

QUARTERLY REPORT

31 DECEMBER 2015

COMPANY OVERVIEW

Poseidon Nickel Limited is a nickel sulphide development company with 5 separate mines at 3 near operational projects located within a radius of 300km from Kalgoorlie in the Goldfields region of Western Australia. The Company has the 2nd largest nickel sulphide ore processing capacity and one of the largest associated JORC compliant resources in Australia.

Poseidon's strategy is focussed on the recommencement of operations at established nickel producers in Australia where project risk capital and operating costs are low. A critical element of this strategy is to acquire projects with high levels of geological prospectivity likely to lead to a substantial extension of the projects life through the application of modern nickel exploration techniques. These exploration techniques have been proven repeatedly at Poseidon as well as several other well-known nickel producers in Australia.

Poseidon now owns Lake Johnston and Black Swan (including Silver Swan), each incorporating a large concentrator of their own, together with the Windarra Nickel Project which will produce ore to be processed at the Black Swan concentrator. Silver Swan is the World's highest grade nickel mine and is expected to be Poseidon's first production mine.

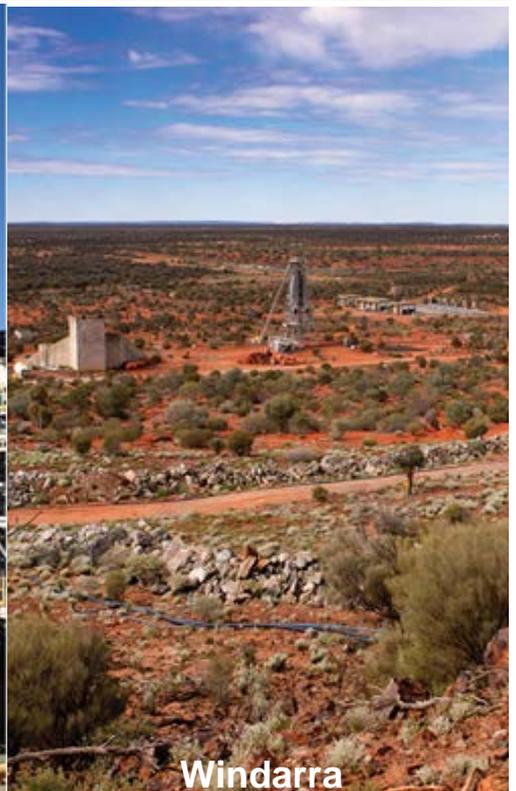
ASX Code: POS



Lake Johnston



Black Swan



Windarra

COMPANY MILESTONES

- **Significant nickel sulphide mineralisation intersected may herald new high grade ore body at Lake Johnston**
- **10.48m of nickel sulphide averaging 3.20%**
- **Changes to the Convertible Notes approved by shareholders highly beneficial to the Company**
- **Off-take contract signed with Tsingshan for Silver Swan ore**
- **\$2.7m R&D Tax Offset received boost cash to \$4m**
- **Further cost reduction measures in place to preserve cash**
- **CEO to stand down but will remain on the Board**

OVERVIEW

The drilling campaign at Emily Ann has resulted in an impressive intersection in the second hole of the drilling campaign and is a culmination of considerable high quality scientific work between our Geology team and Newexco. The discovery is located close to the Emily Ann mine infrastructure and Lake Johnston nickel concentrator and could develop into an economically viable resource to further enhance the Lake Johnston restart project along with opening up further opportunities for mineralisation to be discovered in other structurally favourable positions along the belt (see Lake Johnston project update below for further details).

At a General Meeting of shareholders held on 20 January 2016, the changes to the Convertible Notes were overwhelmingly approved by shareholders. The new notes reduce the face value of the old Notes by 50% from US\$35 million to US\$17.5 million. As the interest rate of the new Note remains at 5% p.a, this will also halve the future quarterly interest cost to the Company. Equally important is that the maturity date of the new Note has been extended to September 2020 which represents an extension of 42 months to the original date of March 2017 (refer announcement dated 4 November 2016 for full details).

The drive to minimise costs continues and in an innovative approach, some employees have reduced their time to one or two days a week by taking on other contract work whilst remaining to operate out of Poseidon's office. This allows Poseidon to continue to access their extensive skills and project knowledge whilst eliminating much of the costs of employing the individuals or alternatively using consultants. In addition, we are continually reviewing the site based operations to further optimise the way we work and identify further cost reduction initiatives.

Poseidon's current business objectives are as follows:

- Continue commercial and technical work on readying Silver Swan for production. Given the extremely high grade nature of the mine Poseidon believes that this project will be the first to be viable as the Nickel price rises. The offtake agreement with Tsingshan recently announced reduces restart costs of Silver Swan by over 90% by eliminating the need for a local ore concentrator facility. Poseidon is well advanced in developing funding for the mine although the financial needs are not high when compared to the Company's other projects. It is expected that committed funding will be achieved subject to an assessed economic nickel price for the project.

- Complete assessment of the recent the drilling programme at Lake Johnston which focused on discovering a new high grade ore body related to the Emily Ann mine (see updated below).
- Continue cost reduction activities at the Poseidon projects commensurate with ensuring that the integrity of the projects for restart remains.
- Develop options to exploit the significant quantity of gold within the tailings stockpile at Windarra.

Whilst this remains a difficult time for the base metals industry, Poseidon believes that its actions to preserve its physical and intellectual property will be of enormous value when the commodity market improves from its current very low position. As unfortunate as they are to the local economy, recent announcements of mine closures are the start of the supply rebalance and are expected to continue around the world. As the market starts to recover, the opportunity to restart Silver Swan will emerge.

Following the announcement that David Singleton will stand down as CEO and Managing Director from 31 January 2016, the Company has reorganised and put in place steps to ensure that the Company maintains momentum whilst continuing to reduce costs further during this period of prolonged low nickel prices. Until the nickel price improves, the Company will not recruit a replacement CEO. David will however, remain on the Board as a non-executive Director. Chris Indermaur, the non-executive Chairman, will take on a number of the duties of the CEO on a part time basis with the support of the COO and CFO.

LAKE JOHNSTON PROJECT UPDATE

The Company announced that **significant nickel sulphide mineralisation** has been intersected during the recent diamond drilling program, targeting an area 360m from the Emily Ann mine workings within the recently purchased Lake Johnston Project.

Poseidon acknowledges the West Australian Department of Mines and Petroleum for sponsoring the drilling via the Exploration Incentive Scheme co-funding grant. The EIS grant will contribute up to \$150,000 towards drilling costs representing about 50% of the total investment.

The first drill hole of the programme, PLJD0001, intersected a 19cm high grade zone of remobilised nickel sulphide grading **10.20% Ni**. A downhole electro-magnetic survey (DHEM) was completed and generated a strong off-hole anomaly close to the hole. Poseidon's geologists in conjunction with Newexco Services Pty Ltd (consulting geoscientists) completed detailed structural, geological and geophysical modelling of the data to target the source of the remobilised sulphides.

The second drill hole, PLJD0002, targeted a geologically & structurally favourable area 45m below PLJD0001 and intersected a new lens comprising **10.48m of massive, stringer and disseminated nickel sulphides grading 3.20% Ni** in an intrusive pyroxenite ultramafic between 432.00m to 442.48m downhole depths. This intersection includes a lower **massive sulphide unit comprising 2.32m at 7.62% Ni** from 439.09m and includes **1.29m @ 10.22% Ni** from 440.12m. The third and final hole in the drilling programme, PLJD0003, has just been completed and geological as well as geophysical logging of the hole is in progress.

A complete nickel sulphide intersection summary is tabulated below.

Table 1: Nickel Sulphide Intersection Summary

Hole ID	From_m	To_m	Width	Ni Grade	Details
PLJD0001	435.39	435.58	0.19	10.2%	Remobilised massive sulphide in felsics
PLJD0002	432.00	442.48	10.48	3.20%	Felsic, ultramafic and remobilised sulphide in hw & fw
<i>incl</i>	435.69	441.41	5.72	4.66%	<i>Mineralised Ultramafic Interval</i>
<i>incl</i>	439.09	441.41	2.32	7.62%	<i>Lower Massive Zone</i>
<i>incl</i>	440.12	441.41	1.29	10.22%	<i>High Grade base</i>

Table 2: Drill Hole Details

Hole ID	East_MGA	North_MGA	RL	Dip	Azimuth	EOH Depth
PLJD0001	262766.6	6434776.7	1357	-65.0	247.6	513.80m
PLJD0002	262767.5	6434777.0	1357	-70.6	250.3	478.54m
PLJD0003	262766.5	6434778.0	1357	-70.5	260.0	495.10m

The sulphide comprises nickel bearing pentlandite within a pyrrhotite sulphide matrix. The sulphides are hosted within an intrusive pyroxenite ultramafic sill which demonstrates pyroxene cumulates within its core and sulphide settling at its base. The upper and lower margins exhibit chill zones and alteration halos where it has come into contact with the earlier in-situ felsic rhyolitic and rhyodacitic volcanic tuffs which host the ultramafic intrusion. The felsic volcanic rocks have been overturned during earlier regional deformation, however the ultramafic sill is right-way up and cross-cuts stratigraphy, contradicting the historical recumbent folding model previously used to explain the Emily Ann ore body.

The detailed analysis targeting the potential Emily Ann extension was developed over several months by both the internal Poseidon geological team in parallel with Newexco who were contracted to review the historical geophysical data. Newexco have been credited with targeting numerous nickel discoveries through geophysical techniques, including most recently those of Sirius Resources, one of the largest new finds of its type in recent years. The studies were carried out using existing drilling core data, compilation of historic individual electromagnetic conductor surveys and structural analysis. For the first time this data was looked at in an integrated way to identify the potential positions of mineralisation.

The mineralisation discovered by this current drilling program is offset from Emily Ann vertically and horizontally to the east by a series of late stage faults. The bases of both the Emily Ann and Emily Ann North deposits are sharply terminated by an early flat lying structure which in turn is offset vertically from the Emily Ann North mineralisation by the later Toolangi Fault.

Evidence for this style of ore body displacement has already been demonstrated at Maggie Hays and is apparent in many mines in Australia. Notably, at Western Areas Flying Fox mine, 80km to the west of Emily Ann which has been similarly sheared off and displaced by multiple low-angle fault zones. Poseidon has successfully “discovered” nickel mineralisation within the modelled target zone and aims to delineate an economically viable deposit utilising modern and already successful industry leading exploration techniques.

SILVER SWAN PROJECT UPDATE

The Company contracted Optiro Pty Ltd (Optiro) to undertake an update to the Mineral Resource for the lower 500 m of the Silver Swan nickel sulphide deposit to JORC 2012 requirements. This included the Goose, Peking Duck, Fledgling-Canard and re-interpreted Tundra-Mute ore bodies (Figure 1).

Nickel mineralisation at Silver Swan comprises a series of high grade medium tenor massive pentlandite-pyrrhotite sulphide lenses which lie on or are adjacent to the steeply dipping ultramafic footwall contact. Previous model updates by Norilsk Nickel (2008) have used an accumulation method (estimation of grade multiplied by true thickness) to quantify the Silver Swan mineralisation which tends to over-estimate grades. The current Mineral Resource estimation has used an industry standard Ordinary Kriging approach based upon nickel grades within the interpreted wireframes.

New geological interpretations were completed and wireframes were generated by Poseidon's geologist using sectional interpretation of the downhole geology and a grade threshold of 1.2-1.4% Ni. The reinterpretation includes drilling completed by Norilsk Nickel that was not in the previous estimation as well as new sampling data completed by Poseidon Nickel on drill holes that had missing assay data.

The aim of this work is to generate a new, more robust Mineral Resource suitable for Ore Reserve estimation and subsequent pre-feasibility study (PFS) in order to restart the operations and the Silver Swan/ Black Swan complex. This work is nearing completion and will be reported to the market in due course.

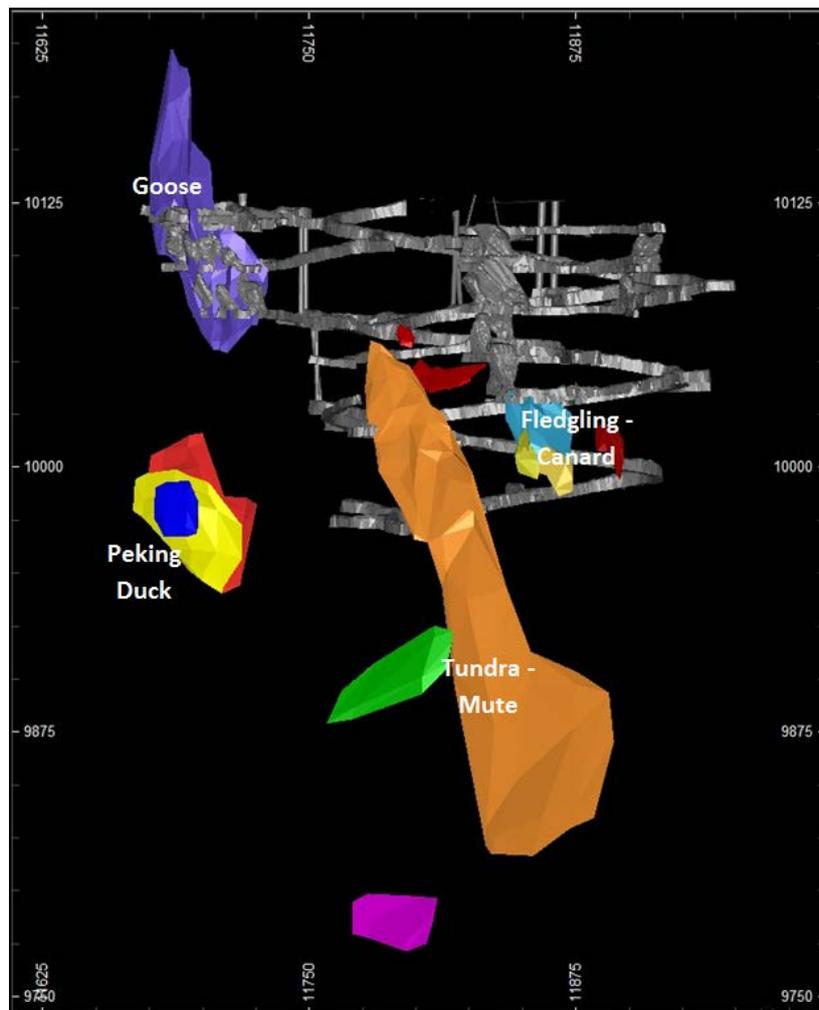


Figure 1: Long section looking west of the in situ lodes at the Silver Swan deposit

The Company has signed a nickel offtake agreement with Tsingshan in China. The contract covers the first 2.5 years of mine output at Silver Swan. Poseidon will deliver broken ore to Tsingshan which will process the material through their integrated Nickel Pig Iron (NPI) and stainless steel facilities in Fujian. The Tsingshan process route is novel because it can

recover 100% of the nickel in the ore which is not the case for flotation plants normally used although this option is only possible because of the exceptionally high grade of the ore.

FINANCIAL

As at 31 December 2015, the Company had cash on hand of A\$4.0 million having received a refundable tax offset from the ATO under the Research and Development Tax Incentive scheme for \$2.7 million.

The Company also issued shares to professional and sophisticated investors to support the on-going studies being undertaken and care and maintenance activities. The issue of shares during the December quarter raised proceeds of \$857,000.

The shares held by the Company in Caeneus Minerals Ltd as a result of the lapsing of the option over the Silver Swan Mine were sold during the quarter realising \$115,000.

CORPORATE

In line with Poseidon's policy to only pay Directors fees in performance rights in order to retain the cash reserves of the Company, 609,964 Unlisted Performance Rights were issued in lieu of Directors fees for the quarter to September under the terms of the Director Fees Performance Rights Plan. The performance rights were issued on 18 December 2015 at a deemed issue price of A\$0.0814 based upon the volume weighted average sale price ("VWAP") for the 91 days prior to the expiration of the quarter. The payment of performance rights was approved by shareholders at the Annual General Meeting held on 26 November 2015.

Chris Indermaur, the non-executive Chairman, has agreed to take on some of the duties of the CEO on a part time basis until the Company needs to recruit a CEO. Chris has agreed to accept payment for this additional work in performance rights so as to preserve the Company's cash reserves. The Company will elect on a monthly basis whether to pay in cash or performance rights under the terms of the Director Fee Performance Rights Plan. The basis of the fee to be paid for the additional duties will be 40% of the current reduced salary of the CEO (reduced by 20% from July 2015). This equates to an effective additional annual fee of \$179,851. The issue of performance rights remains subject to shareholder approval at a General Meeting.

As approved at the 2015 AGM, the Company issued 9,466,637 Unlisted Incentive Performance Rights to employees as part of their annual incentive scheme for STI and LTI. These have a term of seven years and are subject to performance hurdles.

Following the resignation of Ross Kestel as Company Secretary after the November AGM, Gareth Jones the Chief Financial Officer, who has been with Poseidon since 2007, has taken over the role.

MARKET INFORMATION

Figure 4 below shows the underlying correlation between Poseidon's share price and the LME Nickel price over the last 18 months.

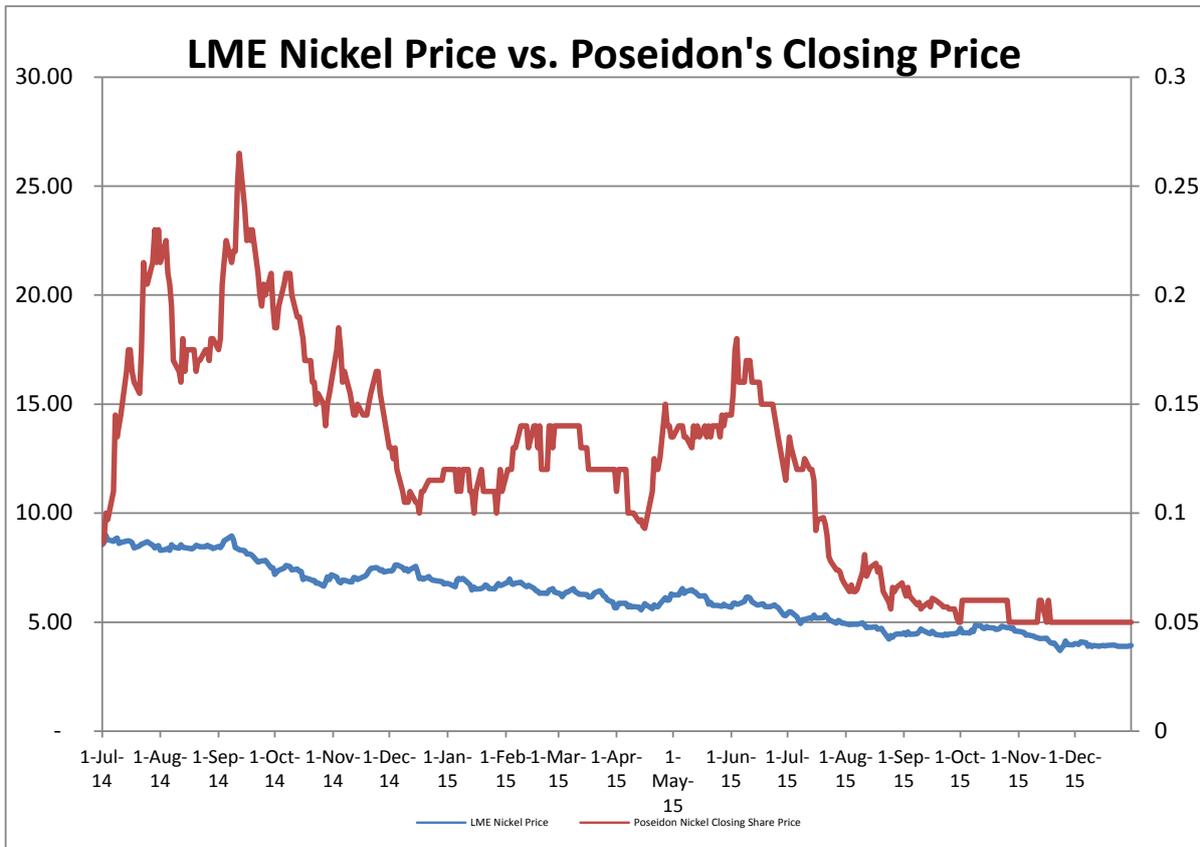


Figure 4: Poseidon share price graph compared to LME Nickel price

David P.A. Singleton
 Managing Director & CEO

29 January 2016

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
WINDARRA PROJECT											
Mt Windarra	2012	0.90%	922	1.56	14,000	3,436	1.66	57,500	4,358	1.64	71,500
South Windarra	2004	0.80%	772	0.98	8,000	-	-	-	772	0.98	8,000
Cerberus	2004	0.75%	2,773	1.25	35,000	1,778	1.91	34,000	4,551	1.51	69,000
BLACK SWAN PROJECT											
Black Swan	2012	0.40%	9,600	0.68	65,000	21,100	0.54	114,000	30,700	0.58	179,000
LAKE JOHNSTON PROJECT											
Maggie Hays	2012	0.80%	2,600	1.60	41,900	900	1.17	10,100	3,500	1.49	52,000
TOTAL											
Total Ni Resources	2004 & 2012		16,667	0.98	163,900	27,214	0.79	215,600	43,881	0.86	379,500

Note: totals may not sum exactly due to rounding

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)
WINDARRA GOLD TAILINGS PROJECT											
Gold Tailings	2004	NA	11,000	0.52	183,000	-	-	-	11,000	0.52	183,000
TOTAL											
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.

ORE RESERVE STATEMENT

Table 3: Nickel Project Ore Reserve Statement

Nickel Sulphide Reserves	JORC Compliance	Ore Reserve Category		
		Probable		
		Tonnes (Mt)	Ni% Grade	Ni Metal (Kt)
LAKE JOHNSTON PROJECT				
Maggie Hays	2012	1.9	1.19	22.6
BLACK SWAN PROJECT				
Black Swan	2012	3.4	0.63	21.5
WINDARRA PROJECT				
Mt Windarra	2012	0.6	1.70	9.6
Cerberus	2004	1.2	1.30	16.0
Windarra Sub Total		1.8	1.42	25.6
TOTAL				
Total Ni Reserves	2004 & 2012	7.1	0.98	69.7

Note: totals may not sum exactly due to rounding.

Calculations have been rounded to the nearest 100,000 t of ore, 0.01 % Ni grade and 100 t Ni metal.

Notes

The information in this report which relates to the Lake Johnston Mineral Resource is based on information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and 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 information compiled by Matt 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 is based on information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and 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 information in this report that relates to Ore Reserve at the Windarra Nickel Project is based on information compiled Leanne Cureton and Andrew Law who are both full time employees of Optiro Pty Ltd and are a Member and a Fellow of the Australasian Institute of Mining and Metallurgy respectively.

The information in this report which relates to the Black Swan Mineral Resource and Ore Reserves is based on information compiled by Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd.as well as Francois Bazin of IMC Mining Pty Ltd. Both are Members of the Australasian Institute of Mining and Metallurgy.

Mr Hutchison, Mr Glacken, Mr Keenan, Mr Weeks, Mr Bazin, Mr Law & Ms Cureton 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 Hutchison, Mr Glacken, Mr Keenan, Mr Weeks, Mr Bazin, Mr Law & Ms Cureton have consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This document contains Mineral Resources and Ore Reserves which are reported under JORC 2004 Guidelines as there has been no Material Change or Re-estimation of the Mineral Resource or Ore Reserves since the introduction of the JORC 2012 Codes. Future estimations will be completed to JORC 2012 Guidelines.

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

CORPORATE DIRECTORY

Director / Senior Management

David Singleton	Managing Director & Chief Executive Officer
Chris Indermaur	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Robert Dennis	Non-Executive Director
Gareth Jones	CFO & Company Secretary

Corporate Enquiries

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Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

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Home Exchange

The Company's shares are listed on the Australian Securities Exchange and the home exchange is Perth ASX code: POS

TENEMENTS

Mining Tenements Held as at 31 December 2015

Areas of Interest	Tenements	Economic Entity's Interest
Western Australia		
- Windarra Nickel Assets	MSA 38/261, 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	M38/1243, M38/1244, M38/1245, L38/118	100%
- Brown Well	P38/3989, P38/3990, P38/3991	100%
- Lake Johnston Nickel Assets	E63/0585, E63/0837, E63/1067, E63/1135, E63/1138, E63/1140, G63/0004, G63/0005, L63/0051, L63/0052, L63/0055, L63/0057, M63/0163, M63/0282, M63/0283, M63/0284, M63/0292, M63/0293, M63/0294, M63/0302, M63/0522, M63/0523, M63/0524, P63/1527	100%
- Black Swan Nickel Assets	E27/0357, M27/0039, M27/0200, M27/0216, P27/1808, P27/1809, P27/1810, P27/1811, L27/0058, L27/0058, L27/0059, L27/0074, L27/0075, L27/0077, L27/0078	100%

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

Mining Tenements Disposed during the December 2015 Quarter

E63/0625

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the December 2015 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the December 2015 Quarter

Nil

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 010/7/96. Origin: Appendix 8. Amended 010/7/97, 01/07/98, 30/09/2001, 01/06/2010, 17/12/10, 01/05/2013.

Name of entity

Poseidon Nickel Limited

ABN

60 060 525 206

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	912
1.2 Payments for		
(a) exploration & evaluation	(1,745)	(4,726)
(b) development	-	-
(c) production	-	-
(d) administration	(704)	(1,702)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	30
1.5 Interest and other costs of finance paid	(113)	(113)
1.6 Income taxes paid	-	-
1.7 Other - sundry income	124	264
- R&D tax offset	2,716	2,716
Net Operating Cash Flows	290	(2,619)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(52)	(187)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	116	116
(c) other fixed assets	-	108
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	64	37
1.13 Total operating and investing cash flows (carried forward)	354	(2,582)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	354	(2,582)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	857	1,725
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue costs	(11)	(22)
	Net financing cash flows	846	1,703
	Net increase (decrease) in cash held	1,200	(879)
1.20	Cash at beginning of quarter/year to date	2,778	4,857
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,978	3,978

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	112
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

On 14 December 2015, 609,964 unlisted performance rights were issued at a price of \$0.0814 as approved by the Shareholders at the November 2015 Annual General Meeting. The performance rights were issued to the Non-Executive Directors in lieu of Directors Fees for the September 2015 quarter.
 These have not been included in the above cash flow.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	35,103	35,103
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,800
4.2 Development	-
4.3 Production	-
4.4 Administration	600
Total	2,400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,969	2,769
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposits	9	9
Total: cash at end of quarter (item 1.22)	3,978	2,778

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E63/0625	Joint Venture	50%	Nil
6.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	732,011,258	732,011,258		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	25,108,845	25,108,845		
7.5 +Convertible debt securities Unsecured	36,531,904 This is an estimate only based on an average exchange rate of 1.0265. 64,945,608 This is an estimate only based on an average exchange rate of 1.0265.	-	\$0.40 \$0.30	The Notes have a March 2011 six year term convertible into fully paid ordinary shares. The Notes have a March 2011 six year term convertible into fully paid ordinary shares.
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

7.7	Options and Performance Rights	Total Number	Number Quoted	<i>Exercise price</i>	<i>Expiry date</i>
	Options				
	<i>Unlisted</i>	2,975,000	-	\$0.22	31 August 2016
	<i>Unlisted</i>	4,250,000	-	\$0.22	23 November 2016
	Performance Rights				
	<i>Unlisted</i>	609,984	-	\$0.0184	-
	<i>Unlisted (Short Term Incentive)</i>	5,145,921	-	-	16 December 2022
	<i>Unlisted (Long Term Incentive)</i>	4,320,716	-	-	16 December 2022
7.8	Issued during quarter				
	Performance Rights				
	<i>Unlisted</i>	609,984	-	\$0.0184	-
	<i>Unlisted (Short Term Incentive)</i>	5,145,921	-	-	16 December 2022
	<i>Unlisted (Long Term Incentive)</i>	4,320,716	-	-	16 December 2022
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 29 January 2016

Print name: Geoff Brayshaw

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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