



POSEIDON NICKEL LIMITED

ABN 60 060 525 206

Interim Financial Report

For the six months ended 31 December 2018

Poseidon Nickel Limited Contents

	Page
• Corporate directory	3
• Directors' report	4
• Auditors' independence declaration	8
• Condensed consolidated interim statement of financial position	9
• Condensed consolidated interim statement of profit or loss and other comprehensive income	10
• Condensed consolidated interim statement of changes in equity	11
• Condensed consolidated interim statement of cash flows	12
• Notes to the condensed consolidated interim financial statements	13
• Directors' declaration	19
• Independent auditor's review report	20

Poseidon Nickel Limited

Corporate directory

ABN: 60 060 525 206
Incorporated in Australia

Directors

Mr G Brayshaw
Mr R Dennis
Mr K Paganin
Ms F Gooding

Company Secretary

Ms E Kestel

Registered Office

Unit 8, Churchill Court
331-335 Hay Street
Subiaco WA 6008

Website: www.poseidon-nickel.com.au
Email: admin@poseidon-nickel.com.au
Telephone: +61 8 6167 6600
Facsimile: +61 8 6167 6649

Postal Address

PO Box 190
West Perth WA 6872

Auditors to the Company

KPMG
Chartered Accountants
235 St George's Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd.
Level 11
172 St George's Terrace
Perth WA 6000

ASX Code

Shares: POS

Country of Incorporation and Domicile

Australia

Poseidon Nickel Limited
Directors' report
For the six months ended 31 December 2018

The directors of Poseidon Nickel Limited ("Poseidon" or "the Company") present their report together with the condensed consolidated interim financial report for the six months ended 31 December 2018 and the auditor's review report thereon.

Contents of Directors' report

- 1. Directors**
- 2. Operating and Financial Review**
- 3. Dividends**
- 4. Events subsequent to reporting date**
- 5. Lead auditor's independence declaration**
- 6. Rounding off**

Poseidon Nickel Limited
Directors' report (continued)
For the six months ended 31 December 2018

1. Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Non-executive Mr Geoff Brayshaw <i>Independent Non-Executive Director & Interim Chairman</i>	Appointed 1 February 2008. Appointed as Interim Chairman on 1 October 2018
Mr Robert Dennis <i>Managing Director and CEO</i>	Appointed 24 February 2014. Appointed as Managing Director and CEO on 1 August 2018
Mr Karl Paganin <i>Non-Executive Director</i>	Appointed 1 October 2018
Ms Felicity Gooding <i>Non-Executive Director</i>	Appointed 1 October 2018
Mr Christopher Indermaur <i>Chairman & Independent Non-Executive Director</i>	Resigned 1 October 2018
Mr David Singleton <i>Non-Executive Director</i>	Resigned 1 October 2018

2. Operating and Financial Review

Overview

Poseidon remains focused on developing its assets in Western Australia. The strategy has been to accumulate nickel assets, economically maintain the assets in good standing and await an anticipated recovery in the nickel price. Poseidon has gathered a suite of projects which are strategically located and offer near term production opportunities with a positive swing in the nickel market.

The Company raised \$71 million (net of costs), through the placement of shares to sophisticated and professional investors and a fully underwritten renounceable entitlement issue that was successfully completed during the September 2018 quarter. The success of this raising has put Poseidon in a strong financial position to implement its strategy to restart mining and processing at its Black Swan and Silver Swan operations pending improved market conditions.

Poseidon plans to initially recommission the Black Swan operation just North of Kalgoorlie, including the Silver Swan underground mine, Black Swan open pit and concentrator. It is proposed that the Black Swan concentrator will also process previously mined ore stockpiled on the site. Subject to the successful restart program, the Company intends to restart its Lake Johnston and Windarra nickel operations utilising cash flow from the Black Swan operations.

Exploration drilling will also continue to augment existing resource inventory and potentially create longevity to the intended operations at Black Swan.

Projects - Black Swan

The operations at Black Swan remained on care and maintenance during the period with the restart on hold pending improved market conditions. A number of key safety activities such as decline refurbishment and escape emergency ladder way repairs have commenced in preparation of a restart at the Black Swan operations.

Poseidon Nickel Limited
Directors' report (continued)
For the six months ended 31 December 2018

2. Operating and Financial Review (continued)

Projects - Black Swan (continued)

On-going dewatering, regulatory and licence compliance requirements activities remained the focus during the period and the site remains in good standing. Site electrical and civil/structural internal audits were also completed during the period.

The Black Swan tailings dam has over 2 years storage capacity however recovering tailings to support an upstream lift of the dam will significantly increase the capacity of the tailings dam prior to restarting the operation. This option was considered during the period and will be explored further.

Testwork on Silver Swan high grade cobalt tailings was progressed during the period. The results were preliminary and encouraging. Further work will be progressed to explore commercialising the high grade cobalt tailings.

Projects - Lake Johnston

The operations at Lake Johnston also remained on care and maintenance during the period.

The initial follow up drilling program at the high grade Abi Rose nickel discovery north of the Emily Ann Nickel mine commenced in September 2018. The drilling program comprised 3 diamond core drill holes which were successful confirming that mineralisation continues within and outside the limits of historical exploration and is open at depth with the plunge direction now identified. (refer ASX: Drilling Recommended at Abi Rose Nickel Deposit of 26 September 2018 and Successful Drill Program at Abi Rose Concluded of 21 November 2018).

Projects – Windarra

The Windarra mine and infrastructure remains on care and maintenance. The ore resources at Windarra and Cerberus totalling 148,500 tonnes of nickel remains significant to the longer term planning for Poseidon.

The process of terminating the State Agreement is well advanced with the Department of Jobs, Tourism, Science & Innovation. Terminating the State Agreement requires the Windarra tenements to transition to the Mining Act and will trigger a Mine Rehabilitation Fund levy. Rents and Shire Rates will remain unaffected by the termination and the current environmental bond will be transferred to the Department of Mines, Industry, Regulation & Safety.

Financial Position

For the six months ended 31 December 2018 the Group incurred a loss of \$7,287,000 (2017: loss \$6,673,000) and had a net working capital surplus of \$61,998,000 (30 June 2018: deficit \$2,805,000). The working capital surplus/deficit includes a provision for environmental rehabilitation of \$3,500,000 that is cash backed (non-current asset).

The Group had a net cash outflow from operating activities of \$5,036,000 (2017: \$1,779,000) and a net cash outflow from investing activities of \$26,362,000 (2017: inflow \$393,000). Operating cash outflow reflects ongoing exploration and evaluation, mine refurbishment and care and maintenance activities across the three operations of Black Swan, Lake Johnston and Windarra. Investing cash outflow reflects the investment of \$25,016,000 on deposit for a term exceeding 3 months.

During the September 2018 quarter the Company raised \$5.73 million (net of costs), through the placement of shares to sophisticated and professional investors and a fully underwritten renounceable entitlement issue was successfully completed to raise approximately \$65.27 million (net of costs).

Poseidon Nickel Limited
Directors' report (continued)
For the six months ended 31 December 2018

3. Dividends

No dividends were paid or proposed during the six months ended 31 December 2018.

4. Events subsequent to reporting date

There has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

5. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for the six months ended 31 December 2018.

6. Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with this Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



Mr G F Brayshaw, FCA
Director

Perth
7 March 2019



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Poseidon Nickel Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Poseidon Nickel Limited for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Graham Hogg
Partner
Perth
7 March 2019

Poseidon Nickel Limited
 Condensed consolidated interim statement of financial position
 As at 31 December 2018

<i>In thousands of AUD</i>	Note	31 Dec 2018	30 Jun 2018
Assets			
Cash and cash equivalents		41,157	2,048
Trade and other receivables		573	279
Other investments – term deposits		25,016	-
Total current assets		66,746	2,327
Plant and equipment	3.1	24,835	24,922
Exploration and evaluation expenditure	3.1	56,178	54,270
Other		3,500	3,500
Total non-current assets		84,513	82,692
Total assets		151,259	85,019
Liabilities			
Trade and other payables		1,130	1,442
Loans and borrowings		-	42
Employee benefits		118	148
Provisions		3,500	3,500
Total current liabilities		4,748	5,132
Loans and borrowings	4.2	22,517	20,944
Convertible note derivative	4.2	3,034	2,888
Provisions		43,478	42,766
Total non-current liabilities		69,029	66,598
Total liabilities		73,777	71,730
Net Assets		77,482	13,289
Equity			
Share capital	4.1	228,796	156,337
Reserves		144	1,173
Accumulated losses		(151,458)	(144,221)
Total equity attributable to equity holders of the Company		77,482	13,289

The condensed notes on pages 13 to 18 are an integral part of these condensed consolidated interim financial statements.

Poseidon Nickel Limited
 Condensed consolidated interim statement of profit or loss and other
 comprehensive income
 For the six months ended 31 December 2018

In thousands of AUD

	Note	31 Dec 2018	31 Dec 2017
Other income		131	755
Depreciation expense		(22)	(27)
Personnel expenses		(478)	(134)
Exploration and evaluation costs expensed		(2,924)	(1,908)
Consultancy and advisor fees		(1,413)	(286)
Share based payment expense	5.1	(37)	(322)
Other expenses		(598)	(337)
Results from operating activities		(5,341)	(2,259)
Finance income		396	324
Finance costs		(2,342)	(4,738)
Net finance income / (costs)	2.2	(1,946)	(4,414)
Loss before income tax		(7,287)	(6,673)
Income tax benefit		-	-
Total comprehensive loss for the period		(7,287)	(6,673)
Earnings per share			
Basic and diluted loss per share (cents/share)		(0.59)	(0.67)

The condensed notes on pages 13 to 18 are an integral part of these condensed consolidated interim financial statements.

Poseidon Nickel Limited
Condensed consolidated interim statement of changes in equity

For the six months ended 31 December 2017

In thousands of AUD

	Share Capital	Share based payment reserve	Accumulated losses	Total equity
Balance at 1 July 2017	149,948	757	(134,662)	16,043
Loss	-	-	(6,673)	(6,673)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(6,673)	(6,673)
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners				
Issue of share capital (net of costs)	4,939	-	-	4,939
Issue of performance rights	-	318	-	318
Total contributions by and distributions to owners	4,939	318	-	5,257
Balance at 31 December 2017	154,887	1,075	(141,335)	14,627

For the six months ended 31 December 2018

In thousands of AUD

	Share Capital	Share based payment reserve	Accumulated losses	Total equity
Balance at 1 July 2018	156,337	1,173	(144,221)	13,289
Loss	-	-	(7,287)	(7,287)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(7,287)	(7,287)
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners				
Issue of share capital (net of costs)	71,180	-	-	71,180
Issue of performance rights	-	300	-	300
Transfer to accumulated losses upon forfeiture of performance rights	-	(50)	50	-
Performance rights exercised	1,279	(1,279)	-	-
Total contributions by and distributions to owners	72,459	(1,029)	50	71,480
Balance at 31 December 2018	228,796	144	(151,458)	77,482

The condensed notes on pages 13 to 18 are an integral part of these condensed consolidated interim financial statements.

Poseidon Nickel Limited
 Condensed consolidated interim statement of cash flows
 For the six months ended 31 December 2018

<i>In thousands of AUD</i>	<i>Note</i>	31 Dec 2018	31 Dec 2017
Cash flows from operating activities			
Sundry receipts		79	761
Payments to suppliers and employees		(5,397)	(2,547)
Cash used in operations		(5,318)	(1,786)
Interest received		282	7
Net cash used in operating activities		(5,036)	(1,779)
Cash flows from investing activities			
Payments for property, plant and equipment		(118)	-
Proceeds from sale of property, plant and equipment		36	8
Payments for exploration and evaluation expenditure		(1,264)	(401)
Payments for other investments – term deposits		(25,016)	-
Net cash (used in) / received from investing activities		(26,362)	(393)
Cash flows from financing activities			
Proceeds from issue of shares and options (net of costs)		70,915	4,428
Proceeds from borrowings		-	138
Repayment of borrowings		(42)	(55)
Interest paid		(366)	(61)
Net cash received from financing activities		70,507	4,450
Net increase / (decrease) in cash and cash equivalents		39,109	2,278
Cash and cash equivalents at 1 July		2,048	1,620
Cash and cash equivalents at 31 December		41,157	3,898

The condensed notes on pages 13 to 18 are an integral part of these condensed consolidated interim financial statements.

Poseidon Nickel Limited

Notes to the condensed consolidated interim financial statements

Section 1 – Basis of Preparation

Poseidon Nickel Limited (“Poseidon” or “the Company”) is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2018 comprises the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in exploration, mining and production of nickel and other minerals.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2018 is available upon request from the Company’s registered office at Unit 8, Churchill Court, 331-335 Hay Street, Subiaco WA 6000 or at www.poseidon-nickel.com.au.

1.1 Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and with IAS 34 *Interim Financial Reporting*.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2018.

This is the first set of the group’s financial statements where AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* have been applied. Changes in significant accounting policies are described in Note 1.2.

This condensed consolidated interim financial report was approved by the Board of Directors on 7 March 2019.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 and in accordance with this Instrument, amounts in the financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

1.2 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated interim financial report are consistent with those adopted and disclosed in the Company’s 2018 annual financial report for the financial year ended 30 June 2018. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Except as described below, the accounting policies applied in these condensed financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 30 June 2018.

AASB 9 *Financial Instruments*

AASB 9, published in July 2014, replaces the existing guidance in AASB 39 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 39.

The revisions to the classification and measurement requirements and hedging changes and changes in relation to the expected credit loss model for calculating impairment on financial assets have not had a material impact based on the short-term nature of the Group’s assets.

Poseidon Nickel Limited

Notes to the condensed consolidated interim financial statements

Section 1 – Basis of Preparation (continued)

1.2 Significant accounting policies (continued)

AASB 9 Financial Instruments (continued)

The adoption of the above standard from 1 July 2018 has had no impact on these condensed financial statements and therefore did not give rise to any adjustments in the condensed financial statements.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 18 *Revenue*, AASB 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

The Group does not currently have any revenue so there has not been any material impact.

The adoption of this standard from 1 July 2018 has had no impact on these condensed financial statements and did not give rise to any adjustments in the condensed financial statements.

AASB 16 Leases

The key feature of AASB 16 for (lease accounting) are as follows:

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use asset similarly to other non-financial assets and lease liabilities similar to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-lined payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

AASB 16 contains disclosure requirements for lessees and is effective for annual reporting periods beginning on 1 January 2019, with early adoption permitted. The Group is assessing the potential impact on of this standard on its consolidated financial statements resulting from the application of AASB 16, which has not yet been finalised.

1.3 Estimates

The preparation of condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying this Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2018.

Poseidon Nickel Limited

Notes to the condensed consolidated interim financial statements

Section 2 – Results for the Half Year

2.1 Operating segments

For management purposes the Group has one operating segment, being nickel exploration and evaluation in Australia.

Information about reportable segments

In thousands of AUD

For the six months ended 31 December

Reportable segment other income	
Reportable segment exploration costs expensed	
Reportable segment loss before income tax	
Reportable segment assets	
Reportable segment liabilities	
Capital expenditure	

Nickel exploration and evaluation

	2018	2017
Reportable segment other income	120	736
Reportable segment exploration costs expensed	(2,924)	(1,909)
Reportable segment loss before income tax	(2,804)	(1,173)
Reportable segment assets	84,155	82,092
Reportable segment liabilities	47,353	46,735
Capital expenditure	105	-
Reconciliations of reportable segment profit / (loss) and assets Loss		
Total loss for reportable segments	(2,924)	(1,173)
Unallocated amounts: other corporate expenses	(2,537)	(1,086)
Net finance costs	(1,946)	(4,414)
Loss before income tax	(7,287)	(6,673)
Assets	31 Dec 2018	30 Jun 2018
Total assets for reportable segments	84,155	82,378
Other assets	67,104	2,641
	151,259	85,019
Liabilities		
Total liabilities for reportable segments	47,353	46,812
Other liabilities	26,424	24,918
	73,777	71,730

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2018.

2.2 Net financing costs

Net financing costs can be analysed as follows:

In thousands of AUD

Interest income on bank deposits	
Net foreign exchange gain	
Finance income	
Interest expense – convertible note	
Interest expense - loan	
Net foreign exchange loss	
Change in fair value of convertible note derivative	
Finance costs	
Net finance (cost) / income	

	31 Dec 2018	31 Dec 2017
Interest income on bank deposits	396	7
Net foreign exchange gain	-	317
Finance income	396	324
Interest expense – convertible note	(1,135)	(983)
Interest expense - loan	-	(4)
Net foreign exchange loss	(1,207)	-
Change in fair value of convertible note derivative	-	(3,751)
Finance costs	(2,342)	(4,738)
Net finance (cost) / income	(1,946)	(4,414)

Poseidon Nickel Limited
Notes to the condensed consolidated interim financial statements

Section 3 – Assets and Liabilities Supporting Exploration and Evaluation

3.1 Exploration and evaluation expenditure

<i>In thousands of AUD</i>	31 Dec 2018	30 Jun 2018
Costs carried forward in respect of areas of interest in the following phase:		
Exploration and evaluation phase	56,178	54,270
Reconciliations: Exploration and evaluation phase		
Carrying amount at beginning of period	54,270	54,056
Additions	1,196	1,149
Movements in provisions	712	(935)
	56,178	54,270

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Exploration expenditure of \$2,924,000 (2017: \$1,908,000) was expensed as incurred through the Income Statement for the period.

Plant and Equipment

Plant and equipment associated with the Lake Johnston and Black Swan nickel operations of \$22,983,000 (30 June 2018: \$22,983,000) remains on care and maintenance. Both projects remain in the exploration and evaluation phase and accordingly associated plant and equipment items are not installed and ready for use. No depreciation has been charged on these assets.

Poseidon Nickel Limited
Notes to the condensed consolidated interim financial statements

Section 4 – Equity and Funding

4.1 Capital and reserves

Share capital

<i>In thousands of shares</i>	Ordinary shares	
	31 Dec 2018	30 Jun 2018
Ordinary shares		
Fully paid	2,642,702	1,107,373
Total share capital on issue	2,642,702	1,107,373
Movements in ordinary shares on issue:		
On issue at 1 July	1,107,373	911,700
<i>Shares issued and expensed during the period:</i>		
Issued for cash ⁽ⁱ⁾	1,496,283	160,000
Issued for interest on convertible notes	7,188	35,673
Issued for performance rights	31,858	-
On issue	2,642,702	1,107,373

- (i) During the reporting period, the Company issued 1,496,283,382 Ordinary Shares at an average \$0.05 per share to raise \$74,814,169. The capital raising incurred transaction costs of \$3,899,549.

4.2 Loans and borrowings – Convertible Note

Convertible note liability and derivative

<i>In thousands of AUD</i>	Convertible note liability	Convertible note derivative	Total
Balance at 30 June 2018	20,944	2,888	23,832
Fair value movements	-	-	-
Accrued interest capitalised	1,135	-	1,135
Payment of interest	(623)	-	(623)
Exchange rate effects	1,061	146	1,207
Balance at 31 December 2018	22,517	3,034	25,551

The Company has an outstanding convertible note of US\$17.5 million repayable in September 2020. On maturity the note is repayable in cash but may be converted to shares by the note holder prior to this point at a conversion price of A\$0.09 per share. The interest coupon on the note is 5% and can be repaid in cash or shares at the discretion of the Company. The carrying amount of the liability has been calculated as the discounted original fair value, accrued for interest plus exchange adjustments.

The value of the derivative fluctuates with the Company's underlying share price and the difference in the Company's share price between 30 June 2018 (share price \$0.037) and 31 December 2018 (share price \$0.042) is reflected in the fair value movement.

As the convertible note is denominated in United States dollars (USD), the change in the exchange rate with the Australian dollar (AUD) is also taken into account in deriving the fair value movement during the period. The USD:AUD exchange rate at 30 June 2018 was 0.7406:1 and at 31 December 2018, 0.7049:1.

Poseidon Nickel Limited

Notes to the condensed consolidated interim financial statements

Section 5 – Other Disclosures

5.1 Share-based payments arrangements

The share-based payment expense included within the Income Statement can be broken down as follows:

<i>In thousands of AUD</i>	31 Dec 2018	31 Dec 2017
Performance rights expense	37	322
Total expenses recognised as employee costs	37	322

Share Options

No options were granted to directors or executives during the reporting period.

Performance Rights

Performance conditions associated with the short term and long term incentive rights are consistent with those disclosed in the 30 June 2018 financial statements (refer note 6.1).

The terms and conditions related to performance right grants during the period are as follows:

Grant date / employees entitled	Number of Instruments	Vesting conditions	Fair value of grants
Performance rights granted to non-executive directors for director fees	3,629,700	The performance rights vest immediately upon grant	\$0.037 - \$0.0465
Performance rights granted to the non-executive Chairman for additional CEO duties	2,849,243	The performance rights vest immediately upon grant	\$0.037 - \$0.0485
Total Performance Rights	6,478,943		

The performance rights granted above relate to directors fees of \$262,000 payable at 30 June 2018.

The performance rights granted to non-executive directors are equal to and in lieu of the value of cash director fees and issued under the terms of the Director Performance Rights Plan. The number of performance rights is calculated quarterly by dividing the value of the director fee by the 91 day volume weighted average price of the Company's shares for each quarter. The performance rights issued to non-executive directors are vested and exercisable at the end of the period as all performance rights vest immediately upon grant.

In addition, performance rights were granted to the non-executive Chairman, Mr Christopher Indermaur, in satisfaction of fees for additional part time duties undertaken in the absence of a CEO.

The Company has suspended the STI and LTI Plans effective from 1 July 2017 and no performance rights have been granted since that date. The LTI Plan continues for employees with respect to FY2017.

5.2 Subsequent events

There has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Poseidon Nickel Limited Directors' declaration

In the opinion of the directors of Poseidon Nickel Limited ("the Company"):

1. the condensed financial statements and notes set out on pages 9 to 18 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Mr G F Brayshaw, FCA
Director

Perth
7 March 2019



Independent Auditor's Review Report

To the members of Poseidon Nickel Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Poseidon Nickel Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Poseidon Nickel Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2018
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 5.2 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration

The **Group** comprises Poseidon Nickel Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Poseidon Nickel Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Graham Hogg
 Partner
 Perth
 7 March 2019