



**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 2021**

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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  
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](http://www.poseidon-nickel.com.au)  
Email: [admin@poseidon-nickel.com.au](mailto: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**

Automic  
Level 5, 191 St Georges 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 2021**

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 2021 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 2021

#### 1. Directors

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

<b>Name</b>	<b>Period of directorship</b>
Mr Derek La Ferla <i>Independent Non-Executive Chairman</i>	Appointed 1 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, resigned 25 February 2022
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 totalling 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. All three sites remained on care and maintenance over the first half of FY2022.

The nickel price continued to remain strong during the period, peaking at just under US\$9.60/lb in late November 2021 and post period end continuing its upward movement. During first half FY2022 the Company adopted its new "Fill the Mill" strategy which focuses on restarting the Black Swan operations with high and low grade ore feed sources. Progressing this strategy the Company released the Golden Swan Maiden Resource and the Silver Swan Tailings Maiden Resource during the period, and continued drilling Tundra Mute within the Silver Swan Channel and the Black Swan disseminated mineralised system. In addition, the Lake Johnston exploration targeting report by NewExco was completed which transitioned into planning for a significant exploration program to commence during second half FY2022. The Company also commenced a process to seek a partner for the gold tailings project at Windarra.

Over the period the Company raised \$22 million (before costs) through a private placement of ordinary shares and raised a further \$6 million under a share purchase plan. The Company ended the period with \$21.9 million cash and cash equivalents.

##### 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.

# Poseidon Nickel Limited

## Directors' report (continued)

### For the six months ended 31 December 2021

## 2. Operating and Financial Review (continued)

### Projects – Black Swan

During the period the Company announced its “Fill the Mill” strategy which focuses on the restart of Black Swan operations. The results of an engineering study undertaken by GR Engineering Limited (“GRES”) concluded that the costs to refurbish the 1.1Mtpa processing plant would cost approximately \$22 million. The Fill the Mill strategy is based on feeding the mill with a combination of low-grade open pit ore, high-grade underground ore and Silver Swan tailings to improve concentrate quality (specifically the Fe:MgO ratio).

Progressing the “Fill the Mill” strategy the Company announced maiden resource estimates for both the Silver Swan Tailings and Golden Swan. The estimate for the Silver Swan Tailings resource was 675kt grading at 0.92% Ni and 683ppm Co containing 6,200 tonnes of nickel and 460 tonnes of cobalt. The Golden Swan estimate included an Indicated Resource of 111,600 tonnes at 4.7% Ni for 5,200 tonnes contained Ni and Indicated and Inferred Resource of 160,000 tonnes at 3.9% Ni for 6,250 tonnes.

Drilling programs also continued at Black Swan with the aim of increasing mining inventory for the proposed restart:

- *Silver Swan Channel*  
Drilling within the Silver Swan Channel has identified an area of continuous well-developed massive nickel sulphides within the Tundra-Mute Inferred Resource boundary. Results from this drilling program have the potential to grow the JORC Reserve and high-grade mine inventory.
- *Black Swan Disseminated Zone*  
As part of de-risking the Black Swan restart, drilling has been progressing to gain a better understanding of the serpentinite mineralisation below the existing Black Swan Open Pit. The 24-hole drilling program is testing the down plunge extension of several wide disseminated sulphide lodes that are interpreted to be hosted in the metallurgically more favourable serpentinite.

Once the current drilling programs within the Silver Swan Channel and the disseminated zone are completed, assay results are received, updated mine studies are completed and revised indicative offtake terms are received, the Company will complete the Bankable Feasibility Study, and subject to favourable economics, will make a Final Investment Decision.

During the period the Company provided preliminary concentrate specifications to a number of potential offtake parties to seek indicative terms to be used for internal Preliminary Economic Assessment of the project. Indicative terms were received from a number of parties confirming saleability of the concentrate expected to be produced from Black Swan. In addition, the Company entered into an MoU with Pure Battery Technologies (PBT) who is advancing plans to build and operate a battery material refinery hub in Kalgoorlie, Western Australia. PBT is an Australian based company with an international nickel and cobalt refining operation in Germany (owned via a subsidiary company). Under the MoU, PBT will provide its in-house technology and expertise, and Poseidon will provide typical specifications and anticipated production volumes of nickel concentrate from Poseidon's projects that could be potential feed for the proposed refinery, should Poseidon decide to develop the Black Swan project and supply concentrate to the proposed refinery.

### Projects - Lake Johnston

The operations at Lake Johnston remained on care and maintenance during the period with a focus on regulatory and licence compliance activities. Following the appointment of a Senior Exploration Geologist and the lodgement of a Program of Work (PoW) with the Department of Mines, Industry Regulation and Safety (DMIRS), planning for a significant exploration program at Lake Johnston is well under way. The initial program will consist of up to 250 holes on 43 lines, drilling up to 15,000 metres targeting the high priority Western Ultramafic unit.

# Poseidon Nickel Limited

## Directors' report (continued)

### For the six months ended 31 December 2021

## 2. Operating and Financial Review (continued)

During the period an engineering study on the cost of refurbishing and operating the Lake Johnston processing plant was completed by GRES, with the results from the study indicating that the plant could be refurbished for an estimated \$31 million over a seven-month period.

### Projects – Windarra

#### Windarra Nickel

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

The Windarra State Agreement has been terminated with the Termination Bill passing the Western Australian Legislative Assembly in October 2021 and the Western Australian Legislative Council in February 2022. Royal Assent was received on 2 March 2022. The existing tenement will be transferred to a standard Mining Lease under the Mining Act 1978 to allow the Windarra Gold Tailings project to proceed to production.

#### Windarra Gold Tailings

Given the primary focus of the Company is the restart of the Black Swan Nickel Project the decision was made to seek a development/operating partner for the gold tailings project or find a buyer for the asset. A virtual data room has been set up with indicative offers received in February 2022 and final offers due in the second half of March 2022.

### Financial Position

For the six months ended 31 December 2021 the Group incurred a loss of \$5,871,000 (2020: loss \$6,019,000) and had a net working capital surplus of \$17,169,000 (30 June 2021: surplus \$2,447,000) The working capital surplus 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 \$5,758,000 (2020: outflow \$5,732,000), a net cash outflow from investing activities of \$6,928,000 (2020: outflow \$3,501,000) and a net cash inflow from financing activities of \$26,729,000 (2020: outflow \$15,909,000). Operating cash outflow reflects ongoing exploration and evaluation and care and maintenance activities across the three operations of Black Swan, Lake Johnston and Windarra. Investing cash outflow reflects payments for exploration and evaluation activities while the financing cash inflow reflects the proceeds received from the capital raise. The Group held cash and cash equivalents of \$21,946,000 at 31 December 2021 (30 June 2021: \$7,903,000).

In August 2021, the Company raised \$22 million (before costs) through a private placement of ordinary shares and in September 2021 raised a further \$6 million under a share purchase plan.

### 3. Dividends

No dividends were paid or proposed during the six months ended 31 December 2021.

### 4. Events subsequent to reporting date

On 25 February 2022 Ms Felicity Gooding resigned as a Non-Executive Director.

The Windarra State Agreement was terminated on 2 March 2022 with the existing tenement to be transferred to a standard Mining Lease under the Mining Act 1978 to allow the Windarra Gold Tailings project to proceed to production.

### 5. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 9 and forms part of the directors' report for the six months ended 31 December 2021.

**Poseidon Nickel Limited**  
**Directors' report (continued)**  
**For the six months ended 31 December 2021**

**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:

A handwritten signature in black ink, appearing to be 'P Harold', written over a horizontal line.

**Mr P Harold**  
**Managing Director/CEO**

Perth  
10 March 2022





# 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 2021 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

10 March 2022

Poseidon Nickel Limited  
Condensed consolidated interim statement of financial position  
As at 31 December 2021

*In thousands of AUD*

	<i>Note</i>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
<b>Assets</b>			
Cash and cash equivalents		21,946	7,903
Trade and other receivables		1,292	880
Other investments – term deposits		-	36
<b>Total current assets</b>		<b>23,238</b>	<b>8,819</b>
Plant and equipment	3.1	24,613	24,593
Exploration and evaluation expenditure	3.1	93,515	87,397
Right-of-Use Assets		557	630
Other		3,500	3,500
<b>Total non-current assets</b>		<b>122,185</b>	<b>116,120</b>
<b>Total assets</b>		<b>145,423</b>	<b>124,939</b>
<b>Liabilities</b>			
Trade and other payables		2,281	2,638
Lease liabilities	4.2	144	140
Employee benefits		144	94
Provisions		3,500	3,500
<b>Total current liabilities</b>		<b>6,069</b>	<b>6,372</b>
Provisions		57,486	57,919
Lease liabilities	4.2	446	519
<b>Total non-current liabilities</b>		<b>57,932</b>	<b>58,438</b>
<b>Total liabilities</b>		<b>64,001</b>	<b>64,810</b>
<b>Net Assets</b>		<b>81,422</b>	<b>60,129</b>
<b>Equity</b>			
Share capital	4.1	265,072	238,266
Reserves		694	336
Accumulated losses		(184,344)	(178,473)
<b>Total equity attributable to equity holders of the Company</b>		<b>81,422</b>	<b>60,129</b>

*The condensed notes on pages 14 to 19 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 2021

<i>In thousands of AUD</i>	<b>Note</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Other income		421	165
Depreciation expense		(193)	(155)
Personnel expenses		(1,622)	(1,011)
Exploration and evaluation costs expensed	3.1	(2,916)	(3,098)
Consultancy and advisor fees		(658)	(698)
Share based payment expense	5.1	(358)	(111)
Other expenses		(551)	(576)
<b>Results from operating activities</b>		<b>(5,877)</b>	<b>(5,484)</b>
Finance income		12	264
Finance costs		(6)	(799)
<b>Net finance income / (costs)</b>	2.2	<b>6</b>	<b>(535)</b>
<b>Loss before income tax</b>		<b>(5,871)</b>	<b>(6,019)</b>
Income tax benefit		-	-
<b>Total comprehensive loss for the period</b>		<b>(5,871)</b>	<b>(6,019)</b>
<b>Earnings per share</b>			
Basic and diluted loss per share (cents/share)		(0.20)	(0.23)

*The condensed notes on pages 14 to 19 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 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)
<b>Transactions with owners recorded directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
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

#### For the six months ended 31 December 2021

*In thousands of AUD*

	Share Capital	Share based payment reserve	Accumulated losses	Total equity
Balance at 1 July 2021	238,266	336	(178,473)	60,129
Loss	-	-	(5,871)	(5,871)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(5,871)	(5,871)
<b>Transactions with owners recorded directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
Issue of share capital (net of costs)	26,806	-	-	26,806
Issue of share options	-	46	-	46
Issue of performance rights	-	312	-	312
Total contributions by and distributions to owners	26,806	358	-	27,164
Balance at 31 December 2021	265,072	694	(184,344)	81,422

The condensed notes on pages 14 to 19 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 2021

<i>In thousands of AUD</i>	<i>Note</i>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>Cash flows from operating activities</b>			
Sundry receipts		68	119
Payments to suppliers and employees		(5,838)	(6,012)
Cash used in operations		(5,770)	(5,893)
Interest received		12	161
<b>Net cash used in operating activities</b>		<b>(5,758)</b>	<b>(5,732)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(141)	(58)
Proceeds from sale of property, plant and equipment		-	11
Payments for exploration and evaluation expenditure		(6,787)	(3,454)
<b>Net cash used in investing activities</b>		<b>(6,928)</b>	<b>(3,501)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of costs)		26,804	9,441
Repayment of borrowings		-	(25,115)
Repayment of lease liabilities		(75)	(4)
Interest paid		-	(231)
<b>Net cash received from / (used in) financing activities</b>		<b>26,729</b>	<b>(15,909)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>14,043</b>	<b>(25,142)</b>
Cash and cash equivalents at 1 July		7,903	45,236
<b>Cash and cash equivalents at 31 December</b>		<b>21,946</b>	<b>20,094</b>

*The condensed notes on pages 14 to 19 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 2021 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 2021 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](http://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 2021.

This condensed consolidated interim financial report was approved by the Board of Directors on 10 March 2022.

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 2021 annual financial report for the financial year ended 30 June 2021. 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 2021.

# 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	

##### Nickel exploration and evaluation

	2021	2020
Reportable segment other income	421	96
Reportable segment exploration costs expensed	(2,916)	(3,098)
Reportable segment loss before income tax	(2,495)	(3,002)
Reportable segment assets	121,629	97,577
Reportable segment liabilities	62,712	53,293
Capital expenditure	6,542	3,871
<b>Reconciliations of reportable segment profit / (loss) and assets</b>		
<b>Loss</b>		
Total loss for reportable segments	(2,495)	(3,002)
Unallocated amounts: other corporate expenses	(3,382)	(2,482)
Net finance costs	6	(535)
Loss before income tax	(5,871)	(6,019)
<b>Assets</b>		
Total assets for reportable segments	121,629	97,577
Other assets	23,794	21,600
	145,423	119,177
<b>Liabilities</b>		
Total liabilities for reportable segments	62,712	53,293
Other liabilities	1,289	1,053
	64,001	54,346

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2021.

#### 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 – lease liability	
Finance costs	
Net finance income / (costs)	

	31 Dec 2021	31 Dec 2020
Interest income on bank deposits	12	95
Net foreign exchange gain	-	169
Finance income	12	264
Interest expense – convertible note	-	(797)
Interest expense – lease liability	(6)	(2)
Finance costs	(6)	(799)
Net finance income / (costs)	6	(535)

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>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
Costs carried forward in respect of areas of interest in the following phase: Exploration and evaluation phase	93,515	87,397
<b>Reconciliations: Exploration and evaluation phase</b>		
Carrying amount at beginning of period	87,397	65,659
Additions	6,551	12,054
Movements in provisions	(433)	9,684
	<b>93,515</b>	<b>87,397</b>

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 \$2,916,000 (2020: \$3,098,000) 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 2021: \$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**

	<b>Ordinary shares</b>	
<i>In thousands of shares</i>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
Ordinary shares		
Fully paid	3,063,960	2,809,415
Total share capital on issue	3,063,960	2,809,415
 Movements in ordinary shares on issue:		
On issue at 1 July	2,809,415	2,642,702
 <i>Shares issued and expensed during the period:</i>		
Issued for cash <sup>(i)</sup>	254,545	166,667
Issued for performance rights	-	46
On issue	3,063,960	2,809,415

- (i) During the reporting period the Company issued 254,544,674 ordinary shares at an average of \$0.11 per share to raise \$28,000,000. The capital raising incurred transaction costs of \$1,196,294.

During the prior 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 Lease Liabilities**

<i>In thousands of AUD</i>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
Opening balance	659	-
Additions	-	723
Cash repayments	(75)	(73)
Interest	6	9
Closing balance	590	659

<i>In thousands of AUD</i>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
Current lease liabilities	144	140
Non-current lease liabilities	446	519
	590	659

# 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 2021	31 Dec 2020
Performance rights expense	312	-
Options expense (a)	46	111
Total expenses recognised as employee costs	358	111

(a) Options were issued in FY20 and continue to be expensed in 2022 over their vesting period.

#### **Share Options**

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

Share options outstanding at the end of the period have the following expiry dates and expiry prices:

Issue date	Vesting and exercise date	Expiry date	Exercise price \$	Value per option at issue date \$	Number of shares
1 Dec 2019	1 Dec 2019	1 Dec 2022	0.10	0.003	1,000,000
1 Dec 2019	1 Dec 2019	1 Dec 2023	0.13	0.004	1,000,000
3 Mar 2020	3 Mar 2023	3 Mar 2025	0.04	0.010	3,000,000
3 Mar 2020	3 Mar 2023	3 Mar 2025	0.05	0.009	3,000,000
					8,000,000

#### **Performance Rights**

The outstanding Performance Rights at the end of the period were:

#### Estimated number of Performance Rights

Tranche	Grant Date <sup>2</sup>	Expiry Date	Fair Value at Grant Date \$	Opening balance	Granted	Satisfied by allotment of shares	Expired	Closing balance
TSR – MD	23 Nov 21	30 Jun 22	0.105	2,564,103	-	-	-	2,564,103
Revenue – MD	23 Nov 21	30 Jun 22	0.105	1,282,051	-	-	-	1,282,051
BSO – MD	23 Nov 21	30 Jun 22	0.105	1,282,051	-	-	-	1,282,051
TSR	31 Mar 21	30 Jun 22	0.057	1,341,270	-	-	-	1,341,270
Revenue	31 Mar 21	30 Jun 22	0.057	670,635	-	-	-	670,635
BSO	31 Mar 21	30 Jun 22	0.057	670,635	-	-	-	670,635
DFS	31 Mar 21	30 Jun 22	0.057	250,000	-	-	-	250,000
Cost savings	31 Mar 21	30 Jun 22	0.057	250,000	-	-	-	250,000
TSR – MD <sup>1</sup>	15 Dec 21	30 Jun 23	0.110	-	2,075,537	-	-	2,075,537
Resources - MD <sup>1</sup>	15 Dec 21	30 Jun 23	0.110	-	1,037,768	-	-	1,037,768
BSO - MD <sup>1</sup>	15 Dec 21	30 Jun 23	0.110	-	1,037,768	-	-	1,037,768
TSR	15 Dec 21	30 Jun 23	0.087	-	2,102,780	-	-	2,102,780
Resources	15 Dec 21	30 Jun 23	0.087	-	1,051,390	-	-	1,051,390
BSO	15 Dec 21	30 Jun 23	0.087	-	1,051,390	-	-	1,051,390
				8,310,745	8,356,633	-	-	16,667,378

# Poseidon Nickel Limited

## Notes to the condensed consolidated interim financial statements

### 5.1 Share-based payments arrangements (continued)

<sup>1</sup> These performance rights have been granted to Mr Harold (MD/CEO) and are subject to shareholder approval at the 2022 AGM. For financial reporting purposes they have been valued at 31 December 2021.

<sup>2</sup> The grant date above refers to the date the offer was made to participants. The number of performance rights granted is an estimate based on the volume weighted average price (VWAP) of the Company's shares over a 20-day trading period immediately prior to the grant date above. The actual number of performance rights issued will be determined subsequent to the conclusion of the performance period.

#### Vesting Conditions for Performance Rights Granted during the Period

- (a) Total Shareholder Return (TSR) (50% weighting) – absolute return benchmarked against ASX peers as per below list of peers.
- (b) Resources (25% weighting) – adding to the current JORC Reserves at least 5,000 tonnes of high grade reserve (>3%Ni) and adding to the current JORC Resources at least 10,000 tonnes of lower grade resource (<3%Ni). To be achieved by 30 June 2023 with the increases to be included in the re-start mining inventory (only for disseminated).
- (c) Black Swan Operations (BSO) (25% weighting) – Black Swan needs to be in production by 30 June 2023.

The achievement of (a), (b) and (c) is considered in the Company's assessment of the number of Performance Rights that are likely to vest, and not in the fair value.

The assessment of the above and the award are subject to Board discretion.

#### TSR – Peer group companies based on metal and market cap

Mincor Resources NL	Hillgrove Resources Ltd	Rex Minerals Ltd
Western Areas Ltd	Aeris Resources Ltd	Heron Resources Ltd
Red River Resources Ltd	New Century Resources Ltd	Galena Mining Ltd
Panoramic Resources Ltd	Develop Global Ltd	Centaurus Metals Ltd
Legend Mining Ltd	Hot Chilli Ltd	St George Mining Ltd
Lunnon Metals Ltd	Widgie Nickel Ltd	

Performance conditions associated with the performance rights granted during the prior year were consistent with those disclosed in the 30 June 2021 financial statements.

### 5.2 Subsequent events

On 25 February 2022 Ms Felicity Gooding resigned as a Non-Executive Director.

The Windarra State Agreement was terminated on 2 March 2022 with the existing tenement to be transferred to a standard Mining Lease under the Mining Act 1978 to allow the Windarra Gold Tailings project to proceed to production.

## 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 10 to 19 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 2021 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 P Harold**  
**Managing Director/CEO**

Perth  
10 March 2022



# 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 2021 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 2021;
- 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; and
- 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 Group 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 these requirements.



## 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*; and
- 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 2021 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

10 March 2022