



POSEIDON

N I C K E L

POSEIDON NICKEL LIMITED

ABN 60 060 525 206

Interim Financial Report

For the six months ended 31 December 2020

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Poseidon Nickel Limited

Corporate directory

ABN: 60 060 525 206
Incorporated in Australia

Directors

Mr Derek La Ferla
Mr Peter Harold
Ms Felicity Gooding
Mr Dean Hildebrand
Mr Peter Muccilli

Joint Company Secretaries

Mr Brendan Shalders
Ms Andrea Betti

Registered Office

Level 1
3 Ord Street
West Perth WA 6005

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

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

ASX Code

Shares: POS

Country of Incorporation and Domicile

Australia

Poseidon Nickel Limited
Directors' report
For the six months ended 31 December 2020

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 2020 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 2020

1. Directors

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

Name	Period of directorship
Mr Derek La Ferla <i>Independent Non-Executive Chairman</i>	Appointed 3 December 2019
Mr Peter Harold <i>Managing Director and CEO</i>	Appointed 3 March 2020
Ms Felicity Gooding <i>Non-Executive Director</i>	Appointed 1 October 2018
Mr Dean Hildebrand <i>Non-Executive Director</i>	Appointed 1 July 2020
Mr Peter Muccilli <i>Independent Non-Executive Director</i>	Appointed 3 August 2020

2. Operating and Financial Review

Overview

Poseidon Nickel Limited ("Poseidon" or "the Company") is an ASX listed company focussed on developing its nickel assets in Western Australia. The Company has combined nickel resources approaching 400,000 tonnes, two nickel sulphide concentrators and six historic mines across three sites, all located within a 300km radius from Kalgoorlie in the Goldfields region of Western Australia.

The nickel price continued to remain strong during the first half of FY2021, peaking at just under US\$8.00/lb in late December 2020 and continuing its upward movement to a current price of ~US\$8.40/lb. Over this period the Company continued to advance the Golden Swan discovery with further drilling intersects and additional EM plates identified, commenced the Golden Swan Drill Drive and progressed the Windarra Gold Tailings Definitive Feasibility Study (DFS).

During the period the Company appointed Dean Hildebrand and Peter Muccilli as Non-Executive Directors following the retirement of Karl Paganin and Geoff Brayshaw in FY2020.

COVID-19 Response

During the period there were no instances of COVID-19 reported across the Poseidon business. The Company and its contractors continue to operate within the safe operating parameters as per the Western Australian Government requirements.

Projects – Black Swan

Primary activities at Black Swan over the period supported the Golden Swan exploration program and the commencement of the Golden Swan Drill Drive. Refurbishment works on the Silver Swan underground escapeway ladder were also completed during the period in preparation of development works at Black Swan.

Golden Swan Discovery

During the period the Company continued its focus on the Golden Swan high-grade nickel sulphide discovery with a number of significant advancements achieved:

- Down Hole Electromagnetic (DHEM) surveys identified three new conductors extending the footprint of a contiguous series of open-ended DHEM plates to 170m by 60m

Poseidon Nickel Limited
Directors' report (continued)
For the six months ended 31 December 2020

2. Operating and Financial Review (continued)

- A third intersection of the Golden Swan mineralised zone. The assay results for the three intersections to date are as follows:
 - 1st intersection: 7.6m @ 8.8% nickel
 - 2nd intersection: 9.0m @ 10.5% nickel
 - 3rd intersection: 6.4m @ 9.60% nickel
- Metallurgical results from preliminary testwork on drill core returned excellent recoveries to a high-grade concentrate with low impurities and an attractive Fe:MgO ratio (>50:1)

In early December 2020 the Golden Swan Drill Drive construction project commenced at Black Swan. The 400m drill drive will utilise the existing Silver Swan decline and once completed will enable the rapid exploitation of the Golden Swan mineralisation, as well as provide an excellent location to further drill test for potential extensions of Golden Swan and other mineralised zones within the Southern Terrace. The drill drive is scheduled to be completed late Q1 2021.

The Company plans to have a maiden resource reported for Golden Swan during Q3 2021 and then move straight into mining studies and processing options which include Direct Shipping Ore or restarting the Black Swan concentrator. The aim is to have all these studies completed by the end of December 2021.

Projects - Lake Johnston

The operations at Lake Johnston remained on care and maintenance during the period with a focus on regulatory and licence compliance requirement activities. The Company is currently undertaking a strategic review of the Lake Johnston asset to determine the best way to progress the project given the positive outlook for nickel. The strategic review may include divestment, joint venture, updated restart studies, recommencing exploration or other avenues that are value accretive for Poseidon shareholders.

Projects – Windarra

Windarra Nickel

The Windarra Nickel Project remained on care and maintenance during the period. The ore resources at Windarra and Cerberus total 148,500 tonnes of nickel and remain significant to the long-term planning of the Company.

The process to terminate the Poseidon Nickel Agreement Act is progressing and expected to provide clarity to the Company's revised obligations and opportunities. Termination documentation has been drafted and engagement with the State Government continues. With the state election scheduled March 2021, the termination of the State Agreement is expected post this date (likely beyond the end of FY2021).

Windarra Gold Tailings

During the period the Company purchased an option to acquire the right to treat the Lancefield Gold Tailings which if exercised will give the Company exclusive rights to reprocess these tailings at Windarra. After further studies the Company declared a JORC 2012 Mineral Resource of 62,000oz gold for the Lancefield Gold Tailings Project and it will now be incorporated into a Definitive Feasibility Study (DFS) with the Windarra Gold Tailings Project (due for completion in early Q2 2021). The Windarra Gold Tailings Project contains an Indicated Mineral Resource totaling 105,000oz gold from the North and South Tailings Dams at Windarra.

Financial Position

For the six months ended 31 December 2020 the Group incurred a loss of \$6,019,000 (2019: loss \$6,994,000) and had a net working capital surplus of \$15,434,000 (30 June 2020: surplus \$15,729,000) The working capital surplus includes a provision for environmental rehabilitation of \$3,500,000 that is cash backed (non-current asset). The working capital surplus as at 30 June 2020 included the US\$17.5 million convertible note which was repaid in August 2020.

Poseidon Nickel Limited
Directors' report (continued)
For the six months ended 31 December 2020

2. Operating and Financial Review (continued)

The Group had a net cash outflow from operating activities of \$5,732,000 (2019: outflow \$5,135,000), a net cash outflow from investing activities of \$3,501,000 (2019: inflow \$32,601,000) and a net cash outflow from financing activities of \$15,909,000 (2019: outflow \$956,000). 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 inflow in the prior period reflects proceeds from term deposits which matured within 3 months as at 31 December 2019, net of payments for exploration and evaluation activities. Financing cash outflows reflect the repayment of the convertible note, net of the proceeds received from the capital raise. The Group held cash and cash equivalents of \$20,094,000 at 31 December 2020 (30 June 2020: \$45,236,000).

On 31 August 2020, the Company repaid the US\$17.5 million convertible note, prior to its maturity on 30 September 2020, presenting an interest saving to the Company. Note holders, Black Mountain Metals ("BMM"), agreed to waive accrued interest after this date in lieu of early repayment of principal prior to maturity.

In December 2020, the Company raised \$10 million (before costs) through a private placement (the "Placement") of ordinary shares in Poseidon to clients of Morgans Corporate Limited, which acted as sole lead manager of the Placement.

3. Dividends

No dividends were paid or proposed during the six months ended 31 December 2020.

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 2020.

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 D La Ferla
Independent Non-Executive Chairman

Perth
 25 February 2021



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 2020 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

KPMG

GL + 177

Graham Hogg

Partner

Perth

25 February 2021

Poseidon Nickel Limited
Condensed consolidated interim statement of financial position
As at 31 December 2020

<i>In thousands of AUD</i>	<i>Note</i>	31 Dec 2020	30 Jun 2020
Assets			
Cash and cash equivalents		20,094	45,236
Trade and other receivables		769	633
Other investments – term deposits		35	12
Total current assets		20,898	45,881
Plant and equipment	3.1	24,625	24,618
Exploration and evaluation expenditure	3.1	69,452	65,659
Right-of-Use Assets	4.3	702	-
Other		3,500	3,500
Total non-current assets		98,279	93,777
Total assets		119,177	139,658
Liabilities			
Trade and other payables		1,728	1,729
Loans and borrowings	4.2	-	24,716
Lease liabilities	4.3	129	-
Employee benefits		107	207
Provisions		3,500	3,500
Total current liabilities		5,464	30,152
Provisions		48,292	48,235
Lease liabilities	4.3	590	-
Total non-current liabilities		48,882	48,235
Total liabilities		54,346	78,387
Net Assets		64,831	61,271
Equity			
Share capital	4.1	238,266	228,796
Reserves		124	15
Accumulated losses		(173,559)	(167,540)
Total equity attributable to equity holders of the Company		64,831	61,271

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 2020

<i>In thousands of AUD</i>	Note	31 Dec 2020	31 Dec 2019
Other income		165	78
Depreciation expense		(155)	(127)
Personnel expenses		(1,011)	(432)
Exploration and evaluation costs expensed	3.1	(3,098)	(5,077)
Consultancy and advisor fees		(698)	(697)
Share based payment expense	5.1	(111)	(27)
Other expenses		(576)	(339)
Results from operating activities		(5,484)	(6,621)
Finance income		264	840
Finance costs		(799)	(1,213)
Net finance income / (costs)	2.2	(535)	(373)
Loss before income tax		(6,019)	(6,994)
Income tax benefit		-	-
Total comprehensive loss for the period		(6,019)	(6,994)
Earnings per share			
Basic and diluted loss per share (cents/share)		(0.23)	(0.26)

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 2019

In thousands of AUD

	Share Capital	Share based payment reserve	Accumulated losses	Total equity
Balance at 1 July 2019	228,796	2	(154,688)	74,110
Loss	-	-	(6,994)	(6,994)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(6,994)	(6,994)
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners				
Issue of share options	-	27	-	27
Total contributions by and distributions to owners	-	27	-	27
Balance at 31 December 2019	228,796	29	(161,682)	67,143

For the six months ended 31 December 2020

In thousands of AUD

	Share Capital	Share based payment reserve	Accumulated losses	Total equity
Balance at 1 July 2020	228,796	15	(167,540)	61,271
Loss	-	-	(6,019)	(6,019)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(6,019)	(6,019)
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners				
Issue of share capital (net of costs)	9,468	-	-	9,468
Issue of share options	-	111	-	111
Performance rights exercised	2	(2)	-	-
Total contributions by and distributions to owners	9,470	109	-	9,579
Balance at 31 December 2020	238,266	124	(173,559)	64,831

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 2020

<i>In thousands of AUD</i>	<i>Note</i>	31 Dec 2020	31 Dec 2019
Cash flows from operating activities			
Sundry receipts		119	258
Payments to suppliers and employees		(6,012)	(6,450)
Cash used in operations		(5,893)	(6,192)
Interest received		161	1,057
Net cash used in operating activities		(5,732)	(5,135)
Cash flows from investing activities			
Payments for property, plant and equipment		(58)	(12)
Proceeds from sale of property, plant and equipment		11	-
Payments for exploration and evaluation expenditure		(3,454)	(2,387)
Proceeds from other investments – term deposits		-	35,000
Net cash (used in) / received from investing activities		(3,501)	32,601
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		9,441	-
Repayment of borrowings		(25,115)	-
Repayment of lease liabilities		(4)	-
Interest paid		(231)	(956)
Net cash used in financing activities		(15,909)	(956)
Net (decrease) / increase in cash and cash equivalents		(25,142)	26,510
Cash and cash equivalents at 1 July		45,236	25,133
Cash and cash equivalents at 31 December		20,094	51,643

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 2020 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 2020 is available upon request from the Company’s registered office at Level 1, 3 Ord Street, West Perth WA 6005 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 2020.

This condensed consolidated interim financial report was approved by the Board of Directors on 25 February 2021.

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 2020 annual financial report for the financial year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

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 2020.

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 and other mineral 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

Reconciliations of reportable segment profit / (loss) and assets Loss

Total loss for reportable segments
 Unallocated amounts: other corporate expenses
 Net finance costs
 Loss before income tax

Assets

Total assets for reportable segments
 Other assets

Liabilities

Total liabilities for reportable segments
 Other liabilities

Nickel exploration and evaluation

	2020	2019
Reportable segment other income	96	74
Reportable segment exploration costs expensed	(3,098)	(5,077)
Reportable segment loss before income tax	(3,002)	(5,003)
Reportable segment assets	97,577	90,400
Reportable segment liabilities	53,293	50,938
Capital expenditure	3,871	1,550
Reconciliations of reportable segment profit / (loss) and assets		
Loss		
Total loss for reportable segments	(3,002)	(5,003)
Unallocated amounts: other corporate expenses	(2,482)	(1,618)
Net finance costs	(535)	(373)
Loss before income tax	(6,019)	(6,994)
Assets	31 Dec 2020	31 Dec 2019
Total assets for reportable segments	97,577	90,400
Other assets	21,600	52,690
	119,177	143,090
Liabilities		
Total liabilities for reportable segments	53,293	50,938
Other liabilities	1,053	25,009
	54,346	75,947

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2020.

2.2 Net financing costs

Net financing costs can be analysed as follows:

In thousands of AUD

Interest income on bank deposits
 Change in fair value of convertible note derivative
 Net foreign exchange gain
 Finance income
 Interest expense – convertible note
 Interest expense – lease liability
 Finance costs
 Net finance cost

	31 Dec 2020	31 Dec 2019
Interest income on bank deposits	95	560
Change in fair value of convertible note derivative	-	277
Net foreign exchange gain	169	3
Finance income	264	840
Interest expense – convertible note	(797)	(1,213)
Interest expense – lease liability	(2)	-
Finance costs	(799)	(1,213)
Net finance cost	(535)	(373)

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 2020	30 Jun 2020
Costs carried forward in respect of areas of interest in the following phase: Exploration and evaluation phase	69,452	65,659
Reconciliations: Exploration and evaluation phase		
Carrying amount at beginning of period	65,659	60,946
Additions	3,735	2,896
Movements in provisions	57	1,817
	69,452	65,659

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 \$3,098,000 (2019: \$5,077,000) 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 2020: \$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 Share Capital

	Ordinary shares	
<i>In thousands of shares</i>	31 Dec 2020	30 Jun 2020
Ordinary shares		
Fully paid	2,809,415	2,642,702
Total share capital on issue	2,809,415	2,642,702
Movements in ordinary shares on issue:		
On issue at 1 July	2,642,702	2,642,702
<i>Shares issued and expensed during the period:</i>		
Issued for cash ⁽ⁱ⁾	166,667	-
Issued for performance rights	46	-
On issue	2,809,415	2,642,702

- (i) During the reporting period the Company issued 166,666,667 ordinary shares at an average of \$0.06 per share to raise \$10,000,000. The capital raising incurred transaction costs of \$531,665.

4.2 Loans and borrowings – Convertible Note

Convertible note liability

<i>In thousands of AUD</i>	Convertible note liability
Balance at 30 June 2020	24,716
Accrued interest capitalised	797
Payment of interest	(229)
Exchange rate effects	(169)
Repayment of convertible note	(25,115)
Balance at 31 December 2020	-

During August 2020, the Group entered into a forward contract with a financial institution to convert \$25,114,811 into US\$17,500,000 to fund the convertible note repayment due 30 September 2020. Following this transaction the Group approached the noteholder, Black Mountain Metals (“BMM”), for an early repayment of the convertible note to reduce interest accrued on the remaining term. BMM agreed to early repayment of the note with US\$17,500,000 paid to BMM on 31 August 2020.

Poseidon Nickel Limited

Notes to the condensed consolidated interim financial statements

4.3 Lease Liabilities

<i>In thousands of AUD</i>	31 Dec 2020
Current lease liabilities	129
Non- current lease liabilities	590
	<u>719</u>

Right-of-Use Assets and Lease Liabilities

During the six months ended 31 December 2020, the Group entered into a new office space lease agreement for five years. The Group makes monthly fixed payments with a three per cent increase each year. On lease commencement, the Group recognised \$595,000 of right-of-use asset and lease liability.

During the six months ended 31 December 2020, the Group entered into a lease agreement for the use of IT office equipment for five years. The Group makes monthly fixed payments. On lease commencement, the Group recognised \$128,000 of right-of-use asset and lease liability.

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 2020	31 Dec 2019
Options expense	111	27
Total expenses recognised as employee costs	111	27

Share Options

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

The below share options were approved by shareholders at the November 2020 AGM and remain outstanding at the end of the period with the following expiry dates and expiry prices:

Issue date	Expiry date	Exercise price	Number of shares
3 December 2019	3 December 2022	0.10	1,000,000
3 December 2019	3 December 2023	0.13	1,000,000
3 March 2020	3 March 2025	0.04	3,000,000
3 March 2020	3 March 2025	0.05	3,000,000
			<u>8,000,000</u>

Performance Rights

Performance conditions associated with the performance rights on issue during the period were consistent with those disclosed in the 30 June 2020 financial statements.

The movement in performance rights during the period was as follows:

	Weighted average fair value	Number of performance rights
	2020	2020
Outstanding at 1 July	\$0.049	46,354
Granted during the period	-	-
Exercised during the period	(\$0.049)	(46,354)
Forfeited during the period	-	-
Outstanding at 31 December	-	-
Vested and exercisable at 31 December	-	-

No performance rights were granted to directors or employees during the reporting period.

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 2020 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 D La Ferla
Independent Non-Executive Chairman

Perth
25 February 2021



Independent Auditor's Review Report

To the shareholders 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 does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 31 December 2020 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 interim statement of financial position as at 31 December 2020.
- Condensed consolidated interim statement of profit or loss and other comprehensive income, Condensed consolidated interim statement of changes in equity and Condensed consolidated interim 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.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



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*.
- Such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 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*.

A review of an Interim 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.

KPMG

Graham Hogg

Partner

Perth

25 February 2021