

QUARTERLY REPORT 31 DECEMBER 2024

• Proposed merger of Poseidon Nickel and Horizon Minerals

- On 24 October 2024 Poseidon Nickel Limited (ASX: POS), (**Poseidon** or “the **Company**”) and Horizon Minerals Limited (ASX:HRZ) (**Horizon**) entered into a Scheme Implementation Deed under which Horizon proposes to acquire 100% of the fully paid ordinary shares (**Poseidon Shares**) in Poseidon and 100% of the unlisted Poseidon options under the code POSAAB (**Poseidon Options**) by way of Schemes of Arrangement (**Schemes**)
- On 23 December 2024 the Supreme Court of Western Australia granted orders directing Poseidon to convene the Scheme Meetings and dispatch the Scheme Booklet
- On 2 January 2025 the Company dispatched the Scheme Booklet to shareholders and optionholders
- The Scheme Booklet includes the advantages and disadvantages of voting for/against the Schemes, plus the risks that may affect the combined group and if the Schemes do not proceed
- The Company urges shareholders and optionholders to read the Scheme Booklet in full before considering to vote on the Schemes
- Pursuant to the Scheme Booklet:
 - each holder of Poseidon Shares will receive 0.1156 Horizon shares for every 1 Poseidon Share held; and
 - each holder of Poseidon Options will receive 0.1156 new Horizon options to acquire Horizon Shares for every 1 Poseidon Option held,subject to a majority of Poseidon shareholders and optionholders voting in favour of Schemes
- The proposed conversion of the Black Swan plant to gold processing can provide a significantly faster, lower capital cost pathway to gold production compared to building a new gold processing plant in the region¹
- The combined entity will assess the best pathway forward to deliver shareholder value from Poseidon’s strategically positioned and permitted Lake Johnston and Windarra assets
- **The POS independent board members recommend all shareholders and optionholders vote in favour of both the Share Scheme and the Option Scheme**
- Both scheme meetings to be held on Friday, 31 January 2025 and subject to a majority of Poseidon securityholders voting in favour, Schemes will be implemented mid-February 2025

¹ The proposed refurbishment and conversion of the Black Swan processing plant is subject to completion of a feasibility study. The proposed feasibility study involves certain risks and uncertainties including as to the assurance of any potential economic scenario or study outcomes. These factors are beyond the control of the post-merger Company and its Directors. Whilst the post-merger Company will seek to ensure all material assumptions will be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of possible study outcomes will ever materialise or be achieved.

- **Gold potential at Black Swan further defined**
 - Infill Ultrafine+ soil program (~200m by 40m grid pattern) results have refined three promising gold in soil trends named the Wilson's, Wattle and Ellison anomalies¹
 - The Wilson's soil anomaly has now doubled its size to 2.5km by 1.5km (peak value 79ppb Au) and the anomaly remains open to the southeast:
 - Anomaly extents capture the locations of previously reported gold nuggets, anomalous quartz veins (grading up to 1.25g/t Au) and several historical gold drill intersections returning >1g/t Au^{2,3,4}
 - The north-west trend of the soil anomaly appears to crosscut the geological units in the area, thus potentially mapping a gold bearing structure beneath
- **Copper-Gold targets at Lake Johnston**
 - Soil results define the Billy Ray Copper Gold Prospect, a 1.0km by 1.2km bullseye shaped Cu-Au anomaly, with peak coincident values of 71ppb Au and 141ppm Cu⁵
 - Within the Mantis tenement (E63/2244), soil results have extended the Norfolk Prospect Au anomaly to the east, which remains open ended
 - Planning for reconnaissance drilling at Billy Ray is progressing with flora surveys completed during the quarter
- **Prospective untested Lithium in soils anomaly at Lake Johnston**
 - Soil sampling across the Mantis tenement identified a large 2.3km by 3.4km lithium anomaly
 - Soil results included a maximum value of 495ppm Li₂O recovered from the centre of the anomaly with coincident rubidium (117ppm Rb), caesium (31ppm Cs) and tin (9ppm Sn)⁵
 - Anomaly extends south from outcropping lithium bearing pegmatites where composite rock chip samples have returned encouraging high grades from 2.80% to 3.85% Li₂O⁵
- **Windarra tailings project**
 - As announced on 31 July 2024, Poseidon entered into an agreement with Encore Minerals Pty Ltd (**Encore**) to develop the Windarra gold and nickel tailings project⁶
 - The agreement was subject to various conditions precedent, including due diligence by Encore. Parties have agreed all conditions precedent have been satisfied or waived
 - Encore Minerals is progressing with feasibility studies based on using its patented technology to process the gold tailings at Windarra and Lancefield
- **Corporate**
 - Company held cash and investments of \$0.9 million at 31 December 2024
 - During the quarter the Company entered into a \$2 million secured loan facility with Horizon (**Loan Facility**). As at 31 December 2024 the Company had drawn \$0.5 million to fund costs incurred to date progressing the Schemes process. Subsequent to the end of the quarter a further \$0.5 million was drawn on the facility

¹ Refer to ASX Announcement "Black Swan Gold Targets Expanded and Remain Open", dated 11 November 2024

² Refer to ASX Announcement "Further Validation of Gold Potential at Black Swan and Lake Johnston", dated 26 August 2024

³ Refer to ASX Announcement "Update on Gold Exploration Programs", dated 30 July 2024

⁴ Refer to ASX Announcement "Gold Potential Builds at Black Swan", dated 24 September 2024

⁵ Refer to ASX Announcement "Copper-Gold and Lithium Targets at Lake Johnston Enhanced", dated 8 October 2024

⁶ Refer to ASX Announcement "Poseidon Enters Agreement with Encore Minerals to Develop Windarra Tailings Project", dated 31 July 2024

The Company is pleased to provide a report on its activities and progress for the December quarter 2024.

CEO, Brendan Shalders, commented: *“During the December 2024 quarter, the Company took a new strategic direction with the proposed merger with Horizon Minerals Limited. This combination will consolidate Poseidon’s Black Swan processing infrastructure in the Kalgoorlie-Coolgardie districts with Horizon’s large proximal gold resources totalling 1.8Moz. Together the companies have the potential to form an emerging independent gold producer at a time when the gold price is at an all-time high. Further to this, if the Schemes are implemented, the combined group will have multi-commodity exposure (gold, nickel, silver, lithium and zinc) and hold a large exploration portfolio across the WA goldfields region.*

The Scheme Booklet was registered with ASIC on 24 December 2024 and dispatched to Poseidon share and option holders on 2 January 2025. The Scheme Booklet includes the advantages and disadvantages of voting for/against the Schemes and presents the risks that may affect the combined group and of the Schemes not proceeding. Poseidon recommends share and option holders read the Scheme Booklet in full before making a decision to vote for/against the Schemes.

The Independent Directors of Poseidon recommend share and option holders vote in favour of the Schemes. The Company believes that the business combination offers significant potential future upside and benefits of the Schemes provide compelling strategic rationale for the proposed Schemes⁷.

Over the quarter the Company was primarily focused on progressing the proposed merger, however greenfields soil sampling programs continued to progress the promising results that were achieved over the previous quarters across the portfolio.

During September 2024 the Company completed an infill sampling program at Black Swan focused on several gold in soil trends that were identified from the successful maiden reconnaissance gold soil program carried out in August 2024. Results from the infill sampling refined and expanded three promising gold in soil trends named the Wilson’s, Wattle and Ellison soil anomalies.

At Lake Johnston soil sampling results were released early October 2024 for the maiden wide spaced soil sampling program across the extent of the Mantis tenement (E63/2244). The program further defined the copper-gold anomaly at Billy Ray, extended the Norfolk gold target 500m East and identified a large 2.3km by 3.4km lithium anomaly which remains open to the west. With a maximum of 495ppm Li₂O, the lithium anomaly noted anomalous values commensurate to other anomalies previously reported by peer lithium explorers in the Lake Johnston region.⁸

Proposed Merger with Horizon Minerals Limited

Over 2024, the Company progressed a revised strategy of targeted exploration and business development, with a multi-commodity focus. This renewed focus has driven exploration success with gold targets identified across all three projects and resulted in the proposed merger with Horizon. Both the early-stage exploration success across Poseidon’s projects and proposed merger are expected to drive future value growth for Poseidon securityholders.

On 25 October 2024, Poseidon announced entry into a scheme implementation deed with Horizon under which Horizon proposes to acquire 100% of Poseidon Shares and 100% of Poseidon Options by way of Schemes of Arrangement (see ASX Announcement *“Poseidon and Horizon announce Merger Transaction”*, dated 25 October 2024).

⁷ The Scheme Booklet includes the advantages and disadvantages of voting for/against the Schemes and presents the risks that may affect the combined group and of the Schemes not proceeding. The Company recommends shareholders and optionholders read the Scheme Booklet in full prior to voting on the Schemes.

⁸ Refer to ASX Announcement *“Copper-Gold and Lithium targets at Lake Johnston enhanced”*, dated 8 October 2024.

On 23 December 2024 the Company announced the Supreme Court of Western Australia (**Court**) made orders (see ASX Announcement “*Grant of Court Orders Convening Scheme Meetings*” dated 23 December 2024):

- directing Poseidon to convene a meeting of its shareholders for the purpose of considering and to vote on the Share Scheme (defined below) (**Share Scheme Meeting**);
- directing Poseidon to convene a meeting of holders of Poseidon Options for the purpose of considering and to vote on the Option Scheme (defined below) (**Option Scheme Meeting**, and together with the Share Scheme Meeting, the **Scheme Meetings**); and
- approving the dispatch of an explanatory statement providing information (**Scheme Booklet**) about the Schemes together with the notices of the Scheme Meetings to holders of Poseidon Shares and Poseidon Options.

On 2 January 2025, Poseidon announced dispatch of the Scheme Booklet and personalised proxy forms to shareholders and optionholders (parties holding both share and options in Poseidon received two proxy forms for each respective holding and are recommended to vote separately for the respective Scheme Meetings) (see ASX Announcement “*Dispatch of Scheme Booklet*” dated 2 January 2025).

Pursuant to the terms of the Scheme Booklet:

- each holder of Poseidon Shares will receive 0.1156 Horizon shares for every 1 Poseidon Share held (**Share Scheme**); and
- each holder of Poseidon Options will receive 0.1156 new Horizon options to acquire Horizon Shares for every 1 Poseidon Option held (**Option Scheme**) (together, the **Schemes**),

subject to certain conditions including Poseidon shareholders and POS Optionholders voting in favour of Schemes.

The Schemes process timetable is presented below:

EVENT	DATE
Latest time and date for lodgement of completed proxy forms for the Scheme Meetings Share Scheme Meeting Option Scheme Meeting	11:00am (AWST) on 29 January 2025 12:00pm (AWST) on 29 January 2025
Time and date for determining eligibility to attend and vote at the Scheme Meetings Share Scheme Meeting Option Scheme Meeting	4:00pm (AWST) on 29 January 2025 4:00pm (AWST) on 29 January 2025
Scheme Meetings to be held at the Conference Room, Level 2, QV1, 250 St Georges Terrace, Perth, Western Australia	
Share Scheme Meeting	11:00am (AWST) on 31 January 2025
Option Scheme Meeting	The later of 12:00pm (AWST) or at the conclusion of the Share Scheme Meeting on 31 January 2025
If the Schemes are approved by the Requisite Majority of POS securityholders, the expected timetable for implementing the Schemes is:	
Second Court Date for approval of the Schemes	7 February 2025
Effective Date of the Schemes and last day of trading of Poseidon Shares on ASX	10 February 2025
Suspension of trading of Poseidon Shares on ASX	Close of trading on 10 February 2025

EVENT	DATE
Record Date for determining entitlements to the Scheme consideration	12 February 2025
Implementation Date for the issue of Scheme consideration to Scheme participants	19 February 2025
Termination of official quotation of Poseidon Shares	5:00pm (AWST) on 19 February 2025 (or as otherwise determined by ASX)

BLACK SWAN

Gold Potential Continues to Develop at Black Swan

As reported previously, the Black Swan project is situated in a geological setting favourable for gold mineralisation (refer to ASX Announcement “*Quarterly Report 30 September 2024*” dated 31 October 2024).

Over the second half of 2024 Poseidon completed a number of soil sampling programs which identified four gold in soil anomalies, see Figure 1. Further to this, the Company has also reported a number of gold occurrences at Black Swan including the discovery of gold nuggets, gold bearing rock chips and gold mineralisation in drilling intersections previously reported (refer to ASX Announcement “*Gold Potential Builds at Black Swan*” dated 24 September 2024). These gold occurrences have been reported within the extents of the most coherent gold anomaly named Wilson’s Prospect.

Black Swan has not previously been systematically evaluated for gold due to the historic nickel focus. Exploration works over 2024 have identified promising gold targets that have not previously been drill tested for gold mineralisation. Any future economic gold discovery will enhance the proposed gold processing conversion of Black Swan as is intended post the proposed merger with Horizon.

Gold in Soil Anomalies

During the previous quarter, the Company collected 326 soil samples infilling the initial soils program completed during August 2024 (refer to ASX Announcement “*Gold Potential Builds at Black Swan*”, dated 24 September 2024), bringing the total number of soil samples to 688. The soil samples infilled the existing lines to 200m by 40m spaced traverses over the three best gold in soil anomalies (Wilson’s, Ellison and Wattle). The program used the same UltraFine+ sampling method and analyses from LabWest providing a comprehensive suite of multi-element data.

The gold assay results from the infill soil sample program are presented in ASX Announcement “*Black Swan Gold Targets Expanded and Remain Open*” dated 11 November 2024, with each of the three anomalies tested returning higher and more consistent results (see Figure 1).

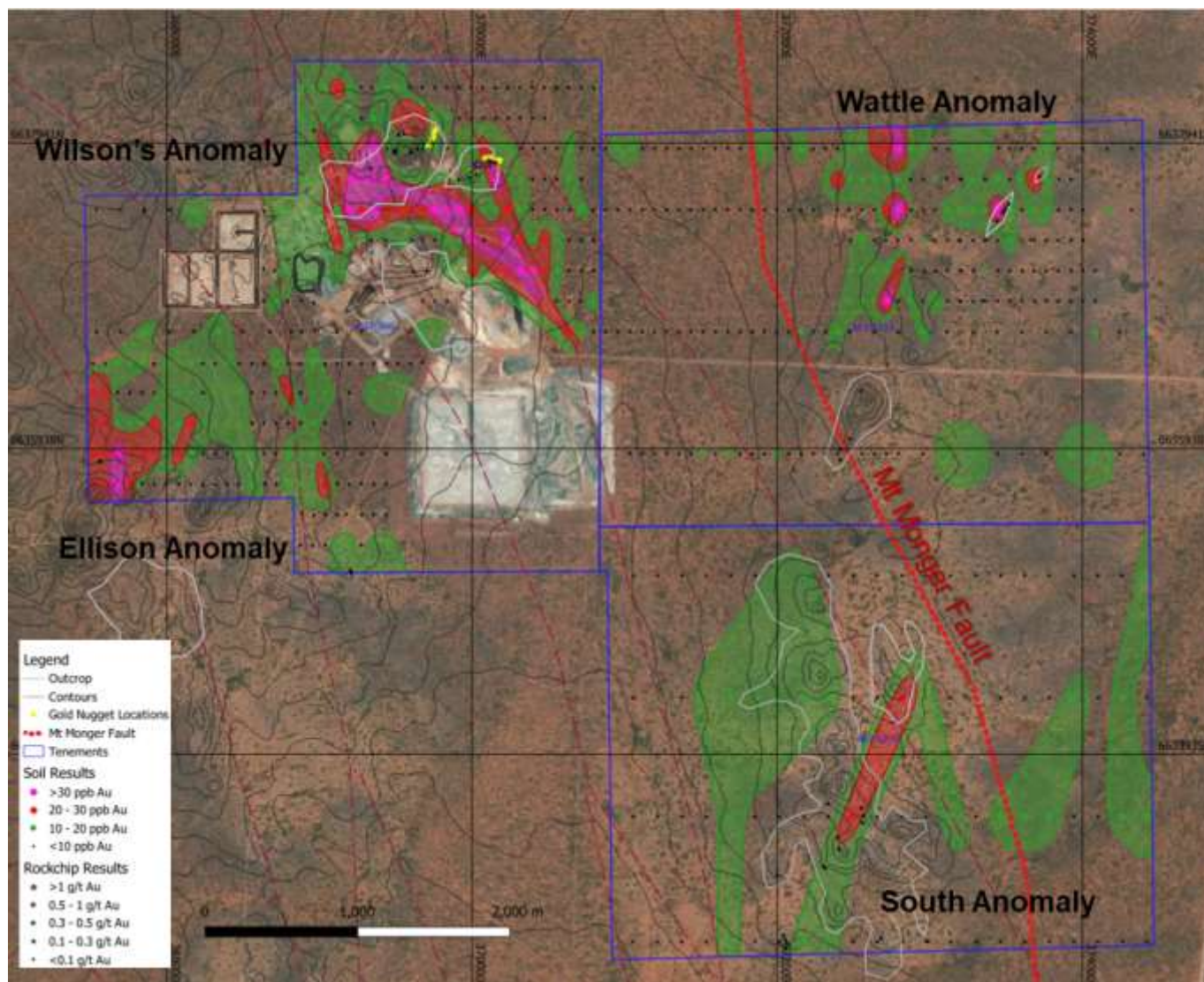


FIGURE 1: BLACK SWAN GOLD IN SOIL ANOMALIES (ALL SOIL SAMPLES)

Wilson’s Prospect

The strongest and most coherent anomaly is located at the Wilson’s Prospect, neighbouring the existing Black Swan nickel deposits and infrastructure. With the infill soil sampling the anomaly size has doubled to 2.5km by 1.5km, limited on the southern margin due to the lack of sampling in areas where previous mining activity has disturbed the ground.

The anomaly trends north-west at a low angle to the geological strike transecting the mine sequence from the felsic volcanic hangingwall, through the ultramafic and into the felsic volcanic footwall bounded to the east and west by the interpreted structures previously identified by the Outokumpu geologists (one of the previous owners of Black Swan). The soil anomaly peaks at 79ppb Au and encompasses the area where the previously reported gold nuggets, rock chip samples and anomalous drilling results are located (refer to ASX Announcement “Gold Potential Builds at Black Swan”, dated 24 September 2024).

The historic drilling focused on testing the basal contact of the Black Swan Komatiite for nickel located on the western margin of the Wilson’s gold in soil anomaly. Only 5% of all historical drillhole samples were assayed for gold, thus much of the Wilson’s Prospect remains untested (see Figure 2).

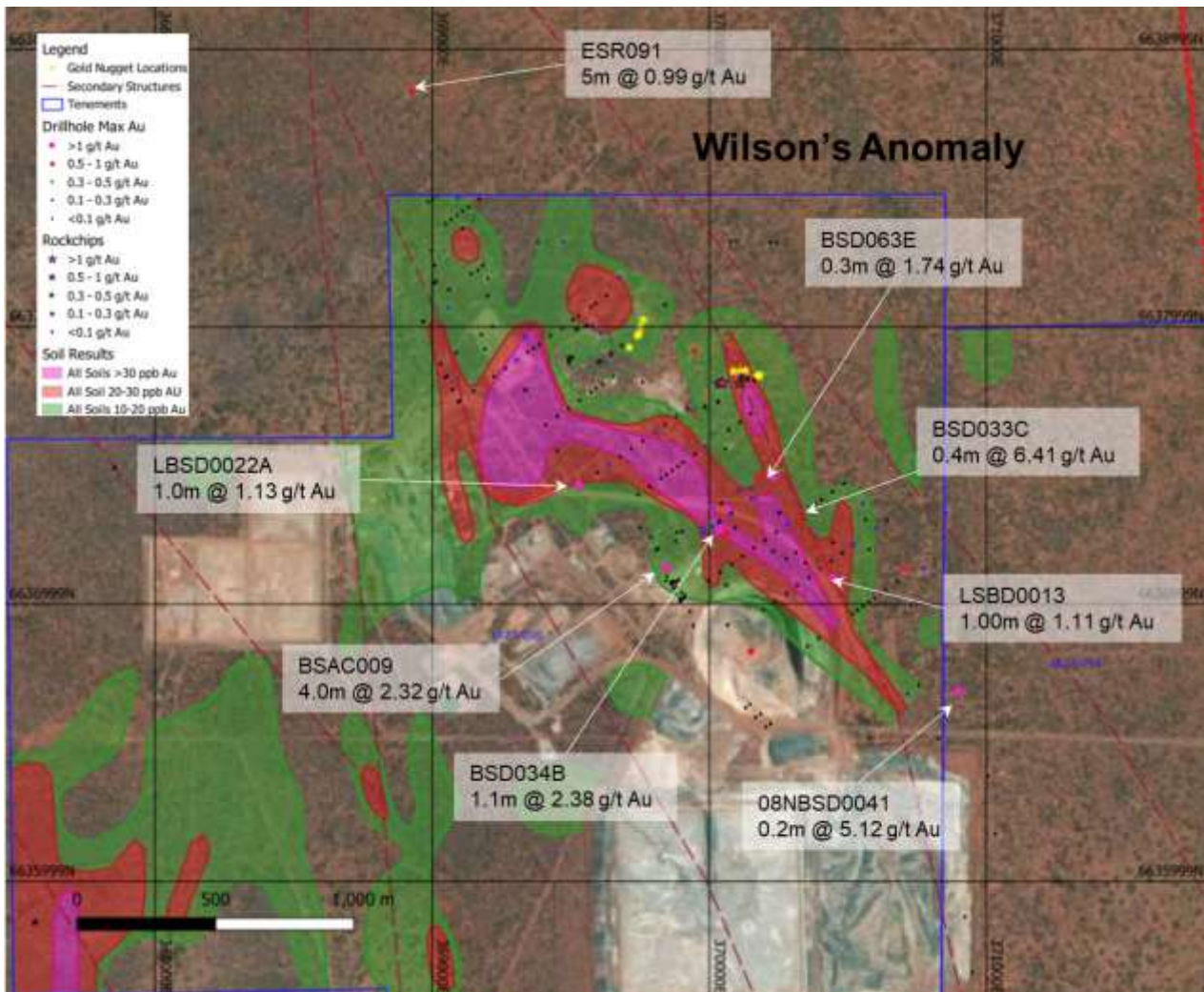


FIGURE 2: WILSON'S PROSPECT DEFINED ANOMALY GOLD IN SOIL CONTOURS, ROCK CHIPS AND GOLD NUGGET LOCATIONS, AND NICKEL DRILLHOLE COLLAR LOCATIONS WITH GOLD DRILL INTERSECTIONS >1 g/t AU. NOTE ONLY 5% OF ALL HISTORICAL SAMPLES ASSAYED FOR GOLD

Ellison Soil Anomaly

Located on the western side of the Black Swan Project area, the Ellison soil anomaly is approximately 1km by 1km with soil assay peaking at 43ppb Au (refer to ASX Announcement "*Black Swan Gold Targets Expanded and Remain Open*" dated 11 November 2024). The area is almost entirely under transported colluvium with laterite hills located in the south-east. This area is also currently not drill tested.

Wattle Soil Anomaly

Located on the eastern side of the Black Swan Project area, the Wattle soil anomaly is potentially a more discontinuous anomaly covering an area of 1.2km by 1.4km with soil assays peaking at 33ppb Au, requiring further infill to better define continuity (refer to ASX Announcement "*Black Swan Gold Targets Expanded and Remain Open*" dated 11 November 2024). The area comprises a large drainage system interpreted to be covered by relatively thick transported colluvium and lag. There is a small discontinuous outcropping ridge consisted of jasperoidal chert which matches the north-eastern anomalous trend of the soil anomalies.

Next Steps

The Company is progressing planning for further infill soils, shallow AC and/or RC drilling to test the soil anomalies and preparing the statutory approvals for the proposed drill program.

LAKE JOHNSTON

Multiple Exploration Targets from Soils at Lake Johnston

As previously reported the Company collected 135 soil samples to test extensions of the Billy Ray Prospect, evaluate the gold potential at the Norfolk Prospect and define additional exploration targets across the Mantis tenement (E63/2244) (see ASX Announcement “Quarterly Report 30 September 2024” dated 31 October 2024).

The soil samples were conducted on variable line spacing, ranging from 200m near Billy Ray to 400m and 800m further north, with sample spacing intervals of between 80m and 160m. The UltraFine+ technique was utilised providing a comprehensive suite of elemental data including gold, copper and lithium. Sampling results were reported in ASX Announcement “Copper-Gold and Lithium Targets at Lake Johnston Enhanced” dated 8 October 2024.

Gold results for the soil program are presented in Figure 3, which also notes the extensive areas across the Lake Johnston tenements which have not previously been tested for gold, lithium and base metals.

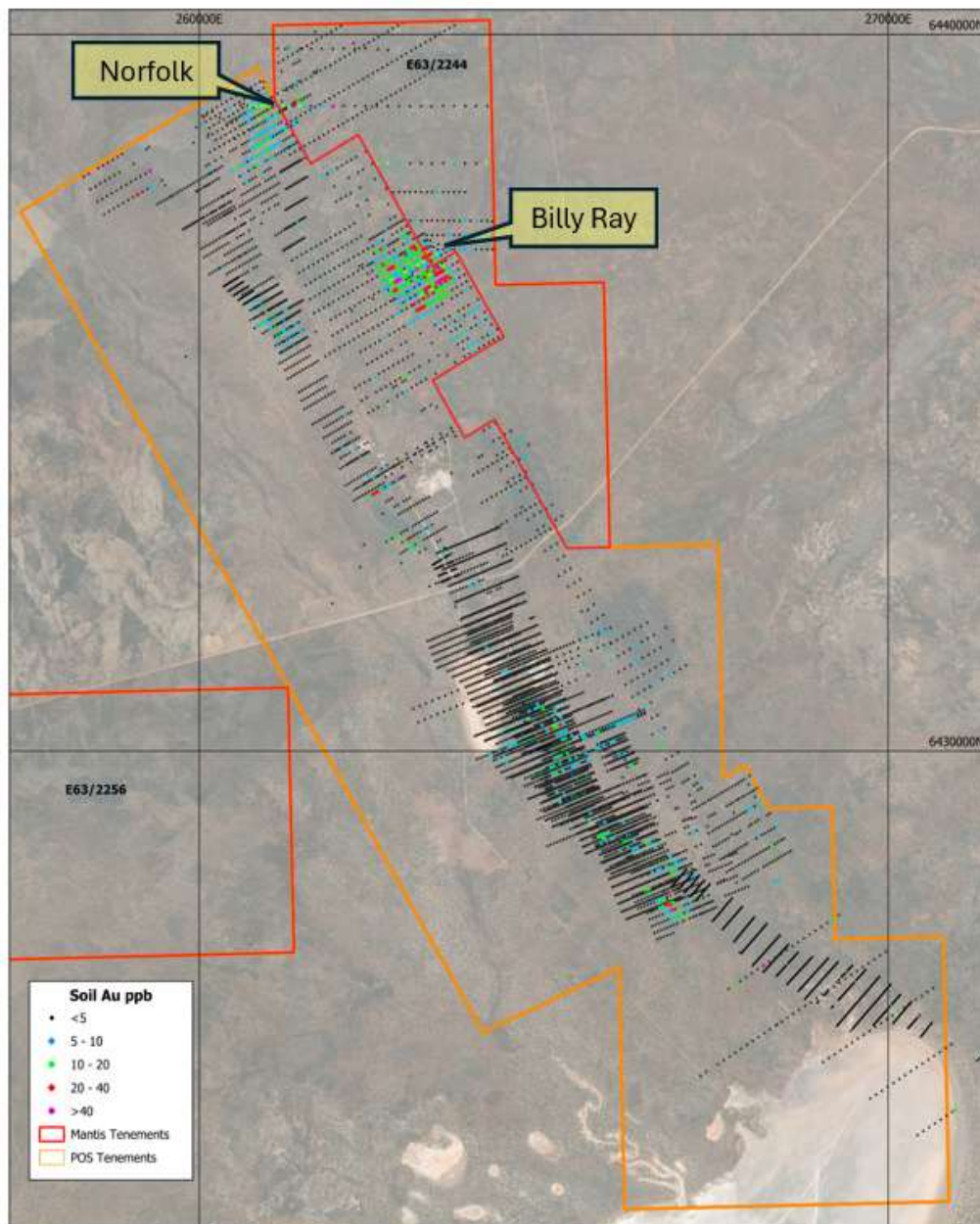


FIGURE 3: LAKE JOHNSTON GOLD IN SOIL ANOMALIES AND COVERAGE OF PREVIOUSLY UNTESTED AREA ACROSS THE TENEMENTS

The historic nickel focus at Lake Johnston has resulted in large areas that have been under explored for other minerals. The Company is planning to continue soil sampling programs over the under explored areas to identify any further gold, lithium or base metals targets.

Large Copper-Gold Anomaly Defined at Billy Ray

The soil sampling program at the Billy Ray Prospect focused on extending the known copper-gold anomaly previously identified in historical soils, defining the eastern extent of the anomaly which now covers an area of 1km by 1.2km, see Figure 4. This eastern section represents the strongest copper-gold association with peak values of 71ppb Au and 141ppm Cu and aligns with the interpreted cross cutting structure (refer to ASX Announcement “Copper-Gold and Lithium Targets at Lake Johnston Enhanced” dated 8 October 2024).

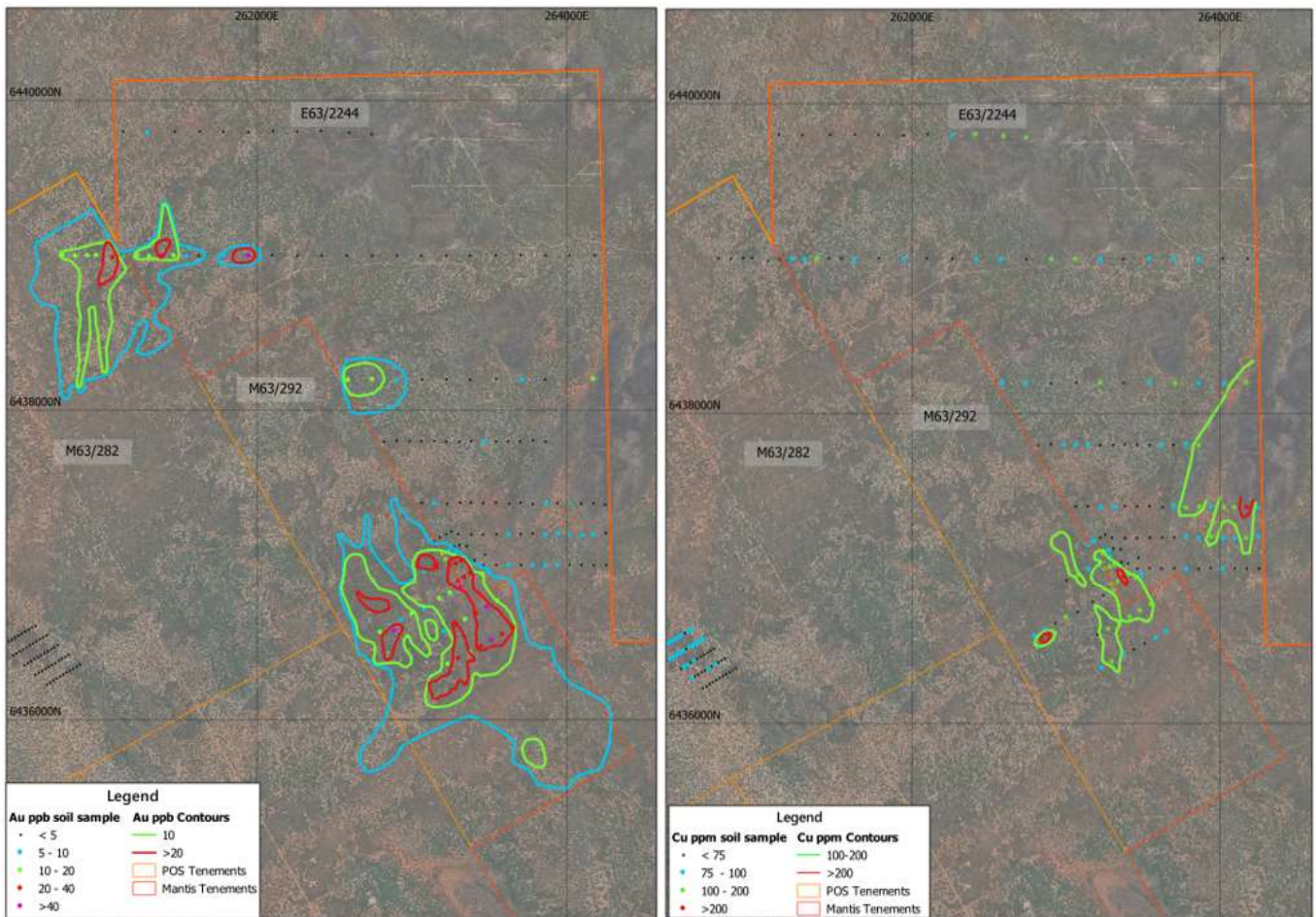


FIGURE 4: LAKE JOHNSTON COPPER-GOLD IN SOIL ANOMALIES AT BILLY RAY AND NORFOLK (CONTOURS PRESENT ALL SOIL RESULTS, DOTS PRESENT ONLY MOST RECENTLY COMPLETED SOIL PROGRAM)

The Billy Ray anomaly has previously been drill tested along the western extent noting Cu-Au mineralisation in drillhole LJP0032 with best intersection grading 2.36% Cu and 2.26g/t Au from 149.62m (refer to ASX Announcement “Update on Gold Exploration Programs” dated 30 July 2024), see Figure 5. The eastern extent of the anomaly has not been previously drill tested and the Company is currently undertaking preparation activities to apply for a program of work (POW) to complete shallow reconnaissance AC or RC drilling at Billy Ray. The Company completed a flora survey during November 2024 to support the application for drilling program approvals.

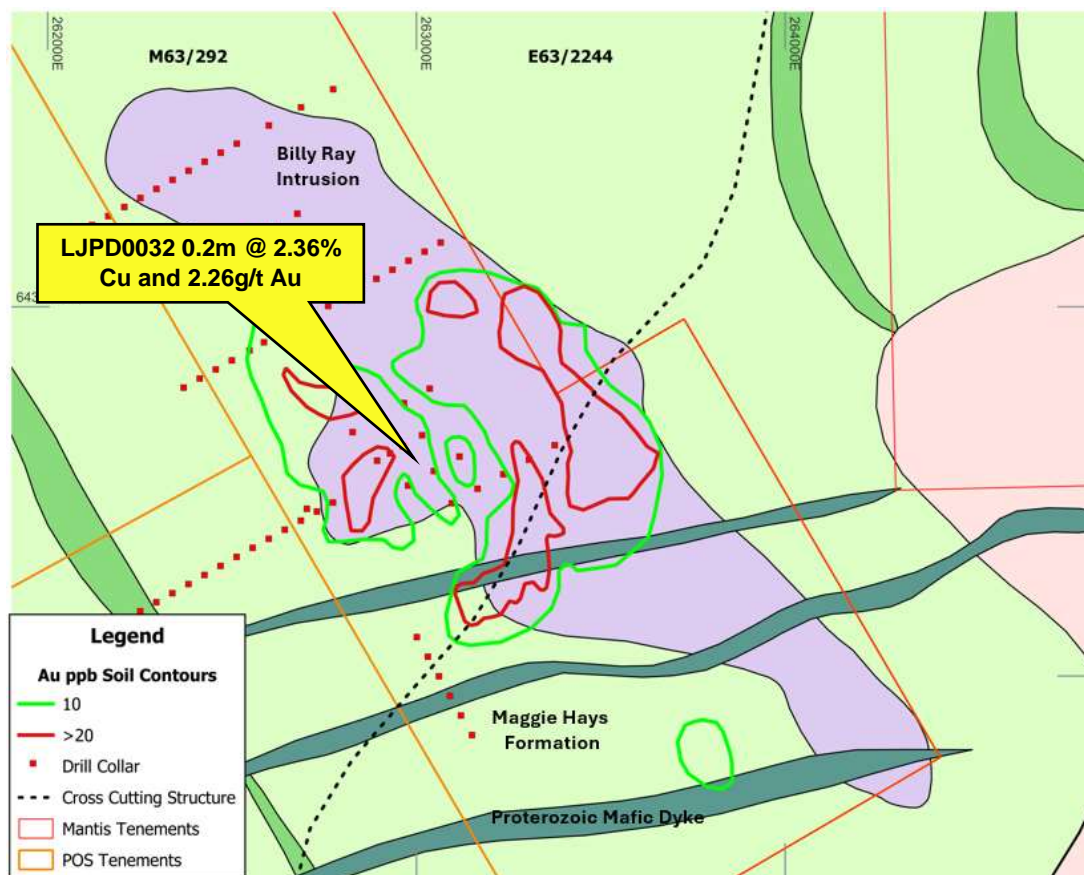


FIGURE 5: BILLY RAY COPPER-GOLD ANOMALY NOT DRILL TESTED ON EASTERN EXTENT

Second Gold Exploration Target Developing at Norfolk Prospect

A single line of 80m to 160m spaced soils samples were collected over the Norfolk anomaly to confirm the historical anomalous gold results noted in the area. The results confirmed the historical results and returned a maximum gold value of 66ppb Au, extending the anomalism 500m to the east (refer to ASX Announcement “*Copper-Gold and Lithium Targets at Lake Johnston Enhanced*” dated 8 October 2024).

Large Coherent Untested Lithium Anomaly

The wide-spaced soil sampling conducted on the northern section of tenement E63/2244 has identified a large coherent Li_2O anomaly that is characterised by $>100\text{ppm Li}_2\text{O}$ and extends south of previous composite rock chips that have returned high grades from 2.80% up to 3.85% Li_2O (refer to ASX Announcement “*High Grade Lithium Bearing Pegmatites Located at Lake Johnston*” dated 23 May 2016).

The central core of this anomaly, defined by $>200\text{ppm Li}_2\text{O}$, spans 0.95km by 2.3km and remains open to the west, see Figure 6. Within this core zone, an outstanding maximum value of 495ppm Li_2O was recorded, coinciding with rubidium (117ppm Rb), caesium (31ppm Cs) and Tin (9ppm Sn) (refer to ASX Announcement “*Copper-Gold and Lithium Targets at Lake Johnston Enhanced*” dated 8 October 2024).

Historical RC drilling targeted the northeast corner of the tenement, with one hole collared within the core of the anomaly. This hole did not intersect pegmatite and was not subsequently assayed, leaving the identified anomaly untested by drilling.

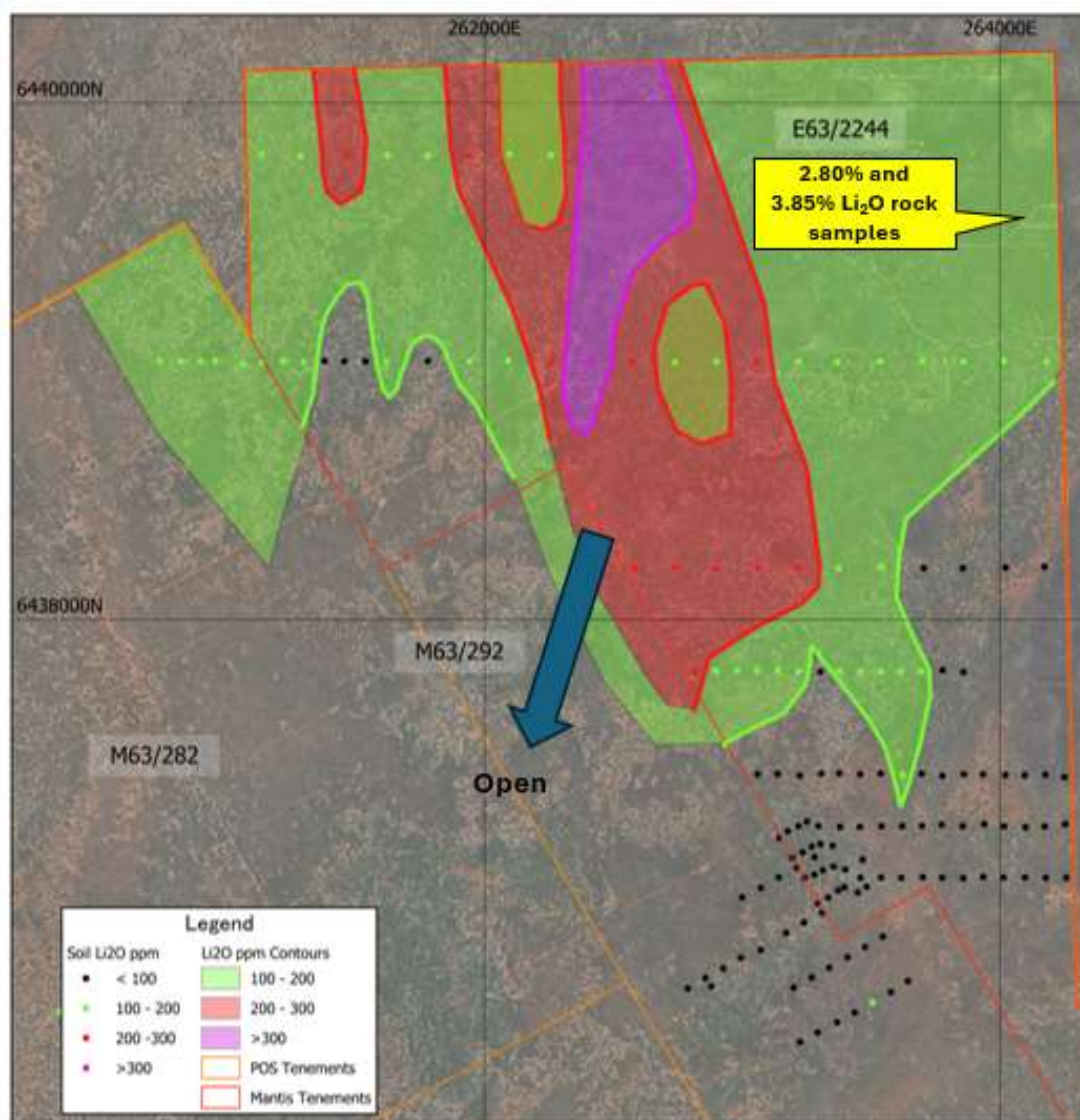


FIGURE 6: LITHIUM ANOMALY IDENTIFIED ACROSS THE MAJORITY OF THE NORTHERN EXTENT OF TENEMENT E63/2244

WINDARRA

Gold Tailings Project

On 31 July 2024 the Company announced it had entered into an agreement with Encore Minerals (**Encore**) to develop the Windarra Gold Tailings Project, using Draslovka A.S.'s (**Draslovka**) proprietary Glycine Leaching Technology and other patented technology. A summary of key terms of the agreement is included in ASX Announcement "POS enters agreement to develop Windarra Tailings Project" dated 31 July 2024.

On 6 November 2024 the Company provided an update noting parties had agreed that all conditions precedent set out in the agreement have been satisfied or waived. Refer to ASX Announcement "Windarra Tailings Project agreement now unconditional" dated 6 November 2024.

The agreement included an up-front non-refundable payment of \$250,000, received in August 2024, and pursuant to the Agreement Poseidon will receive a total of \$1.25 million, a net smelter return royalty of 3% on production and \$1.6 million towards the existing rehabilitation bond.

The agreement has a staged framework with a final agreement to be entered into upon the completion of the test work. The funding, development, operation, closure and rehabilitation of the project will be the responsibility of Encore.

Since the release of the Windarra gold tailings DFS (refer ASX Announcement “*Windarra Gold Tailings DFS Highlights Robust Project*”, dated 23 July 2021), the gold price has increased from the study assumption of A\$2,500/oz to now around A\$4,400/oz, which the Company anticipates will significantly improve project economics.

Encore Minerals is progressing with feasibility studies with outcomes from these studies to support potential development of the project.

OPERATIONS

Operating Update

There were no significant safety issues or incidents reported across the operations.

Black Swan

Black Swan remained on care and maintenance during the quarter.

During the quarter, as part of the process for consideration of the Schemes, the Company had an Independent Experts Report (**IER**) completed by BDO Corporate Finance Australia Pty Ltd (**BDO**). The IER report included a technical assessment which noted that at today’s spot nickel price it’s unlikely the Black Swan project would present a Mineral Reserve. Following this assessment the Company will review its Mineral Resources and Reserves.

Lake Johnston

Lake Johnston remains on care and maintenance.

During the quarter the Company continued to provide accommodation services to several parties undertaking exploration activities in the Lake Johnston area. The Accommodation Agreement entered into with TG Metals Limited (ASX: TG6) will not be extended beyond the 12 month term which ended on 8 January 2025.

Windarra

Windarra remains on care and maintenance.

CORPORATE

As at 31 December 2024, the Company held cash and current investments totalling \$0.9 million.

As noted above, during the quarter, Poseidon and Horizon entered into the Loan Facility pursuant to which Horizon has agreed to provide Poseidon with a \$2 million secured loan. A summary of key terms of the agreement is included in ASX Announcement “*Poseidon and Horizon announce Merger Transaction*” dated 25 October 2024. As at 31 December 2024 Poseidon had drawn \$500,000 of this facility. Following the end of the quarter the Company received a further \$500,000 drawdown of the facility, with total funds now drawn of \$1 million.

Over the quarter, Poseidon’s net cash outflow from operating and investing activities totalled \$1.8 million.

There were no production or development activities conducted over the period and so no production or development expenditures were incurred.

Related party expenses over the quarter totalled \$38,368, all of which comprised fees paid to Directors.

This Quarterly Activities Report was authorised for lodgement by the Board of Poseidon Nickel Limited.



Brendan Shalders
CEO

24 January 2025

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About Poseidon Nickel Limited

Poseidon Nickel Limited (ASX Code: POS) is a multi-commodity exploration and development company with three projects located within a radius of 300km from Kalgoorlie in the Goldfields region of Western Australia and a resource base of over 420,000 tonnes of nickel and 180,000 ounces of gold¹.

Poseidon's strategy is focused on targeted exploration and business development to grow reserves and resources for the eventual restart of its established processing operations in Western Australia with the aim of being a profitable and sustainable producer.

Poseidon owns the Black Swan, Windarra Nickel and Lake Johnston Projects. The mines and infrastructure across all projects, including concentrators at Black Swan and Lake Johnston, present near term development options for Poseidon and peer companies that have mineral resources without established processing infrastructure.

In addition to processing capabilities, the Company has significant nickel exploration opportunities demonstrated by the discovery of the Golden Swan Resource at Black Swan, Maggie Hays West prospect at Lake Johnston and more recently the NW05 and NW04 targets at Windarra. Assessment of other commodities across Poseidon's project portfolio has noted strong lithium prospectivity at Lake Johnston and developing gold exploration targets at all three projects.

The Company completed a Bankable Feasibility Study on Black Swan in November 2022 which is planned to be the first project to restart, subject to appropriate project financing structures being achieved, the outlook for the nickel price improving and all necessary approvals being obtained.

A Definitive Feasibility Study on retreating the gold tailings at Windarra and Lancefield was completed in mid-2022. During July 2024, Encore Minerals entered into an agreement with Poseidon to develop the Windarra tailings project.

¹ Refer to the Company website, www.poseidon-nickel.com.au, for Resource and Reserves tables

COMPETENT PERSON STATEMENTS:

The information in this report that relates to Exploration Targeting and Results is based on, and fairly represents, information compiled and reviewed by Ms Karyn Parker and Mr Mark Muller. Ms Parker is an employee of Poseidon Nickel and is a Member of The Australian Institute of Geoscientists. Mr Muller is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of Muller Geological Services Consultancy Pty Ltd, an independent industry consultancy providing geological services to Poseidon Nickel. Both Ms Parker and Mr Muller have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Ms Parker and Mr Muller consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information contained within this announcement is extracted from the reports titled:

- "Black Swan Gold Targets Expanded and Remain Open" dated 11 November 2024
- "Windarra Tailings Project agreement now unconditional" dated 6 November 2024
- "Quarterly Report 30 September 2024" dated 31 October 2024
- "Poseidon and Horizon announce Merger Transaction" dated 25 October 2024
- "Copper-Gold and Lithium targets at Lake Johnston enhanced", dated 8 October 2024
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- "Further Validation of Gold Potential at Black Swan and Lake Johnston", dated 26 August 2024
- "Poseidon Enters Agreement with Encore Minerals to Develop Windarra Tailings Project", dated 31 July 2024
- "Update on Gold Exploration Programs", dated 30 July 2024
- "Windarra Gold Tailings DFS Highlights Robust Project", dated 23 July 2021
- "High Grade Lithium Bearing Pegmatites Located at Lake Johnston" dated 23 May 2016

which are available to view on www.poseidon-nickel.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement and, in the case of Minerals Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement."

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

FORWARD LOOKING STATEMENTS:

This release contains certain forward looking statements including nickel production targets matters that may involve risks or uncertainties and may involve significant items of subjective judgement and assumptions of future events that may or may not eventuate (Forward Statements). Often, but not always, forward looking statements can generally be identified by the use of forward-looking words such as "may", "will", "except", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also forward-looking statements. No independent third party has reviewed the reasonableness of any such statements or assumptions. None of the Company, their related bodies corporate and their respective officers, directors, employees, or advisers represent or warrant that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement contained in this release. Except as required by law or regulation, the Company assumes no obligation to release updates or revisions to Forward Statements to reflect any changes. Recipients should form their own views as to these matters and any assumptions on which any of the Forward Statements are based and not place reliance on such statements.

APPENDIX 1 - 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%	-	-	-	772	0.98	8,000	-	-	-	772	0.98	8,000	NA	-	NA	-
Cerberus	2004	0.75%	-	-	-	2,773	1.25	35,000	1,778	1.91	34,000	4,551	1.51	69,000	NA	-	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 ASC announcement "50% Increase in Indicated Resources 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)

APPENDIX 2 – 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).

APPENDIX 3 – TENEMENTS HELD

Tenements Held as at 31 December 2024

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	M27/39, M27/200, M27/214, M27/216, L27/57, L27/58, L27/59, L27/74, L27/75, L27/77, L27/78, L24/219, L24/222, L27/95, L27/96, G27/2	100%

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

Mining Tenements Acquired or Disposed during the December 2024 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the December 2024 Quarter

Farm-out Agreement

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the December 2024

Nil

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Poseidon Nickel Limited

ABN

60 060 525 206

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	614	1,284
1.2 Payments for		
(a) exploration & evaluation	(585)	(1,003)
(b) development	-	-
(c) production	-	-
(d) staff costs	(353)	(674)
(e) administration and corporate costs	(792)	(1,136)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	57	106
1.5 Interest and other costs of finance paid	(79)	(288)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,138)	(1,711)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(8)
(d) exploration & evaluation	(663)	(926)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	42
	(d) investments	-	-
	(e) other non-current assets (Non-refundable deposit received for the Windarra Gold Tailings Project)	-	250
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(663)	(642)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,471
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(129)
3.5	Proceeds from borrowings	500	500
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	500	1,842

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,224	1,434
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,138)	(1,711)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(663)	(642)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	500	1,842

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	923	923

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	923	2,224
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	923	2,224

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	38
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,000	500
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,000	500
7.5 Unused financing facilities available at quarter end		1,500
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<p>During the quarter Poseidon entered into a \$2M secured loan facility with the lender being Horizon Minerals Ltd.</p> <p>Poseidon must pay accrued interest in arrears at an interest rate of 4.00% per annum on all advances made under the agreement on the repayment date.</p> <p>The repayment date is the earlier to occur of:</p> <ul style="list-style-type: none"> • 31 December 2025; • the date upon which Poseidon completes a capital raising of not less than \$3,000,000; • the date upon which Horizon issues a notice to Poseidon upon the occurrence of an event of default, at which time, the outstanding monies will become immediately due and payable, other than in the event the Schemes are not approved by Poseidon's shareholders or unlisted option holders, in which case the outstanding monies will become due and payable within 90 days of the notice date; and • 45 days from the date upon which Horizon issues a notice to Poseidon upon Poseidon making a change of control announcement other than in respect to the Schemes. 	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,138)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(663)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,801)
8.4 Cash and cash equivalents at quarter end (item 4.6)	923
8.5 Unused finance facilities available at quarter end (item 7.5)	1,500
8.6 Total available funding (item 8.4 + item 8.5)	2,423
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.3
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Whether the Company will continue to have the current level of net operating cash flows for the time being depends on whether the Schemes of Arrangement are implemented. As per the Company's ASX announcements, the Company is currently part-way through a merger transaction, by way of Schemes of Arrangement, with shareholders to vote on the schemes at the end of January 2025. During this time the Company is minimising all expenditure, pending the outcome of the Scheme Meetings. If the Schemes are implemented (pending the outcome of the Scheme Meetings on 31 January and the second Court hearing), the Company will be merged with Horizon Minerals Ltd (ASX:HRZ). If the Schemes are not implemented, the Company expects that it will continue to have the current level of net operating cash flows.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company has not recently taken any steps to raise further cash and will not do so until the outcome of the Scheme meetings is known.

If the Schemes are approved by the Company's shareholders and optionholders, pending orders being made at the second court hearing, the Company will be merged with Horizon Minerals Ltd (ASX:HRZ), which is expected to be finalised by the end of February 2025. If the Schemes are not approved by the Company's shareholders and optionholders, then the Company will consider its options which may include seeking new equity via a capital raising or the sale of assets.

If the Company decides to raise funds or proceed with an asset sale, it believes it would be successful in raising sufficient funds to continue with the planned level of operations. However, the Company does note that if the Schemes are not approved, it has 90 days from the date of the scheme meetings to repay funds drawn on the loan from Horizon Minerals Ltd (as previously announced).

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Whether the Company expects to continue its operations and meet business objectives in the future is also dependent upon the outcome at the Scheme meetings on 31 January 2025. The outcome of the Scheme meetings will determine if the Company is to merge with Horizon Minerals Ltd or remain as Poseidon Nickel Ltd and pursue the continued exploration and development of our projects.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 January 2025

Authorised by: The Board of Poseidon Nickel Ltd

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.