownership of nickel, copper and cobalt rights at Lake Johnston. Poseidon is continuing to monitor the improved sentiment returning to the nickel market and will retain the flexibility of co-processing nickel at Lake Johnston.

During the quarter all confidential information produced by Kidman and its contractors for the restart of Lake Johnston including engineering testwork has now been transferred to Poseidon.

Poseidon also completed testwork and engineering, developing intellectual property for the co-processing of lithium hosted pegmatites through an existing nickel sulphide concentrator, resulting in the application of several patent applications lodged by the Company.

Similarly LIT has developed intellectual property and know-how in its own right and has applied for patents relating to the hydrometallurgical recovery of lithium from silicates. LIT's intellectual property include the SiLeach® process. LIT has progressed the design of the large scale pilot plant (LSPP) using SiLeach® at a scale of about 2000 tonnes per annum of lithium carbonate equivalent product. Lake Johnston could initially be set up to progress a 60,000 tonne plant trial to produce the volume of lithium concentrate feedstock required for the LSPP feed.

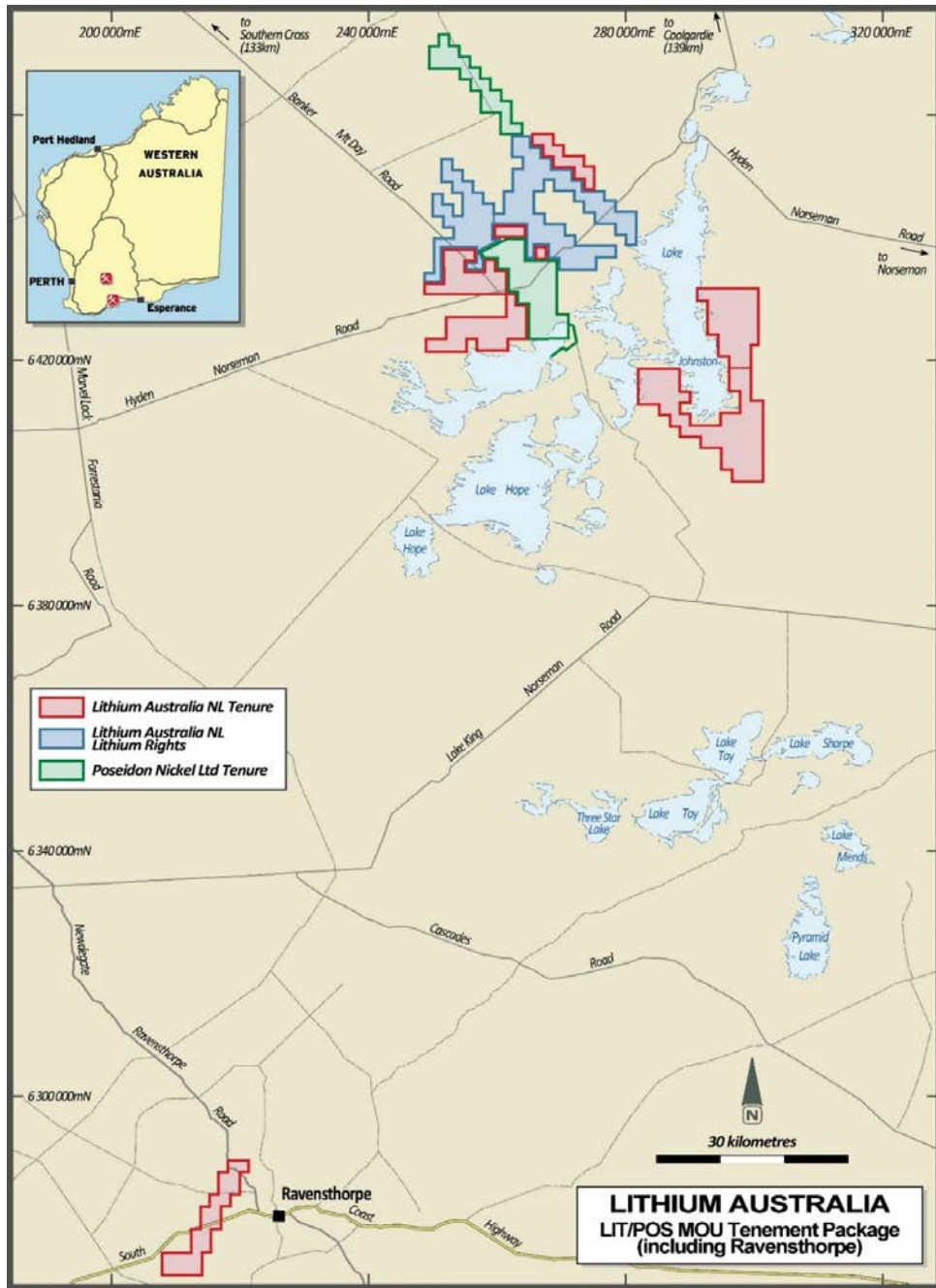


Figure 4: Combined Tenement Package

Under the terms of the MOU, the parties intend to evaluate entering into a commercial agreement to explore tenements held by LIT and Poseidon adjacent to or at Lake Johnston for lithium hosted pegmatites. The Lake Johnston Operations would be used to process lithium ores and produce a saleable lithium concentrate. This remains active and work in progress. Figure 5 below is an aerial view of the Lake Johnston Operations.



Figure 5: Lake Johnston Operations

FINANCIAL

As at 30th September 2017, the Company had cash on hand of A\$1.6 million. For the September 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 \$1.5 million 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 domestic opportunities were reviewed during the quarter. Poseidon is in discussions with a third party for the purchase of a gold mine located close to Black Swan. These discussions are ongoing.

In line with Poseidon's policy to only pay Directors fees in performance rights in order to retain the cash reserves of the Company, 2,733,866 Unlisted Performance Rights were issued in lieu of Directors fees for the June quarter under the terms of the Director Fees Performance Rights Plan. The performance rights were issued on 7th July 2017 at a deemed issue price of A\$0.0267 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 12th October 2016.

A further 2,006,475 Unlisted Performance Rights were issued to the Chairman in relation to additional part time duties undertaken in the absence of a CEO for the June quarter as approved by shareholders at the Annual General Meeting held on 12th October 2016.

Under the terms of the Incentive Rights Plan, 37,529,679 unlisted incentive Rights were issued to eligible participants as part of their annual variable remuneration for 2018. The rights will be measured against performance KPI's over a one or three year period and will lapse where the KPI's are not achieved.

The Company issued 13,371,229 Fully Paid Ordinary Shares to Jefferies LLC having elected to settle interest payable on the US\$17.5 million Convertible Note in shares for the June quarter.

The Company also issued 60,000,000 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

Acceptance of the low grade nickel alloys predominantly within the Asian market in particular the 300 & 400 series stainless steels produced from the production of nickel pig iron is evidenced by the year on year growth in the manufacture of stainless steel at circa 12% whilst the supply and demand side of the nickel market remained essentially in balance. LME nickel stocks remain stubbornly high and in the absence of a reduction in stocks it is unlikely nickel pricing will increase in the short term.

The Company is expecting the nickel market to improve in the mid-term. There is no question the rise of electric vehicles will grow to dominate the primary refined nickel market which will emerge to threaten the low grade nickel pig iron producers as they struggle to adapt to higher long term LME pricing eroding their margins. Poseidon is consequently progressing preparations for the restart of the Black Swan Operations for the co-processing of nickel and gold as a priority.

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

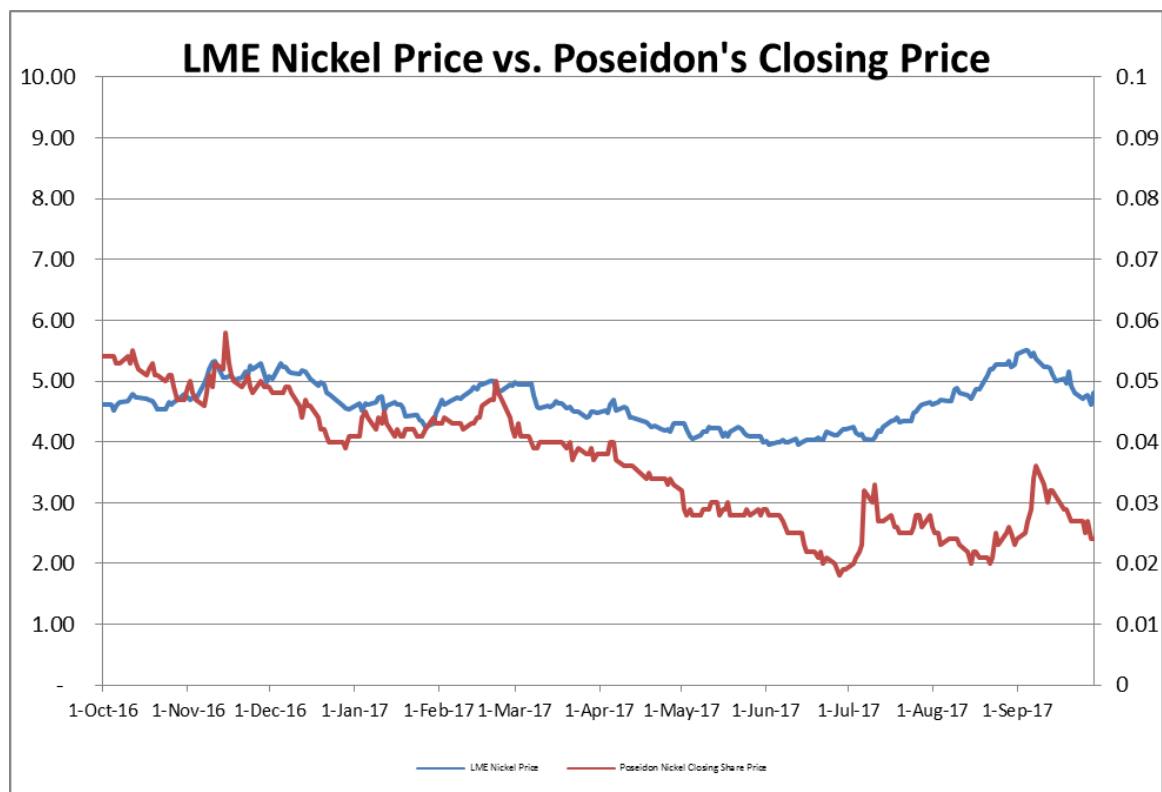


Figure 6: Poseidon share price graph compared to LME Nickel price

Michael Rodriguez
Chief Operating Officer
 17th October 2017

CORPORATE DIRECTORY					
Director / Senior Management			Principal & Registered Office		
Chris Indermaur	Non-Executive Chairman		Unit 8, Churchill Court		
David Singleton	Non-Executive Director		331-335 Hay Street		
Geoff Brayshaw	Non-Executive Director		SUBIACO WA 6008		
Robert Dennis	Non-Executive Director		T: +61 8 6167 6600		
Eryn Kestel	Company Secretary		F: +61 8 6167 6649		
Corporate & Media Enquiries			Shareholder Enquiries		
T: +61 8 6167 6600			Personal shareholding queries should be addressed to:		
F: +61 8 6167 6649			Computershare Investor Services		
E: admin@poseidon-nickel.com.au			GPO Box D182, Perth WA 6840		
			T: +61 8 9323 2000		
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)	Co% Grade	Co Metal (t)	Cu% Grade	Cu Metal (t)
BLACK SWAN PROJECT															
Black Swan	2012	0.40%	9,600	0.68	65,000	21,100	0.54	114,000	30,700	0.58	179,000	0.01	4,200	NA	-
Silver Swan	2012	4.50%	52	9.19	4,800	84	9.01	7,600	136	9.08	12,400	0.17	250	0.45	600
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	14,000	3,436	1.66	57,500	4,358	1.64	71,500	0.03	1,200	0.13	5,700
South Windarra	2004	0.80%	772	0.98	8,000	-	-	-	772	0.98	8,000	NA	-	NA	-
Cerberus	2004	0.75%	2,773	1.25	35,000	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		16,720	1.01	168,700	27,300	0.82	223,200	44,020	0.89	391,900	0.05	7,450	0.10	13,300

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.

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)
WINDARRA GOLD TAILINGS PROJECT											
Gold Tailings	2004	NA	11,000	0.52	183,000	-	-	-	11,000	0.52	183,000
TOTAL											
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 (Kt)	Ni% Grade	Ni Metal (t)	Co% Grade	Co Metal (t)	Cu% Grade	Cu Metal (t)
SILVER SWAN PROJECT								
Silver Swan Underground	2012	57	5.79	3,300	0.11	60	0.26	150
TOTAL								
Total Ni Reserves	2012	57	5.79	3,300	0.11	60	0.26	150

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.

COMPETENT PERSON STATEMENTS:

The information in this report that relates to Exploration Results is based on, and fairly represents, 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 Black Swan Mineral Resource is based on, and fairly represents, information compiled by Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd. The information in this report which relates to the Black Swan Ore Reserve is based on, and fairly represents, information compiled by Matthew Keenan who is a full-time employee of Entech Pty Ltd. Both are Members 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 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 which relates to the Silver Swan Ore Reserve is based on, and fairly represents, information compiled by 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 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, and fairly represents, 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 that relates to Mineral Resources at the Windarra Nickel Project and Gold Tailings Project is based on, and fairly represents, 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 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 Hutchison, Mr Glacken, Mr Weeks, 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 Hutchison, Mr Glacken, Mr Weeks, 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.

TENEMENTS

Mining Tenements Held as at 30 September 2017

Areas of Interest	Tenements	Economic Entity's Interest
Western Australia		
- 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	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, L24/0219, L24/0222	100%

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

Mining Tenements Disposed during the September 2017 Quarter

Nil

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

Nil

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

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,152)	(1,152)
(b) development	-	-
(c) production	-	-
(d) staff costs	(196)	(196)
(e) administration and corporate costs	(143)	(143)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(31)	(31)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – sundry income	49	49
1.9 Net cash from / (used in) operating activities	(1,470)	(1,470)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	8	8
(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)	-	-
2.6 Net cash from / (used in) investing activities	8	8

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,509	1,509
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	(17)	(17)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(31)	(31)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,461	1,461

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,620	1,620
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,470)	(1,470)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	8	8
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,461	1,461
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,619	1,619

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,608	1,609
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – Term Deposits	11	11
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,619	1,620

6. Payments to directors of the entity and their associates

- 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

Current quarter \$A'000
-
-

On 7 July 2017, 4,740,341 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 7 July 2017.

These have not been included in the above cash flow.

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	100
9.5 Administration and corporate costs	300
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,500

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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: 17th October 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.