

Corporate Directory

ASX Code: POS

Shares on Issue: 2,638M

Market Cap: ≈\$93M

Cash and investments at 31 December 2019
\$51.6M

Board of Directors

Non-Executive Chairman

Derek La Ferla

Non-Executive Directors

Geoffrey Brayshaw

Felicity Gooding

Karl Paganin

Interim CEO

David Riekie

CFO & Joint Company Secretary

Brendan Shalders

Joint Company Secretary

Andrea Betti

Key Shareholders

Black Mountain Metals: 19.8%

Squadron Resources: 17.1%

Key Nickel Assets (100%)

Black Swan/Silver Swan

Lake Johnston

Windarra

Principal & Registered Office

Unit 8 Churchill Court

331-335 Hay Street

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Western Australia

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QUARTERLY REPORT

31 DECEMBER 2019

HIGHLIGHTS

BLACK SWAN

RESTART STUDY

- Poseidon management continued to progress the Black Swan restart study outcomes, key operational and financial drivers requiring further development

UNDERGROUND DRILLING

- Successful completion of Black Swan underground RC drilling program
- Results confirmed Open Pit provides exploration opportunity beyond current pit profile

SAFETY WORKS PROGRAMS

- Processing facility safety works program completed on time and under budget (~\$1.2m vs \$1.4m)
- Silver Swan escapeway ladder replacement and refurbishment activities continued without incident, remaining on track, within budget for completion during April 2020

WINDARRA

EXPLORATION UPDATE

- Completion of 4,234m exploration drilling and assaying program for Crazy Diamond prospect

CORPORATE

- Board and Management team strengthened with key appointments of Mr Derek La Ferla as Independent Non-Executive Chairman and Mr Peter Harold as Managing Director and Chief Executive Officer

Poseidon Nickel (ASX: POS, “the Company”) is pleased to report on its activities for the December Quarter 2019.

Interim CEO David Riekie commented, *“We’ve made solid progress over the December 2019 quarter in respect to the Black Swan restart studies, associated safety works programs and have seen some positive drilling outcomes around Black Swan and Windarra.”*

“Management and the Board remain committed to ensuring the review process adopted for the Black Swan restart continues, to ensure the value drivers at an operational and technical level, benefit from further consideration and development, prior to the Board considering an investment decision.”

“The Company will continue to develop those workstreams to progress the Black Swan restart to a state of readiness so we can move quickly in a stronger nickel market price environment.”

BLACK SWAN RESTART STUDY

During the quarter the Company continued to progress the Black Swan restart study. This process has been constructive and identified a number of key drivers for a restart at Black Swan that require further consideration and development. The objective is to ensure those financial outcomes that emanate from the study will also enable a longer-term production profile.

The timing of an investment decision on the Black Swan restart remains dependent on completion of the studies, the availability of key resources for the project (power, water, human resources) and within a positive nickel price environment.

BLACK SWAN SAFETY WORKS PROGRAMS

Over the quarter Poseidon engaged the Rapallo Group, who successfully completed the previously announced, safety refurbishment works on the Black Swan sulphide nickel processing facility. This program was completed safely late December 2019 and was delivered under budget and on time. The completed refurbishment works now provide safe access to these processing facilities that can support future works for the restart of the Black Swan processing operations.



Figure 1 – Black Swan processing facility safety works program – example of completed works

In addition to the processing facility safety refurbishment works, the Silver Swan underground escapeway ladder refurbishment program continues. The anticipated completion remains on target for April 2020. This program is currently within budget and will provide safe access to the Silver Swan decline for further exploration activities and to support future refurbishment of the underground mine. Previous details regarding the activities were released to ASX on 6 September 2019.



Figure 2 - Silver Swan escapeway ladder refurbishment program – example of completed works

BLACK SWAN UNDERGROUND DRILLING

The Underground RC Trial was completed during the quarter with a total of 2,481m being drilled from the Gosling Access Drive, 150m below the Black Swan Open Pit. The trial has provided the Company with an excellent opportunity to develop a robust exploration technique to rapidly and accurately assess the Black Swan Deposit which is in close proximity to the current Silver Swan workings. The underground RC drilling has confirmed the continuity of the known mineralised lodes below the open pit.

Poseidon’s adaption of the underground RC technique to nickel exploration has introduced a greater level of certainty of the grade and continuity of mineralisation than could previously be interpreted from the historical diamond drilling. Figure 3 below shows the trial area in relation to historical diamond drill intersections through the Black Swan deposit.

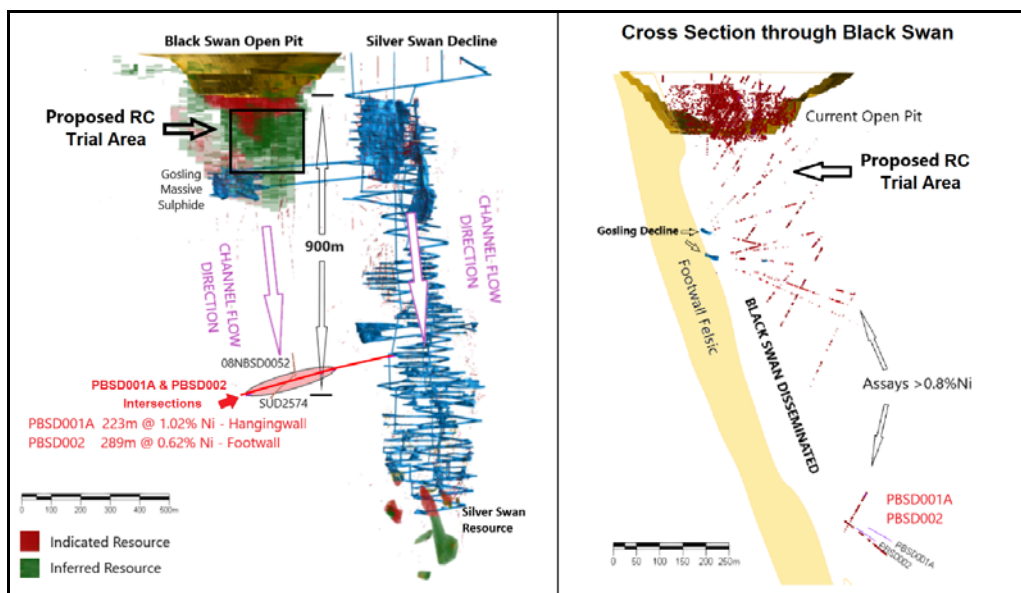


Figure 3 - Deep diamond intercepts in relation to historical drilling and the Black Swan open pit. The RC trial area lies directly below the open pit.

The underground RC technique introduced a large increase in sample volume to help combat natural grade variation. In addition, the underground RC technique allows for the rapid drilling of more closely spaced holes, which further assists in the interpretation and evaluation of mineralisation for use in an underground mining scenario.

Significant intersections from the Underground RC program are tabulated and intersection locations presented in Appendix 1.

The Company aims to undertake further evaluation of the drilling technique and its application to the Black Swan Nickel Deposit in coming months.

WINDARRA EXPLORATION UPDATE

The Company is awaiting assays from the recent RC program at the Crazy Diamond Prospect near Windarra. The Crazy Diamond Prospect is the next komatiite channel to the north of Poseidon’s Cerberus Discovery (see Figure 4 below).

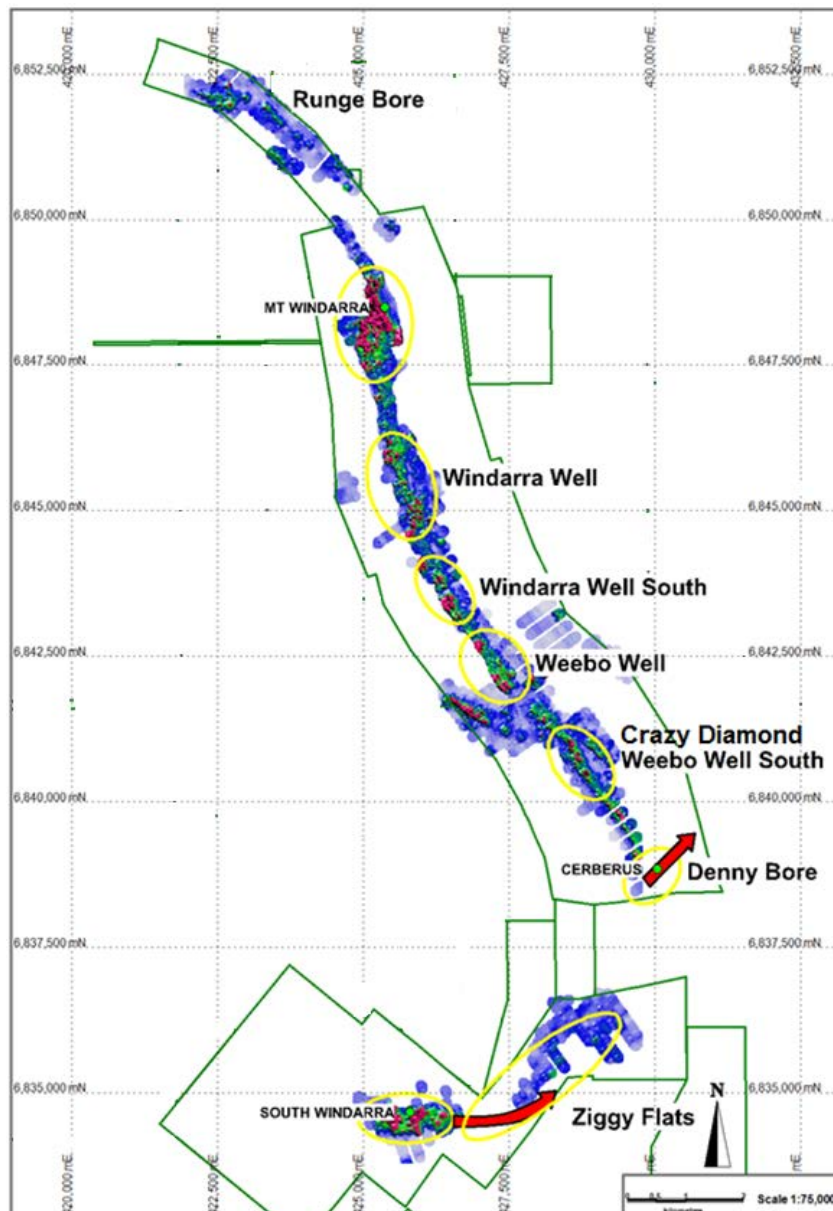


Figure 4 - Windarra Nickel Project historical geochemistry and identified komatiite channels

Drilling at Crazy Diamond commenced in October 2019 and utilized a 54m capable RC grade-control rig provided by VM Drilling. The purpose of the program was to penetrate the calcareous and sand covered profile to scout-drill and map the underlying stratigraphy.

The komatiite channel at Crazy Diamond is particularly thick, wide and heavily weathered, dominated in areas by silica-cap and calcrete formation and overlain by sandy sediments from local flood plains. Poseidon's drilling was aimed at penetrating the weathered profile to reveal the underlying geology, scope out the size of the underlying channel and assess the unusually complex stratigraphy in this area.

The intersection occurs at the base of the Upper Ultramafic, a subsequent komatiite flow to the Windarra Ultramafic (which hosts the Windarra, South Windarra and Cerberus Deposits). Poseidon's drilling to the North of the Cerberus Deposit in 2011 revealed minor sulphide nickel mineralisation in a similar stratigraphic position some 950m to the South of the recent intersection (refer to Figure 4).

Further exploration will be planned for later in 2020 after a full interpretation of the results and further mapping.

LAKE JOHNSTON EXPLORATION UPDATE

Mapping in 2016 and 2017 conducted by Poseidon at the Lake Johnston Operation confirmed the Company's view that the Western Ultramafic Unit was prospective for Kambalda-style nickel mineralisation.

Poseidon's mapping and interrogation of historical drilling revealed potential channel development along the 16km out-crop length of the komatiite unit.

Over the quarter a soil-survey program was conducted on a 3km length of the komatiite contact on E63/1784, a joint-venture tenement with Pioneer Resources. The samples were tested on site using a hand-held Niton XRF.

The results indicate that mapped areas of the komatiite have nickel sulphide potential. Work is ongoing.

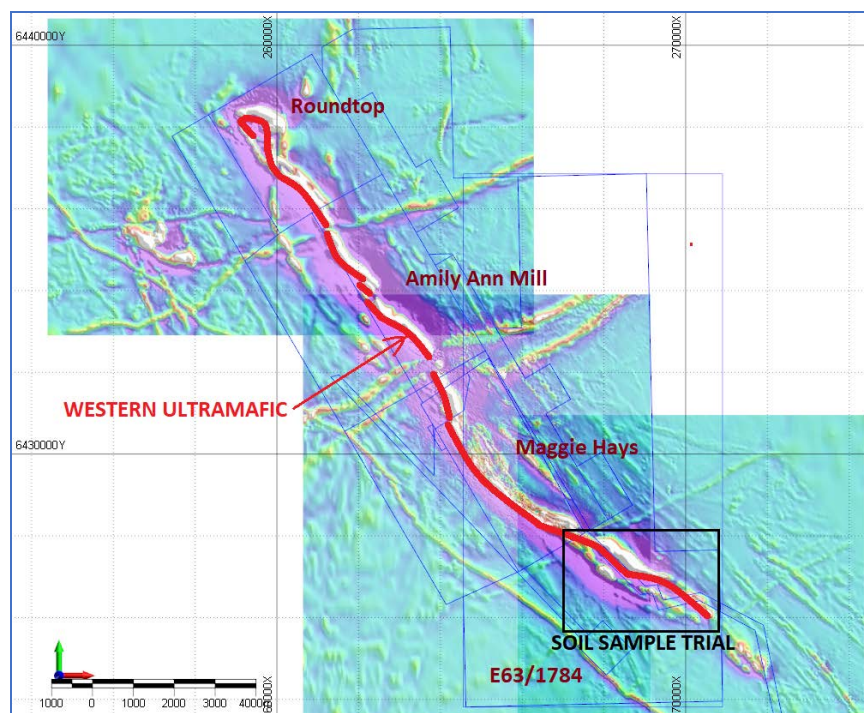


Figure 5 - Soil sample area on E63/1784

FINANCIAL

As at 31 December 2019, the Company had cash and current investments of \$51.6 million.

Over the previous quarter Poseidon’s net cash outflow from operating activities totalled \$4.8 million. Expenditures included \$3.9 million exploration and evaluation costs, of which \$2.4 million was spent progressing the Black Swan restart study and safety work programs and \$1.0 million on exploration activities.

Poseidon has forecasted expenditure of \$3.5 million over the following quarter of which \$2.3 million is to be spent on exploration and evaluation activities.

CORPORATE

Over the quarter Poseidon significantly strengthened its Board and Management team with the appointment of Mr Derek La Ferla as Independent Non-Executive Chairman and Mr Peter Harold as Managing Director and Chief Executive Officer.

Mr La Ferla commenced 1st December 2019 with Mr Harold commencing 3rd March 2020.

MARKET INFORMATION



Figure 6 – 6 month nickel price chart

The nickel price retreated from recent highs above US\$8.00/lb over the September 2019 quarter to end the December 2019 quarter at ~US\$6.30/lb. More recently the nickel price has retreated further to ~US\$5.70/lb as at today.

David Riekie
Interim CEO

30 January 2020

This Quarterly Activities Report was authorised for release by the Board of Directors.

For more information:

David Riekie

CEO

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About Poseidon Nickel Limited

Poseidon Nickel Limited (ASX: POS, "Poseidon"), is a West Australian focussed nickel company that owns three previously operating Nickel Sulphide mines: Windarra, Black Swan/Silver Swan and Lake Johnston. These 100% owned assets collectively had an operating capacity of 3.6mtpa (Lake Johnston 1.5mtpa; Black Swan 2.1mta). The processing facilities at Lake Johnston and Black Swan have been maintained through company managed, care and maintenance programs.

Poseidon released an upgrade to the resource at the Silver Swan deposit on 5th August 2019.

Poseidon is currently undertaking a number of de-risking and restart safety works and similar initiatives at and around Black Swan.

Poseidon has exploration potential at Lake Johnston and Windarra. The outcomes of previous drilling were released to ASX on 22 October 2018 and 21 November 2018.

Windarra has a number of near mine exploration projects including the extension of the original Windarra deposit, Cerberus, South Windarra and Woodline Well.

The current Resource Statement below shows a combined Nickel resource of 395,530 tonnes of Nickel (which should be read with the Competent Person statements below).

APPENDIX 1

Black Swan Underground RC Drilling Results

Table 1 - Significant Intersections from Sections 11260N and 11340N

Footwall Lode

Section	Hole ID	m From	m To	Interval	Ni%	Cu%	Co%	MgO%	S%	True Width
11260 N	PBSC001	94.5	109.5	15	0.76	0.02	0.01	33.39	0.93	10
	PBSC003	67.5	87	19.5	0.75	0.02	0.02	35.04	1.14	17
11340 N	PBSC010	18	27	9	0.84	0.03	0.02	34.05	0.58	9
	PBSC011	15	43.5	28.5	0.73	0.03	0.02	34.33	0.59	22
	PBSC012	19.5	39	19.5	0.74	0.03	0.02	34.26	0.40	16
	PBSC013	24	46.5	22.5	0.71	0.03	0.02	33.74	0.40	16
	PBSC014	28.5	55.5	27	0.63	0.03	0.02	33.11	0.57	16

Central Lode

Section	Hole ID	m From	m To	Interval	Ni%	Cu%	Co%	MgO%	S%	True Width
11260 N	PBSC003	118.5	138	19.5	0.69	0.03	0.01	33.10	0.98	17
	PBSC004	84	129	45	0.77	0.04	0.02	33.43	0.98	37
	including	117	129	12	1.16	0.07	0.02	33.64	0.90	12
	PBSC005	90	142.5	52.5	0.75	0.03	0.01	34.79	0.83	52
	including	115.5	142.5	27	0.97	0.03	0.01	36.30	0.69	27
	PBSC006	88.5	141	52.5	0.67	0.02	0.02	32.62	0.80	31
	including	115.5	132	16.5	0.97	0.04	0.02	33.42	0.85	16
	PBSC007	118.5	154.5	36	0.75	0.03	0.01	33.28	0.61	36
including	136.5	154.5	18	1.02	0.03	0.01	33.96	0.64	18	
11340 N	PBSC008	126	162	36	0.89	0.04	0.02	33.47	1.25	23
	including	145.5	162	16.5	1.02	0.05	0.02	33.25	1.03	11
	PBSC009	87	114	27	0.78	0.03	0.01	31.55	1.03	26
	including	91.5	103.5	12	0.94	0.05	0.02	31.92	1.11	11
	PBSC010	75	112.5	37.5	0.84	0.04	0.02	34.82	1.28	37
	including	81	96	15	0.93	0.05	0.02	33.99	1.74	15
	and	105	112.5	7.5	1.27	0.05	0.02	34.95	1.25	7
	PBSC011	87	126	39	0.82	0.04	0.01	34.13	0.90	35
including	88.5	94.5	6	0.93	0.05	0.02	34.74	1.41	5.5	
and	105	117	12	1.13	0.05	0.01	33.51	1.14	11	
PBSC012	96	124.5	28.5	0.95	0.04	0.02	34.12	1.13	23	
including	111	124.5	13.5	1.27	0.06	0.02	32.90	1.30	11	
PBSC013	132	151.5	19.5	0.96	0.04	0.01	36.29	0.98	n/a (part)	
including	132	138	6	1.32	0.05	0.02	34.32	1.47	5	
and	145.5	151.5	6	1.09	0.06	0.02	36.39	1.04	n/a (part)	

Hangingwall 1 Lode

Section	Hole ID	m From	m To	Interval	Ni%	Cu%	Co%	MgO%	S%	True Width
11340 N	PBSC009	141	150	9	0.90	0.04	0.01	30.63	0.85	9
	PBSC010	139.5	153	13.5	0.64	0.03	0.01	37.43	0.51	13
	PBSC011	139.5	157.5	18	0.92	0.04	0.01	32.68	0.69	17
	including	148.5	157.5	9	1.11	0.05	0.02	34.87	0.89	8
	PBSC012	133.5	165	31.5	1.00	0.05	0.01	34.21	0.78	30
including	138	156	18	1.20	0.06	0.02	34.13	0.97	17	

Hangingwall 2 Lode

Section	Hole ID	m From	m To	Interval	Ni%	Cu%	Co%	MgO%	S%	True Width
11340 N	PBSC009	178.5	198	19.5	0.84	0.04	0.01	36.00	0.74	19
	including	190.5	198	7.5	1.10	0.05	0.02	35.68	0.99	7
	PBSC010	190.5	198	7.5	0.95	0.04	0.02	34.31	0.77	7
	PBSC011	172.5	201	28.5	1.07	0.04	0.01	35.24	0.84	25
	including	172.5	178.5	6	1.61	0.07	0.02	35.42	1.35	5
and	193.5	201	7.5	1.31	0.06	0.02	34.99	0.98	7	

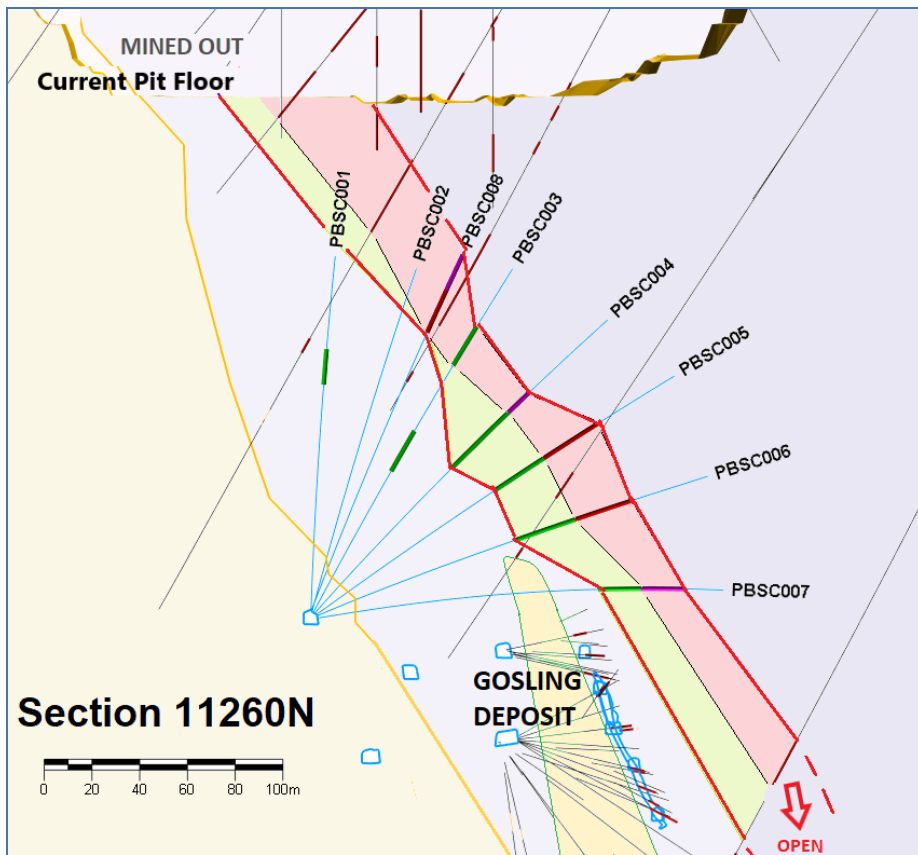


Figure 7 - First Underground RC Trial Section

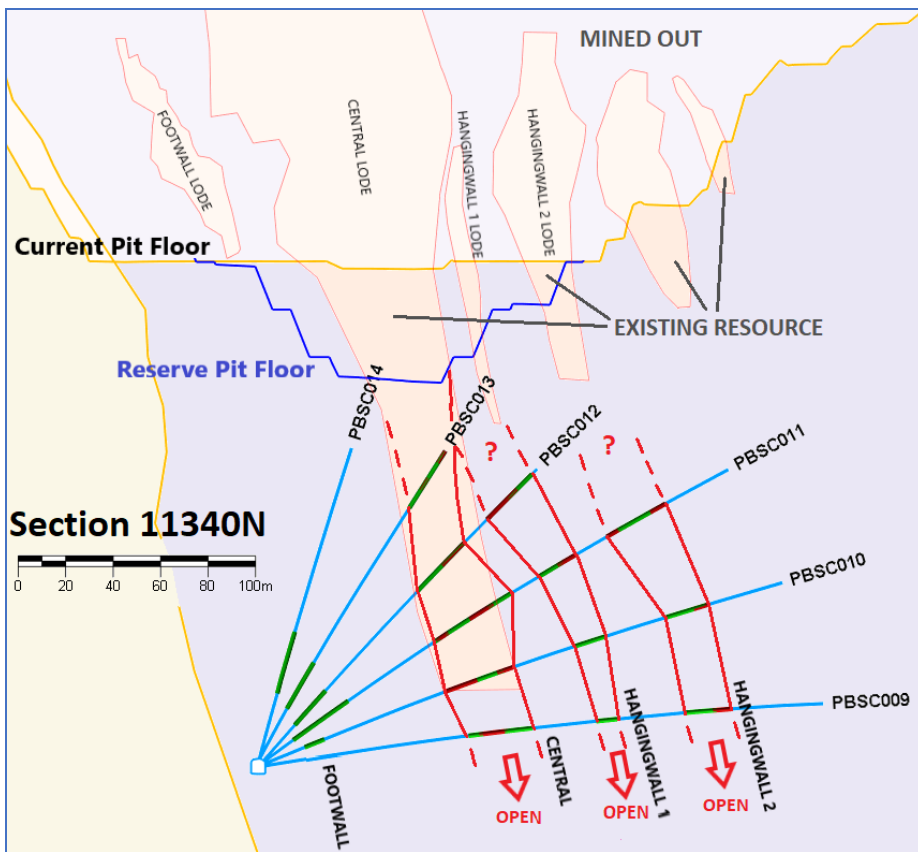


Figure 8 - Second Underground RC Trial Section

APPENDIX 2

Mineral Resource Statement

Table 2: 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.

Black Swan Resource as at 22 July 2014, Silver Swan Resource as at 3 June 2016, Maggie Hays Resource as at 17 March 2015, Mt Windarra, South Windarra and Cerberus Resource as at 30 April 2013

Table 3: Gold Tailings Project Mineral Resource Statement

Gold Tailings Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY				
			TOTAL INDICATED				
			Tonnes (Kt)	Au Grade (g/t)	Au (oz)	Ag Grade (g/t)	Ag (oz)
WINDARRA GOLD TAILINGS PROJECT							
Gold Tailings	2004	NA	11,000	0.52	183,000	1.9	670,000
TOTAL							
Total Au Resources	2004		11,000	0.52	183,000	1.9	670,000

Note: totals may not sum exactly due to rounding.

Windarra Gold Tailings Resource as at 30 April 2013.

APPENDIX 3

Ore Reserve Statement

Table 4: Nickel Projects 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
Black Swan Open pit	2012	3,370	0.63	21,500	NA	NA	NA	NA
TOTAL								
Total Ni Reserves	2012	3,427	0.72	24,800	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.

Co & Cu grades and metal content for Black Swan require additional modelling prior to estimation. Silver Swan Underground Reserve as at 26 May 2017, Black Swan Open Pit Reserve as at 5 November 2014.

The Company is not aware of any new information or data that materially affects the information in this report and the Resource/Reserve tables above. Such information is based on the information compiled by the Company's Geologists and the Competent Persons as listed below in the Competent Person Statements.

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 Steve Warriner, Chief Geologist, 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 Mr 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 Mr Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd and who is a 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 Mr Steve Warriner, Chief Geologist, who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr 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 Mr 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 Mr Steve Warriner, Chief Geologist, who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr 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 Mr 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 that relates to Mineral Resources at the Windarra Nickel Project and Gold Tailings Project is based on, and fairly represents, information compiled by Mr Steve Warriner, Chief Geologist, who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr 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 Warriner, 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 Warriner, 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.

FORWARD LOOKING STATEMENT – INFERRED RESOURCE STATEMENTS:

The Company notes that an Inferred Resource has a lower level of confidence than an Indicated Resource and that the JORC Codes, 2012 advises that to be an Inferred Resource it is reasonable to expect that the majority of the Inferred Resource would be upgraded to an Indicated Resource with continued exploration. Based on advice from relevant competent Persons, the Company has a high degree of confidence that the Inferred Resource for the Silver Swan deposit will upgrade to an Indicated Resource with further exploration work.

The Company believes it has a reasonable basis for making the forward looking statement in this announcement, including with respect to any production targets, based on the information contained in this announcement and in particular, the JORC Code, 2012 Mineral Resource for Silver Swan as of May 2016, together with independent geotechnical studies, determination of production targets, mine design and scheduling, metallurgical testwork, external commodity price and exchange rate forecasts and worldwide operating cost data.

FORWARD LOOKING STATEMENTS:

This release contains certain forward looking statements including nickel production targets. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "except", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also forward looking statements

Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change, without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance.

Forward looking statements may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility and potential development of the Silver Swan underground mine.

APPENDIX 4

Mining Tenements Held as at 30 December 2019

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	MSA 38/261, 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, 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	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, G27/2	100%

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

Mining Tenements Acquired during the December 2019 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the December 2019 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the December 2019 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 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(3,867)	(7,095)
(b) development	-	-
(c) production	-	-
(d) staff costs	(164)	(426)
(e) administration and corporate costs	(761)	(1,311)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	262	1,057
1.5 Interest and other costs of finance paid	(316)	(956)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	181
1.8 Other – sundry income	20	76
1.9 Net cash from / (used in) operating activities	(4,826)	(8,474)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(8)	(12)
(b) tenements (see item 10)	-	-
(c) investments (** see item 5)	-	35,000
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(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)	34,988

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
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	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period (* see item 5)	56,482	25,133
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,829)	(8,477)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(8)	34,988
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	51,645	51,645

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	645	1,482
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – Term Deposits < 3 months **	51,000	55,000
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	51,645	56,482

* Cash and cash equivalents at beginning of period / Previous quarter have been adjusted to reflect the classification of term deposits as per the 2019 Annual Report.

** In addition, \$12,000 (previous quarter \$35,012,000 adjusted as above) is held in Term Deposits > 3 months with cash flows included as Investments at Item 2.1(c).

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	43
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	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	15
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	
For consulting services performed by related parties or their associates.	

Mining exploration entity and oil and gas exploration entity quarterly report

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 Black Mountain Metals Pty Ltd – 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	2,300
9.2 Development	-
9.3 Production	-
9.4 Staff costs	400
9.5 Administration and corporate costs	800
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	3,500

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				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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:



Joint Company Secretary

Date: 30 January 2020

Print name: Brendan Shalders

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.