



Annual Report 2024

For the year ending 30th June 2024

ASX:POS



Corporate Directory

ABN: 60 060 525 206
Incorporated in Australia

BOARD OF DIRECTORS

Peter Harold, Non-Executive Chair
Peter Muccilli, Non-Executive Director
Warren Hallam, Non-Executive Director

CEO

Brendan Shalders

COMPANY SECRETARY

Andrea Betti

REGISTERED OFFICE

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POSTAL ADDRESS

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AUDITORS TO THE COMPANY

KPMG
Chartered Accountants
235 St Georges Terrace, Perth WA 6000

SHARE REGISTRY

Automic
Level 2, 267 St Georges Terrace, Perth WA 6000

ASX CODE

Shares: POS

COUNTRY OF INCORPORATION AND DOMICILE

Australia

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Directors' report

The directors present their report together with the financial statements of Poseidon Nickel Limited (the Company) and of the Group, being the Company and its subsidiaries for the financial year ended 30 June 2024 and the auditor's report thereon.

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Directors' report

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, and independence status	Experience, qualifications, special responsibilities and other directorships
<p>Mr Peter Harold Non-Executive Chairman (formerly Managing Director & CEO)</p> <p><i>Member of:</i> Audit & Risk Committee and Remuneration, Nomination & Diversity Committee</p> <p>Appointed Non-Executive Chairman 27 October 2023 Previously was Managing Director and CEO from 3 March 2020 to 2 October 2023</p>	<p>Mr Harold is a process engineer with over 30 years' corporate experience in the minerals industry, specialising in financing, marketing, business development and general corporate activities.</p> <p>Mr Harold was previously the Managing Director of Panoramic Resources Ltd, a company he co-founded in 2001.</p> <p>Mr Harold has extensive experience in base metal mining project feasibility studies, financings, developments, operations and marketing.</p> <p>Mr Harold is currently the Managing Director and CEO of Rumble Resources Ltd and the Non-Executive Chairman of Rare Foods Australia Ltd. During the previous three years Mr Harold has not served as a director of any other ASX listed company.</p>
<p>Mr Peter Muccilli Independent Non-Executive Director</p> <p><i>Member of:</i> Audit & Risk Committee and Remuneration, Nomination & Diversity Committee</p> <p>Appointed 3 August 2020</p>	<p>Mr Muccilli is a qualified geologist with over 30 years of extensive exploration, development and operations experience in the resources sector, particularly nickel, gold, zinc and lead.</p> <p>Mr Muccilli was the former Managing Director and CEO of Mincor Resources NL. During his 15 years at Mincor, Mr Muccilli led the exploration team responsible for much of Mincor's nickel exploration success, including the greenfield Cassini discovery, of which he was a recipient of the 2020 AMEC Prospector of the Year Award.</p> <p>Mr Muccilli is currently the Technical Director of ASX listed company Constellation Resources Ltd and during the previous three years has not served as a director of any other ASX listed company.</p>
<p>Mr Warren Hallam Independent Non-Executive Director</p> <p><i>Chairman of:</i> Audit & Risk Committee and Remuneration, Nomination & Diversity Committee</p> <p>Appointed 1 June 2022</p>	<p>Mr Hallam is a highly experienced metallurgist and mineral economist with extensive operational and executive experience and expertise in financing, developing and operating of base metal and gold projects within Australia.</p> <p>Mr Hallam has considerable technical, managerial and financial experience across a broad range of commodities including gold, nickel, lithium, copper, tin, REE and iron ore and has held numerous board and senior executive positions within the resources sector.</p> <p>Mr Hallam is currently the chairman of Kingfisher Mining Ltd and a director of St Barbara Ltd and Horizon Minerals Ltd. During the previous three years Mr Hallam has served as Chairman of NiCo Resources Ltd (April 2021 to March 2023), Chairman of Nelson Resources Ltd (February 2019 to May 2022) and a director of Essential Metals Ltd (August 2020 to November 2023).</p> <p>Mr Hallam has a Bachelor of Applied Science in Metallurgy, a Master of Science in Mineral Economics, and a Graduate Diploma of Business.</p>



Directors' report

1. Directors (continued)

Name, and independence status	Experience, qualifications, special responsibilities and other directorships
<p>Mr Derek La Ferla Independent Non-Executive Chairman</p> <p><i>Member of:</i> Audit & Risk Committee</p> <p><i>Chairman of:</i> Remuneration, Nomination & Diversity Committee</p> <p>Appointed 1 December 2019 and retired 27 October 2023</p>	<p>Mr La Ferla is a corporate lawyer and company director with more than 30 years' experience. He has held senior leadership positions with some of Australia's leading law firms and a variety of board positions with listed public companies and not for profit organisations.</p> <p>Mr La Ferla is currently the Non-Executive Chairman of ASX-listed company Chalice Mining Ltd and is also the founder and Chair of Green Peak Energy, a private renewables energy company with a majority interest held by North Canadian Infrastructure Fund CBRE Caledon.</p> <p>During the previous three years he has served as a director for Threat Protect Australia Ltd (September 2015 to September 2021) and Sandfire Resources Ltd (May 2010 to July 2022).</p> <p>Mr La Ferla is a fellow of the Australian Institute of Company Directors and the WA Division Director on the AICD National Board and a member of the AICD Council (WA Division).</p>
<p>Mr Dean Hildebrand Non-Executive Director</p> <p><i>Member of:</i> Remuneration, Nomination & Diversity Committee</p> <p><i>Chairman of:</i> Audit & Risk Committee</p> <p>Appointed 1 July 2020 and retired 27 October 2023</p>	<p>Mr Hildebrand is a corporate finance and investment professional with experience in capital markets, mergers and acquisitions, and project financing and development within the natural resources sectors.</p> <p>Mr Hildebrand currently manages a large investment fund invested across multiple sectors including natural resources. Mr Hildebrand has a Bachelor of Commerce from the University of Western Australia.</p> <p>During the past three years, Mr Hildebrand has not served as a director of any other ASX listed company.</p>

2. Chief Executive Officer

Mr Brendan Shalders was appointed Chief Executive Officer effective from 1 April 2024. Mr Shalders has been with the Company as the Chief Financial Officer and Joint Company Secretary since 2019 and has an in depth knowledge of the business and the Company's projects. Mr Shalders is a Chartered Accountant and an experienced mining executive and has worked within or consulted to the mining and mining services industries for over 20 years. Prior to joining the Company, Mr Shalders was Managing Director at FTI Consulting, a restructuring and corporate advisory services firm where he assisted mining clients.

3. Company Secretary

Ms Andrea Betti was appointed Joint Company Secretary on 4 November 2019 and became the sole Company Secretary on 28 March 2024. Ms Betti is an accounting and corporate governance professional with over 20 years' experience in accounting, corporate governance, finance and corporate banking. Ms Betti is a Chartered Accountant and a Fellow member of the Governance Institute of Australia.

Directors' report

4. Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings*		Audit and Risk Committee Meetings		Remuneration, Nomination and Diversity Committee Meetings	
	A	B	A	B	A	B
Mr D La Ferla	4	4	1	1	2	2
Mr P Harold	10	10	1	1	2	2
Mr D Hildebrand	4	4	1	1	2	2
Mr P Muccilli	10	10	2	2	4	4
Mr W Hallam	10	10	1	2	4	4

A – Number of meetings attended

B – Number of meetings held during the time the director held office in the year

* – Corporate Governance is an integral part of the Board meeting

5. Principal Activities

It is the intent of the directors that the principal activities of the Group shall be that of exploration, mining and production of nickel and other minerals.

6. Consolidated Results

The consolidated loss for the Group for the year ended 30 June 2024, after income tax is \$60,040,000 (2023: \$11,338,000).

7. Operating and Financial Review Overview

Poseidon Nickel Limited (Poseidon or the Company) is an ASX listed company which owns three resource exploration and mine development projects, Black Swan, Lake Johnston and Windarra, all located within a 300km radius of Kalgoorlie in the Goldfields region of Western Australia. During FY24 all sites remained on care and maintenance (C&M).

The Company has a combined nickel resource of over 400,000 tonnes of contained metal, two concentrators and associated infrastructure and six historic mines. The two concentrators, located at Black Swan and Lake Johnston, have a combined throughput potential of 3.7mtpa and are amenable to processing a variety of commodities, including nickel, gold and lithium.

Over the past year the Company shifted its strategic focus to targeted exploration and business development, having previously been focussed on developing its nickel projects. The transition in business strategy is reflected in figure 1 on the following page.

Following the decline in the nickel price over 2024 the Company is now actively assessing the potential for other commodities across its project portfolio. This revised strategy has resulted in the discovery of developing gold exploration targets across all three projects and inbound interest from peers with established mineral resources proximal to our sites and no processing capabilities. The Company has appointed a corporate advisor with discussions continuing with a number of parties on a potential corporate and/or asset transaction.

With the change in strategic focus, the Company has significantly reduced the cost base throughout the business. A review of operations has seen a revised care and maintenance model, which combined with reduced board size and corporate head count has driven annualised cost savings of over \$6 million in the business.

Directors' report

7. Operating and Financial Review (continued)

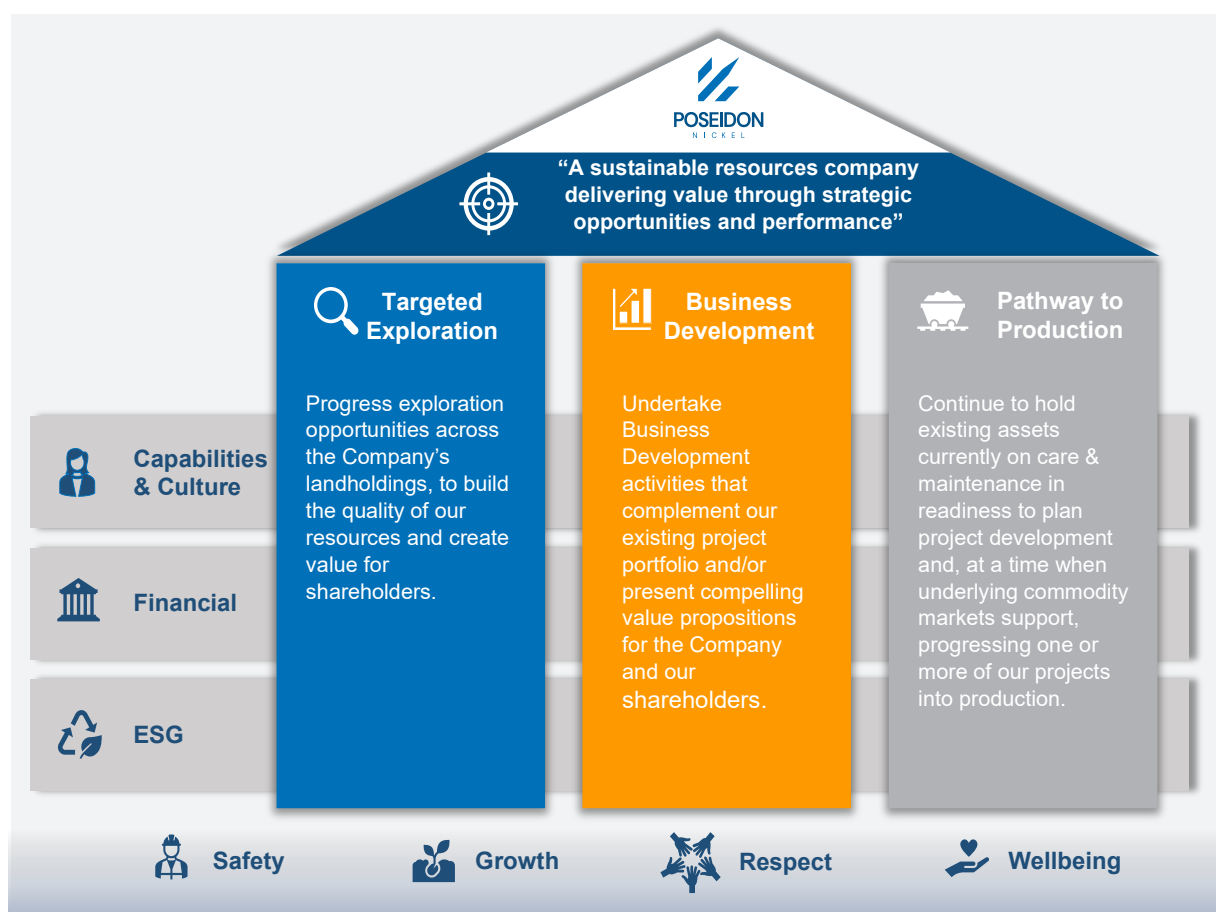


Figure 1: Poseidon's Business Strategy

During the year the Company raised \$6.0 million (before costs of \$0.3 million) through a placement of ordinary shares to professional and sophisticated investors, with Directors participating in the raise. The Company ended the year with \$1.4 million cash and cash equivalents.

Subsequent to year end the Company raised \$1.4 million via a pro rata non-renounceable rights issue. Eligible shareholders were offered the opportunity to acquire one new share for every three shares held at an issue price of \$0.003 per share together with one free attaching option for every three new shares subscribed for and issued with an exercise price of \$0.006. The Directors reserve the right to place some or all of the remaining shortfall from the total Entitlement Offer of \$3.7 million within three months of the closing date at a price not less than the issue price of \$0.003 per share.

Nickel Market Update

During the year the nickel market witnessed a significant increase in nickel production out of Indonesia which combined with slowing growth in demand for nickel in the electric vehicle and stainless steel sectors, resulted in a surplus in the market. This surplus resulted in large production cuts being undertaken by a number of producers or new projects either being delayed or cancelled.

On the demand side the electric vehicle uptake has not been as strong as expected however the long-term outlook remains positive with many analysts expecting increased nickel demand for use in battery cathode materials for electric vehicles and the "greenification" of world economies. Further to this stainless steel production is expected to continue year on year growth driven by the use of this material in construction.

Directors' report

7. Operating and Financial Review (continued)

Over FY24 the nickel price dropped from ~US\$9.50/lb at the start of the period to a low of US\$7.30/lb in January 2024, ending the year at ~US\$7.65/lb. Monthly nickel price movements over the year are presented in Figure 2 below.

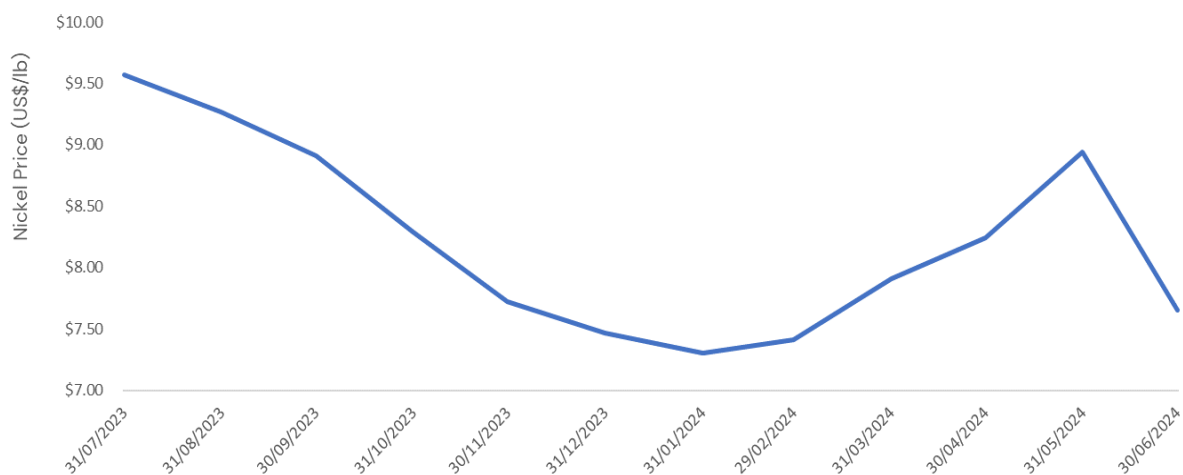


Figure 2: Monthly nickel price movement over FY24

Market analysts do not believe the current nickel price environment will prevail for the long-term, however timing of an improvement in the nickel price is uncertain. Under-investment in both nickel exploration and mine development driven by the current low nickel price may impact any future ramp up in production to meet future nickel demand, which could result in a nickel price increase.

Projects - Black Swan

The Black Swan Nickel Project is located 55km north-east of Kalgoorlie. Acquired from Norilsk in March 2015, the operations include the Silver Swan underground mine, Black Swan open pit, a 2.2Mtpa nickel sulphide concentrator and associated infrastructure. The operations at Black Swan remained on care and maintenance during the year.

Following the decline in the nickel price over FY24 the discovery of gold nuggets at Black Swan has shifted focus toward gold exploration activities. Located near the significant gold mining centre of Kalgoorlie, the project is well placed to process not only any potential gold resource discovered at Black Swan, but gold ores from proximal resources owned by companies without processing capabilities.

Nickel

The Black Swan nickel project Bankable Feasibility Study (BFS) was completed in November 2022, highlighting a financially robust project with an NPV of \$167.3 million and IRR of 86% using the discounted cashflow valuation method. The BFS assumed an average nickel price forecast of US\$10.73/lb and an average exchange rate of USD:AUD \$0.69.

Following the release of the BFS the nickel price declined significantly, which combined with the poor nickel market outlook led the Company to defer the Black Swan Project restart during July 2023. As a result, discussions with potential offtake and debt funding parties were put on hold during FY24. With current nickel price levels below US\$7.10/lb the project is not economic.

Directors' report

7. Operating and Financial Review (continued)

During the first half of FY24 the Company progressed a number of initiatives which will support any future restart of Black Swan:

- progressed studies with Western Power for the provision of sufficient grid power to commence the project (process currently on hold to conserve cash);
- signed a low-cost option on 150 FIFO rooms in Kalgoorlie with an established accommodation provider;
- completed additional metallurgical testwork to confirm the non-sulphide nickel content of the disseminated serpentinite ore; and
- completed the Pre-Feasibility Study workstreams for the expansion project (Company did not release the study results given poor nickel price outlook).

The pathway to production for Black Swan is now focused on growing the projects resource base, in nickel or other commodities, through exploration or business development. The Company will revisit the Black Swan nickel project when the outlook for nickel has improved and the nickel price has stabilised at a level which supports positive project economics.

Exploration reviews undertaken during the first half of FY24 confirmed two prospective near surface nickel exploration targets at Cygnet South and Upper Southern Terrace. These targets present lower cost exploration targets compared to those deep underground and have been under-explored in the past. Any new high-grade nickel discovery can potentially add to reserves for any future restart and could decrease unit costs, further improving project economics.

Gold

The Black Swan project is situated west of the Mt Monger Fault amongst a series of interpreted secondary structures emanating from the primary fault which are commonly associated with gold mineralisation. The secondary structures are similar to those controlling the Golden Valley and Kanowna Sequence which hosts a number of large gold deposits including Kanowna Belle and Gordon Sirdar (see Figure 3).

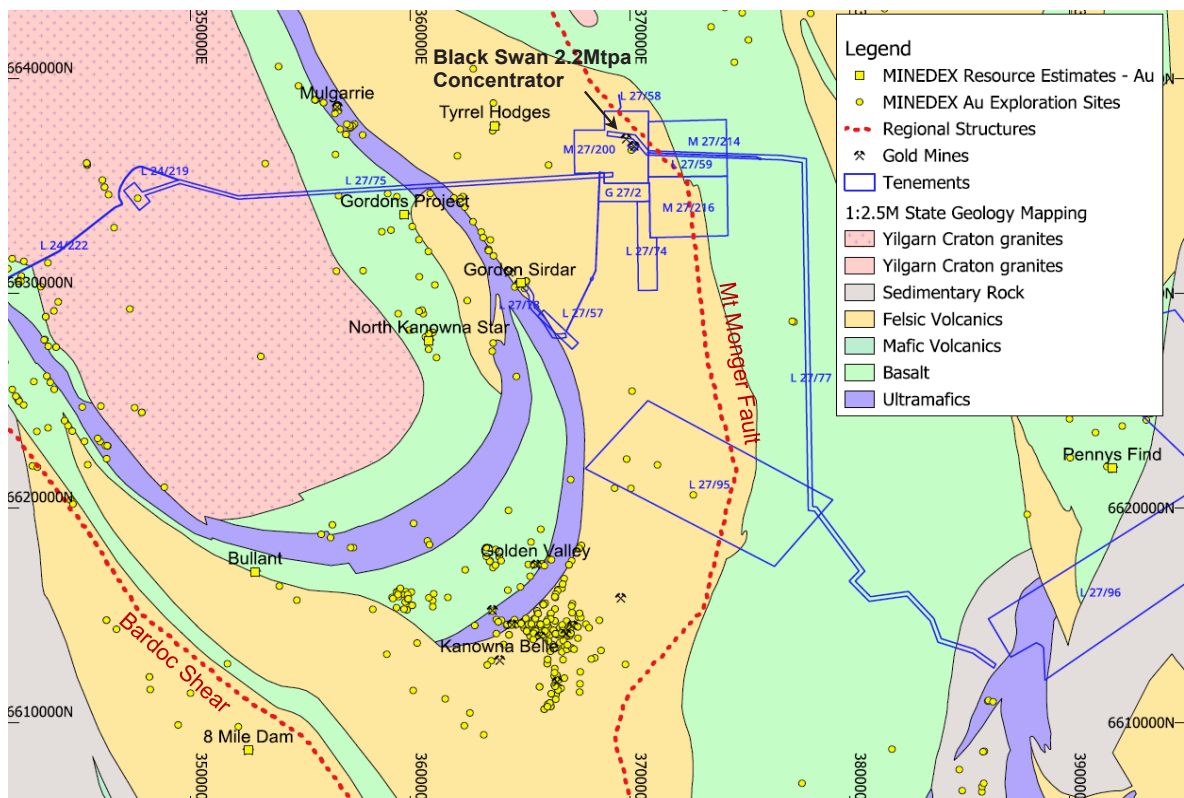


Figure 3: Black Swan Regional Geology Map & Tenement Locations

Directors' report

7. Operating and Financial Review (continued)

Due to the historical focus on nickel at Black Swan, there has been very limited gold exploration despite being located within a primary gold mining region. A total of 5% of all prior drilling intersections were assayed for gold. The Company recently reported the discovery of 67 gold nuggets at Black Swan with a combined weight of 22.6g (see ASX announcements “*Gold Prospectivity Enhanced at Black Swan and Lake Johnston*”, re-released 16 August 2024, and “*Further Validation of Gold Potential at Company Projects*”, dated 26 August 2024). The discovery of these gold nuggets combined with the lack of previous exploration for gold at Black Swan has upgraded the Company view on prospectivity for gold at the project.

The Company collected 17 rock chip samples which confirmed gold mineralisation in bedrock units close to where the gold nuggets were discovered. The best rock chip returned 1.25g/t Au from a gossanous quartz vein hosted within felsic volcanic. Additional rock chips with anomalous gold (>0.5g/t Au) were returned from ferrous quartz veining and within felsic volcanics (refer Table 1).

Rock Chip Sample	Assay Au Results (ppb)	Geology
P2756A	151	Quartz Vein
P2757A	135	Felsic Volcanic
P2758A	647	Felsic Volcanic
P2760A	1254	Quartz Vein
P2762A*	680	Quartz Vein
P2764A*	50	Quartz Vein
P2765A*	588	Quartz Vein
P2766A*	493	Quartz Vein
P2767A*	294	Quartz Vein

* Duplicate of a single large sample

Table 1: Best rock chip Au results collected from Black Swan

Most recently the Company completed a soil sampling program to further define the gold opportunity. Results are pending and further infill soil sampling may be necessary to identify key targets which require follow up shallow aircore or reverse circulation drilling.

Any gold resource discovered at Black Swan will be highly leveraged to the existing plant and infrastructure. Further to this Black Swan is proximal to a number of gold producers and project developers, with the potential for third party gold ores to be processed at Black Swan. The Company has considered processing gold ores at the project previously, entering into a Memorandum of Understanding with Aphrodite Gold Limited in 2017 (refer to ASX announcement “*Poseidon & Aphrodite Move Closer to Gold Production*”, dated 10 July 2017), with the arrangement subsequently terminated.

Projects - Lake Johnston

The Lake Johnston mine and processing facilities are situated 117km west of Norseman, accessed via the Hyden-Norseman road. The Company acquired the asset from Norilsk in November 2014 which includes the Maggie Hays underground mine and a 1.5Mtpa nickel sulphide concentrator. The project has a resource of 52kt contained nickel in the Maggie Hays deposit. The operations at Lake Johnston remained on care and maintenance during the year.

Following an environmental compliance inspection by DMIRS during FY23, a number of items were identified that needed addressing. These included dust control of the tailings facility requiring supplementary monitoring requirements as well as additional measures to cover the surface layer with a binding agent to reduce the amount of windblown dust being generated. These works were completed during the year safely and under budget.

Directors' report

7. Operating and Financial Review (continued)

In December 2023, the Company entered into a Farm-in Agreement with Mantis Resources Pty Ltd (Mantis) to earn up to a 100% interest in exploration licences 63/2244 and 63/2256 which are located in close proximity to Lake Johnston. These tenements contain high grade lithium bearing pegmatites, with composite samples from outcropping pegmatite exposures returning assay results grading from 2.80% to 3.85% Li₂O. These outcropping lithium pegmatites were, at the time, within exploration license E63/1067 which was formerly registered to Poseidon and was subsequently compulsorily surrendered.

During early 2024 the Company received inbound interest from parties enquiring to the potential to partner on the project. During January 2024 the Company was approached by Mineral Resources Limited (MRL) who wanted to acquire the Lake Johnston project. Following a period of due diligence, in March 2024 the Company entered into a Binding Heads of Agreement (HoA) with MRL, subject to certain conditions precedent and other terms, to divest the project for \$15 million cash and a 0.75% FOB royalty on lithium and 1.5% NSR royalty on all other minerals extracted from the Lake Johnston tenements. Upon execution of the HoA, the Company received a \$1 million non-refundable cash payment from MRL. In May 2024, the Company received a notice of termination from MRL in respect of the Binding HoA.

During FY24 the Company progressed exploration works across three target commodities, nickel, lithium and gold. This exploration has identified drill ready targets across these commodities with the Company currently planning preparatory works for drilling of the Billy Ray copper-gold anomaly.

Nickel

Entering FY24 the Company had recently completed a shallow aircore drilling program along the Western Ultramafic Unit (WUU) with the aim to:

- identify coincident nickel sulphide pathfinder anomalous zones along the WUU; and
- define the positioning of the basal contact of the WUU against the Banded Iron Formation which runs the length of the Lake Johnston tenements.

The drilling program completed in late FY23 defined a priority target area at Maggie Hays West which was considered highly prospective for nickel sulphide mineralisation. During first half FY24 the Company completed a follow-up aircore and shallow reverse circulation drilling program to progress the prospective greenfields targets along the WUU including Maggie Hays West.

The drilling program defined a standout greenfields nickel sulphide target at Maggie Hays West with a coherent Ni-Cu-PGE regolith anomaly confirmed in shallow AC drilling over 1km sitting over the basal contact within the WUU. Best nickel intercept was 1.0m at 2.37% Ni, 347ppm Cu and 249ppb Pt+Pd, within a 36m intercept of 0.99% Ni.

Testing of the Maggie Hays West anomaly and associated WUU "channel-like" zone warrants further exploration however planning of the next drilling program is on hold pending an improvement in the nickel price outlook. The Company has changed its exploration focus to lithium targets across the Lake Johnston tenements given the growing regional lithium potential in the area and the copper-gold potential at the Billy Ray prospect.

Lithium

During the year the Company commenced a review of lithium potential at Lake Johnston. Data from five regional soil sampling programs completed during 2023 were re-examined with a focus on trace elements for lithium bearing pegmatites. The standout area was the southern-most program where in-situ soils confirmed broad anomalous lithium values with corresponding rubidium (Rb) and caesium (Cs) anomalism in places over a strike length of 3km (see Figure 4). The coincident Rb in-soil anomalism may indicate the presence of lithium bearing pegmatites, and lithium levels in the soils were similar to those reported by other exploration companies in the Lake Johnston region. It is interpreted that there is a potential granite source associated with the pegmatites that are present to the west of the anomaly.

Directors' report

7. Operating and Financial Review (continued)

In May 2024 mapping within the previously identified soil anomalies revealed isolated outcrops of pegmatite, marking an important step in underpinning the likely source of the soil anomaly. The area, characterised by thin soils and transported cover, suggests hidden pegmatites might be widespread, offering ample opportunity for potential fractionation processes to occur and the development of spodumene zones within the targeted “goldilocks zones”.

Any lithium bearing spodumene discovery would be leveraged to the processing facility and associated infrastructure at Lake Johnston. The Company has previously considered lithium processing at Lake Johnston, entering into a MOU with Kidman Resources Limited in 2016, as the concentrator is amenable to processing lithium spodumene ores through the flotation process.

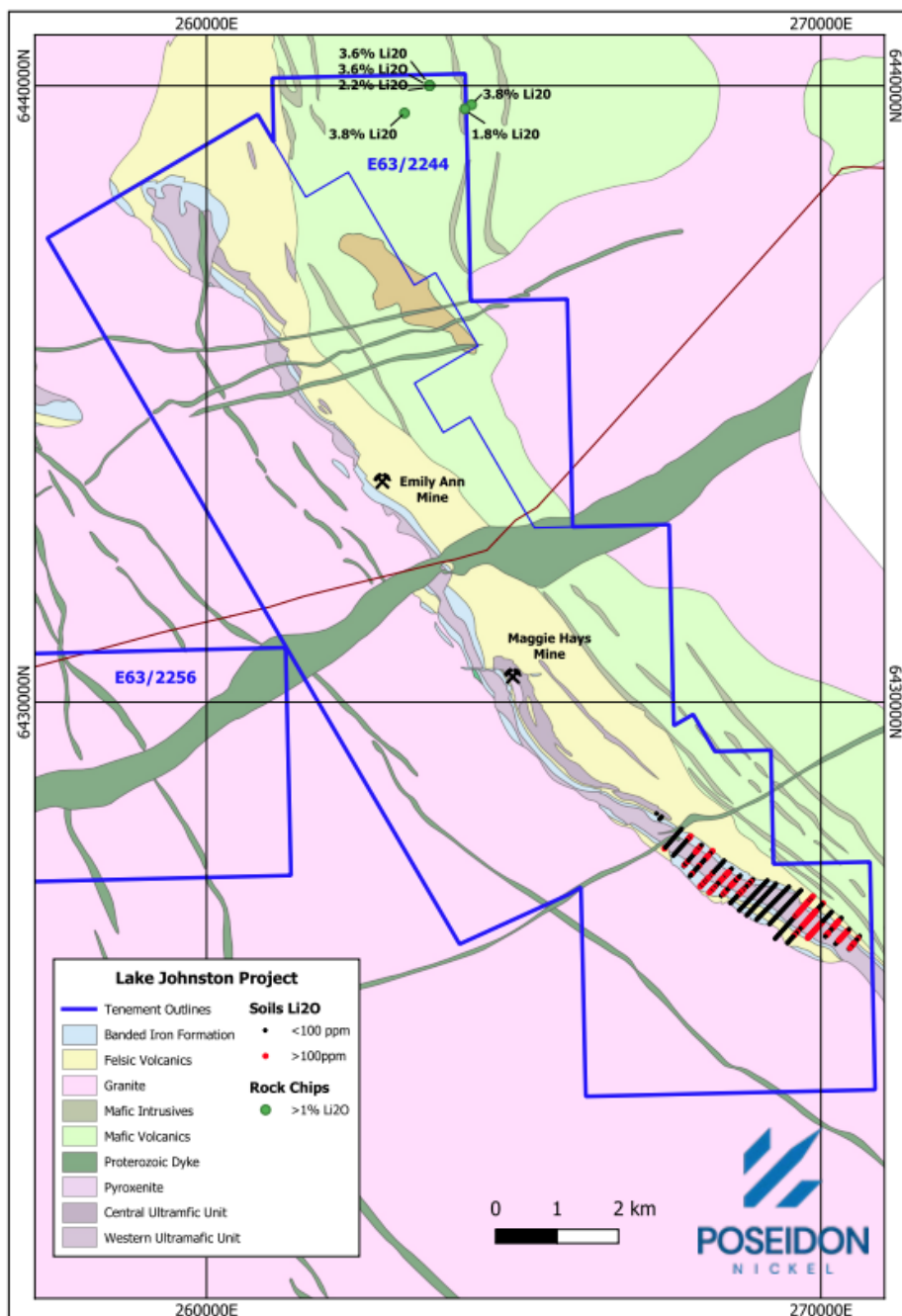


Figure 4: Regional geological plan showing the location of known Lithium occurrences at Lake Johnston

Directors' report

7. Operating and Financial Review (continued)

Copper- Gold

During FY24, the Company completed an assessment for other commodities at Lake Johnston which confirmed a large open coherent gold in soil anomaly (greater than 10ppb) measuring 1.2km by 0.9km, with a peak value of 146 ppb at the Billy Ray Prospect (see Figure 5). Gold exploration has historically been sporadic at Lake Johnston, with several gold in soil targets identified in the 1980's and followed up by shallow drilling at the time. Since then, numerous generations of soil programs have been completed with a strong focus and bias towards progressing only nickel targets.

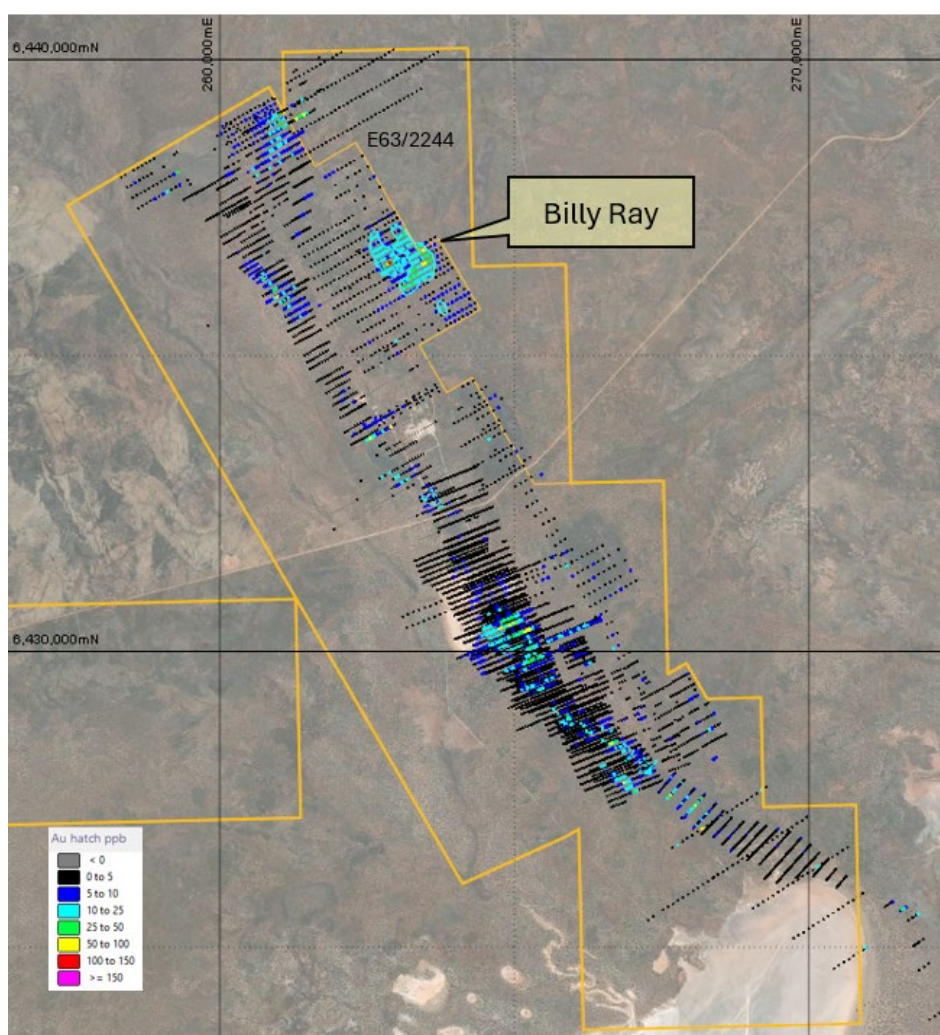


Figure 5: Geochemical soil sampling at Lake Johnston showing gold anomalies at Billy Ray

Further assessment also confirmed coincident copper anomalism at Billy Ray which provides further encouragement for a felsic intrusive copper-gold association that trends to the north-east, where the anomaly remains open and untested.

There has been limited historic drilling at the Billy Ray prospect which focused on nickel sulphide mineralisation located on the western margin of the anomaly. This drilling intercepted a best intercept of 0.2m @ 2.26g/t Au and 2.36% Cu from 149.62m, with the drill intersection located below the copper-gold anomaly.

A soil sampling program has recently been completed testing the extension of the Billy Ray copper-gold anomaly onto the Mantis tenement, E63/2244, and also the potential for other copper-gold anomalies on this tenement. Results are pending at the date of this report.

Directors' report

7. Operating and Financial Review (continued)

Projects - Windarra

The Windarra Nickel Project is located in the Mt Margaret Goldfields of Western Australia and is situated about 25km west of Laverton. The site includes the previously mined underground Mt Windarra and open pit South Windarra mines. The project has combined resources of 148.5kt contained nickel primarily within the Mt Windarra (71.5kt) and Cerberus (69kt) deposits. Windarra remained on care and maintenance during FY24.

Nickel

During the year a review was undertaken by Mark Muller from Muller Geological Services Consultancy (MGSC) along with Poseidon's geologists to assess the northern 10km section of Windarra with the initial focus on nickel. The assessment identified two new exciting high priority embayed basal contact channel structures, which are included in a total of six prospective channel structure trends now identified along the basal contact of the area assessed (being 10km of a total 21km strike at Windarra). The two newly identified channel structures, NW05 and NW04, are both considered highly prospective and are poorly drill tested. Both targets are considered to have strong potential for shallow mineralisation.

Gold

Due to the Windarra State Agreement previously being in place, there has been limited historical exploration for other commodities. With the termination of the Windarra State Agreement in early 2022, the Company now has the right to mine for all metals and minerals, not just nickel. During the year the Company extended its geological assessment to consider other commodities which have previously presented interesting exploration results. This assessment enhanced the significance of previously identified gold in soil anomalies and polymetallic high-grade lead-zinc-silver mineralisation.

The geological assessment identified the following gold in soil anomalies from a review of Poseidon's soil sampling program completed in 2010 for which only the nickel results were reported:

- the Western anomaly which occurs to the west and trends sub-parallel to the ultramafic/BIF contact. The anomaly extends over 6km x 0.7km (max Au 460ppb); and
- the Eastern anomaly is a 4km x 0.3km (max Au 16ppb) low order gold anomaly. No drilling for gold has occurred on this anomaly within the Windarra Project and it is open to the north.

The trend of the anomalies matches the regional geological control of structural fluid flow and the mineralising trend around a large granitoid intrusive. This relationship produces a favourable setting for gold mineralisation as granitoid intrusives are significant to control the gold mineralisation by directing and focusing mineralising fluids along the intrusive margins. The Windarra Project is located on the western side of the large granitoid, with the Beasley Creek group of mines (total endowment of 1.2Moz Au) on the southern margin and the Lancefield group of mines (total endowment of over 4Moz Au) on the eastern margin (see Figure 6).

Following identification of the anomalies, rock chip sampling and ground checking conducted at Windarra along the gold soil anomalies returned peak results from the rock chips of 0.37g/t Au and 12.9g/t Ag and 0.22g/t Au and 2.1g/t Ag. These results are located along the western anomaly along strike from a shallow RC drill intercept of 1m @ 0.5g/t from 34m.

The Company plans to undertake further soil sampling across a number of commodities at Windarra and once results have been assessed the Company intends to progress planning for aircore and/or reverse circulation drilling programs to test exploration targets identified.

Directors' report

7. Operating and Financial Review (continued)

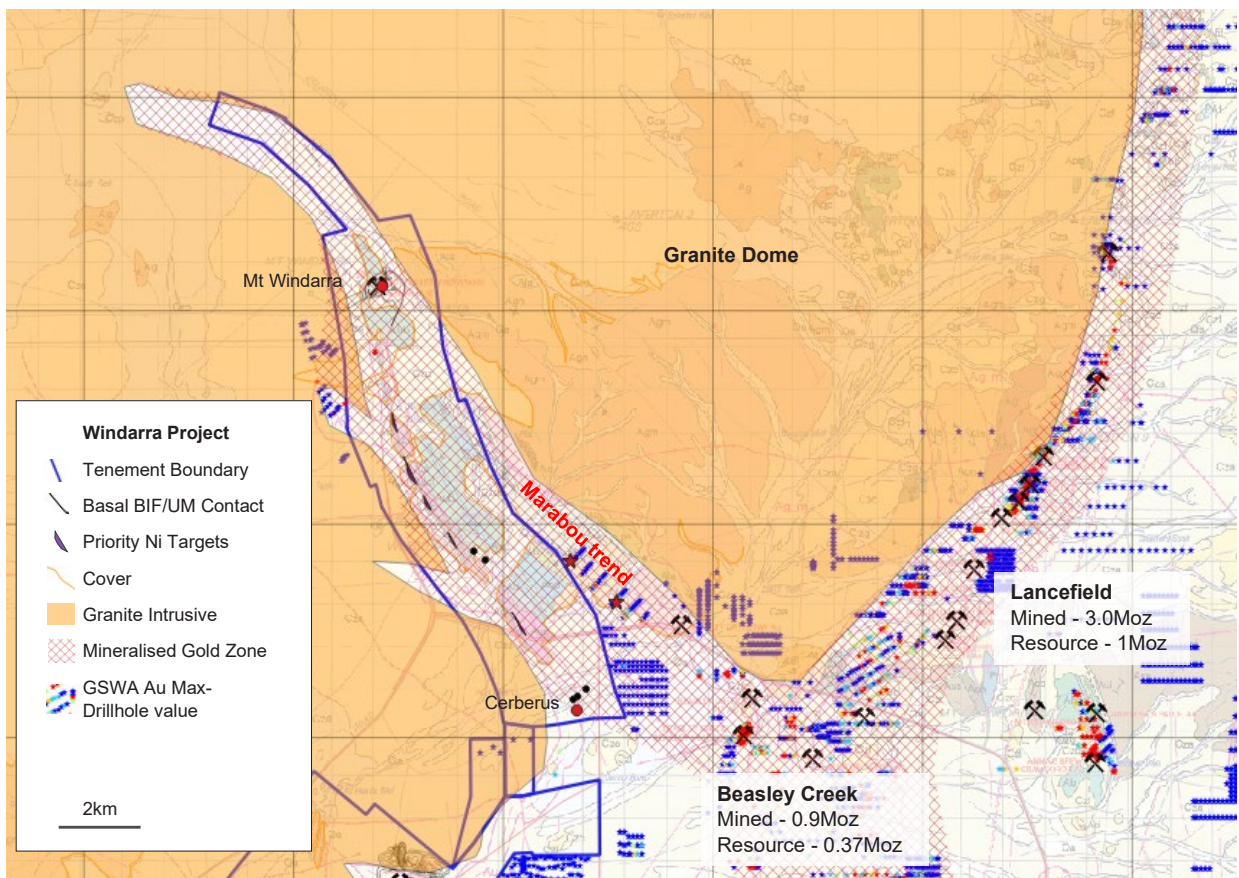


Figure 6: Plan view of the GSWA 250K geology mapping showing the structural relationship of the high priority Marabou gold trend and structural corridor hosting the Lancefield and Beasley Creek group of mines

Gold Tailings Project

Subsequent to year end the Company announced it has entered into an agreement with Encore Minerals Pty Ltd (Encore) to develop the Windarra gold and nickel tailings with Encore using proprietary Glycine Leaching Technology (GlyCat™ + GlyLeach™). Encore will be responsible for the funding, development, operation, closure and rehabilitation of the Windarra tailings project. Consideration to be received by the Company includes a \$250k non-refundable cash deposit (received in early August 2024), further payments totalling \$1 million cash upon commencement of development and production, and a 3% net smelter return royalty once production commences.

Lancefield Gold Tailings and Windarra Water Access Agreement

During the year the Company announced that it had entered into a Gold Tailings Processing Trial and Water Access Agreement with Mt Morgans WA Mining (Mt Morgans), a subsidiary of Genesis Minerals Limited. Per the agreement Mt Morgans was to undertake a processing trial of up to 100,000 tonnes of Lancefield gold tailings through their currently idled Laverton processing facility and have access of up to 2.5GL of water per annum from the South Windarra open pit over a 5 year period. The agreement was subsequently terminated in early September 2024 due to conditions precedent not being satisfied or waived by the parties in the required time. This event did not have an impact on the financial statements.

Directors' report

7. Operating and Financial Review (continued)

Financial Position

For the year ended 30 June 2024 the Group recorded a loss after tax of \$60,040,000 (2023: \$11,338,000) that included an impairment charge of \$52,822,000, and a working capital surplus of \$383,000 (2023: surplus \$3,328,000). The primary liability of the Group is the site rehabilitation provision of \$63,350,000 (2023: \$61,935,000). The Directors do not anticipate the Group being required to remediate its sites in the foreseeable future. The site rehabilitation provision is classified as non-current and included within total net assets of \$21,835,000 (2023: \$76,033,000).

The Group had a net cash outflow from operating activities of \$7,212,000 (2023: \$10,262,000), a net cash outflow from investing activities of \$2,420,000 (2023: \$6,431,000) and a net cash inflow from financing activities of \$5,365,000 (2023: \$11,305,000). The Group held cash and cash equivalents of \$1,434,000 at 30 June 2024 (2023: \$5,701,000). During August 2023 the Company raised \$6,100,000 (before costs of \$325,000) through a placement of ordinary shares to professional and sophisticated investors, with Directors participating in the raise. Subsequent to year end the Company raised \$1,405,000 (before costs) via a pro rata non-renounceable rights issue, received \$404,000 (excl GST) from the sale of surplus equipment at Black Swan and received a \$250,000 (excl GST) non-refundable deposit from Encore Minerals Pty Ltd to develop the Windarra tailings project.

The Directors have reviewed a management prepared cash flow forecast for the next 12 months from the date of signing the financial report which demonstrates successful fund-raising activities or asset sales are required to be completed during the quarter ending March 2025.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows for the next 12 months which incorporate an expectation of raising additional funding through equity, asset sales, debt financing or a corporate transaction, or a combination of these options, to meet forecast minimum expenditure, maintain tenements and meet ongoing costs. Whilst the Group has been impacted by the current challenging market conditions for the nickel industry, the Directors have a reasonable expectation that a suitable funding solution can be secured within the necessary timeframe.

The ability of the Group to achieve its forecast cashflows, being reliant on raising additional funds whilst assessing the potential for other commodities across its project portfolio due to the current challenging market environment for the nickel industry, represents material uncertainty that may cast significant doubt about whether the Group can continue as a going concern in which case it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Directors' report

8. Remuneration report – audited

Letter from the Chair of Remuneration, Nomination & Diversity Committee

Dear Shareholders,

Detailed on the following pages is the Poseidon Nickel Limited (Poseidon, the Company) Remuneration Report for the Financial Year to 30 June 2024 (FY24).

The Poseidon remuneration framework aims to support business goals and shareholder wealth creation, and the attraction and retention of key talent. In determining the FY24 remuneration outcomes the Board has carefully considered the appropriate remuneration outcomes considering the Company's current focus and phase of business.

Further to previous announcements, the Company has implemented changes that significantly reduce corporate and operational costs, including reducing the annual remuneration cost of the Board and executive team by about \$1.5 million going forward.

Remuneration Issues and Outcomes

- *Apart from the recent appointment of the new CEO, no executives salaries were increased. The Board is currently satisfied with the level of executive fixed remuneration and therefore did not increase salaries during the 1 July 2024 review.*
- *Due to the changes in business strategy, the annual Short Term Incentives (STI) and Long Term Incentive (LTI) plans were not offered during FY24. However, as part of his transition to Chief Executive Officer, Brendan Shalders was offered 15,000,000 options as part of his remuneration.*
- *No on-foot LTIs vested in FY24.*
- *Individual Non Executive Director (NED) fees have not increased in FY24. Total NED fees reduced by \$85,328 in FY24.*

On behalf of the Board, we look forward to your ongoing feedback and continuing discussions with our shareholders on our remuneration approach.

Yours sincerely,



Warren Hallam
Chair of Remuneration, Nomination & Diversity Committee

Directors' report

8. Remuneration report – audited

Contents

This Remuneration Report (Report) outlines the remuneration approach and arrangements for Key Management Personnel (KMP) of Poseidon Nickel Limited (Poseidon or the Company) for the financial year ended 30 June 2024 (FY24). This Report includes the following:

8.1 Remuneration Governance, Principles & Structure

- 8.1.1 Key Management Personnel covered in this Report
- 8.1.2 Remuneration Principles
- 8.1.3 Remuneration Governance
- 8.1.4 Remuneration Structure

8.2 FY24 Remuneration and Key Management Personnel Terms & Conditions

- 8.2.1 FY24 Performance
- 8.2.2 FY24 Fixed Reward & Key Contractual Conditions
- 8.2.3 FY24 Short Term Incentive (STI) Performance Conditions & Outcomes
- 8.2.4 FY24 Long Term Incentive (LTI) Performance Conditions & Outcomes
- 8.2.5 Non-Executive Director (NED) remuneration

8.3 Detailed Remuneration Disclosures

- 8.3.1 Directors' and Key Management Personnel remuneration (Company and Consolidated)
- 8.3.2 Additional disclosures

8.1 Remuneration Governance, Principles & Structure

8.1.1 Key Management Personnel (KMP) covered in this report

For the purpose of this Report, KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including Executive KMP and Non-Executive Directors (NEDs) of Poseidon. The table below shows the KMP of the Company at any time during the year ended 30 June 2024 and unless otherwise stated, KMP for the entire period.

Name	Position
NED:	
Mr P Harold	Non-Executive Chairman (appointed 27 October 2023), (previously was Managing Director/CEO from 3 March 2020 to 2 October 2023)
Mr P Muccilli	Non-Executive Director
Mr W Hallam	Non-Executive Director
Mr D La Ferla	Non-Executive Chair (retired 27 October 2023)
Mr D Hildebrand	Non-Executive Director (retired 27 October 2023)
Executive KMP:	
Mr B Shalders	Chief Executive Officer (appointed 1 April 2024), (previously was Chief Financial Officer from 9 September 2019 to 31 March 2024)
Mr C Jones	Chief Executive Officer (appointed 2 October 2023 and resigned 31 March 2024), (previously was General Manager of Mining from 28 February 2022 to 1 October 2023)
Mr D Maxton	Project Director (resigned on 29 February 2024)

Directors' report

8. Remuneration report – audited

8.1 Remuneration Governance, Principles & Structure (continued)

8.1.2 Remuneration Principles

The Company recognises that it operates in a global environment and to prosper in such an environment, it must attract, motivate and retain personnel of the highest calibre. The objective of the Company's remuneration framework is to ensure:

- **Market competitiveness:** Total remuneration is competitive in relation to the broader market and is linked to individual role, experience and performance;
- **Shareholder alignment:** Incentive schemes are achievable, subject to appropriate hurdles, aligned with the interests of the Company and its shareholders;
- **Retention and attraction:** Attract and retain talented and high calibre KMP and employees to the Company;
- **Transparency:** Remuneration systems are transparent, simple, clear and have measurable targets; and
- **Strategic focus:** Compatibility with the Company's phase of development, longer term aims, capital management strategies and structures.

8.1.3 Remuneration Governance

The Board is committed to ensure that KMP remuneration is guided by a robust governance framework as follows:

Board of Directors (Board)	<p>The Board:</p> <ul style="list-style-type: none"> • considers the recommendations and considerations from the Remuneration, Nomination and Diversity Committee; • approves the remuneration arrangements of Executive KMP including fixed and variable pay elements; and • proposes the aggregate remuneration of NEDs, subject to shareholder approval and sets individual remuneration for NEDs.
Remuneration, Nomination and Diversity Committee (the Committee)	<p>The Committee assists the Board to fulfil and discharge its responsibilities in relation to Poseidon's remuneration matters and policies. This includes:</p> <ul style="list-style-type: none"> • evaluating and proposing for Board approval the remuneration packages (including fixed remuneration, short term and long term incentives and any other benefits or arrangements) of the Chief Executive Officer, executive directors and other members of Senior Management; • evaluating and proposing for Board approval approving the remuneration arrangements for non-executive directors; • monitoring compliance with the non-executive director remuneration pool as established by the Constitution, or as subsequently amended by shareholders, and recommending any changes to the pool; and • engagement of external remuneration consultants.
External Remuneration Consultants	<p>The Committee/Board may seek external, independent remuneration advice on remuneration related issues. Remuneration consultants may be engaged directly by the Committee.</p> <p>No remuneration recommendations as defined in section 9B of the <i>Corporations Act 2001</i> were provided by the consultant during the period.</p>
Share Trading Policy	<p>The trading of securities issued to eligible participants under any of the Company's employee equity plans is subject to and conditional on compliance with the Company's Security Trading Policy as provided on the Company's website and as referred to in the Annual Corporate Governance Statement.</p>

Directors' report

8. Remuneration report – audited

8.1 Remuneration Governance, Principles & Structure (continued)

8.1.4 Remuneration Structure

The Company aims to structure an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation. Remuneration packages include a mix of fixed and 'at risk' variable remuneration (as outlined in the following table):

Element	Purpose	Links to strategy / shareholders
Total Fixed Remuneration (TFR)	Inclusive of base salary, salary sacrifice and compulsory superannuation contributions, recognising executive skills and experience.	Reviewed annually by the Committee through a process that considers both individual performance and overall performance of the Company. Remuneration consultants may be engaged periodically to provide analysis and advice to ensure the remuneration is competitive in the wider employment market. A senior executive's fixed remuneration will be reviewed upon promotion.
Short-Term Incentive (STI)	Eligible participants are provided the opportunity to receive a cash bonus or performance rights for achievement of short-term goals. During the year no STIs were offered.	The STI plan provides benefits to the employee upon achievement of Company and individual key performance indicators (KPIs) over a 12-month period. The Company sets challenging KPIs to ensure payments are aligned to performance. The assessment of the KPIs and the resulting award of any STI is at Board discretion.
Long-Term Incentive (LTI)	Eligible participants are provided the opportunity to receive performance rights or a cash bonus for achievement of long-term Company goals. During the year no LTIs were offered.	The LTI plan provides benefits to the employee upon achievement of challenging Company key performance indicators (KPIs) over a 24-month period.

Performance rights, referred to in the table above are subject to the rules of The Employee Incentive Securities Plan (Plan) approved by shareholders at the 2022 Annual General Meeting.

8.2 FY24 Remuneration and Key Management Personnel Terms and Conditions

8.2.1 FY24 Performance

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to Jun 2024:

	2024	2023	2022	2021	2020
Loss for the period ('000s)	60,040 ¹	11,338	11,709	10,933	12,852
Loss per share (cents)	1.63	0.35	0.39	0.40	0.49
Share price at 30 June	\$0.004	\$0.037	\$0.047	\$0.089	\$0.028
Change in share price	(89.2%)	(21.3%)	(47.2%)	217.9%	(20.0%)

¹ Includes an impairment expense of \$52.8 million.

Directors' report

8. Remuneration report – audited

8.2 FY24 Remuneration and Key Management Personnel Terms and Conditions (continued)

8.2.2 FY24 Fixed Reward & Key Contractual Conditions

Apart from the recent appointment of the new CEO, no executive salaries have increased. The Board is currently satisfied with the level of executive fixed remuneration and therefore did not increase salaries during the 1 July 2024 review.

The following table demonstrates the current TFR and key contractual provisions:

Executive	FY24			
	Base Salary	Superannuation	Contract Duration	Notice Period & Termination Provisions
Mr B Shalders ¹	\$365,000	11%	No fixed term	3 months notice & 6 months termination payment

¹ Mr B Shalders was appointed CEO on 1 April 2024 (base salary reflected above). Prior to becoming CEO, Mr Shalders was the CFO of the Company on a base salary of \$340,000 per annum.

It is the Company's policy that service contracts for KMPs are open common law employment contracts, unlimited in term but capable of termination on three months' notice. The Company retains the right to terminate the contract immediately, by making payment equal to three months' pay in lieu of notice. The KMPs are entitled to receive, on termination of employment, their statutory entitlements of accrued annual and long service leave (if any) together with any superannuation benefits. Each KMP accrues 4 weeks of annual leave entitlements per year and long service leave as per state legislation.

The service contracts outline the components of remuneration paid to the KMP but do not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year by the Remuneration, Nomination and Diversity Committee and take into account changes in scope of the role and any changes required to meet the principles of the remuneration policy. There is no guaranteed base pay increases included in any KMPs contracts.

8.2.3 FY24 Short Term Incentive (STI) Performance Conditions & Outcome

Due to the changes in business strategy, the annual Short Term Incentive (STI) plan was not offered during FY24.

8.2.4 FY24 Long Term Incentive (LTI) Performance Conditions & Outcome

Due to the changes in business strategy, the annual Long Term Incentive (LTI) plan was not offered during FY24 and no on-foot LTIs vested in FY24.

8.2.5 Non-Executive Director (NED) Remuneration

Total remuneration pool for all NEDs, as approved by shareholders at the 15 July 2019 General Meeting, is set at \$650,000 per annum and has been determined after reviewing similar companies listed on the ASX and considered to be in line with corporate remuneration of similar companies. There are no immediate plans to change the size of the NED remuneration pool.

During the year, all NEDs remuneration was amended to an annual base fee of \$50,000 plus superannuation (except for the chair who receives a base fee of \$110,000 plus superannuation). NEDs are no longer entitled to receive additional fees for being a member or chairman of any board committee.

Directors' report

8. Remuneration report – audited (continued)

8.3 Detailed Remuneration Disclosures

8.3.1 Directors' and Key Management Personnel remuneration (Company and Consolidated)

In AUD		Short-term		Post employment	Share-based payments		Other long-term benefits ⁶	Termination Benefits	Total	Proportion of remuneration performance related	
		Salary & fees	Bonus		Superannuation benefits	Options ⁴					Performance rights ⁵
		\$	\$	\$	\$	\$	\$	\$	\$		
Directors											
Non-executive directors											
	Mr P Harold (Chairman) ²	2024	415,133	-	46,130	-	64,260	2,389	-	527,912	12%
		2023	519,791	187,500	25,292	61,930	118,463	59,171	-	972,147	31%
	Mr P Muccilli	2024	55,803	-	6,138	-	-	-	-	61,941	0%
		2023	57,998	-	6,090	-	-	-	-	64,088	0%
	Mr W Hallam	2024	55,803	-	6,138	-	-	-	-	61,941	0%
		2023	57,998	-	6,090	-	-	-	-	64,088	0%
	Mr D La Ferla ¹	2024	50,345	-	-	-	-	-	-	50,345	0%
		2023	154,700	-	-	-	-	-	-	154,700	0%
	Mr D Hildebrand ¹	2024	24,005	-	-	-	-	-	-	24,005	0%
		2023	74,088	-	-	-	-	-	-	74,088	0%
Executives											
	Mr B Shalders ³	2024	331,746	-	28,050	4,409	24,828	37,565	-	426,598	6%
		2023	333,896	90,000	25,295	-	45,152	30,520	-	524,863	26%
	Mr D Maxton ¹	2024	221,436	-	24,933	-	(19,808)	16,858	124,232	367,651	(5%)
		2023	331,362	51,563	25,293	-	34,762	27,409	-	470,389	18%
	Mr C Jones ¹	2024	269,038	-	31,625	-	(25,488)	27,539	-	302,714	(8%)
		2023	345,119	65,714	25,303	-	32,547	28,619	-	497,302	20%
Total remuneration: key management personnel		2024	1,423,309	-	143,014	4,409	43,792	84,351	124,232	1,823,107	
		2023	1,874,952	394,777	113,363	61,930	230,924	145,719	-	2,821,665	

¹ Mr D La Ferla and Mr D Hildebrand retired on 27 October 2023, Mr D Maxton resigned on 29 February 2024 and Mr C Jones resigned on 31 March 2024.

² Mr P Harold transitioned from MD/CEO on 2 October 2023 and commenced as the Non-Executive Chairman on 27 October 2023. His salary and fees for 2024 comprised of \$341,633 in salary as MD/CEO and \$73,500 in director fees. As part of his transition from MD/CEO to Non-Executive Chairman, Mr Harold received a severance payment of \$206,250 which was equal to four and a half months of his salary.

³ Mr B Shalders transitioned from CFO to CEO on 1 April 2024.

⁴ The options were issued in April 2024 to Mr B Shalders, valued using the Black Scholes method and value expensed over the term of the options as required by Accounting Standards.

⁵ The performance rights (PRs) remuneration expense is recognised pursuant to the Long-Term Incentive (LTI) Plan invitations for FY 2023. The Company determines the fair value of the PRs that may be issued under the LTI Plan invitations each year and allocates that value across the performance period. The amount recognised in the current reporting period has also been adjusted upon determination of the actual PRs to be issued from the LTI Plan invitations issued in FY 2023 with the performance period ending 30 June 2024.

⁶ Other long-term benefits include leave entitlements paid and the movement in annual and long service leave provisions.

Directors' report

8. Remuneration report – audited

8.3 Detailed Remuneration Disclosure

8.3.2 Additional disclosures

Analysis of options and rights over equity instruments granted as Share Options

The following options were granted to directors or executives during the reporting period:

Executive	Number of options granted	Grant date	Vesting and exercise date ¹	Expiry date	Exercise price \$	Value per option at grant date \$	Held at 30 June 2024
Mr B Shalders	5,000,000	11 Apr 2024	1 Apr 2027	31 Mar 2029	0.0105	0.003	5,000,000
Mr B Shalders	5,000,000	11 Apr 2024	1 Apr 2027	31 Mar 2029	0.0123	0.003	5,000,000
Mr B Shalders	5,000,000	11 Apr 2024	1 Apr 2027	31 Mar 2029	0.0140	0.003	5,000,000
	15,000,000						15,000,000

¹ These options vest on the vesting date unless employment is terminated by the Company without reason or the completion of a Change of Control in the Company.

During the period 1,000,000 options with an exercise price of \$0.13 lapsed and were subsequently cancelled.

Performance Rights

During the period there were no performance rights issued to KMPs.

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as remuneration to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

Details of equity incentives affecting current and future remuneration

Details of vesting profiles of the performance rights and options for each key management person and amounts recognised as remuneration during the current reporting period are detailed below:

Executives	Instrument	Number Granted / Offered	Grant / Invitation date	% vested in year	% forfeited during year ¹	Financial year in which grant vests	Recognised as remuneration in FY24 (\$)
Mr B Shalders	Options	15,000,000	11 April 2024	-	-	30 Jun 2027	4,409
Mr P Harold	Performance rights	11,667,728	21 Dec 2022	-	100	30 Jun 2024	64,260
Mr B Shalders	Performance rights	4,507,985	21 Dec 2022	-	100	30 Jun 2024	24,828
Mr D Maxton	Performance rights	3,606,388	21 Dec 2022	-	100	30 Jun 2024	(19,808)
Mr C Jones	Performance rights	4,640,573	21 Dec 2022	-	100	30 Jun 2024	(25,488)

¹ The performance conditions for these performance rights were not achieved and as a result have been forfeited.

Directors' report

8. Remuneration report – audited

8.3 Detailed Remuneration Disclosure (continued)

8.3.2 Additional disclosures (continued)

Options and rights over equity instruments

The movement during the reporting period in the number of performance rights and options over ordinary shares in Poseidon Nickel Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2023	Granted as compensation	Converted to shares	Forfeited/lapsed	Held at 30 June 2024	Vested during the year	Vested and exercisable at 30 June 2024
Options							
Mr D La Ferla	1,000,000	-	-	(1,000,000)	-	-	-
Mr P Harold	6,000,000	-	-	-	6,000,000	-	6,000,000
Mr B Shalders	-	15,000,000	-	-	15,000,000	-	-
Performance Rights							
Mr P Harold	16,270,330	-	(2,121,212)	(11,667,728) ¹	2,481,390	-	2,481,390
Mr B Shalders	6,233,960	-	(1,725,976)	(4,507,984) ¹	-	-	-
Mr D Maxton	4,288,770	-	(682,382)	(3,606,388) ¹	-	-	-
Mr C Jones	5,366,306	-	(725,732)	(4,640,574) ¹	-	-	-

¹ The performance conditions for these performance rights were not achieved and as a result have been forfeited.

Key management personnel transactions – Shares

The movement during the reporting period in the number of ordinary shares in Poseidon Nickel Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2023	Share issue	Performance right conversion	Purchases or sales	Net change – other ¹	Held at 30 June 2024
Directors						
Mr P Harold	500,000	1,214,286	2,121,212	-	-	3,835,498
Mr D La Ferla	-	-	-	-	-	-
Mr D Hildebrand	160,000	-	-	-	(160,000)	-
Mr P Muccilli	-	857,143	-	-	-	857,143
Mr W Hallam	-	1,000,000	-	-	-	1,000,000
Executives						
Mr B Shalders	462,687	-	1,725,976	-	-	2,188,663
Mr D Maxton	-	-	682,382	-	(682,382)	-
Mr C Jones	-	-	725,732	-	(725,732)	-

¹ Mr D Hildebrand retired from the Board on 27 October 2023 while Mr D Maxton resigned on 29 February 2024 and Mr C Jones resigned on 31 March 2024.

End of Remuneration report – audited



Directors' report

9. Corporate governance statement

The Company's 2024 Corporate Governance Statement has been released as a separate document and is also located on our website at <http://www.poseidon-nickel.com.au/investors-media/corporate-governance/>.

10. Material Business Risks

The Company's exploration and evaluation operations will be subject to the normal risks of mineral exploration and include the following:

Future Capital Raisings

The Company's ongoing activities may require further financing in the future and, although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all.

Climate change

The current and future activities of the Company may be affected by factors such as seasonal and unexpected weather patterns, heavy rain, floods, droughts and other weather conditions. The Company's financial performance and operations may be adversely impacted by these factors.

Changes to climate related regulations and government policy have the potential to impact our financial results, which could include imposition of carbon taxes or constraints on emissions.

Regulatory risks

The Company's operations are subject to various Commonwealth and State and local laws plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health. Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials.

Resources and Reserves

The Mineral Resources and Reserve estimates are expressions of judgement based on knowledge, experience and industry practice and no assurance can be given that they will be realised.

Exploration success

No assurance can be given that exploration expenditure will result in future profitable operating mines.

Environmental risk

The Company has environmental liabilities associated with its tenements that it monitors on an ongoing basis to ensure compliance with all environmental laws and regulations.

11. Dividends

The Directors recommend that no dividend be declared or paid.

12. Events subsequent to reporting date

Subsequent to year end the Company raised \$1.4 million via a pro rata non-renounceable rights issue. Eligible shareholders were offered the opportunity to acquire one new share for every three shares held at an issue price of \$0.003 per share together with one free attaching option for every three new shares subscribed for and issued with an exercise price of \$0.006.

On 31 July 2024 the Company announced it had entered into an agreement with Encore Minerals to develop the gold and nickel tailings at the Windarra Tailings Project. Under the agreement Encore Minerals is responsible for the funding, development, operation, closure and rehabilitation of the project, subject to various conditions precedent and milestones being met. As part of the agreement, the Company will receive a total of \$1.25 million in cash, a Net Smelter Return royalty of 3% on production and \$1.6 million towards the existing rehabilitation bond.

Directors' report

12. Events subsequent to reporting date (continued)

On 2 September 2024 the Company announced that it had terminated an agreement with Mt Morgans WA Mining Pty Ltd (Mt Morgans), a wholly owned subsidiary of Genesis Minerals Limited, for Mt Morgans to undertake a processing trial of up to 100,000 tonnes of Lancefield gold tailings and access up to 2.5GL of water per annum from the South Windarra open pit over a five year period, as certain conditions precedent were not satisfied or waived by the parties in the required time. This event did not have an impact on the financial statements.

13. Directors' interests

The relevant interest of each director in the shares and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares	Performance Rights
Mr P Harold ¹	5,113,998	6,426,168	2,481,390
Mr P Muccilli ²	1,142,858	95,239	-
Mr W Hallam ³	1,333,334	111,112	-
	<u>7,590,190</u>	<u>6,632,519</u>	<u>2,481,390</u>

¹ As part of the Rights Issue completed subsequent to year end, Mr Harold acquired 1,278,500 ordinary shares and 426,168 options.

² As part of the Rights Issue completed subsequent to year end, Mr Muccilli acquired 285,715 ordinary shares and 95,239 options.

³ As part of the Rights Issue completed subsequent to year end, Mr Hallam acquired 333,334 ordinary shares and 111,112 options.

14. Share options

Options granted to directors and officers of the Company

During the financial year, the following options were granted to directors or officers of the Company and remain unissued as at the date of this report:

Issue date	Expiry date	Exercise price \$	Number of options
11 April 2024	31 March 2029	0.0105	5,000,000
11 April 2024	31 March 2029	0.0123	5,000,000
11 April 2024	31 March 2029	0.0140	5,000,000
			<u>15,000,000</u>

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares issued on exercise of options

During or since the end of the financial year, the Company has not issued any ordinary shares as a result of the exercise of options.

Directors' report

15. Indemnification and insurance of officers

Insurance premiums

The Company has agreed to indemnify the following current directors and officers of the Company, Mr P Harold, Mr P Muccilli, Mr W Hallam and Mr B Shalders against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current directors and officers of its controlled entities for all liabilities to another person (other than the company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid a premium to insure the directors and officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance and do not contain details of the premiums paid in respect of individual officers of the Company. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

16. Non-audit services

During the year KPMG, the Company's auditor, has not performed any services outside their statutory duties. The fee paid for the audit and review of financial reports is \$104,500 (2023: \$78,350).

17. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 65 and forms part of the directors' report for financial year ended 30 June 2024.

18. Rounding off

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:



Mr P Harold
Non-Executive Chairman

Perth
20 September 2024

Consolidated statement of financial position

As at 30 June 2024

In thousands of AUD

	Note	2024	2023
Assets			
Cash and cash equivalents	4.1a	1,434	5,701
Trade and other receivables	4.2	557	785
Total current assets		1,991	6,486
Property, plant and equipment	3.2	24,336	24,775
Right-of-Use Assets	3.3	195	341
Exploration and evaluation expenditure	3.1	56,828	106,242
Other	3.4	3,500	3,500
Total non-current assets		84,859	134,858
Total assets		86,850	141,344
Liabilities			
Trade and other payables	4.3	1,234	1,591
Loans and borrowings		109	-
Lease liabilities	5.2	161	154
Provisions	3.5	-	1,200
Employee benefits		104	213
Total current liabilities		1,608	3,158
Provisions	3.5	63,350	61,935
Lease liabilities	5.2	57	218
Total non-current liabilities		63,407	62,153
Total liabilities		65,015	65,311
Net Assets		21,835	76,033
Equity			
Share capital	5.1	282,494	276,573
Reserves		901	980
Accumulated losses		(261,560)	(201,520)
Total equity attributable to equity holders of the Company		21,835	76,033

The notes on pages 32 to 58 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

<i>In thousands of AUD</i>	Note	2024	2023
Other income	2.2	2,746	388
Depreciation expense		(409)	(445)
Impairment expense	3.1	(52,822)	-
Personnel expenses	2.3	(2,830)	(4,054)
Exploration and evaluation costs expensed	3.1	(4,048)	(4,650)
Consultancy and advisor fees		(1,164)	(1,350)
Share based payment expense	6.1	(67)	(339)
Other expenses		(883)	(1,212)
Results from operating activities		(59,477)	(11,662)
Finance income		330	333
Finance costs		(893)	(9)
Net finance income / (costs)	2.4	(563)	324
Loss before income tax		(60,040)	(11,338)
Income tax benefit	2.5	-	-
Total comprehensive loss for the year		(60,040)	(11,338)
Earnings per share			
Basic and diluted loss per share (cents/share)	2.6	(1.63)	(0.35)

The notes on pages 32 to 58 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2024

In thousands of AUD

	Share Capital	Share based payment reserve	Accumulated losses	Total equity
Balance at 1 July 2022	265,071	641	(190,182)	75,530
Loss for the year	-	-	(11,338)	(11,338)
Other comprehensive income				
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(11,338)	(11,338)
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners				
Issue of share capital (net of costs)	11,502	-	-	11,502
Issue of share options	-	62	-	62
Issue of performance rights	-	277	-	277
Total contributions by and distributions to owners	11,502	339	-	11,841
Balance at 30 June 2023	276,573	980	(201,520)	76,033
Loss for the year	-	-	(60,040)	(60,040)
Other comprehensive income				
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(60,040)	(60,040)
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners				
Issue of share capital (net of costs)	5,775	-	-	5,775
Performance rights exercised	146	(146)	-	-
Issue of share options	-	4	-	4
Issue of performance rights	-	63	-	63
Total contributions by and distributions to owners	5,921	(79)	-	5,842
Balance at 30 June 2024	282,494	901	(261,560)	21,835

The condensed notes on pages 32 to 58 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2024

<i>In thousands of AUD</i>	Note	2024	2023
Cash flows from operating activities			
Sundry receipts		1,524	433
Payments to suppliers and employees		(9,066)	(11,028)
Cash used in operations		(7,542)	(10,595)
Interest received	2.4	330	333
Net cash used in operating activities	4.1b	(7,212)	(10,262)
Cash flows from investing activities			
Payments for property, plant and equipment	3.2	(83)	(384)
Payments for exploration and evaluation expenditure		(3,839)	(6,047)
Proceeds from the sale of property, plant and equipment		502	-
Proceeds from non-refundable deposit received		1,000	-
Net cash used in investing activities		(2,420)	(6,431)
Cash flows from financing activities			
Proceeds from the issue of shares and options (net of costs)		5,775	11,461
Repayment of borrowings		(250)	-
Repayment of lease liabilities	5.2	(160)	(156)
Net cash received from financing activities		5,365	11,305
Net decrease in cash and cash equivalents		(4,267)	(5,388)
Cash and cash equivalents at 1 July		5,701	11,089
Cash and cash equivalents at 30 June	4.1a	1,434	5,701

The notes on pages 32 to 58 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Section 1 – Basis of Preparation

Poseidon Nickel Limited presents its financial statements in a format and style that is relevant and clear to shareholders and other users. In preparing the 2024 financial statements, we have grouped notes into sections under six key categories:

1. Basis of preparation
2. Results for the year
3. Assets and liabilities supporting Exploration and Evaluation
4. Working capital disclosures
5. Equity and funding
6. Other disclosures

Significant accounting policies specific to one note are included within that note. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

1.1 General information

Poseidon Nickel Limited (the 'Company') is a for profit entity domiciled in Australia. The Company's registered office is located at Level 1, 3 Ord Street, West Perth WA 6005. The Group is primarily involved in exploration and evaluation of projects relating to nickel and other minerals.

The consolidated financial statements comprising of the Company and its subsidiaries (collectively the 'Group') have been authorised for issue by the Board of Directors on 20 September 2024. The financial statements are general purpose financial statements which:

- Have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- Are presented in Australian Dollars, being the Company's functional currency and the functional currency of the companies within the Group. Amounts are rounded to the nearest thousand, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191;
- Adopts all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2023. Refer to note 6.8 for further details; and
- Does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective.

1.2 Going concern

For the year ended 30 June 2024 the Group recorded a loss after tax of \$60,040,000 (2023: \$11,338,000) that included an impairment charge of \$52,822,000, and a working capital surplus of \$383,000 (2023: surplus \$3,328,000). The primary liability of the Group is the site rehabilitation provision of \$63,350,000 (2023: \$61,935,000). The Directors do not anticipate the Group being required to remediate its sites in the foreseeable future. The site rehabilitation provision is classified as non-current and included within total net assets of \$21,835,000 (2023: \$76,033,000).

Notes to the consolidated financial statements

1.2 Going concern (continued)

The Group had a net cash outflow from operating activities of \$7,212,000 (2023: \$10,262,000), a net cash outflow from investing activities of \$2,420,000 (2023: \$6,431,000) and a net cash inflow from financing activities of \$5,365,000 (2023: \$11,305,000). The Group held cash and cash equivalents of \$1,434,000 at 30 June 2024 (2023: \$5,701,000). During August 2023 the Company raised \$6,100,000 (before costs of \$325,000) through a placement of ordinary shares to professional and sophisticated investors, with Directors participating in the raise. Subsequent to year end the Company raised \$1,405,000 (before costs) via a pro rata non-renounceable rights issue, received \$404,000 (excl GST) from the sale of surplus equipment at Black Swan and received a \$250,000 (excl GST) non-refundable deposit from Encore Minerals Pty Ltd to develop the Windarra tailings project.

The Directors have reviewed a management prepared cash flow forecast for the next 12 months from the date of signing the financial report which demonstrates successful fund-raising activities or asset sales are required to be completed during the quarter ending March 2025.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows for the next 12 months which incorporate an expectation of raising additional funding through equity, asset sales, debt financing or a corporate transaction, or a combination of these options, to meet forecast minimum expenditure, maintain tenements and meet ongoing costs. Whilst the Group has been impacted by the current challenging market conditions for the nickel industry, the Directors have a reasonable expectation that a suitable funding solution can be secured within the necessary timeframe.

The ability of the Group to achieve its forecast cashflows, being reliant on raising additional funds whilst assessing the potential for other commodities across its project portfolio due to the current challenging market environment for the nickel industry, represents material uncertainty that may cast significant doubt about whether the Group can continue as a going concern in which case it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

1.4 Foreign currencies

The primary economic environment in which the Group operates is Australia. The consolidated financial statements are therefore presented in Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars at the exchange rate on that day. Foreign currency monetary assets and liabilities are translated into Australian dollars at the year-end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year-end, a foreign exchange gain or loss may arise. Any such differences are recognised in the income statement. Non-monetary assets and liabilities measured at historical cost are translated into Australian dollars at the exchange rate on the date of the transaction.

1.5 Research and development expenditure

The Group undertakes expenditure on activities that are categorised as 'eligible expenditure' under the Research & Development Tax Concession which are dependent upon certain criteria and may be subject to a tax offset. Under AASB 120, where a tax offset has been received or receivable in cash, the Group accounts for the tax offset as follows:

Notes to the consolidated financial statements

1.5 Research and development expenditure (continued)

- Where a grant is received or receivable in relation to research and development costs which have been capitalised, the tax offset shall be deducted from the carrying amount of the asset; or
- Where a grant is received or receivable in relation to research and development costs which have been charged to the profit and loss account during this or a prior financial year, the tax offset shall be credited to the profit and loss account.

1.6 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Impairment losses on available-for-sale investments are recognised by reclassifying the cumulative loss that has been recognised in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

Non-financial assets, other than deferred tax assets, are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

An impairment test is performed by assessing the recoverable amount of each asset, or cash generating unit (CGU). Assets are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverable amount is the higher of an asset's fair value less costs to sell and 'value in use'. The value in use is based on the present value of the future cash flows expected to arise from the asset, taking into account the risks specific to the asset or CGU.

Any impairment identified is recognised in profit or loss. Reversals of impairments of assets are recognised if there is an indication that a previously recognised impairment loss has reversed and the recoverable amount of the impaired asset has subsequently increased.

1.7 Accounting judgements and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which estimates are revised and in any future periods affected.

Judgements and estimates which are material to the financial report are found in the following areas:

- Going concern (note 1.2);
- Exploration and evaluation assets (note 3.1);
- Property, plant and equipment (note 3.2);
- Site rehabilitation provisions (note 3.5); and
- Share-based payments (note 6.1).

Notes to the consolidated financial statements

Section 2 – Results for the Year

This section focuses on the results and performance of the Group, with disclosures including segmental information, components of the operating loss, taxation and earnings per share.

KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

Deferred taxation

The Group has unrecognised carry forward tax losses which can be utilised against future taxable profits subject to meeting Australian tax law requirements. Given that the Group is not yet in production, future taxable profits are not considered probable to utilise carry forward tax losses, as such the tax asset has not been recognised.

2.1 Operating segments

For management purposes the Group has one operating segment, being nickel and other mineral exploration and evaluation in Australia. Segment results that are reported to the Group chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Information about reportable segments <i>In thousands of AUD</i>	Nickel exploration and evaluation	
	2024	2023
For the year ended 30 June		
Reportable segment other income	2,730	388
Reportable segment impairment expense	(52,822)	-
Reportable segment exploration costs expensed	(4,047)	(4,650)
Reportable segment loss before income tax	(54,139)	(4,262)
Reportable segment assets	84,553	134,513
Reportable segment liabilities	64,477	64,466
Capital expenditure	3,320	5,874
Reconciliations of reportable segment loss and assets		
Loss		
Total loss for reportable segments	(54,139)	(4,262)
Unallocated amounts: other corporate expenses	(5,338)	(7,400)
Net finance costs	(563)	324
Loss before income tax	(60,040)	(11,338)
Assets		
Total assets for reportable segments	84,553	134,513
Other assets	2,297	6,831
	86,850	141,344
Liabilities		
Total liabilities for reportable segments	64,477	64,466
Other liabilities	538	845
	65,015	65,311

There have been no changes to the basis of segmentation or the measurement basis for the segment loss since 30 June 2023.

Notes to the consolidated financial statements

2.2 Other income

ACCOUNTING POLICY

Research and development proceeds

Research and development proceeds are government grants that are recognised in profit or loss when there is reasonable assurance that the grant will be received.

Non-refundable deposit received

A non-refundable deposit was received during year for the proposed sale of the Lake Johnston asset that did not eventuate.

Sundry income

Includes income received from fuel tax credits and the sale of miscellaneous equipment to third parties.

The table below sets out the other income received during the year:

<i>In thousands of AUD</i>	2024	2023
Research and development proceeds	466	210
Non-refundable deposit received	1,000	-
Income received from the rental of camp facilities	508	56
Gain on sale of property, plant and equipment	243	-
Sundry income	529	122
	2,746	388

2.3 Personnel expenses

ACCOUNTING POLICY

Short-term employee benefits

Wages, salaries and defined contribution superannuation benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Share-based payments

The policy relating to share-based payments is set out in note 6.1.

The table below sets out personnel costs expensed during the year:

<i>In thousands of AUD</i>	2024	2023
Directors fees	259	345
Wages and salaries ¹	1,906	2,294
Superannuation expense	270	300
Other associated personnel expenses	203	901
Increase in liability for annual leave	158	201
Increase in liability for long service leave	34	13
	2,830	4,054

¹ Includes redundancy payments of \$193,000 in 2024 (2023: nil).

Notes to the consolidated financial statements

2.4 Net financing costs

ACCOUNTING POLICY

Net finance costs comprise income on funds invested, gains / losses on disposal of financial instruments, changes in fair value of financial instruments, interest expense on borrowings, impairment losses on financial assets and foreign exchange gains / losses. Interest income and expense is recognised as it accrues in profit or loss, using the effective interest method.

Net financing costs can be analysed as follows:

<i>In thousands of AUD</i>	Note	2024	2023
Finance Income			
Interest income on bank deposits		330	333
Finance Costs			
Unwinding of discount on provisions	3.5	(878)	-
Interest expense - lease	5.2	(6)	(9)
Interest expense - borrowings		(9)	-
Finance Costs		(893)	(9)
Net finance income/(cost)		(563)	324

2.5 Income tax expenses

ACCOUNTING POLICY

The income tax expense represents the sum of tax currently payable and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is based on tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used for calculating taxable profits. Deferred tax balances are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set-off.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Notes to the consolidated financial statements

2.5 Income tax expenses (continued)

a. Analysis of tax (credit) / charge in year

<i>In thousands of AUD</i>	2024	2023
Current tax expense		
Current year	-	-
Adjustments for prior periods	-	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	-
Total tax benefit	-	-

b. Numerical reconciliation between tax expense and pre-tax accounting loss

<i>In thousands of AUD</i>	2024	2023
Loss for the year	(60,040)	(11,338)
Total tax expense	-	-
Loss excluding tax	(60,040)	(11,338)
Income tax expense at the Australian tax rate of 25% (2023: 25%)	(15,010)	(2,834)
Share-based payments	17	85
Non-assessable grant income	(116)	(53)
Donations	1	3
Over provided in prior periods	-	989
	(15,108)	(1,810)
Deferred tax assets not recognised	15,108	1,810
Total income tax benefit	-	-

c. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of AUD</i>	2024	2023
Deferred Tax Liabilities		
Exploration expenditure	(17,994)	(30,100)
Right-of-Use Assets	6	8
Other items	(85)	(6)
Deferred Tax Assets		
Carry forward tax losses	53,823	50,779
Business related costs	278	318
Closure costs	15,838	15,784
Other items	39	317
Net deferred tax asset/(liability)	51,905	37,100
Tax losses not recognised	(51,905)	(37,100)
Net deferred tax asset/(liability)	-	-

Notes to the consolidated financial statements

2.5 Income tax expenses (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

<i>In thousands of AUD</i>	2024	2023
Tax losses	51,905	37,100
	<u>51,905</u>	<u>37,100</u>

At 30 June 2024, the Group has carry-forward tax losses of \$53,823,000 at 25% (30 June 2023: \$50,779,000) of which \$1,918,000 (30 June 2023: \$13,679,000) has been recognised.

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

2.6 Earnings (loss) per share

Basic and diluted earnings (loss) per share

Earnings (loss) per share (EPS) is the amount of post-tax profit/(loss) attributable to each share.

The calculation of EPS at 30 June 2024 was based on the loss attributable to ordinary shareholders of \$60,040,000 (2023: \$11,338,000) and a weighted average number of ordinary shares outstanding of 3,676,693,000 (2023: 3,246,520,000). Diluted EPS takes into account the dilutive effect of all potential ordinary shares, being share options on issue.

<i>In thousands</i>	2024	2023
Loss attributable to ordinary shareholders	(60,040)	(11,338)
Issued ordinary shares at 1 July	3,246,520	3,063,960
Effect of shares issued	430,173	182,560
Weighted average number of ordinary shares at 30 June	<u>3,676,693</u>	<u>3,246,520</u>
Basic and diluted* loss per share (cents)	<u>(1.63)</u>	<u>(0.35)</u>

* Potential ordinary shares of the Group consist of 5,949,598 dilutive performance rights and 21,000,000 options issued. In the prior year the potential ordinary shares of the Group consisted of 6,646,748 dilutive performance rights and 7,000,000 options issued. In accordance with AASB 133 'Earnings per Share' performance rights and options are excluded from the calculation of diluted earnings (loss) per share due to their anti-dilutive effect as the Group was in a loss-making position.

Notes to the consolidated financial statements

Section 3 – Assets and Liabilities Supporting Exploration and Evaluation

This section focuses on the exploration and evaluation assets which form the core of the business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital commitments existing at the year end.

KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

Indicators of impairment for exploration and evaluation assets

A review of exploration and evaluation assets undertaken during the year, in accordance with AASB 6, identified that impairment indicators existed and resulted in an impairment being recognised (refer to note 3.1). In making this assessment, management is required to make assessments on the status of each project and the future plans towards successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

Site restoration

Provisions for the costs of rehabilitation, decommissioning and restoration of the area disturbed during mining activities depends on the legal requirements at the date of decommissioning, the costs and timing of work and the discount rate to be applied. Site restoration provisions are reviewed and updated as necessary each year to reflect management's best estimates of future cost estimates and timings.

3.1 Exploration and evaluation expenditure

ACCOUNTING POLICY

Acquisition of a right to explore is capitalised. Subsequently, expenditure on exploration and evaluation activities relating to each area of interest is capitalised as incurred only where a commercially recoverable JORC compliant resource has been identified. Expenditure incurred on activities that precede establishing the existence of a commercially recoverable mineral resource is expensed as incurred. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets. Costs incurred in relation to exploration and evaluation includes acquisition of rights to explore, gathering exploration data through topographical, geochemical and geophysical studies and exploratory drilling, trenching and sampling. Directly attributable administration costs are treated as exploration and evaluation expenditure insofar as they relate to specific exploration activities. Pre-licence costs and general exploration costs not specific to any particular licence or prospect are expensed as incurred, as well as borrowing costs in connection with financing exploration and evaluation activities.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment and any impairment loss is recognised prior to being reclassified.

Impairment

Exploration and evaluation assets are tested for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability is unlikely, or
- facts and circumstances suggest the carrying value exceeds the recoverable amount. The application of this policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established.

Such triggering events are defined in AASB 6 *Exploration for and Evaluation of Mineral Resources* in respect of exploration and evaluation assets.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than an area of interest. The Group performs impairment testing in accordance with note 1.6.

Notes to the consolidated financial statements

3.1 Exploration and evaluation expenditure (continued)

Impairment (continued)

Any impairment identified is recognised in profit or loss. Reversals of impairments of assets are recognised if there is an indication that a previously recognised impairment loss has reversed and the recoverable amount of the impaired asset has subsequently increased.

Actual results could significantly differ depending on the recovery from such conditions.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Further information about the assumptions made in measuring fair values is included in below in note 3.1.

Details of assets in the exploration and evaluation phase can be found below:

In thousands of AUD

Costs carried forward in respect of areas of interest in the following phase:

Exploration and evaluation phase

	2024	2023
Exploration and evaluation phase	56,828	106,242

Reconciliations: Exploration and evaluation phase

Carrying amount at beginning of year

Additions

Movement in current provisions (note 3.5)

Movement in non-current provisions (note 3.5)

Impairment expense

Carrying amount at end of year

Carrying amount at beginning of year	106,242	99,940
Additions	4,071	5,634
Movement in current provisions (note 3.5)	(1,200)	1,200
Movement in non-current provisions (note 3.5)	537	(532)
Impairment expense	(52,822)	-
Carrying amount at end of year	56,828	106,242

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 \$4,048,000 (2023: \$4,650,000) was expensed as incurred through the Income Statement for the year.

Impairment

During the year the nickel price suffered a sharp decline with an expected poor short-term outlook. The share price of the Company also declined resulting in its market capitalisation dropping well below the carrying value of the Company's net assets. This triggered an impairment indicator, and the Group conducted an assessment of the recoverable amount of each cash generating unit (CGU), based on its Fair Value less Costs of Disposal (FVLCOD).

The FVLCOD was estimated using a market approach. For each CGU, an estimate of the value per mineral resource was determined based on observable resource multiples of comparable ASX-listed nickel exploration and pre-development companies (a level 3 valuation technique). This technique was applied given current market conditions in the nickel industry and was determined to be the most reliable estimate of fair value for the group's exploration projects.

Notes to the consolidated financial statements

3.1 Exploration and evaluation expenditure (continued)

A total impairment charge of \$52.8 million was recognised during the year on exploration and evaluation assets and no impairment was recognised on plant and equipment. \$29.8 million of impairment expense was recognised on the Black Swan CGU, \$12.4 million was recognised on the Windarra CGU and \$10.6 million of impairment expense was recognised on the Lake Johnston CGU. The key assumptions used in the valuation were as follows:

- Resource multiple of \$122 - \$167 per tonne
- Black Swan mineral resources (measured, inferred and indicated) of 222,190 tonnes
- Windarra mineral resources (measured, inferred and indicated) of 148,500 tonnes
- Lake Johnston mineral resources (measured, inferred and indicated) of 52,000 tonnes

The valuation includes a number of significant assumptions including confidence level of known mineralisation measured in accordance with the JORC code and expectations regarding exploration potential which can change significantly over time and which may have a significant impact on the valuation if there is a change in assumption or new information became available. As a result, any variation in key assumptions used in determining FVLCOD could result in a change of the assessed recoverable amount. If the variation in assumption has a negative impact on FVLCOD, it could, in the absence of other factors indicate a requirement for subsequent impairment of exploration and evaluation assets in future periods. A 10% reduction in the resource multiple applied in the current year would result in an increase in the impairment expense of \$5.7 million.

3.2 Property, plant and equipment

ACCOUNTING POLICY

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Items of PPE are depreciated from the date that they are installed and are ready for use. The estimated useful lives for the current and comparative periods are as follows:

– Leasehold improvements	25 years
– Plant and equipment	2 – 20 years
– Motor vehicles	8 – 12 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Impairment

Non-current assets are tested for impairment when facts and circumstances indicate that the carrying amount may exceed the recoverable amount. The Group performs impairment testing in accordance with note 1.6.

Any impairment identified is recognised in profit or loss. Reversals of impairments of assets are recognised if there is an indication that a previously recognised impairment loss has reversed and the recoverable amount of the impaired asset has subsequently increased.

Notes to the consolidated financial statements

3.2 Property, plant and equipment (continued)

	Leasehold improve- ments	Plant and equipment- head office	Plant and equipment- mining sites	Motor vehicles - mining	Total
<i>In thousands of AUD</i>					
Cost					
Balance at 1 July 2022	1,006	773	27,171	546	29,496
Additions	-	32	285	-	317
Disposals	-	(5)	-	-	(5)
Balance at 30 June 2023	1,006	800	27,456	546	29,808
Balance at 1 July 2023	1,006	800	27,456	546	29,808
Additions	-	3	80	-	83
Disposals	-	(12)	(615)	-	(627)
Balance at 30 June 2024	1,006	791	26,921	546	29,264

	Leasehold improve- ments	Plant and equipment- head office	Plant and equipment- mining sites	Motor vehicles - mining	Total
<i>In thousands of AUD</i>					
Depreciation and impairment losses					
Balance at 1 July 2022	591	493	3,345	307	4,736
Depreciation for the year	40	50	169	42	301
Disposals	-	(4)	-	-	(4)
Balance at 30 June 2023	631	539	3,514	349	5,033
Balance at 1 July 2023	631	539	3,514	349	5,033
Depreciation for the year	40	33	151	39	263
Disposals	-	(10)	(358)	-	(368)
Balance at 30 June 2024	671	562	3,307	388	4,928

Carrying amounts

	Leasehold improve- ments	Plant and equipment- head office	Plant and equipment- mining sites	Motor vehicles - mining	Total
<i>In thousands of AUD</i>					
At 30 June 2023	375	261	23,942	197	24,775
At 30 June 2024	335	229	23,614	158	24,336

As the Lake Johnston and Black Swan nickel operations remain on care and maintenance, certain plant and equipment items associated with these projects that are not installed and ready for use are currently not being depreciated. As at 30 June 2024, the total carrying amount of these assets was \$22,983,000 (2023: \$22,983,000). This plant and equipment was allocated to the cash generating units tested for impairment.

Notes to the consolidated financial statements

3.3 Right-of-use assets

ACCOUNTING POLICY

Recognition and measurement

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

During previous years, 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 previous years, 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.

In thousands of AUD

Balance at 30 June

Depreciation charge for the year

Balance at 30 June

	2024	2023
Balance at 30 June	341	485
Depreciation charge for the year	(146)	(144)
Balance at 30 June	195	341

3.4 Other non-current assets

The Group holds a cash collateralised security deposit of \$3,500,000 (2023: \$3,500,000) in recognition of an on-going commitment to the environmental rehabilitation of the Windarra mine site.

Notes to the consolidated financial statements

3.5 Provisions

ACCOUNTING POLICY

Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Site rehabilitation provisions

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site rehabilitation is recognised in respect of the estimated cost of restoration of the area previously disturbed during mining activities up to the reporting date, but not yet rehabilitated.

At each reporting date the site rehabilitation provision is re-measured to reflect any changes in discount rates and timing or amounts of the costs to be incurred. Such changes in the estimated liability are accounted for prospectively from the date of the change and re added to, or deducted from, the related asset where it is possible that future economic benefits will flow to the entity.

In the prior year a site rehabilitation provision of \$1,200,000, classified as "current", was recognised in respect of the remedial work required at Lake Johnston concerning the control of dust from the tailings facility that required supplementary monitoring requirements as well as additional measures to cover the surface layer with a binding agent to reduce the amount of windblown dust being generated. These works were completed during the current year safely and under budget.

The non-current site rehabilitation provision of \$63,350,000 (2023: \$61,935,000) is in respect of the Group's ongoing obligation for the environment rehabilitation of its Lake Johnston, Black Swan and Windarra nickel operations.

Movements in non-current provisions

Movements in the provision for site rehabilitation costs during the year are set out below:

<i>In thousands of AUD</i>	2024	2023
Carrying amount of liability at beginning of year	61,935	62,467
Movement in provisions (note 3.1)	537	(532)
Unwinding of the discount (note 2.4)	878	-
Carrying amount at end of year	63,350	61,935

During the year, the rehabilitation provision was re-estimated based on updated economic assumptions including underlying inflation and discount rates.

Key estimates and judgements- Site rehabilitation provision

The rehabilitation provision reflects the Group's best estimate of the expenditure to be incurred based on current knowledge and information. Actual costs and cash outflows can differ from the current estimate as a result of changes in regulations prices, further studies and timing of restoration, amongst other factors. These uncertainties may result in actual expenditure differing from amounts included in the provision recognised as at 30 June 2024.

Key assumptions used in the estimate of the rehabilitation provision were a discount rate of 4.1%, timing of expected settlement of the liability of between 5 and 6 years, and cost estimates. If the discount rate decreased by 0.5% then the provision would be \$1.58 million higher. If the cost estimates were increased by 10% then the provision would be \$6.5 million higher. If the expected timing of settlement of cash flows decreased by one year the provision would be \$1.1 million higher.

Notes to the consolidated financial statements

3.6 Capital and other commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the State Government. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable as follows:

<i>In thousands of AUD</i>	2024	2023
Less than one year	1,672	1,627
Between one and five years	5,606	6,140
More than five years	5,049	6,000
	<u>12,327</u>	<u>13,767</u>

The above represent commitments over the tenure of the tenements held by the Group.

Section 4 – Working Capital Disclosures

This section focuses on the cash funding available to the Group and working capital position at year end.

KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

There were no key estimations or assumptions in this section.

4.1 Cash and cash equivalents

ACCOUNTING POLICY

Cash and cash equivalents comprise cash balances and call deposits with a maturity of less than or equal to three months from the date of acquisition. The carrying value of cash and cash equivalents approximates fair value.

a. Cash and cash equivalents

<i>In thousands of AUD</i>	2024	2023
Bank balances	1,434	5,701
Cash and cash equivalents in the statement of cash flows	<u>1,434</u>	<u>5,701</u>

b. Reconciliation of cash flows from operating activities

<i>In thousands of AUD</i>	2024	2023
Cash flows from operating activities		
Loss for the year	(60,040)	(11,338)
Adjustments for:		
Profit on sale of plant and equipment	(243)	-
Non-refundable deposit received	(1,000)	-
Depreciation	409	445
Impairment expense	52,822	-
Unwinding of the discount on provisions	878	-
Interest expense - borrowings	9	-
Interest expense – lease	6	9
Equity-settled share-based payment transactions	67	339
Operating loss before changes in working capital and provisions	<u>(7,092)</u>	<u>(10,545)</u>
Change in trade and other receivables	630	120
Change in trade payables and employee benefits	(750)	163
Net cash used in operating activities	<u>(7,212)</u>	<u>(10,262)</u>

Notes to the consolidated financial statements

4.2 Trade and other receivables

ACCOUNTING POLICY

Trade receivables are recognised initially at the value of the invoice sent to the counter-party and subsequently at the amounts considered recoverable (amortised cost). Where there is evidence that the receivable is not recoverable, it is impaired with a corresponding charge to the profit or loss statement. The Group's exposure to credit risk in relation to its receivables is not material.

Current

In thousands of AUD

Goods and services tax receivable
Other receivables
Other assets and prepayments

	2024	2023
Goods and services tax receivable	75	283
Other receivables	141	103
Other assets and prepayments	341	399
	<u>557</u>	<u>785</u>

4.3 Trade and other payables

ACCOUNTING POLICY

Trade payables are recognised at the value of the invoice received from a supplier or service provider.

In thousands of AUD

Trade payables
Other payables

	2024	2023
Trade payables	449	617
Other payables	785	974
	<u>1,234</u>	<u>1,591</u>

Notes to the consolidated financial statements

Section 5 – Equity and Funding

This section focuses on the debt and equity funding available to the Group at year end, most notably covering share capital and loans and borrowings.

5.1 Capital and reserves

ACCOUNTING POLICY

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share capital

<i>In thousands of shares</i>	Ordinary shares	
	2024	2023
Ordinary shares		
Fully paid	3,713,535	3,404,031
Total share capital on issue at 30 June	<u>3,713,535</u>	<u>3,404,031</u>
Movements in ordinary shares on issue:		
On issue at 1 July	3,404,031	3,063,960
<i>Shares issued and expensed during the year:</i>		
Issued for cash (i)	300,000	340,071
Issued for cash from previous share placement (ii)	2,857	-
Issued for performance rights	6,647	-
On issue at 30 June	<u>3,713,535</u>	<u>3,404,031</u>

- (i) During the reporting period the Company issued 300,000,000 ordinary shares at an average of \$0.02 per share to raise approximately \$6,000,000. The capital raising incurred transaction costs of \$325,000 (excluding GST).

During the prior reporting period the Company issued 340,071,358 ordinary shares at an average of \$0.035 per share to raise \$11,903,000. The capital raising incurred transaction costs of \$401,000 (excluding GST).

- (ii) At the November 2023 AGM the shareholders approved the issue of 2,857,144 ordinary shares to the Directors of the Company to raise \$100,000 as part of the share placement undertaken in December 2022. These shares were issued at an average price of \$0.035 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Purpose of reserves

Share based payment reserve

The share-based payment reserve is used to record the fair value of equity benefits provided to directors and employees as part of their remuneration.

Notes to the consolidated financial statements

5.2 Lease Liabilities

ACCOUNTING POLICY

Recognition and measurement

The Group has lease contracts for office space usage and IT office equipment with lease terms of five years.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As at 30 June 2024 lease liabilities have a remaining lease term of five years or less and were determined using an effective interest rate of 2%.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

<i>In thousands of AUD</i>	2024	2023
Balance at 30 June	372	519
Cash repayments	(160)	(156)
Interest (note 2.4)	6	9
Balance at 30 June	218	372

<i>In thousands of AUD</i>	2024	2023
Current lease liabilities	161	154
Non-current lease liabilities	57	218
	218	372

5.3 Capital management

Capital consists of ordinary share capital, retained earnings, reserves and net debt. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may issue new shares or allow employees to participate in a share rather than cash bonus scheme.

The Group management defines net debt as total borrowings less cash and cash equivalents (note 4.1) and equity as the sum of share capital, reserves and retained earnings as disclosed in the Statement of Financial Position.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the consolidated financial statements

Section 6 – Other Disclosures

The disclosures in this section focus on share based schemes in operation and financial risk management of the Group. Other mandatory disclosures, such as details of related party transactions, can also be found here.

KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

Share-based payments

Share-based payments recorded for performance rights are subject to estimation as they are calculated using the Black-Scholes option pricing model, which is based on significant assumptions such as volatility, dividend yield, expected term and forfeiture rate.

6.1 Share-based payments arrangements

ACCOUNTING POLICY

The grant date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

<i>In thousands of AUD</i>	2024	2023
Performance rights expense	63	277
Options expense (a)	4	62
Total expenses recognised as employee costs	<u>67</u>	<u>339</u>

- (a) The options expensed in 2024 were issued on 11 April 2024 and will be expensed to their vesting date of 1 April 2027.

Share Options

The fair values at grant date of options are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

Notes to the consolidated financial statements

6.1 Share-based payments arrangements (continued)

Share Options (continued)

Set out below is a summary of the options granted during the year:

<i>In thousands of AUD</i>	Average exercise price per option \$	Number of options
As at 1 July 2023	0.060	7,000,000
Granted during the year	0.003	15,000,000
Exercised during the year	-	-
Lapsed during the year	0.130	(1,000,000)
As at 30 June 2024	0.022	<u>21,000,000</u>
Vested and exercisable at 30 June 2024	0.045	<u>6,000,000</u>

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

Issue date	Vesting and exercise date	Expiry date	Exercise price \$	Value per option at issue date \$	Number of shares
3 Mar 2020	3 Mar 2023	3 Mar 2025	0.0400	0.010	3,000,000
3 Mar 2020	3 Mar 2023	3 Mar 2025	0.0500	0.009	3,000,000
11 Apr 2024	1 Apr 2027	31 Mar 2029	0.0105	0.003	5,000,000
11 Apr 2024	1 Apr 2027	31 Mar 2029	0.0123	0.003	5,000,000
11 Apr 2024	1 Apr 2027	31 Mar 2029	0.0140	0.003	5,000,000
					<u>21,000,000</u>

The weighted average remaining contractual life of share options outstanding at the end of the year was 3.59 years (2023: 1.50 years).

Performance rights

The board can decide to issue performance rights in relation to short-term performance incentives (STI) and long-term performance incentives (LTI) under the Incentive Performance Rights Plan (IPRP) approved by shareholders at the November 2022 AGM.

Long-Term Incentives (LTI)

2024

In the current year there were 3,468,208 performance rights offered to one participant with the following vesting conditions:

- i. Upon two years of continuous employment;
- ii. No significant safety issues during that two year period; and
- iii. Satisfactory individual performance during that two year period.

Notes to the consolidated financial statements

6.1 Share-based payments arrangements (continued)

Performance rights (continued)

2023

In the prior year there were 29,732,816 performance rights offered to participants with Key Performance Indicators (KPIs) being measured over a 24-month period commencing 1 July 2022 and ending 30 June 2024.

At the end of the performance period, it was determined that no performance rights were to be offered due to performance conditions not being met.

Each participant in the program was required to achieve the following KPIs in order to qualify for an LTI award:

- i. Total Shareholder Return – Absolute return from 1 July 2022 to 30 June 2024 benchmarked against ASX peers as per below list of peers – **not achieved**.
- ii. Resources – Adding to the current JORC Reserves at least 25,000 tonnes of high-grade reserve (>3%Ni) and adding to the current JORC Resources at least 30,000 tonnes of lower grade resource (<3%Ni) by 30 June 2024 – **not achieved**.
- iii. Black Swan Operations – Black Swan Operations needs to be in production by June 2024 - **not achieved**.

TSR – Peer group companies based on metal and market cap

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

The outstanding performance rights at the end of the current year were:

Tranche	Invitation Date	Fair Value at Invitation Date \$	Opening balance	Estimated number of Performance Rights			Closing balance
				Granted/ Offered	Satisfied by allotment of shares	Net change other ²	
BS Management	4 Dec 23	0.017	-	3,468,208 ³	-	-	3,468,208
TSR - 2023	21 Dec 22	0.022	14,866,408	-	-	(14,866,408)	-
Resources - 2023	21 Dec 22	0.038	7,433,204	-	-	(7,433,204)	-
BSO - 2023	21 Dec 22	0.038	7,433,204	-	-	(7,433,204)	-
Resources – 2022	15 Dec 21	0.087	4,559,554	-	(2,078,164)	-	2,481,390 ¹
Resources – 2022a	28 Feb 22	0.094	1,097,940	-	(1,097,940)	-	-
TSR – 2021	31 Mar 21	0.057	3,193,655	-	(3,193,655)	-	-
Cost savings – 2021	31 Mar 21	0.057	276,989	-	(276,989)	-	-
			38,860,954	3,468,208	(6,646,748)	(29,732,816)	5,949,598

¹ The vesting conditions attached to these performance rights have been met, approved by the Board and granted to the participant with a three-year exercise period.

² The performance conditions for these performance rights were not achieved and as a result have been forfeited.

³ This is the actual number of performance rights that have been offered based on the volume weighted average price (VWAP) of the Company's shares over a 20-day trading period up to the invitation date.

Notes to the consolidated financial statements

6.1 Share-based payments arrangements (continued) *Performance rights (continued)*

Fair value of performance rights and options granted

Performance rights and options issued are valued using the Black Scholes option pricing model or the Monte-Carlo Simulation model that takes into account the term of the performance rights or options, the share price at invitation date and expected volatility of the underlying right, the expected dividend yield, the risk-free rate for the term of the right and the correlations and volatilities of the peer group companies. The model inputs for the performance rights and options granted during the year include:

Performance Rights

	Total Shareholder Return
Invitation date	4-Dec-2023
Share price at invitation	\$0.017
Fair value at invitation	\$0.017
Volatility	70%
Expected dividend	Nil
Risk-free rate	4.1%
Performance period	12 December 2023 to 12 December 2025
Test date	12 December 2025

Options

	POSOPT05	POSOPT06	POSOPT07
Issue date	11-Apr-2024	11-Apr-2024	11-Apr-2024
Number of options issued	5,000,000	5,000,000	5,000,000
Issue date share price	\$0.006	\$0.006	\$0.006
Exercise price	\$0.0105	\$0.0123	\$0.0140
Volatility	85%	85%	85%
Expiry date	31-Mar-2029	31-Mar-2029	31-Mar-2029
Expected dividend	Nil	Nil	Nil
Risk-free rate	3.67%	3.67%	3.67%

Notes to the consolidated financial statements

6.2 Financial risk management

ACCOUNTING POLICY

Classification of financial instruments

The financial assets and liabilities of the Group are classified into the following financial statement captions in the Statement of Financial Position in accordance with AASB 9 Financial Instruments:

- ‘Financial assets at fair value through other comprehensive income;
- ‘Financial assets/ financial liabilities at fair value through profit or loss’ – separately disclosed as derivative financial instruments in assets/liabilities and included in non-current other payables; and
- ‘Financial assets/ financial liabilities measured at amortised cost’ – separately disclosed as borrowings and trade and other payables.

Judgement is required when determining the appropriate classification of the Group’s financial instruments. Details on the accounting policies for measurement of the above instruments are set out in the relevant note.

Recognition and de-recognition of financial assets and liabilities

The Group recognises a financial asset or liability when it becomes a party to the contract. Financial instruments are no longer recognised in the Statement of Financial Position when contractual cash flows expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument.

Overview

The Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group’s exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The board has established the Audit and Risk Management Committee which is responsible for developing and monitoring the Group’s risk management policies. The committee reports regularly to the board on its activities.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Audit and Risk Management Committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

Investments, banks and financial institutions

The Group limits its exposure to credit risk by only transacting with high credit quality financial institutions. The Group had cash and cash equivalents of \$1,434,000 (2023: \$5,701,000), a security deposit of \$3,500,000 (2023: \$3,500,000) and other assets that were held with bank and financial institution counterparties which are rated A to AA-, based on Standard and Poor’s ratings.



Notes to the consolidated financial statements

6.2 Financial risk management (continued)

Trade and other receivables

As the Group operates in the mining exploration sector, the Group generally does not have trade receivables (only interest income, fuel tax and GST), therefore is not generally exposed to credit risk in relation to trade receivables. The Group however, provides security deposits as part of its exploration activities which exposes the Group to credit risk.

Presently, the Group undertakes exploration and evaluation activities exclusively in Australia. At the reporting date there are generally no significant concentrations of credit risk. As the Group has no sales revenue there are no financial assets past due and there is no management of credit risk through performing an aging analysis, therefore an aging analysis has not been disclosed.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also manages liquidity risk by producing monthly cash-flow forecasts for the current and future financial year to ensure that there is a clear and up-to-date view of the short term to medium term funding requirements. These are regularly reviewed by management and the board where the implications on funding requirements and the possible sources of those funds are discussed, decisions taken when necessary and action taken to secure funding if required.

The Group manages liquidity risk by maintaining adequate reserves through continuous monitoring of forecast and actual cash flows. The Group has a policy of raising both debt and equity fundraising in order to manage its liquidity risk.

The following are the earliest contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated

30 June 2024

<i>In thousands of AUD</i>	Carrying amount	6 months or less	Contracted			More than 5 years
			6-12 months	1-2 years	2-5 years	
Trade and other payables	1,234	1,234	-	-	-	-
Loans and borrowings	109	115	-	-	-	-
Lease liabilities	218	81	83	57	-	-
	1,561	1,430	83	57	-	-

Consolidated

30 June 2023

<i>In thousands of AUD</i>	Carrying amount	6 months or less	Contracted			More than 5 years
			6-12 months	1-2 years	2-5 years	
Trade and other payables	1,591	1,591	-	-	-	-
Lease liabilities	372	79	81	164	57	-
	1,963	1,670	81	164	57	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the consolidated financial statements

6.2 Financial risk management (continued)

Market risk (continued)

(a) Currency risk

The functional currency of the entities within the Group is the Australian dollar (AUD). During the year the Group had no exposure to foreign currency risk.

(b) Interest rate risk

The Group is exposed to interest rate risk due to variable interest being earned on its interest-bearing bank accounts. The Group adopts a policy of periodically reviewing interest rates to ensure the Group is earning the optimal interest income.

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

<i>In thousands of AUD</i>	2024	2023
Fixed rate instruments		
Lease liabilities	218	372
Loans and borrowings	109	-
<i>In thousands of AUD</i>		
Variable rate instruments		
Cash and cash equivalents	1,434	5,701
Security deposits – environmental bond	3,500	3,500

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss.

Cash flow sensitivity analysis for variable rate instruments

As at 30 June 2024 and 2023 a sensitivity analysis has not been disclosed in relation to the floating interest deposits as the results have been determined to be immaterial to the Statement of Profit or Loss and Other Comprehensive Income.

(c) Equity price risk

As at 30 June 2024 the Group is not exposed to any equity price risk on its financial liabilities and equity investments. The Group has no policy for mitigating potential adversities associated with its own equity price risk given its dependence on market fluctuations. In relation to equity price risk arising on other investments balances, the Group regularly reviews the prices to ensure a maximum return.

Fair values

The Group considers that the carrying amount of financial assets and liabilities recorded in the financial statements represents or approximate their respective fair values.

Notes to the consolidated financial statements

6.3 Related parties

The key management personnel compensation included in 'personnel expenses' (note 2.3) and 'share based payments' (note 6.1), is as follows:

<i>In thousands of AUD</i>	2024	2023
Short-term employee benefits	1,423	2,270
Other long-term benefits	85	146
Post-employment benefits	143	113
Share-based payments	48	293
Termination benefits	124	-
	1,823	2,822

Individual directors and executives compensation disclosures

Information regarding individual directors and executive's remuneration and some equity instruments disclosures as required by S300A of the Corporations Act and Corporations Regulations 2M.3.03 are provided in the Remuneration report section of the Directors' report in section 8.3.

Apart from the details disclosed in this note, no director or executive has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

6.4 Group entities

Significant subsidiaries

Parent entity	Country of incorporation	Ownership interest	
		2024	2023
Poseidon Nickel Limited			
Significant subsidiaries			
Poseidon Nickel Atlantis Operations Pty Ltd	Australia	100%	100%
Western Nickel Limited	Australia	100%	100%

In the financial statements of the Group, investments in subsidiaries are measured at cost. The Group has no jointly controlled entities.

6.5 Auditor's remuneration

<i>In AUD</i>	2024	2023
Audit services		
Auditors of the Group – KPMG		
Audit and review of financial reports	104,500	78,350

Notes to the consolidated financial statements

6.6 Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2024 the parent company of the Group was Poseidon Nickel Limited.

<i>In thousands of AUD</i>	2024	2023
Results of the parent entity		
Loss for the year	(60,040)	(11,338)
Total comprehensive loss for the year	(60,040)	(11,338)
Financial position of the parent entity at year end		
Current assets	1,991	6,486
Total assets	86,850	141,344
Current liabilities	1,608	3,158
Total liabilities	65,015	65,311
Total equity of the parent entity comprising of:		
Share capital	282,494	276,573
Share based payments reserve	901	980
Accumulated losses	(261,560)	(201,520)
Total equity	21,835	76,033
Exploration expenditure commitments of the parent		
Less than one year	1,672	1,627
Between one and five years	5,606	6,140
More than five years	5,049	6,000
	12,327	13,767

6.7 Subsequent events

Subsequent to year end the Company raised \$1.4 million via a pro rata non-renounceable rights issue. Eligible shareholders were offered the opportunity to acquire one new share for every three shares held at an issue price of \$0.003 per share together with one free attaching option for every three new shares subscribed for and issued with an exercise price of \$0.006.

On 31 July 2024 the Company announced it had entered into an agreement with Encore Minerals to develop the gold and nickel tailings at the Windarra Tailings Project. Under the agreement Encore Minerals is responsible for the funding, development, operation, closure and rehabilitation of the project, subject to various conditions precedent and milestones being met. As part of the agreement, the Company will receive a total of \$1.25 million in cash, a Net Smelter Return royalty of 3% on production and \$1.6 million towards the existing rehabilitation bond.

On 2 September 2024 the Company announced that it had terminated an agreement with Mt Morgans WA Mining Pty Ltd (Mt Morgans), a wholly owned subsidiary of Genesis Minerals Limited, for Mt Morgans to undertake a processing trial of up to 100,000 tonnes of Lancefield gold tailings and access up to 2.5GL of water per annum from the South Windarra open pit over a five year period, as certain conditions precedent were not satisfied or waived by the parties in the required time. This event did not have an impact on the financial statements.

6.8 New Accounting Standards and Interpretations adopted from 1 July 2023

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the Group and effective for annual reporting periods beginning on or after 1 July 2023 and has determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies.

End of Notes to the Consolidated Financial Statements



Consolidated entity disclosure statement

The Consolidated Entity Disclosure Statement has been prepared in accordance with the Corporations Act 2001 and includes required information for each entity that was part of the consolidated entity as at the end of the financial year.

Section 295 (3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

Entity Name	Entity Type	Country of incorporation	% of share capital	Tax residency	Foreign Jurisdiction
Poseidon Nickel Limited	Body corporate	Australia	N/A	Australian	N/A
Poseidon Nickel Atlantis Operations Pty Ltd	Body corporate	Australia	100	Australian	N/A
Western Nickel Limited	Body corporate	Australia	100	Australian	N/A

End of Consolidated Entity Disclosure Statement

Directors' declaration

1. In the opinion of the directors of Poseidon Nickel Limited (the Company):
 - (a) the consolidated financial statements and notes that are set out on pages 28 to 58 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The information disclosed in the attached consolidated entity disclosure statement is true and correct.
3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer for the financial year ended 30 June 2024.
4. The directors draw attention to note 1.1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Mr P Harold
Non-Executive Chairman

Perth
20 September 2024



Independent Auditor's Report

To the shareholders of Poseidon Nickel Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Poseidon Nickel Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2024;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated Entity Disclosure statement and accompanying basis of preparation as at 30 June 2024;
- Notes including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for Opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note 1.2, “Going Concern” in the financial report. The conditions disclosed in Note 1.2 indicate a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group’s assessment of going concern.

Our approach to this involved:

- Assessing the Group’s cash flow forecasts for incorporation of the Group’s operations and plans to address going concern, in particular in light of the history of loss making operations;
- Evaluating the feasibility, quantum and timing of the Group’s plans to raise additional funds to address going concern; and
- Determining the completeness of the Group’s going concern disclosures for the principle matters casting significant doubt on the Group’s ability to continue as a going concern, the Group’s plans to address these matters, and the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Carrying value of Exploration and Evaluation Assets (\$56.828 million)

Refer to Note 3.1 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 3.1 to the financial report, the Group has concluded that there were indicators of impairment of the Black Swan, Windarra and Lake Johnston Cash Generating Units (CGUs) given the decline in nickel prices and the deficiency of the Group’s market capitalisation compared to its net assets. As a result, and in accordance with the accounting standards, the Group is required to assess the recoverable amount of each CGU.</p> <p>The assessment of the carrying value of exploration and evaluation assets is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of balance (being 65% of total assets); 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the Group’s assessment of impairment indicators including the conclusions reached against the criteria in the accounting standards; • Working with our specialists, we considered the appropriateness of the Group’s use of the valuation method for the assessment of the carrying value of exploration and evaluation assets; • We evaluated the Group’s assessment of the recoverable amount of exploration and evaluation assets with reference to our knowledge of the Group, our industry experience and current market conditions;

<ul style="list-style-type: none"> • The judgement exercised by the Group in applying the fair value less costs of disposal valuation (FVL COD) method to estimate the value of the Group's exploration and evaluation assets contained within each CGU (the valuation). We focused on the key assumptions within this valuation including the existence of mineral resources and the implied trading resource multiples of comparable companies. The Group's valuation is highly sensitive to small changes in these key assumptions; and • The Group recorded an impairment charge of \$52.822 million on the carrying value of exploration and evaluation assets during the year, increasing our focus in this area. <p>We involved valuation specialists to assist our senior audit team members in assessing this key audit matter.</p>	<ul style="list-style-type: none"> • Working with our specialists, we assessed the appropriateness of the list of comparable companies used by the Group in the valuation applying our knowledge of the Group and our industry experience; • We checked the estimate of mineral resources and implied trading resource multiples of comparable companies used in the Group's valuation to publicly available information; • We compared the mineral resource estimates prepared by the Group's internal and external experts to those used in the Group's valuation; and • We recalculated the impairment charge against the amount disclosed and assessed the Group's disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.
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Other Information

Other Information is financial and non-financial information in Poseidon Nickel Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Corporate Directory, Director's Report and ASX Additional Information. The Chairman and Managing Director's Report, Operations and Project Studies Report, Exploration Report, Strategy Report and Environmental, Social and Governance Report is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group, and in compliance with Australian Accounting Standards and the Corporations Regulations 2001
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of



the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Poseidon Nickel Limited for the year ended 30 June 2024 with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 17 to 24 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Ryan Hastie

Partner

Perth

20 September 2024





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 audit of Poseidon Nickel Limited for the financial year ended 30 June 2024 there have been:

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

KPMG

Ryan Hastie

Partner

Perth

20 September 2024

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The shareholder information set out below was applicable as at 19 September 2024.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security	
	Number of Holders	Fully Paid Ordinary Shares
1 – 1,000	234	76,021
1,001 – 5,000	556	2,176,926
5,001 – 10,000	1,542	12,822,304
10,001 – 100,000	6,095	256,982,853
100,001 and over	3,778	3,931,817,388
	12,205	4,203,875,492

There were 9,358 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
Edison Metals Pty Ltd	363,878,823	8.66
Ms Danielle Sharon Tudehope	117,000,000	2.78
Citicorp Nominees Pty Limited	98,309,564	2.34
HSBC Custody Nominees (Australia) Limited	84,962,781	2.02
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client>	68,004,854	1.62
Mr Kenneth Joseph Hall <Hall Park A/C>	63,000,000	1.50
Farjoy Pty Ltd	58,477,538	1.39
BNP Paribas Nominees Pty Ltd ACF <Clearstream>	56,574,410	1.35
McNeil Nominees Pty Ltd	47,133,334	1.12
Erceg Enterprises Pty Ltd	37,333,334	0.89
Finclear Services Pty Ltd <Superhero Securities A/C>	29,900,420	0.71
Mr Andrew Richard Jackson Ball	25,075,742	0.60
Mr Frank Hepburn	25,000,000	0.59
Mr Stephen David Veale & Ms Vicki Lynn Graf & Mr David Veale <Deadly Superfund>	23,430,439	0.56
BNP Paribas Noms Pty Ltd	23,300,886	0.55
Mr Gilbert Calvin Giles	23,000,000	0.55
Mr Michael Stewart	22,000,000	0.52
Mr Andrew Zorko	21,552,299	0.51
Mr Michael John Stewart & Mrs Katrina Elizabeth Stewart <Mana Ataahua Super Fund A/C>	20,915,188	0.50
Lamerton Pty Ltd <Macs Super Fund A/C>	20,000,000	0.48
Total	1,228,849,612	29.24

ASX additional information

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
Black Mountain Metals Pty Ltd	363,878,823	8.66

D. Unquoted equity security holders (as at 19 September 2024)

	Number held
Unlisted Options	
- exercisable at \$0.0375 and expiring 3 March 2025	3,000,000
- exercisable at \$0.0525 and expiring 3 March 2025	3,000,000
- exercisable at \$0.006 and expiring 3 September 2026	163,447,197
- exercisable at \$0.0105 and expiring 31 March 2029	5,000,000
- exercisable at \$0.0123 and expiring 31 March 2029	5,000,000
- exercisable at \$0.0140 and expiring 31 March 2029	5,000,000

E. Voting Rights

Ordinary shares

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- (a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote per share, but in respect of Partly Paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

ASX additional information

F. Schedule of Tenements

Areas of Interest	Tenements	Economic Entity's Interest
Western Australia		
- Windarra Nickel Assets	M261SA, G38/21, L38/121, L39/184, L38/199, L38/218, L39/221	100%
- Windarra South	L38/119, L38/122, L38/220	100%
- Woodline Well	M39/1075, L39/224	100%
- Pool Well	M38/1244, M38/1245, L38/118	100%
- Lake Johnston Nickel Assets	G63/8, G63/5, L63/51, L63/52, L63/55, L63/57, M63/163, M63/282, M63/283, M63/284, M63/292, M63/293, M63/294, M63/522, M63/523, M63/524, E63/1784 (80% interest), E63/2244 (farm-in), E63/2256 (farm-in)	100% (except for E63/1784, E63/2244, E63/2256)
- Black Swan Nickel Assets	G27/2, M27/39, M27/200, M27/214, M27/216, L27/57, L27/58, L27/59, L27/74, L27/75, L27/77, L27/78, L27/95, L27/96, L24/219, L24/222	100%

E = Exploration Licence, M = Mining Lease, MSA = Mining Tenement State Act, G = General Purpose Lease,
L = Miscellaneous Licence



ASX additional information

G. Nickel Projects Mineral Resource Statement

Nickel Sulphide Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY															
			MEASURED				INDICATED				INFERRED				TOTAL			
			Tonnes (Kt)	Ni% Grade	Ni Metal (t)	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	0.4%	800	0.78	7,000	15,100	0.73	111,000	10,400	0.69	71,000	26,300	0.72	189,000	0.02	4,000	0.03	7,900
Silver Swan	2012	1.0%	-	-	-	138	9.00	12,450	8	6.00	490	146	8.80	12,940	0.16	240	0.36	530
Golden Swan	2012	1.0%	-	-	-	112	4.70	5,200	48	2.20	1,050	160	3.90	6,250	0.08	120	0.30	480
Silver Swan Tailings	2012	NA	675	0.92	6,200	-	-	-	-	-	-	675	0.92	6,200	0.07	460	0.04	270
Stockpiles	2012	0.4%	-	-	-	1,200	0.49	5,900	400	0.53	1,900	1,600	0.50	7,800	NA	NA	NA	NA
LAKE JOHNSTON PROJECT																		
Maggie Hays	2012	0.8%	-	-	-	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	0.9%	-	-	-	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	0.8%	-	-	-	722	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	-	NA	-
TOTAL																		
Total Ni, Co, Cu Resources	2004 & 2012		1,475	0.84	13,200	23,600	0.98	233,500	17,000	1.03	176,000	42,100	1.00	422,700	0.02	7,800	0.05	18,300

Note: totals may not sum exactly due to rounding. NA = Information Not Available from reported resource model.

- **Black Swan Resource** as at 7 June 2023 (see ASX announcement "Updated Resource provides more Nickel at Black Swan" released 7 June 2023)
- **Silver Swan Resource** as at 27 April 2022 (see ASX announcement "Updated Silver Swan Resource underpins significant increase in high-grade Indicated resource base" released 27 April 2022)
- **Golden Swan Resource** as at 27 October 2021 (see ASX announcement "Golden Swan Maiden Resource" released 27 October 2021).
- **Silver Swan Tailings Resource** as at 15 September 2021 (see ASX announcement "Silver Swan Tailings – Maiden Resource Estimate" released 15 September 2021)
- **Stockpile Resource** as at 22 July 2014 (see ASX announcement "Poseidon Announces Black Swan Mineral Resource" released 4 August 2014)
- **Maggie Hays Resource** as at 17 March 2015 (see ASX announcement "50% Increase in Indicated Resource at Lake Johnston" released 17 March 2015)
- **Mt Windarra Resource** as at 7 November 2014 (see ASX announcement "Poseidon Announces Revised Mt Windarra Resource" released 7 November 2014)
- **South Windarra and Cerberus Resource** as at 30 April 2013 (see ASX announcement "Resource Increase of 25% at Windarra Nickel Project" released 1 December 2011)

ASX additional information

H. Nickel Reserves Statement

Nickel Sulphide Reserves	JORC Compliance	Proved/Probable	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Co % Grade	Co Metal (t)	Cu % Grade	Cu Metal (t)
Black Swan	2012	Proved	579	0.7	4.2	NA	NA	NA	NA
		Probable	2,608	0.7	17.7	NA	NA	NA	NA
Silver Swan	2012	Proved	-	-	-	NA	NA	NA	NA
		Probable	179	5.0	9.0	NA	NA	NA	NA
Golden Swan	2012	Proved		-	-	NA	NA	NA	NA
		Probable	100	4.0	4.0	NA	NA	NA	NA
		Proved	579	0.7	4.2	NA	NA	NA	NA
		Probable	2,887	1.1	30.7	NA	NA	NA	NA
Total Ni Reserves	2012	Total	3,466	1.0	34.9	NA	NA	NA	NA

Note: totals may not sum exactly due to rounding. NA = Information Not Available from reported resource model.

- Black Swan Reserve, Silver Swan Reserve and Golden Swan Reserve as at 21 November 2022 (see ASX announcement "Positive Black Swan Feasibility Study" released 21 November 2022)
- The Company is not aware of any new information or data that materially affects the information in the relevant market announcements. All material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

ASX additional information

I. Gold Projects Ore Resource Statement

Windarra Gold Tailings Project North and South Dams Mineral Resource – JORC 2012 Tabulation							
INDICATED							
	Tonnes (t)	AU (g/t)	Au (oz)	Ag (g/t)	As (ppm)	CU (ppm)	Ni (ppm)
North Dam	3,902,000	0.78	98,000	1.9	1,805	365	975
South Dam	850,000	0.50	14,000	0.6	645	355	2,533
Total	4,752,000	0.73	112,000	1.7	1,600	363	1,250

Windarra Gold Tailings Project Central Dam Mineral Resource – JORC 2012 Tabulation						
INDICATED						
	Tonnes (t)	AU (g/t)	Au (oz)	As (ppm)	CU (ppm)	Ni (%)
Central	6,198,000	0.37	74,000	435.0	270	0.3

Lancefield Gold Tailings Mineral Resource – JORC 2012 Tabulation							
INDICATED AND INFERRED							
	Tonnes (t)	AU (g/t)	Au (oz)	Ag (g/t)	As (ppm)	Cu (ppm)	Ni (ppm)
Indicated	1,210,084	1.27	49,278	3.61	2,789	314	70
Inferred	337,964	1.20	13,063	3.48	2,951	269	57
Total	1,548,048	1.23	62,341	3.58	2,824	304	67

Windarra Gold Tailings North and South Dams Resource: no cut-off grade has been used to report the resource, as potential mining method dictates removal of the entire dams. a dry bulk in situ density of 1.6 t/m³ has been used to derive tonnages. resource numbers in the above table may not sum exactly due to rounding.

Windarra Gold Tailings central Dam Resource: No cut-off grade has been used to report the resource, as the potential mining method dictates removal of the entire dam down to a specified elevation. The mineralisation has been reported above a flat elevation of 446 mRL; there are tailings below this level but these have been shown by drilling to contain no gold, and it is anticipated that the proposed mining method will not treat material below this elevation. A dry bulk in situ density of 1.6 t/m³ has been used to derive tonnages. Resource totals may not sum exactly due to rounding.

Windarra Gold Tailings Resource as at 22 June 2020 (see ASX announcement "Gold Tailings Resource at Windarra updated to JORC 2012 Indicated" 22 Jun 2020).

Lancefield Gold Tailings Resources as at 23 July 2021 (see ASX Announcement "Windarra Gold Tailings DFS Highlights Robust Project" 23 July 2021).