

## QUARTERLY REPORT

### 30 SEPTEMBER 2016

#### COMPANY OVERVIEW

Poseidon Nickel Limited is a mid-tier ASX listed company focussed on developing its nickel assets in Western Australia. The Company has two nickel sulphide concentrators and five independent mines. All of the operations are located within a 300km radius from Kalgoorlie in the Goldfields region of Western Australia. Poseidon has the second largest nickel sulphide concentrator and associated JORC compliant nickel sulphide resource within Australia.

Poseidon plans to restart operations initially at Silver Swan Australia's highest grade nickel mine followed by Lake Johnston, Black Swan and Windarra. This is considered to be a low capital, low risk strategy. A critical element of the Company's growth platform is to acquire projects with strong 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 secured the Lake Johnston and Black Swan (including Silver Swan) assets together with the Windarra Nickel Project which will mine ore to be processed at the Black Swan nickel sulphide concentrator.

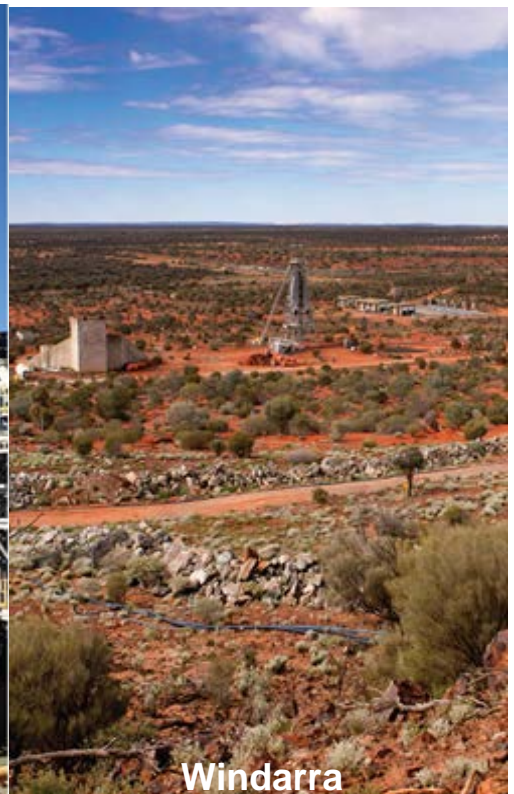
**ASX Code: POS**



**Lake Johnston**



**Black Swan**



**Windarra**

## COMPANY MILESTONES

- **Silver Swan technical assessment progressing well**
- **MOU signed to explore opportunity to process Kidman lithium ore at Lake Johnston processing facility**
- **Excellent results returned from soil sampling over lithium bearing pegmatite zones**
- **Testing and development of the Bruker pXRF unit has been completed to produce a Lithium Index reading which has been calibrated to within 89% correlation with lithium laboratory results**
- **Eleven Lithium Targets have been generated to date and sampling has been extended**

## OVERVIEW

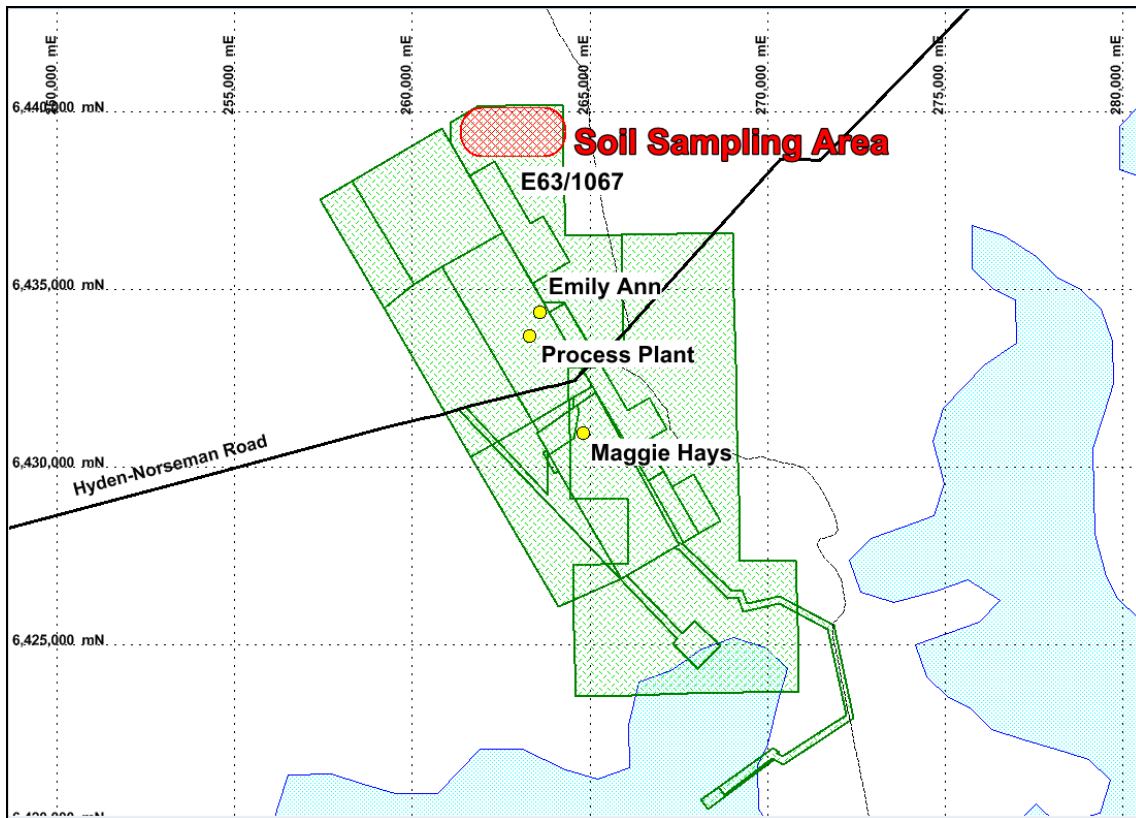
The Company has continued to progress the feasibility work required for the restart of the high grade Silver Swan project which includes the technical support of a number of specialists for geotechnical and life of mine modelling. The work is progressing to schedule and will ensure that Poseidon is in a position to take full advantage of a sustained nickel price improvement.

As advised to the market on 27 July 2016, Poseidon has entered into a Memorandum of Understanding (MOU) with Kidman Resources Limited (Kidman) to evaluate the possibility of processing lithium hosted pegmatites at Poseidon's Lake Johnston processing facility which can provide an expeditious path to market for a spodumene lithium concentrate. The MOU provides a framework for the parties to work together to evaluate the proposed transaction and commercial agreement. The initial period of the MOU of 3 months has been mutually extended for a further 3 months as the parties continue to work to finalise an agreement.

## LAKE JOHNSTON PROJECT UPDATE

Poseidon contracted the geological services of Corad Pty Ltd to complete soil and rock chip sampling over an area of ~4km<sup>2</sup> in the northern portion of E63/1067 at the top end of the Lake Johnston tenement package (Figure 1). Historic and recent sampling has identified the area as hosting lithium bearing pegmatites with sampling to locate and define the most prospective zones for spodumene mineralisation now completed.

Corad collected 650 soil samples over several adjoining sampling areas and at varying sample spacings during the progression of the programme. Generally -1mm sieved samples were collected in the field and were brought back to the Lake Johnston laboratory for drying, sieving to -250 micron and analysing using a Bruker pXRF machine with propriety Lithium Index calibrations programmed into the machine. The initial 116 samples were analysed by Portable XRF Services under supervision of Geochemical Services in West Perth using the calibrated Bruker pXRF to produce a calculated Lithium Index. The samples were then sent to Intertek Laboratory for traditional multi-element analysis. Blind testing of the samples using the Bruker pXRF returned an 89% correlation with the laboratory results (Figures 2 and 3) which is an outstanding result as lithium is undetectable using XRF technology due to its low atomic weight.



**Figure 1: Lake Johnston tenure package showing the area of lithium soil sampling in the northern portion of E63/1067**

Geochemical Services created a propriety algorithm to estimate the lithium grade in samples using ratios of numerous pathfinder elements which include Cs, Ga, K, Nb, Rb and Ta. It has returned a 99% correlation with rock chip samples and an 89% correlation with soil samples compared to laboratory results which is outstanding given the time and cost savings this unit delivers. The results are more than adequate to highlight lithium anomalies and prospective pegmatite zones in preparation for follow-up field investigation, target prioritisation and drill testing.

Poseidon has subsequently purchased a Bruker S1 TITAN pXRF unit and the resultant soil sampling programme has generated at least eleven lithium pegmatite target zones (Figure 4). Poseidon is continuing to work with Geochemical Services to determine if the Bruker pXRF machine can be calibrated to differentiate spodumene mineralisation from lithium mica mineralisation so as to better utilise the unit in the field.

The Lake Johnston Atomic Absorption (AA) assay machine has also been recommissioned with Lithium-Tantalum tubes and has also achieved 99% correlation assaying rock samples using both commercial assay laboratory readings as well as the Bruker pXRF. Poseidon is now confident to use the equipment setup within the onsite laboratory for initial evaluation of Li-Ta bearing samples. All soil samples and rock chip samples can now be analysed cost effectively on site with a 1-2 day turnaround. QAQC samples will be sent to Perth labs for check assaying and continued monitoring of equipment accuracy. Drilling samples will be selected on site using these tools but as per standard practices, all anomalous samples will be sent for full laboratory analysis to meet JORC and ASX reporting requirements.

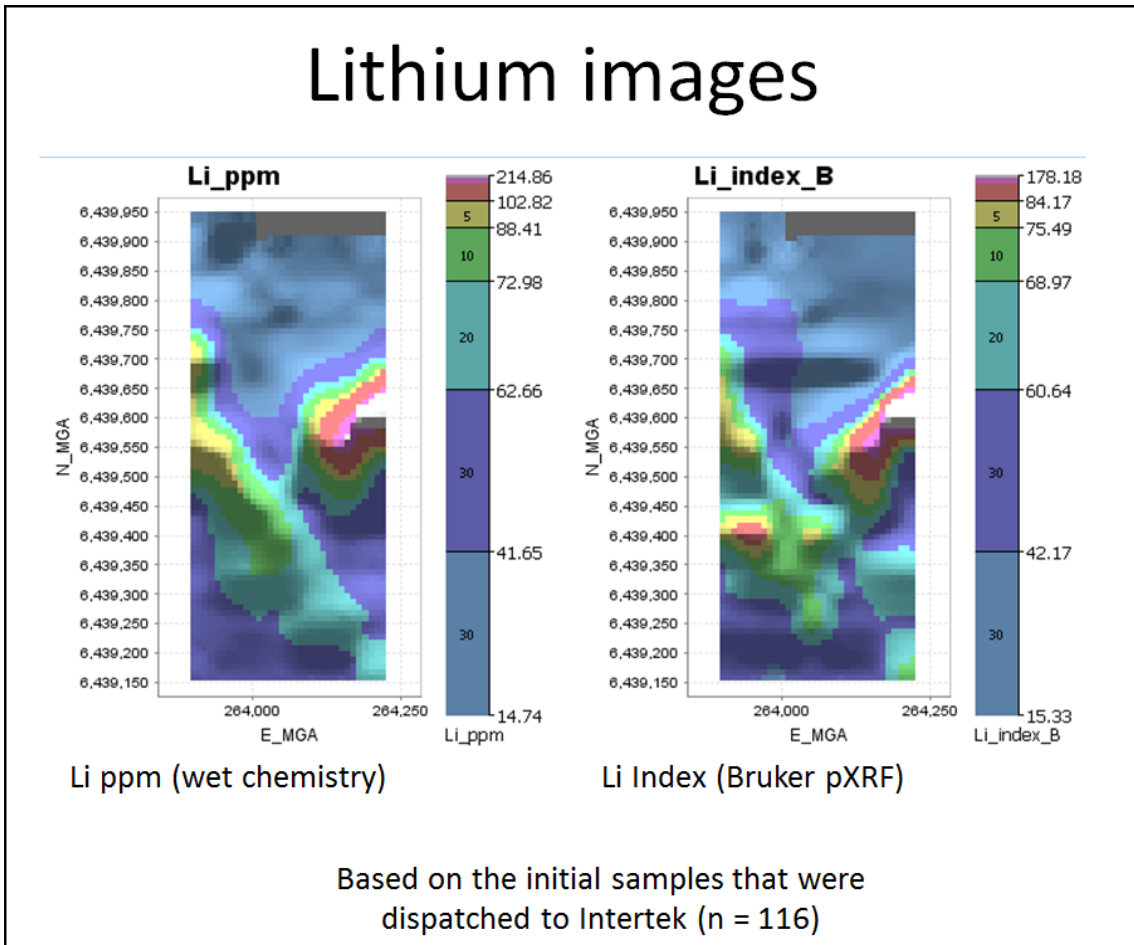


Figure 2: Soil sample results from the initial test area using traditional commercial laboratories methods versus a calibrated Bruker pXRF machine programmed to calculate lithium using propriety Lithium Index estimation. Results returned an 89% correlation

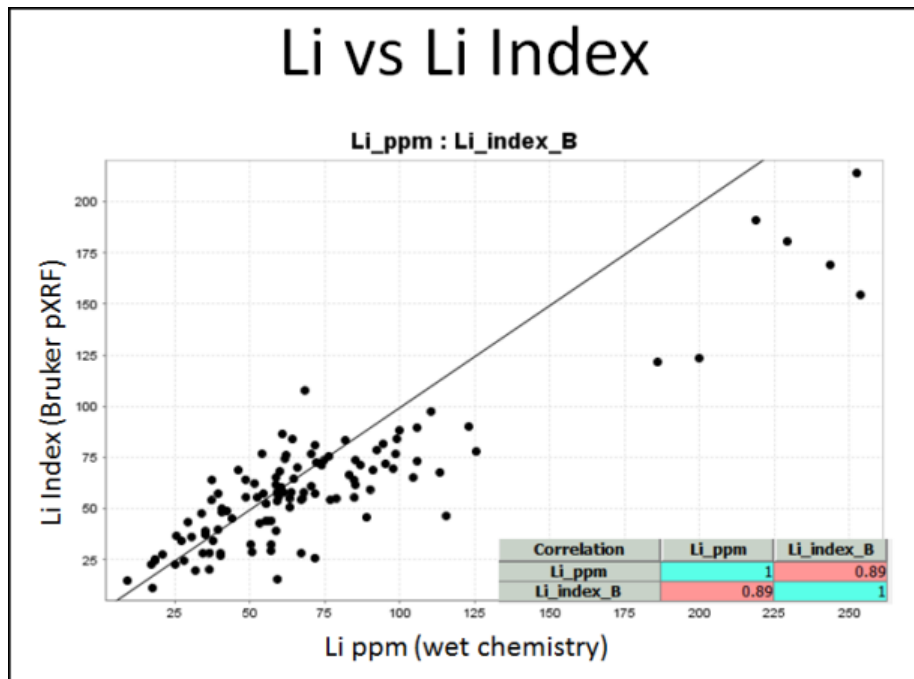
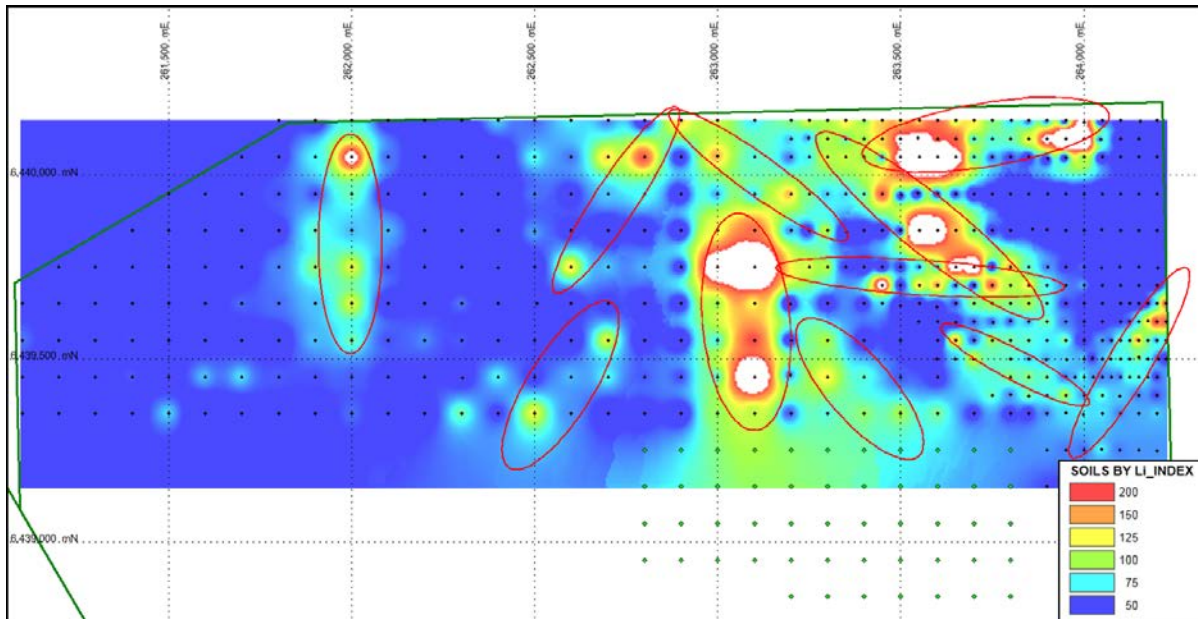


Figure 3: Correlation between the Bruker pXRF Lithium Index and traditional laboratory assays demonstrate a correlation of 89% which is more than adequate for generating reliable soil sample anomalies. It is also faster and cheaper than traditional assaying



**Figure 4: Soil sample locations within E36/1067 coloured by Lithium Index and showing interpreted pegmatite target zones that warrant further field investigation and drill testing**

Consulting botanist Paul Armstrong has been contracted to complete flora surveys over the planned drill targets and access lines as the Company has encountered several challenges in securing exploration permits due to a rare flora species “Casuarina Globulosa.” Mr Armstrong has extensive botanical knowledge of the area having worked at Lake Johnston with the previous operators. He will work with DPaW and DMP to get the required regulatory POW approvals to explore within the area and reduce the impact of exploration activities now that drill targets have been selected.

It is apparent that there may be a delay in securing these permits so in the short term Poseidon will refocus on applying the Bruker S1 TITAN pXRF Lithium Index technology to identifying prospective core from both Emily Ann and Maggie Hays mine areas.

## SILVER SWAN PROJECT UPDATE

The Company is progressing key pre-production activities to facilitate the restart of Silver Swan underground nickel operations. Beck Engineering has been appointed to develop a numerical model for the underground Silver Swan mine. The model will be normalised based on previous experience at Silver Swan. Geotechnical work will allow the mine sequencing to be optimised and to confirm stope and pillar stability. Geotechnical core logging will underpin this work together with digitising underground face maps to improve the accuracy of the model. Following the completion of the model optimisation, a ground control management plan will be finalised based on the geotechnical recommendations.

Entech Engineering has also been appointed to progress definitive engineering. Entech will review previous mining methods applied at Silver Swan, define the preferred mining method and complete a life on mine optimised schedule. A JORC 2012 compliant reserve estimate will be prepared by Entech based on the ground control management plan and life of mine engineering study. On 3 June 2016 the Company announced a 180% increase in the Indicated Category of the Silver Swan resource estimate (JORC 2012 compliant) at a grade of 9.19% nickel, making it one of the highest grade nickel mines in the world. Poseidon is not aware of any new information relating to that announcement that would change any of the statements made.

Poseidon has an estimated 1.2 million tonnes of stockpiled Probable Category Ore at Black Swan (Figure 5) on the run of mine (ROM) pad estimated at 0.49% nickel for a total of 6,000 tonnes of nickel (announced 5<sup>th</sup> November 2014). The Company plans to complete testwork on a blend of ores to investigate the technical performance of the nickel ore blends and possible treatment options. Samples have been recovered and sent to a third party to progress testwork.

Previous testwork results confirmed that blending disseminated high talc nickel ores and massive nickel sulphide ores can be co-processed by a conventional nickel sulphide concentrator. This is the subject of a separate patent application prepared and submitted by the Company to the Australian Patents Office. An opportunity therefore exists for Poseidon to progress the blending stockpiled Black Swan disseminated high talc ores to allow the co-processing of the stockpiled ore via a conventional sulphide concentrator.



**Figure 5: One of Several Ore Stockpiles at Black Swan**

## **FINANCIAL**

As at 30 September 2016, the Company had cash on hand of A\$2.0 million and is working towards finalising the 2016 tax return which the Company believes will enable a refundable tax offset from the ATO under the Research and Development Tax Incentive scheme as it has received in past years.

The Company has continued to utilise the mechanism set up in September 2015 for selling shares to an intermediary. The exact quantum of funds received depends on the success of the intermediary in selling those shares. The issue of shares has raised \$1.2 million after fees during the quarter.

**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, 820,938 Unlisted Performance Rights were issued in lieu of Directors fees for the quarter to June under the terms of the Director Fees Performance Rights Plan. The performance rights were issued on 5 July 2016 at a deemed issue price of A\$0.0595 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.

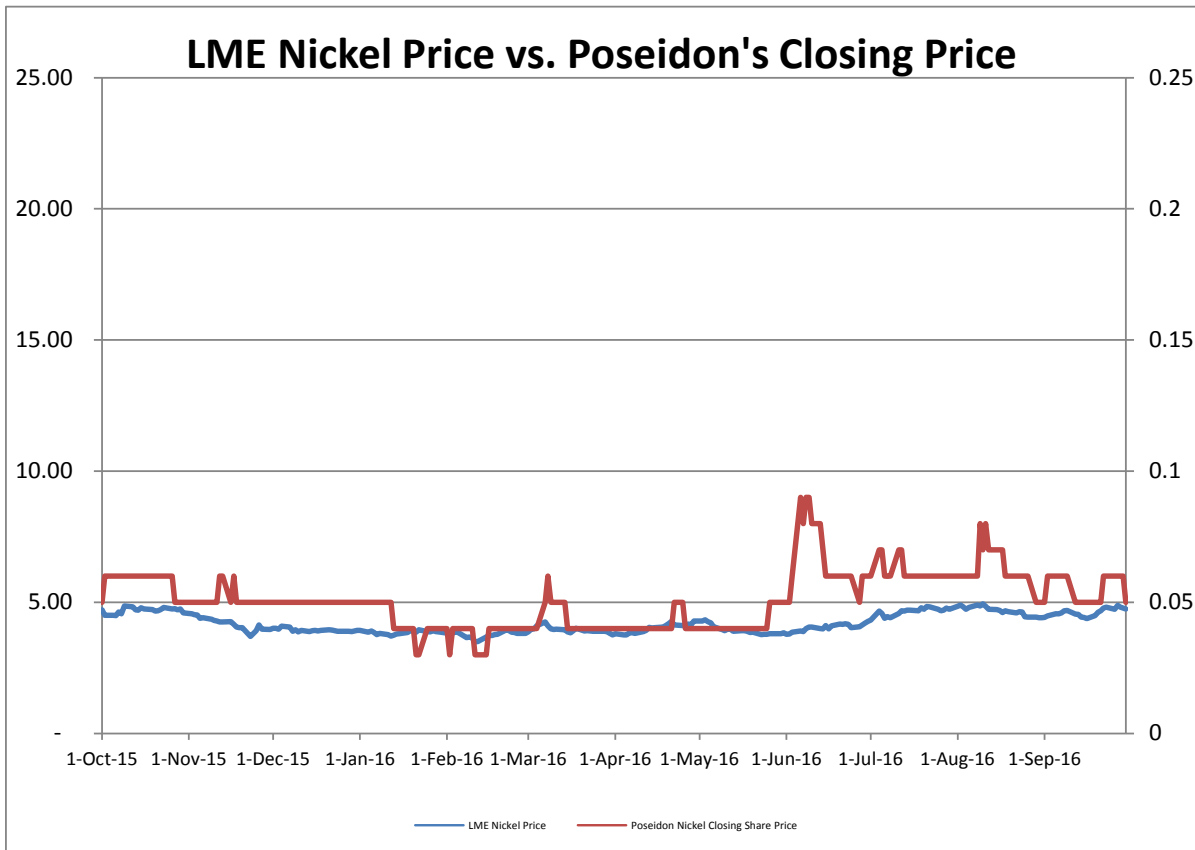
The Company issued 25,000,000 Fully Paid Ordinary Shares to professional and sophisticated investors, via an intermediary, in order to fund lithium exploration, ongoing studies for Silver Swan and care and maintenance programs across all sites.

In addition, the Company cancelled 6,593,308 Short Term Incentive Rights due to forfeiture as performance hurdles for the 2016 financial year had not been met. 553,559 Fully Paid Ordinary Shares were issued following the exercise of Short Term Incentive Rights by employees.

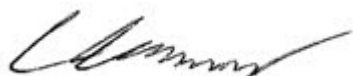
The Company also cancelled 2,975,000 Unlisted Options that expired on 31 August 2016.

**MARKET INFORMATION**

Figure 6 below shows the underlying correlation between Poseidon’s share price and the LME Nickel price over the last 12 months.



**Figure 6: Poseidon share price graph compared to LME Nickel price**



**Chris Indermaur**  
**Chairman**

14 October 2016

**CORPORATE DIRECTORY**

**Director / Senior Management**

Chris Indermaur	Non-Executive Chairman
David Singleton	Non-Executive Director
Geoff Brayshaw	Non-Executive Director
Robert Dennis	Non-Executive Director
Gareth Jones	Company Secretary

**Corporate Enquiries**

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 F: 61 8 6167 6649

E: [admin@poseidon-nickel.com.au](mailto:admin@poseidon-nickel.com.au)

**Shareholder Enquiries**

Enquiries concerning shareholdings should be addressed to:

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 GPO Box D182, Perth WA 6840  
 P: 61 8 9323 2000

**Principal Office**

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 331-335 Hay Street  
 SUBIACO WA 6008  
 P: 61 8 6167 6600  
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**Registered Office**

Level 2, Spectrum  
 100 Railway Road  
 SUBIACO WA 6008  
 P: 61 8 9367 8133  
 F: 61 8 9367 8812

**Media Enquiries**

P: 61 8 6167 6600  
 F: 61 8 6167 6649  
 E: [admin@poseidon-nickel.com.au](mailto:admin@poseidon-nickel.com.au)

**Home Exchange**

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



**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
<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
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
<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
Silver Swan	2012	4.50%	52	9.19	4,800	84	9.01	7,600	136	9.08	12,400
<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
<b>TOTAL</b>											
Total Ni Resources	2004 & 2012		16,720	1.01	168,700	27,300	0.82	223,200	44,020	0.89	391,900

*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)
<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.*

## 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)
<b>LAKE JOHNSTON PROJECT</b>				
Maggie Hays	2012	1.9	1.19	22.6
<b>BLACK SWAN PROJECT</b>				
Black Swan	2012	3.4	0.63	21.5
<b>WINDARRA PROJECT</b>				
Mt Windarra	2012	0.6	1.70	9.6
Cerberus	2004	1.2	1.30	16.0
<b>Windarra Sub Total</b>		<b>1.8</b>	<b>1.42</b>	<b>25.6</b>
<b>TOTAL</b>				
<b>Total Ni Reserves</b>	2004 & 2012	<b>7.1</b>	<b>0.98</b>	<b>69.7</b>

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 that relates to Exploration Results is based on information compiled and reviewed by Mr N Hutchison, General Manager of Geology 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 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 which relates to the Silver Swan 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.

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.

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.

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.

**TENEMENTS**

**Mining Tenements Held as at 30 June 2016**

<b>Areas of Interest</b>	<b>Tenements</b>	<b>Economic Entity's Interest</b>
<b>Western Australia</b>		
- 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	M38/1244, M38/1245, L38/118	100%
- Lake Johnston Nickel Assets	E63/1067, E63/1135, 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, M63/0522, M63/0523, M63/0524, P63/1527, E63/1784, E63/1811, E63/1812	100%
- Black Swan Nickel Assets	E27/0357, M27/0039, M27/0200, M27/0214, M27/0216, P27/1808, P27/1809, P27/1810, P27/1811, L27/0057, 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 September 2016 Quarter**

Nil

**Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the September 2016 Quarter**

Nil

**Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the September 2016 Quarter**

Nil

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Poseidon Nickel Limited

### ABN

60 060 525 206

### Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,213)	(1,213)
(b) development	-	-
(c) production	-	-
(d) staff costs	(435)	(435)
(e) administration and corporate costs	(364)	(364)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(287)	(287)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – sundry income	111	111
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,181)</b>	<b>(2,181)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(51)	(51)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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>(51)</b>	<b>(51)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,271	1,271
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(26)	(26)
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>1,245</b>	<b>1,245</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	3,030	3,030
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,181)	(2,181)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(51)	(51)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,245	1,245
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>2,043</b>	<b>2,043</b>

5. <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	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,033	3,020
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – Term Deposits	10	10
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,043</b>	<b>3,030</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

On 5 July 2016, 820,938 unlisted performance rights were issued at a price of \$0.0595 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 June 2016 quarter.

These have not been included in the above cash flow.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	US\$17,500	US\$17,500
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Unsecured Convertible Note held by Jefferies LLC – 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>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	1,100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	450
9.5 Administration and corporate costs	300
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,850</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	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.



Sign here:  
(Director)

Date: 14 October 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.