

## Corporate Directory

ASX Code: POS  
Shares on Issue: 2.6M  
Market Cap: ≈\$85M  
Cash & equivalents at 31 March 2020  
\$48.6M

## Board of Directors

**Non-Executive Chairman**  
Derek La Ferla

**Non-Executive Directors**  
Geoffrey Brayshaw  
Felicity Gooding  
Karl Paganin

**Managing Director & CEO**  
Peter Harold

**CFO & Joint Company Secretary**  
Brendan Shalders

**Joint Company Secretary**  
Andrea Betti

## Key Shareholders

Black Mountain Metals: 20.8%  
Squadron Resources: 17.1%

## Key Nickel Assets (100%)

Black Swan/Silver Swan  
Lake Johnston  
Windarra

## Principal & Registered Office

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Western Australia

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# QUARTERLY REPORT 31 MARCH 2020

## HIGHLIGHTS

### BLACK SWAN

#### DRILLING – GOLDEN SWAN (new high-grade, nickel sulphide discovery)

- Maiden hole discovered high grade Ni-Cu-Co massive sulphides in the Black Swan channel, adjacent to high-grade Silver Swan orebody
- Composite high-grade assay results for PBS0029A include:
  - 7.6m @ 8.8% Ni (true width 4.3m)  
(includes 2.1m massive sulphides @ 15.9% Ni (true width 1.2m))
  - Total interval 23.1m @ 4.0% Ni & 0.4% Cu (true width 13.3m)

#### RESERVE UPGRADE – SILVER SWAN

- Updated Ore Reserve for Silver Swan delivered 106% increase in contained nickel metal to 130,000t @ 5.2% Ni (6,800 Ni tonnes)

#### SAFETY WORKS – SILVER SWAN

- Safety works on underground ladderways progressed without incident, until suspension of works was implemented due to COVID-19 operating restrictions

### WINDARRA

#### GOLD TAILINGS PROJECT

- Scoping Study commenced
- Resource update underway for JORC 2012 compliance

#### EXPLORATION

- Assays received from RC program at Windarra's Crazy Diamond Prospect:
  - PNR0309 intersects 5m @ 0.75% Ni from 12m; including 1m @ 1.38% (approx. 0.8m true width)
  - Anomalous gold mineralisation up to 0.5 g/t Au

### CORPORATE AND FINANCIAL

- Peter Harold commenced as Managing Director and Chief Executive Officer on 3 March 2020
- Strong financial position with cash and current investments totalling \$48.6 million

**Poseidon Nickel (ASX: POS, “the Company”)** is pleased to report on its activities for the March Quarter 2020.

CEO and Managing Director Peter Harold commented,

*“Poseidon experienced a successful March quarter, underpinned by significant exploration success with the discovery of the Golden Swan mineralisation.*

*“The identification of a significant down hole electromagnetic (DHEM) anomaly provided the foundations that culminated in the discovery of high-grade massive nickel sulphides in the first hole at Golden Swan.*

*“The maiden intersection was 23.1m averaging 4.0% Ni, including 2.1m averaging 15.9% Ni, together with significant Cu and Co credits. Further EM surveys are planned to assist in determining whether the mineralisation extends upward towards the Gosling workings, where historically drilling is sparse.*

*“We also commenced key works at the Windarra Gold Tails Project, located near Laverton. With the AUD gold price trading above \$2,500/oz, a Scoping Study commenced and will focus on the capex and opex for a tailing reclamation and stand-alone gold processing facility, located on site at Mt Windarra. Work is also underway to convert the portion of the overall gold tailings resource being considered for the Study to JORC 2012 compliance. The Study is well underway and scheduled for completion during the June quarter”.*

## DRILLING – GOLDEN SWAN

Completion of the maiden diamond drill hole at the newly discovered Golden Swan massive sulphide mineralisation, returned exceptional assay results, with nickel grades of similar tenor to that of the neighbouring high-grade Silver Swan orebody.

Assays received for PBS0029A are summarised in Table 1 below (and Appendix 1)

Geology	From	To	Interval	True Width	Ni%	Cu%	Co ppm	As ppm	MgO%	S%
Total Massive + Disseminated	740.2	763.35	23.15	13.3	3.99	0.37	778	406	17.8	8.81
Massive + Stringer Sulphides	740.2	747.75	7.55	4.3	8.82	0.68	1633	425	8.69	20.98
Massive Sulphide Only	743.65	745.75	2.1	1.2	15.86	0.52	2819	445	2.18	34.11
Upper Matrix Sulphide	761.55	762.45	0.9	0.5	6.52	2.04	1750	700	9.60	10.48

**Table 1: Composite assay results from PBS0029A**

The discovery drill hole was collared from the Gosling Access Drive as an EM platform hole to test for massive sulphides between the Gosling Deposit and the Golden Swan EM conductor (see Figure 1).

The hole included a navi cut to intersect the very top of the Golden Swan EM conductor detected earlier this year. The massive sulphides are located along the southern edge of the Black Swan channel and have been interpreted to result from the gravitational settling of nickel sulphides within the Black Swan channel. The remainder of the EM conductor, 120m below the current intersection, will be drill tested during the June 2020 quarter. The Zone of Potential above the maiden Golden Swan intersection up to Gosling will be the focus of the next EM survey, which is anticipated to provide information about the upward extent of Golden Swan.

Collar and survey details are presented in Table 2.

Hole ID	Easing	Northing	RL	Depth	Dip	Azimuth	Comment
PBSD0029A	10173.8	11302.6	11012.0	0	-67.7	88.5	0029 EM hole
				325	-68.7	94.5	Start of 0029A
				422	-61.8	81.6	End of NAVI bend
				600	-60.5	90.6	
				845.9	-56.4	102.4	EOH

Table 2: Hole Details

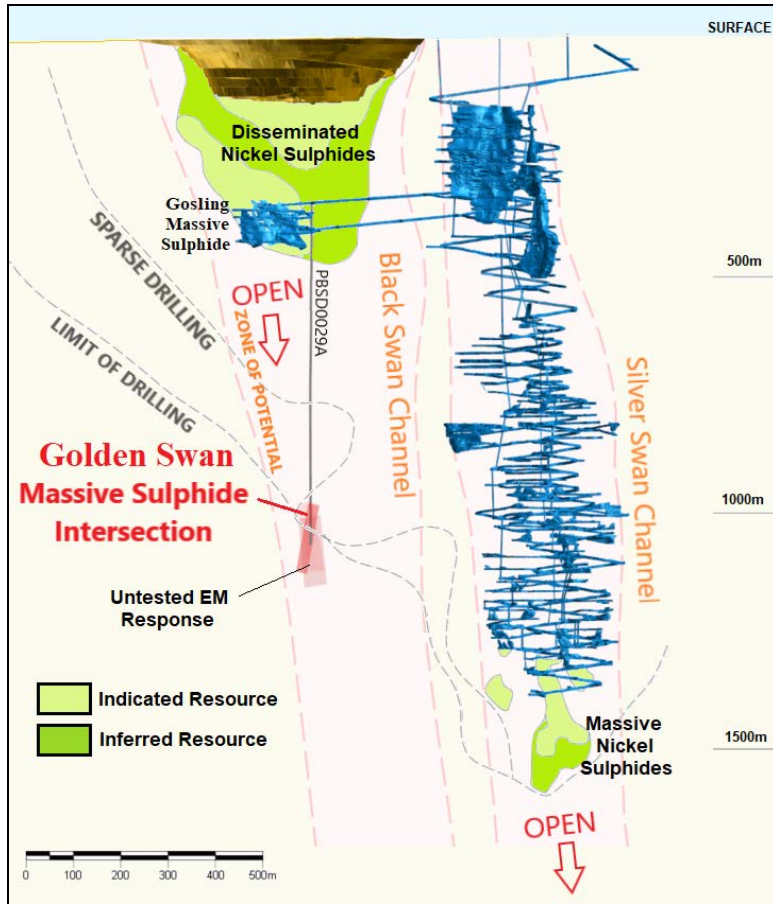


Figure 1: Long section showing the Golden Swan massive nickel sulphide intersection and EM response within the Black Swan channel. The “zone of potential” for Gosling repeats and the upper limit of the Golden Swan massive sulphide will be EM tested by PBSD0029A.

Further drilling is planned to define the southern edge of the Black Swan channel and the Golden Swan massive sulphides. A preliminary interpretation of the geology in the area can be seen in Figure 2.

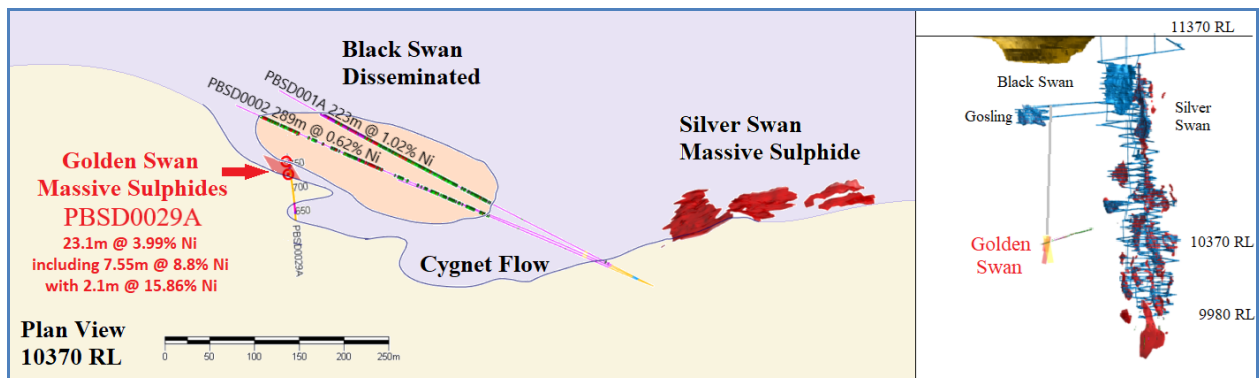
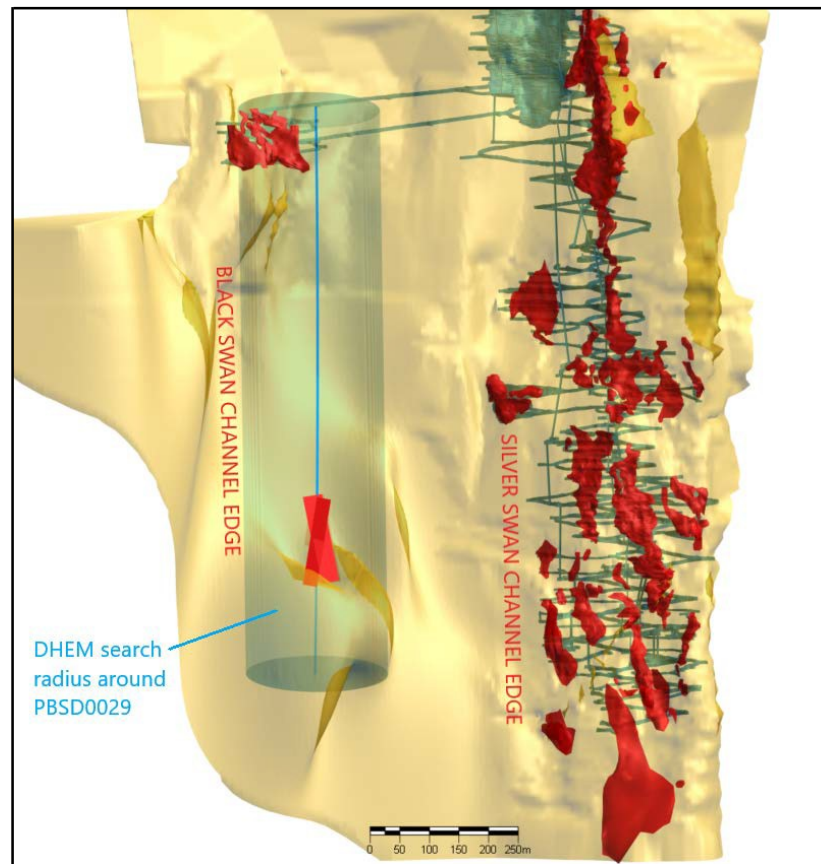


Figure 2: Interpretation of the blebby mineralised envelope (from 2019) and the location of the Golden Swan massive sulphide intersection. South is to the left.

To support these exploration objectives and ahead of further drilling, the Company is planning to install a permanent underground EM loop, which will be used to better define this new mineralisation and provide more accurate targeting options. Figure 3 shows the effective range of EM coverage using a surface loop to survey PBSD0029A. The underground loop should significantly expand the effective search radius by up to 50%.



**Figure 3: Depicting the DHEM search radius around PBSD0029**

A priority for the June 2020 quarter, is to have the EM loop installed underground and the EM surveys completed. The drilling contractor has advised of their availability to recommence drilling in May 2020 subject to agreed COVID-19 operating protocols.

## RESERVE UPGRADE - SILVER SWAN

The Silver Swan Ore Reserve estimate upgrade was prepared by Mining Consultants, Entech Pty Ltd, which updated the Mineral Resource that was previously announced to market on 5 August 2019. The revision resulted in a 106% increase in Ore Reserve estimate and is detailed in Table 4 and Appendix 3.

The Ore Reserve estimate was based on the mining methods, designs, schedules, cost estimates and modifying factors, which have been determined from a revision of the previous Silver Swan and Black Swan 2018 Feasibility Study (refer ASX announcement 18 July 2018). This upgrade was commissioned as part of the ongoing de-risking and restart studies being undertaken for Black Swan.

The Ore Reserve economics were based on a processing recovery of 92.5% for nickel, commercial offtake terms and a nickel price of A\$22,335/t. Copper and cobalt grades in concentrate did not reach minimum assumed payable levels.

The Ore Reserve estimate mine design is shown in Figures 4 and 5.

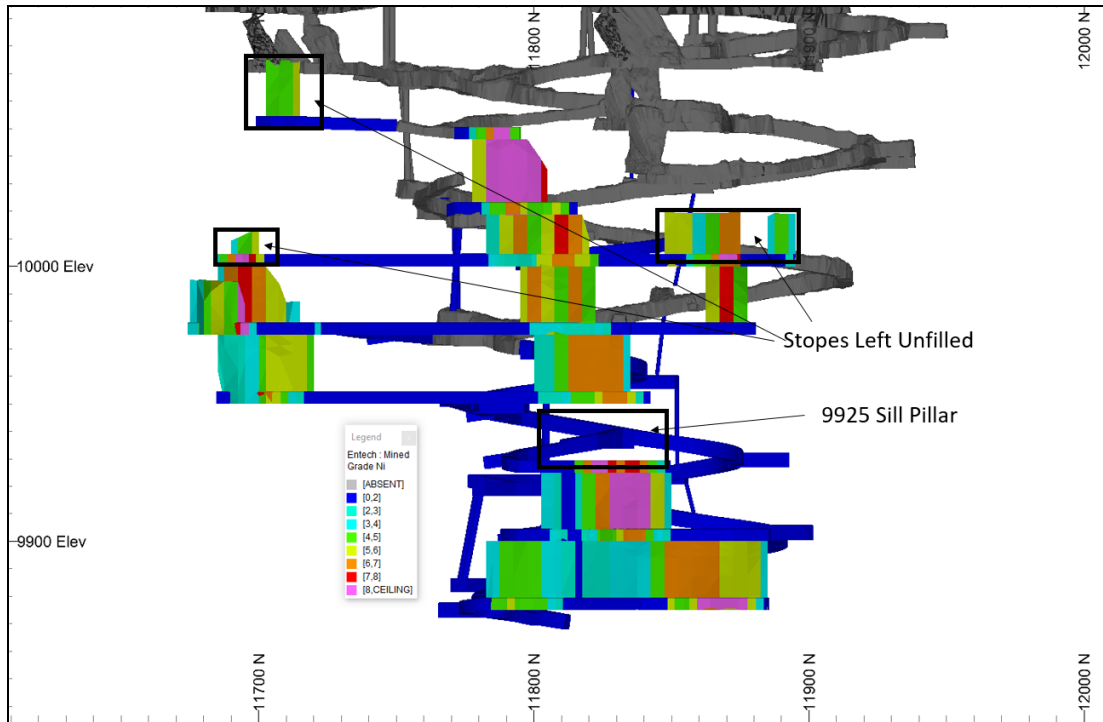


Figure 4: Ore Reserve Estimate Mine Design (Long-Section Looking W)

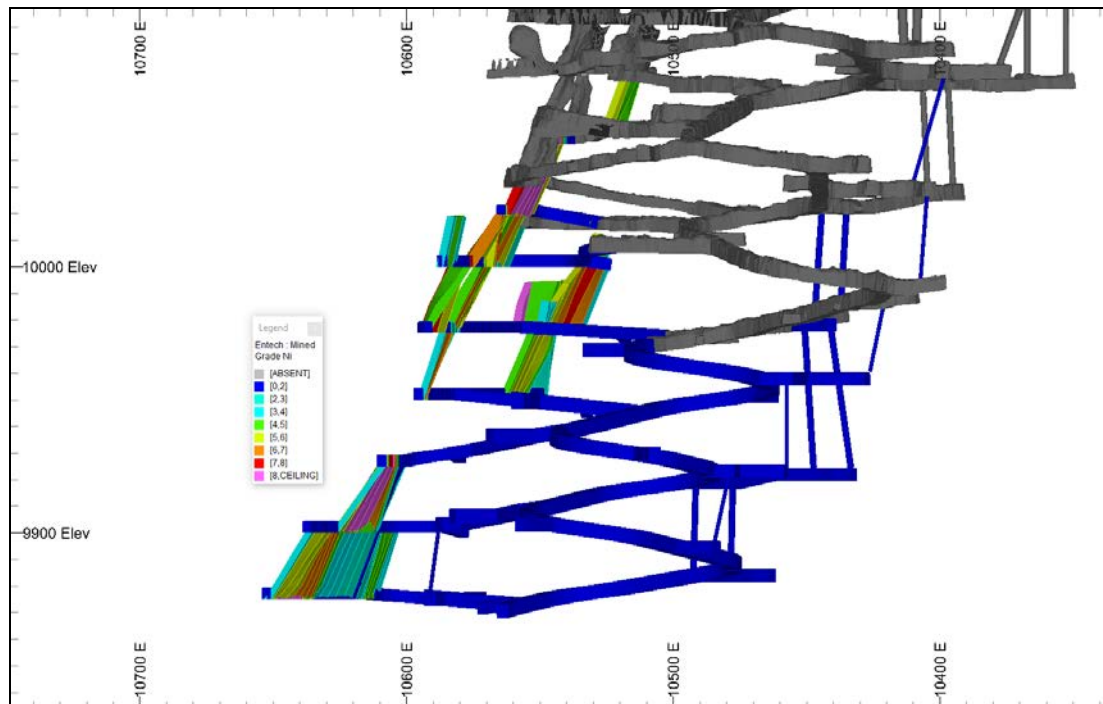


Figure 5: Ore Reserve Estimate Mine Design (Cross-Section Looking S)

**Ore Reserve Estimate Statement**

The Ore Reserve estimate for the Silver Swan (“SS”) underground nickel mine as at February 2020 is 130,000 tonnes of ore grading 5.2% Ni for a total of 6,800 tonnes of contained Ni metal.

The final Ore Reserves summary is presented in Table 3.

	Ore (kt)	Grade (% Ni)	Ni metal (kt)
Silver Swan UG Proven Reserve	-	-	-
Silver Swan UG Probable Reserve	130	5.2%	6.8
Silver Swan UG Total Reserve	130	5.2%	6.8

**Table 3: December 2020 SS Ore Reserve Estimate**

\*Calculations have been rounded to the nearest 10,000t of ore, 0.1% Ni grade and 100 t of Ni metal

The Ore Reserve represents an update to the previous Ore Reserve announced to market on 26<sup>th</sup> May 2017. A comparison of this Ore Reserve estimate to the 2017 estimate is presented in Table 4. There has been no mining or depletion of the 2017 Reserves since their estimation.

			2020 Ore Reserve Estimate			2017 Ore Reserve Estimate			Variance		
			Ore (kt)	Grade (% Ni)	Ni metal (kt)	Ore (kt)	Grade (% Ni)	Ni metal (kt)	Ore (kt)	Grade (% Ni)	Ni metal (kt)
Silver Swan UG Proven Reserve			-	-	-	-	-	-	-	-	-
Silver Swan UG Probable Reserve			130	5.2%	6.8	60	5.8%	3.3	70	-0.6%	3.5
Silver Swan UG Total Reserve			130	5.2%	6.8	60	5.8%	3.3	70	-0.6%	3.5

**Table 4: Comparison with Previous Ore Reserve**

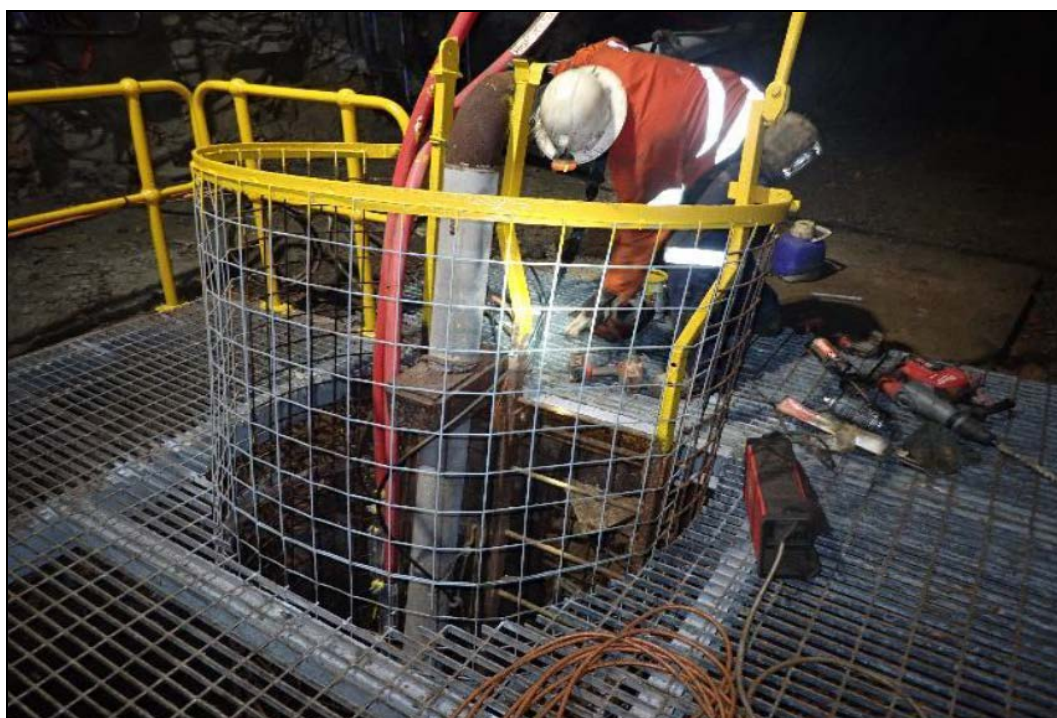
*\*Calculations have been rounded to the nearest 10,000t of ore, 0.1% Ni grade and 100 t of Ni metal*

The Mineral Resource used as the basis for the Ore Reserve estimate was announced to market on 5 August 2019. Indicated Resources have been converted to Probable Ore Reserves subject to mine design physicals and an economic evaluation. No Measured material was contained in the Resource. Any Inferred material contained within the mine plan has been treated as host rock waste. The Ore Reserves have been defined at delivery to the Black Swan processing plant, on the assumption that Silver Swan material will be processed alongside Black Swan open pit and surface stockpile material as detailed in the 2018 Feasibility Study.

The Ore Reserve estimate is based on financials and modifying factors determined as part of the 2018 Feasibility Study undertaken on the project. This statement relates to a global estimate.

**BLACK SWAN SAFETY WORKS**

The Silver Swan underground escapeway ladder refurbishment program progressed well during the period and without incident. Work was suspended due to the rapidly changing situation in relation to the COVID-19 pandemic. Protocols and procedures for restart are currently be assessed.



**Figure 6: Silver Swan escapeway ladder refurbishment program**

## RESPONSE TO COVID-19

Poseidon understands the severity of COVID-19 and implemented a variety of protocols and measures in response to COVID19, to ensure the safety and wellbeing of all Poseidon employees and contractors and to safeguard the assets of the business.

The Company suspended safety works and ongoing drilling activities at Black Swan (including the associated geophysics programs) until a variety of protocols in conjunction with various contractors is developed and agreed upon. These protocols are being designed to ensure that all activities undertaken, including travel and accommodation, can be conducted within the safe operating parameters as per the WA Government requirements.

## WINDARRA GOLD TAILING SCOPING STUDY

Given the recent increase in the price of gold to over A\$2,500 per ounce, Poseidon commenced a Scoping Study on the Windarra gold tailings (near Laverton WA). The Study will evaluate the economics of recovering gold from two of the tailings dams, using hydraulic mining techniques and then processing the material on site in a purpose build plant, to produce loaded carbon for final treatment off site, or the production of gold ore on site.

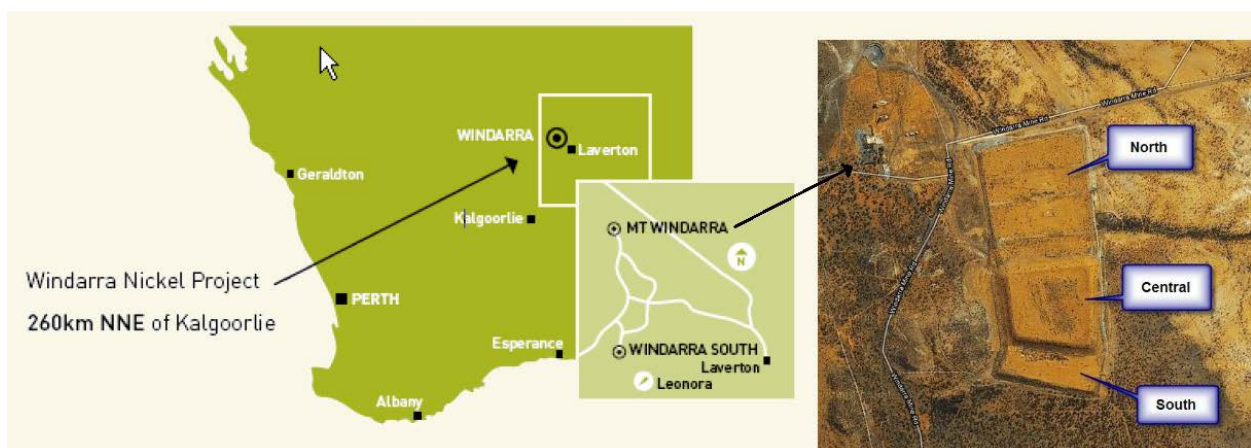


Figure 7: Windarra gold tailings project

The Project sits in the North Eastern Goldfields and was formerly a central hub for processing gold ore from local mines, including Lancefield and Beasley Creek. This resulted in a large stockpile of tailings containing over 180,000 ounces of gold (also refer Appendix 2 Table 2 of the Mineral Resource Statement). \*

Metallurgical test work completed by previous owners concluded that some of the tailings are amenable to reprocessing using standard CIL technology.

Work is also underway to convert the gold Mineral Resources used in the Scoping Study to 2012 JORC compliance. This Study should be completed during the June 2020 quarter.

**\*Cautionary Note:** The reference to the Windarra gold tailings resource has been reported in accordance with the 2004 JORC Code and so not reported in accordance with the 2012 JORC Code. Currently a competent person has not done sufficient work to classify this historical estimate as a mineral resource in accordance with the 2012 JORC Code. Work is underway to convert this historical resource to a 2012 JORC standard, however currently, it is not certain that this historical estimate will be able to be reported as a mineral resource in accordance with the 2012 JORC Code.

**WINDARRA EXPLORATION UPDATE**

The Company received and announced assay results from the RC program at the Crazy Diamond Prospect near Windarra, where both gold and nickel was intersected. PNR0309 intersected 5m @ 0.75% Ni from 12m; including 1m @ 1.38% (approx. 0.8m true width), the results were released to ASX on 11 February 2020 “Upgrade of Nickel Reserves at Silver Swan”.

The Crazy Diamond Prospect is the next komatiite channel to the north of Poseidon’s Cerberus Discovery (69,000 Ni metal tonnes, see ASX announcement “Resource Increase of 25% at Windarra Nickel Project” released 1st December 2011). See Figure 7. Further work is under consideration to follow up on the gold and nickel intercepts.

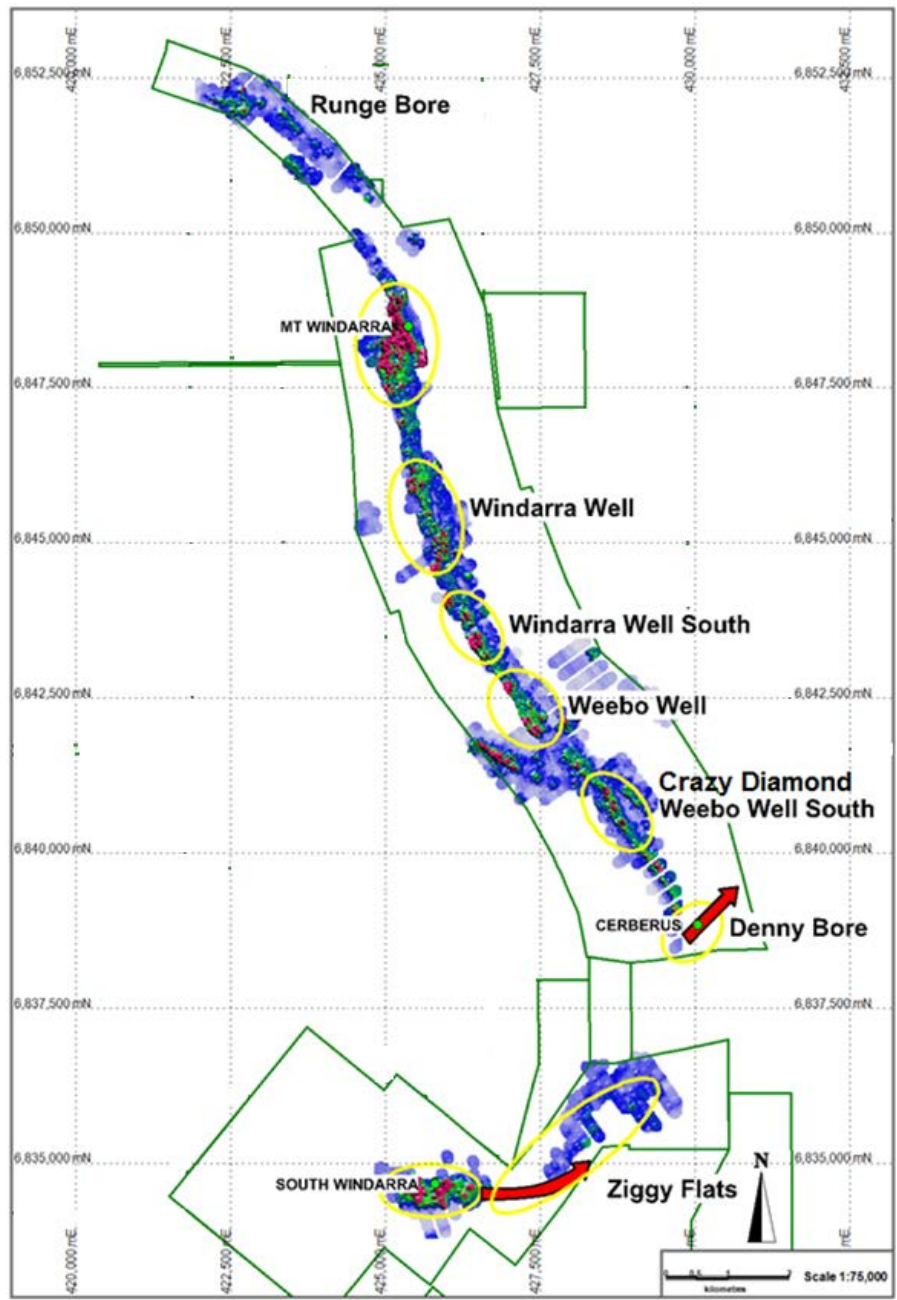


Figure 8: Windarra Nickel Project historical geochemistry and identified komatiite channels



## LAKE JOHNSTON UPDATE

A number of flora surveys were commissioned at Lake Johnston, in preparation for submission of approvals for drilling and geophysical work. The Company considers the area highly prospective for further nickel discoveries and is the subject of ongoing geological examination and review. Poseidon's intrusive-style nickel mineralisation model for Lake Johnston was proved 2015 with the discovery of Abi Rose. The exploration model covers the entire northern area of the Lake Johnston tenement holding and incorporates a number of nickel prospects currently under re-evaluation. The Company has also identified a number of areas which are prospective for Kambalda-style nickel mineralisation. These areas are being mapped in detail, ahead of proposals to drill test them.

## FINANCIAL

As at 31 March 2020, the Company had cash and current investments totalling \$48.6 million.

Over the previous quarter, Poseidon's net cash outflow from operating activities totalled \$3.1 million. Expenditures included \$2.4 million of exploration and evaluation costs, of which \$1.0 million was spent progressing the Black Swan Restart Study and safety work programs and \$0.2 million on exploration activities.

There were no production or development activities conducted over the quarter and as such no production or development expenditures incurred.

Related party expenses over the quarter totalled \$0.5 million:

- \$0.35 million paid to major shareholder Black Mountain Metals (**BMM**) for interest incurred on the BMM held convertible note facility;
- \$41,000 paid to BMM for consultancy services provided to Poseidon with regards to technical studies conducted on Poseidon's mining assets; and
- \$68,000 fees paid to Directors.

Poseidon has forecasted expenditure of \$3.8 million over the following quarter, of which \$2.6 million is to be spent on exploration and evaluation activities.

## CORPORATE

The Board welcomed Peter Harold as Managing Director and Chief Executive Officer on 3 March 2020.

## OTHER

There were no material changes in mineral tenement during the period (as shown in Appendix 4).

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



**Peter Harold**  
**Managing Director and CEO**

28 April 2020

**For further information contact Peter Harold: + 61 (0)8 6167 6600.**

***About Poseidon Nickel Limited***

*Poseidon Nickel Limited (ASX Code: POS) is a nickel sulphide development and exploration company with three projects located within a radius of 300km from Kalgoorlie in the Goldfields region of Western Australia and a resource base of around 400,000 tonnes of nickel and over 180,000 ounces of gold.*

*Poseidon's strategy is focused on the exploration and eventual restart of its established nickel operations in Western Australia where project risk capital and operating costs are low. A critical element of this strategy has been to acquire projects and operations with high levels of geological prospectivity likely to lead to potential substantial extension of the operation's life through the application of modern exploration techniques.*

*Poseidon owns the Windarra Nickel Project, the Black Swan Nickel Operations and the Lake Johnston Nickel Operations. In addition to the mines and infrastructure including concentrators at Black Swan and Lake Johnston, the operations have significant exploration opportunities demonstrated by the discovery of the Abi Rose deposit at Lake Johnston and the recent discovery of the Golden Swan mineralisation at Black Swan. Management is also reviewing the economics of retreating the gold tailings at Windarra given the strength of that A\$ gold price.*

APPENDIX 1 – Golden Swan Assays

Table 1 - PBS0029A Assay Results

Hole ID	From	To	Interval	Geology	Sample	Calculated SG	Ni%	Cu%	Co ppm	As ppm	MgO%	S%
PBSD029A	737.55	738.55	1.00	Felsic	EX5871	2.80	0.00	0.00	0	0	2.93	0.00
PBSD029A	738.55	739.55	1.00		EX5872	2.80	0.00	0.00	0	0	4.81	0.00
PBSD029A	739.55	740.2	0.65	Komatiite Basal Chill	EX5873	2.99	0.22	0.06	50	0	5.89	0.38
PBSD029A	740.2	741	0.80	Basal breccia, Stringer Sulphides	EX5874	3.77	7.27	0.75	1050	0	3.57	17.78
PBSD029A	741	742	1.00		EX5875	3.68	6.45	1.39	1300	0	3.13	18.93
PBSD029A	742	743	1.00		EX5876	3.72	6.84	0.29	1450	0	10.90	20.68
PBSD029A	743	743.65	0.65		EX5877	3.35	3.46	0.16	550	0	20.77	8.50
PBSD029A	743.65	744.7	1.05	Massive Sulphide	EX5878	4.76	16.32	0.23	2250	0	2.39	33.50
PBSD029A	744.7	745.75	1.05		EX5879	4.66	15.40	0.81	3400	900	1.96	34.74
PBSD029A	745.75	746.75	1.00	Komatiite, Blebby Sulphides	EX5881	3.31	3.07	0.17	800	1400	18.91	7.50
PBSD029A	746.75	747.75	1.00		EX5882	3.34	3.36	1.56	750	1000	18.26	9.07
PBSD029A	747.75	749	1.25	Komatiite	EX5883	3.00	0.30	0.01	100	100	27.76	0.22
PBSD029A	749	750.25	1.25		EX5884	3.01	0.34	0.02	50	0	28.18	0.25
PBSD029A	750.25	751	0.75	Komatiite, Disseminated Sulphides	EX5885	3.19	1.97	0.13	300	100	24.18	2.91
PBSD029A	751	752	1.00		EX5886	3.05	0.69	0.05	150	0	24.76	0.84
PBSD029A	752	753	1.00		EX5887	3.02	0.44	0.02	100	0	27.38	0.41
PBSD029A	753	754	1.00		EX5888	3.01	0.34	0.02	100	0	29.04	0.25
PBSD029A	754	755	1.00		EX5889	3.07	0.88	0.17	200	200	26.96	1.25
PBSD029A	755	756	1.00	Komatiite, Blebby Sulphides	EX5890	3.08	1.01	0.06	250	100	28.30	1.61
PBSD029A	756	757	1.00		EX5891	3.10	1.15	0.11	250	200	26.88	1.48
PBSD029A	757	758	1.00		EX5892	3.05	0.74	0.09	200	300	21.93	1.20
PBSD029A	758	758.65	0.65	Komatiite, Disseminated Sulphides	EX5893	3.05	0.72	0.05	150	700	18.52	0.43
PBSD029A	758.65	759.75	1.10		EX5894	3.02	0.45	0.02	100	1000	21.32	0.19
PBSD029A	759.75	760.85	1.10		EX5895	2.99	0.21	0.00	100	500	20.24	0.04
PBSD029A	760.85	761.55	0.70		EX5896	3.03	0.58	0.06	100	300	14.77	0.78
PBSD029A	761.55	762.45	0.90	Komatiite, Matrix Sulphides	EX5897	3.68	6.52	2.04	1750	700	9.60	10.48
PBSD029A	762.45	763.35	0.90	Komatiite, Disseminated Sulphides	EX5898	3.04	0.64	0.03	150	2400	17.45	0.25
PBSD029A	763.35	764	0.65	Felsic	EX5899	2.80	0.02	0.00	0	100	4.08	0.00
PBSD029A	764	765	1.00		EX5901	2.80	0.02	0.02	0	0	3.72	0.02
PBSD029A	765	766	1.00		EX5902	2.80	0.00	0.00	0	0	3.58	0.03
	766	808.35		Un-mineralised, not sampled								
PBSD029A	808.35	809.35	1.00	Felsic	EX5903	2.80	0.00	0.00	0	0	4.60	0.00
PBSD029A	809.35	810.35	1.00	Basal breccia, Stringer Sulphides	EX5904	3.12	1.38	0.06	450	0	15.63	1.58
PBSD029A	810.35	810.6	0.25	Komatiite Basal Chill	EX5905	2.99	0.18	0.00	50	0	23.52	0.06
PBSD029A	810.6	810.85	0.25	Basal breccia, Stringer Sulphides	EX5906	3.27	2.75	0.02	600	0	18.45	2.20
PBSD029A	810.85	811.55	0.70		EX5907	3.08	1.03	0.08	250	100	18.27	0.73
PBSD029A	811.55	812.55	1.00		EX5908	2.99	0.22	0.00	100	800	24.42	0.03
PBSD029A	812.55	813.55	1.00		EX5909	3.00	0.25	0.00	100	800	25.10	0.03

APPENDIX 2 MINERAL RESOURCE STATEMENT

Table 1: Nickel Projects Mineral Resource Statement

Nickel Sulphide Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY												
			INDICATED			INFERRED			TOTAL						
			Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Co% Grade	Co Metal (t)	Cu% Grade	Cu Metal (t)
<b>BLACK SWAN PROJECT</b>															
Black Swan	2012	0.40%	9,600	0.68	65,000	21,100	0.54	114,000	30,700	0.58	179,000	0.01	4,200	NA	-
Silver Swan	2012	4.50%	108	9.4	10,130	61	9.7	5,900	168	9.5	16,030	0.19	316	0.4	679
<b>LAKE JOHNSTON PROJECT</b>															
Maggie Hays	2012	0.80%	2,600	1.60	41,900	900	1.17	10,100	3,500	1.49	52,000	0.05	1,800	0.10	3,400
<b>WINDARRA PROJECT</b>															
Mt Windarra	2012	0.90%	922	1.56	14,000	3,436	1.66	57,500	4,358	1.64	71,500	0.03	1,200	0.13	5,700
South Windarra	2004	0.80%	772	0.98	8,000	-	-	-	772	0.98	8,000	NA	-	NA	-
Cerberus	2004	0.75%	2,773	1.25	35,000	1,778	1.91	34,000	4,551	1.51	69,000	NA	-	0.08	3,600
<b>TOTAL</b>															
Total Ni, Co, Cu Resources	2004 & 2012		16,775	1.04	174,030	27,275	0.81	221,500	44,049	0.90	395,530	0.02	7,516	0.03	13,379

Note: totals may not sum exactly due to rounding. NA = information Not Available from reported resource model. The Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

Black Swan Resource as at 22 July 2014 (see ASX announcement "Poseidon Announces Black Swan Mineral Resource" released 4<sup>th</sup> August 2014) Silver Swan Resource as at 5 August 2019 (see ASX announcement "Silver Swan Resource Upgrade..." released 5<sup>th</sup> August 2019) Maggie Hays Resource as at 17 March 2015 (see ASC announcement "50% Increase in Indicated Resources at Lake Johnston" released 17<sup>th</sup> March 2015) Mt Windarra Resource as at 1 November 2014 (see ASX announcement "Poseidon Announces Revised Mt Windarra Resource" released 7<sup>th</sup> 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<sup>st</sup> December 2011)

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.

Table 2: Gold Tailings Project Mineral Resource Statement

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

Note: totals may not sum exactly due to rounding.

Windarra Gold Tailings Resource as at 30 April 2013 (see ASX announcement "Windarra Definitive Feasibility Study Supports Low Cost, Long Life Nickel Operation" released 30<sup>th</sup> April 2013).

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.

**Cautionary Note:** The reference to the Windarra gold tailings resource has been reported in accordance with the 2004 JORC Code and so not reported in accordance with the 2012 JORC Code. Currently a competent person has not done sufficient work to classify this historical estimate as a mineral resource in accordance with the 2012 JORC Code. Work is underway to convert this historical resource to a 2012 JORC standard, however currently, it is not certain that this historical estimate will be able to be reported as a mineral resource in accordance with the 2012 JORC Code.

## ORE RESERVE STATEMENT

Table 3: Nickel Projects Ore Reserve Statement

Nickel Sulphide Reserves	JORC Compliance	ORE RESERVE CATEGORY		
		PROBABLE		
		Tonnes (Kt)	Ni% Grade	Ni Metal (t)
<b>SILVER SWAN PROJECT</b>				
Silver Swan Underground	2012	130	5.2	6,800
Black Swan Open pit	2012	3,370	0.63	21,500
<b>TOTAL</b>				
<b>Total Ni Reserves</b>	2012	3,500	0.81	28,300

Co & Cu grades and metal content for Black Swan require additional modelling prior to estimation.

Silver Swan Underground Reserve as at 26 May 2017 (see ASX announcement "Silver Swan Definitive Feasibility Study" released 26<sup>th</sup> May 2017) Black Swan Open Pit Reserve as at 5 November 2014 (see ASX announcement "Poseidon Announces Black Swan Ore Reserve" dated 5<sup>th</sup> November 2014).

The Company is aware that the 2019 upgrade to the Silver Swan Indicated Resource will materially affect the Silver Swan Reserve above which was based upon the 2015 Silver Swan Resource Estimate (refer to Table 1 above for the new Silver Swan Resource estimate). Such information is based on the information compiled by the Company's Geologists and the Competent Persons as listed below in the Competent Person Statements.

The Company is not aware of any new information or data that materially affects the information in the relevant market announcements for the Black Swan Open Pit Reserve. All material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

**COMPETENT PERSON STATEMENTS:**

*The information in this report that relates to Exploration Results is based on, and fairly represents, information compiled and reviewed by Mr Steve Warriner, Chief Geologist, who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists.*

*The information in this report which relates to the Black Swan Mineral Resource is based on, and fairly represents, information compiled by Mr Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd. The information in this report which relates to the Black Swan Ore Reserve is based on, and fairly represents, information compiled by Mr Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd and who is a Member of the Australasian Institute of Mining and Metallurgy.*

*The information in this report which relates to the Silver Swan Mineral Resource is based on, and fairly represents, information compiled by Mr Steve Warriner, Chief Geologist, who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr Kahan Cervoj who is a full time employee of Optiro Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Silver Swan Ore Reserve is based on, and fairly represents, information compiled by Mr Matthew Keenan who is a full-time employee of Entech Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.*

*The information in this report which relates to the Lake Johnston Mineral Resource is based on, and fairly represents, information compiled by Mr Steve Warriner, Chief Geologist, who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Lake Johnston Ore Reserves Project is based on, and fairly represents, information compiled by Mr Matthew Keenan who is a full time employee of Entech Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.*

*The information in this report that relates to Mineral Resources at the Windarra Nickel Project and Gold Tailings Project is based on, and fairly represents, information compiled by Mr Steve Warriner, Chief Geologist, who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr Ian Glacken who is a full time employee of Optiro Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. The Windarra Project contains Mineral Resources which are reported under JORC 2004 Guidelines as there has been no Material Change or Re-estimation of the Mineral Resource since the introduction of the JORC 2012 Codes. Future estimations will be completed to JORC 2012 Guidelines.*

*Mr Warriner, Mr Cervoj, Mr Weeks, Mr Glacken and Mr Keenan all have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Mr Warriner, Mr Cervoj, Mr Weeks, Mr Glacken and Mr Keenan have consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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

**FORWARD LOOKING STATEMENT – INFERRED RESOURCE STATEMENTS:**

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

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

**FORWARD LOOKING STATEMENTS:**

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

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

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

## APPENDIX 3

## Mining Tenements Held as at 31 March 2020

AREAS OF INTEREST	TENEMENTS	ECONOMIC ENTITY'S INTEREST
<b>Western Australia</b>		
<b>Windarra Nickel Assets</b>	MSA 38/261, G38/21, L38/121, L39/184, L38/199, L38/218, L39/221	100%
<b>Windarra South</b>	MSA 38/261, L38/119, L38/122, L38/220	100%
<b>Woodline Well</b>	M39/1075, L39/224	100%
<b>Pool Well</b>	M38/1244, M38/1245, L38/118	100%
<b>Lake Johnston Nickel Assets</b>	E63/1067, G63/0008, G63/0005, L63/0051, L63/0052, L63/0055, L63/0057, M63/0163, M63/0282, M63/0283, M63/0284, M63/0292, M63/0293, M63/0294, M63/0522, M63/0523, M63/0524, E63/1784	100%
<b>Black Swan Nickel Assets</b>	M27/0039, M27/0200, M27/0214, M27/0216, L27/0057, L27/0058, L27/0059, L27/0074, L27/0075, L27/0077, L27/0078, L24/0219, L24/0222, G27/2	100%

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

**Mining Tenements Acquired or Disposed during the March 2020 Quarter**

E63/1067 Extension of Term was granted for another 2 years at Lake Johnston

**Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the March 2020 Quarter**

Nil

**Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the March 2020 Quarter**

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")

30 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(1,827)	(7,383)
(b) development	-	-
(c) production	-	-
(d) staff costs	(243)	(669)
(e) administration and corporate costs	(260)	(1,571)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	128	1,185
1.5 Interest and other costs of finance paid	(354)	(1,310)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	181
1.8 Other – sundry income	33	109
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,523)</b>	<b>(9,457)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(5)	(17)
(d) exploration & evaluation (if capitalised)	(539)	(2,078)
(e) investments	-	35,000
(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 (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(544)</b>	<b>32,905</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	51,648	25,133
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,523)	(9,457)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(544)	32,905
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>48,581</b>	<b>48,581</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,071	645
5.2	Call deposits	8,010	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	37,500	51,000
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>48,581</b>	<b>51,645</b>

**6. Payments to related parties of the entity and their associates**

6.1	Aggregate amount of payments to related parties and their associates included in item 1	463
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter  
\$A'000**

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

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	US\$17,500	US\$17,500
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	US\$17,500	US\$17,500
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.	
Unsecured Convertible Note held by Black Mountain Metals Pty Ltd – interest rate of 5% per annum, denominated in US\$ and repayable on 30 September 2020 with a conversion price of AU\$0.09 per share.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,523)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(539)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(3,062)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	48,581
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	48,581
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	15.8

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

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: N/A

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: N/A

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: N/A

## 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: 28 April 2020



Authorised by: Brendan Shalders, CFO & Company Secretary  
(Name of body or officer authorising release – see note 4)

## 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.