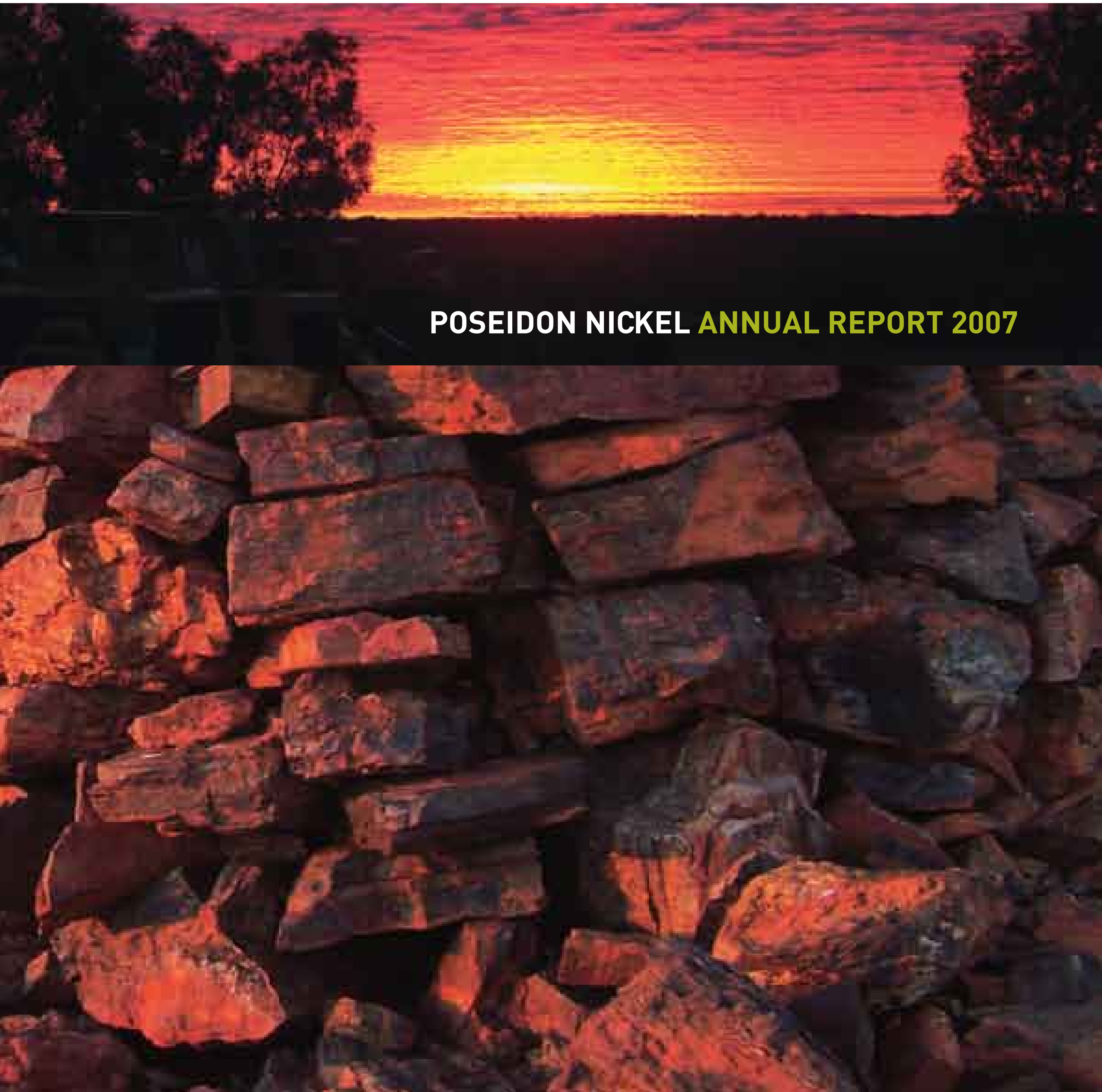
POSEIDON NICKEL



POSEIDON NICKEL ANNUAL REPORT 2007

Poseidon Nickel Limited

ABN: 60 060 525 206

Incorporated in Australia

Directors

Mr A Forrest

Mr C Indermaur

Mr R Monti

Company secretary

Mr R Kestel

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Auditors to the Company

Somes & Cooke

Chartered Accountants

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Perth WA 6000

Share registry

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building

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Perth WA 6000

ASX code

Shares POS

Country of incorporation and domicile

Australia

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CONTENTS

Front cover photography of sunrise at Mt Windarra and survey marker cairn by Neil Hutchison, General Manager - Geology, Poseidon Nickel Limited. Additional photography by Marian Czepiel, Darryl Peroni Photography and Ross@F22, Perth.

Our vision is to create a leading ASX listed nickel production and exploration company focussed in Australia. We see the Windarra mine and associated tenements as our cornerstone asset.

ANDREW F

NON-EXECUTIVE CH



I retain tremendous confidence in the nickel industry and its outlook as it seeks to meets the demanding challenges of China and the rest of the world. Poseidon, with its nickel sulphide resource, represents a rare opportunity to be involved in this market. I am committed to leading the Company as chairman as it transitions into production and supporting it with the skills I have developed over my years in the mining industry. Our vision is to create a leading ASX listed nickel production and exploration Company focussed in Australia. We see the Windarra mine and associated tenements as our cornerstone asset.

The continuing momentum in the Chinese economy will, I believe, continue to drive increasing demand for Australia's raw materials, including nickel, used primarily in stainless steel, and it will therefore remain a key commodity. Whilst nickel prices last year hit all time highs, I believe that they are now at a more sustainable level and one which will encourage continued investment in the mining industry. Poseidon is a unique business having a substantial well drilled resource base, significant infrastructure already in place and very importantly the freedom to produce either a nickel concentrate or a metal. This adds up to a strong value proposition. Our role in the leadership team is to realise this benefit in a professional and expeditious way.

ORREST
AIRMAN

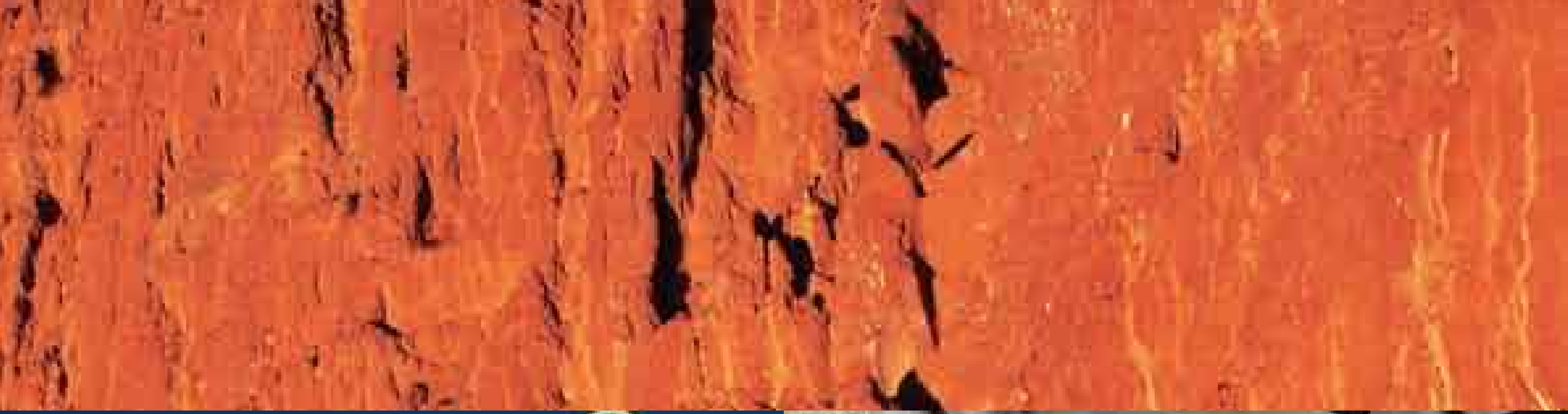
Poseidon, with its nickel sulphide resource, represents a rare opportunity to be involved in this market. I am committed to leading the Company as chairman as it transitions into production and supporting it with the skills I have developed over my years in the mining industry.

Whilst the market and the asset are important, the people necessary to fulfil the vision are crucial. I believe that I have selected a Board and executive team who have the knowledge, breadth of experience and determination to fulfil our vision. The team are all successful people in their own right and blend backgrounds in geology, strategy, engineering design, construction and in raising investment finance.

Whilst I have retained a significant shareholding in the Company, you will have seen that I have donated my options in Poseidon, together with shares in Fortescue to the Australian Children’s Trust. This trust was set up by my wife and I to aid those Children of Australia who are less fortunate than many of us. I am passionate about the benefit this charity can bring to so many and having the charity as a primary shareholder in the future of the Company has heightened my determination in its success.

As chairman, I am committed to good corporate governance and protecting the interests of shareholders both in building value and integrity in the Company. I will, along with the support of the Board Members, ensure that this Company is both transparent and professional in discharging its obligations. I look forward to the year ahead and the development of this historic asset.

Andrew Forrest
Non-executive chairman

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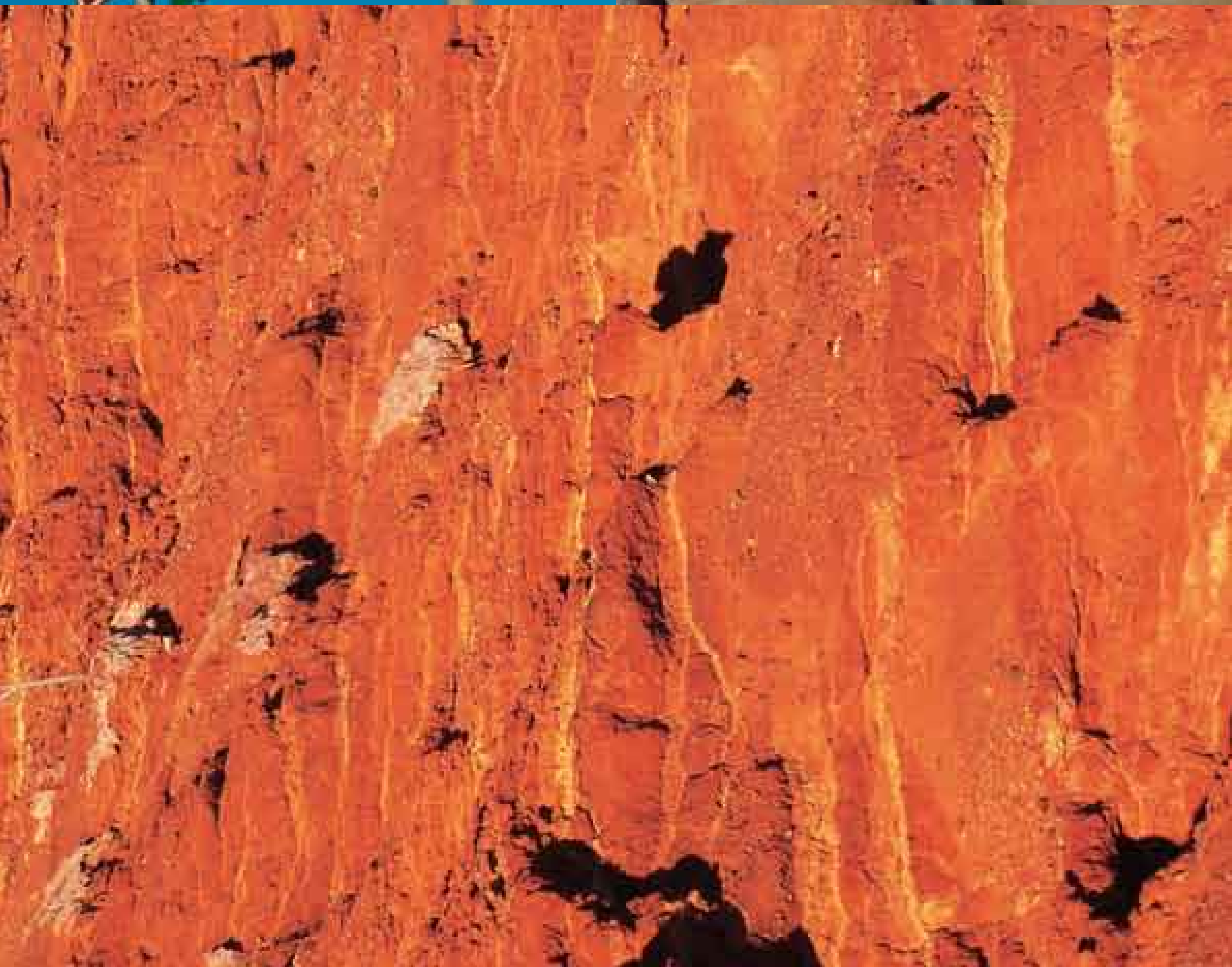


Vision and experience is what sets Poseidon Nickel apart from its competitors. The experience to know what to do right, and the vision to build the company in a new direction. The ability to think big requires confidence, knowledge and courage. It depends upon exceptional leadership, creative thinking and the guts to go against the grain and stay focused. Stakeholders rely on your knowledge of a complex industry, but everyone can understand what it is to have an exceptional vision.

DAVID SIN

CHIEF EXECUTIVE

I joined Poseidon because I wanted to be a driving part of the vision to create a major Australian company, to be part of our State's world leading resources sector - and to work with people that believe in our vision. Poseidon is that company and the benefits from it will accrue to our shareholders, our people and the Australian economy as a whole. Our goal is be a 25,000 tonne nickel producer at the earliest opportunity and everything we are doing is focussed on that.

Poseidon's cornerstone asset is the historic Windarra tenements (Figure 2, page 11) and it is this that provides a unique entry into the nickel sulphide mining and processing business. Our uniqueness emanates from a number of features of the Windarra tenements. Firstly when the site closed in 1991 after 20 operational years, significant known ore bodies were left due to the economics of that era. The resources, by the then WMC standard but not to a JORC standard, of 55,400 tonnes of nickel metal contained in ore are sufficient in all probability to develop an economic mine even without new additional exploration success. These resources have been drilled, defined as available and recorded in long sections by WMC and present a rich database for Poseidon, giving us significant development time advantage and risk mitigation, as we move into production.

GLETON
OFFICER

Poseidon enjoys the value enhancing opportunity of having no predetermined Off Take Agreement in place. It provides the company the opportunity to increase revenue and profitability in reviewing the economics of producing either an intermediate concentrate or a final metal and allows us to control our product and build long-term partnerships with nickel end-users.

Long-term opportunity

The Windarra site offers several potential development projects which increase its prospectivity. The nickel sulphide ore on the site represents the primary long-term opportunity. Our initial focus will be on the resources around and below the current 550m deep decline and shaft at Mt Windarra (as indicated in Figure 1, page 10). In addition previous exploration activity has identified other nickel bearing zones along the 24km long ultramafic trend that runs through the tenement. Those exploration opportunities are discussed later but include nickel intercepts at Denny Bore and Woodline Well.

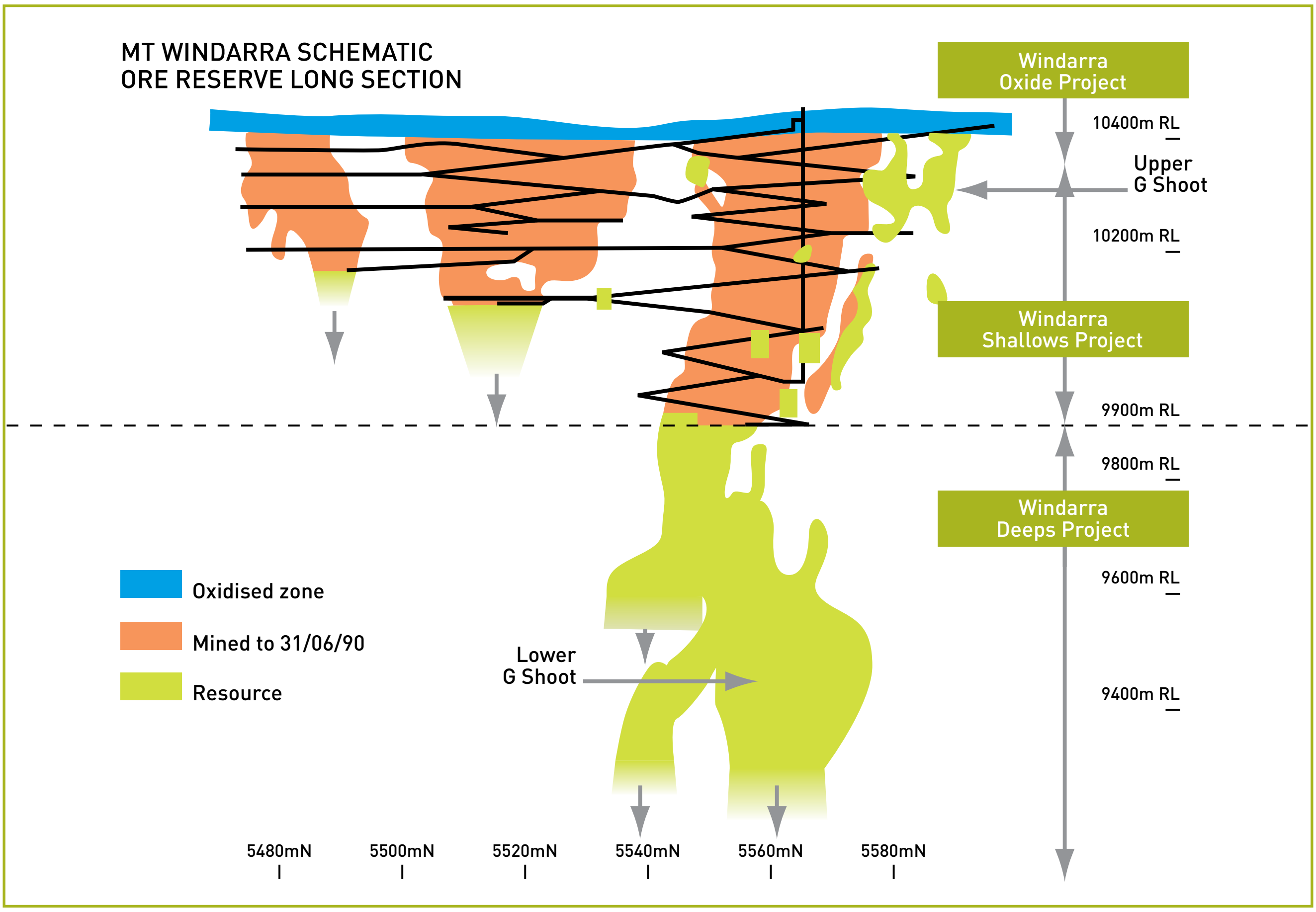


Figure 1.

In addition to the exploration activities, the site is believed to contain pre-mined and in situ oxidised nickel sulphide ores which were left undeveloped by WMC. Poseidon has undertaken laboratory testing on these ores and believes that they are amenable to atmospheric acid leaching. Previous company reports have indicated that the oxide may contain over 10,000 tonnes of nickel metal worth over A$300M at today's prices. These ores may represent a valuable, relatively low cost, augmentation to nickel sulphide production and treatment in the early years of the company's development. We are currently drilling these shallow targets to delineate the amount of oxide mineralisation on the site in order that this processing option can be included in our overall plans.

The opportunity in developing this mine is also enhanced by the considerable infrastructure that remains in place from previous operations. The mine is close to the town of Laverton approximately three hours drive north of the major regional mining centre of Kalgoorlie. The site can be well supported from these centres which are connected to the mine by quality tarmac roads and by the airstrips at Laverton and on the mine site itself. Office and workshops on the site have been refurbished and the main mine decline, vent shafts and haulage shaft are in position.

Lastly the mine also enjoys the support of the West Australian Government through a special Mining Lease created by an Act of Parliament and transferred to Poseidon in late 2006. In the view of the company these benefits amount to a unique value proposition.

Global demand

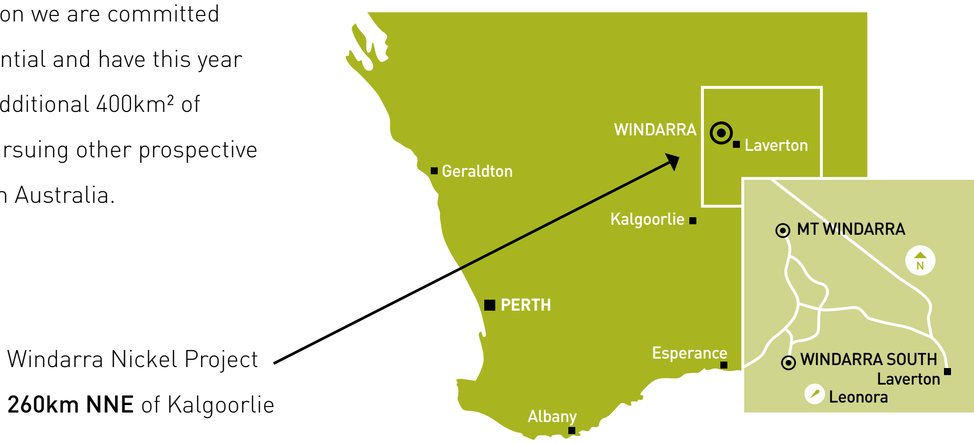
As a company, Poseidon remains confident in the future of nickel and we expect that our operations will remain economic for many years to come, aided by the relatively low project implementation costs and risk inherent in the Windarra site. With around 60% of all nickel going into stainless steel, the demand for this commodity is highly leveraged to the rapidly growing industrialising nations in Asia. The recent peak price rise forced the use of higher cost nickel pig iron to feed Chinese furnaces and thereby reduced a looming supply shortage. As the price of nickel has moderated the economics of this supply have become less attractive and at least one major Chinese mill has

announced that it no longer intends to utilise this source of nickel. Whilst new supplies of nickel will come on stream over the next few years, we do not see the spectre of substantial oversupply given the rapid growth in world demand coupled with the relatively efficient costs of nickel sulphide production.

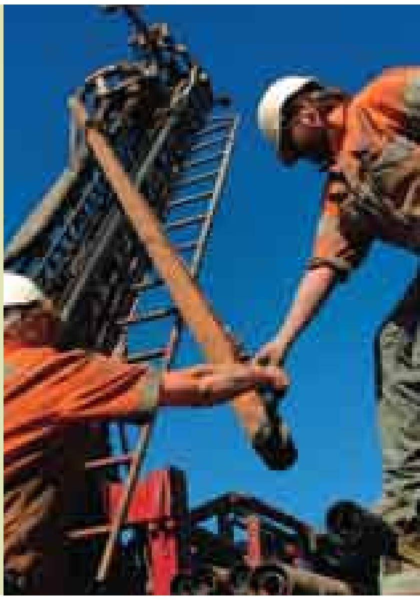
This market confidence adds weight to our belief in Windarra and also to our aim to be a major nickel producer. Consequently we will focus on the considerable exploration potential of the site, which will be aided by the use of technologies not readily available when the site was previously explored. In addition we are committed to extending our exploration potential and have this year announced an acquisition of an additional 400km² of adjoining land and are actively pursuing other prospective exploration tenements in Western Australia.

The primary focus of the management team is to get Windarra into production as soon as it is feasible to do so and to progressively increase mine output thereafter. At this point we are focussing on the project as having three highly complimentary parts. The first of these is the "Shallows" development which involves the early mining of ore, accessible from the existing 550m decline (Figure 1, previous page).

Figure 2. Mt Windarra location plan.



Whilst new supplies of nickel will come on stream over the next few years, we do not see the spectre of substantial oversupply given the rapid growth in world demand coupled with the relatively efficient costs of nickel sulphide production.



These deposits have been drilled and resources estimated by WMC and with further surface drilling which commenced in September 2007, will be progressively brought to a JORC reserve status over the following months. Our belief is that these shallow ores will provide the necessary production feed for the first 12 months of operation thereby providing early cash flow to the company. To achieve this we will need to undertake dewatering and rehabilitation of the existing decline and have an operational concentrator plant to process the ore. The processing option is being developed under the "Fast Start" project which envisages a 300,000 ore tonnes per annum circuit using a relocatable mill and crushing circuit capable of meeting the mines output for the first three years.

In parallel with the "Shallows" project the company's plan is to develop the "Deeps" ores immediately below the extent of the current 550m deep decline where, the bulk of the identified resources are situated. The full rehabilitation of the decline will take approximately 12 months and therefore mining of the "Deeps" will take place when the Shallows mining is completed providing continuity of mining and processing. Additional drilling of the Deeps ores will take place from the surface whilst the decline is being rehabilitated and will continue from underground as soon as possible with the objective of progressively bringing the ore to reserve status.

Our operating premise is that the Deeps ore's will allow us to progressively increase output and access higher grade ores at depth further enhancing nickel throughput. An increase in throughput would eventually require an extension of the concentrator circuit beyond the "Fast Start" capacity. Currently we envisage extending the processing to 600,000 tonnes per annum using a parallel mill and flotation circuit.

Nickel production

The company is focussed on maximising the returns from the nickel produced at Windarra and from other potential areas and is therefore reviewing processing beyond nickel concentrate up to metal. At this juncture, we believe that maximising exposure to the value chain will not only significantly enhance cash flows in the future, but provide a processing option for the nickel oxide ore on the site. The synergistic benefit of this could enhance nickel production particularly in the early years.

We are currently confirming the costs and schedule of the "Fast Start" project and confirming equipment availability by using an independent engineering company. In addition we are carrying out a sustained drilling programme focussing on reserve drilling of both the known oxide and sulphide ores. The results of these exercises will inform the Board prior to making a final decision on the project, structure and funding needs.

The next 12 months

The Board and management enter the next year with enthusiasm and determination, not only to succeed in restarting the Windarra Nickel Project, but also to start Poseidon on its journey to become a major West Australian nickel producer.

David Singleton
Chief Executive Officer

David Singleton was appointed Chief Executive Officer following the shareholder meeting on 2 July 2007. David was the CEO and MD of Clough Limited between August 2003 and January 2007. Prior to that he was the group head of strategy, Mergers and Acquisitions for BAE Systems (formally British Aerospace) in London and prior to that the CEO of Alenia Marconi Systems and was based in Rome, Italy.

ANDREW FORREST

NON-EXECUTIVE CHAIRMAN

Andrew Forrest (above) has been the Chief Executive Officer of the Fortescue Metals Group Ltd since April 2003 and has extensive experience in the mining sector, with specific expertise in major project finance. Fortescue has grown to its current market cap of over A$10bn under his leadership, challenging the dominance of the multi-nationals in the Pilbara and constructing new port and railway systems in the process. In creating the company he lead the initial $400 million raising for feasibility studies and exploration, then $3.2 billion raised in 2006 to launch full construction and more recently $500 million to platform Fortescue for expansion. Mr Forrest is a long-standing fellow of the Australian Institute of Mining and Metallurgy.

RICHARD MONTI

NON-EXECUTIVE DIRECTOR

Richard Monti (right) is a highly experienced geologist and has previously worked with Andrew Forrest as General Manager Resources, and was later appointed as Head of Marketing of the Murrin Murrin Nickel Cobalt operation. In 2004 he founded Ventnor Capital Pty Ltd a consultancy which provides technical, marketing, corporate advisory and investment banking services to junior and mid-cap listed resource companies.

He has gained broad experience over a 20 year career working in the technical, marketing and financial fields of the international exploration and mining industry. This experience includes exposure to a number of commodities including nickel, base metals, gold, coal, iron-ore, tin-tantalum, platinum group metals and industrial and heavy minerals.

CHRIS INDERMAUR

NON-EXECUTIVE DIRECTOR

Chris Indermaur (left) has over 25 years of experience in large Australian companies in engineering or commercial roles. Amongst these roles he was the Engineering and Contracts Manager for the QNI Nickel Refinery at Yabulu, company secretary for QAL and General Manager for strategy and development at Alinta Ltd.

Chris holds a Bachelor of Engineering (Mechanical) and a Graduate Diploma of Engineering (Chemical) from the West Australian Institute of Technology (now Curtin University) and is a Fellow of the Institution of Engineers. Chris also holds a Bachelor of Laws and a Master of Laws from the Queensland University of Technology and a Graduate Diploma in Legal Practice from the Australian National University.

Our previous experience at Windarra gives us a level of understanding into the complexities of the mine that would be rare for a project at this level of development. There is a preparedness for the team to take an innovative approach to developing solutions and to grasp the considerable advantages that we have.

Rob Dennis is a mining engineer with 35 years experience in the nickel, copper, gold and alumina industries. In his former role as COO Aditya Birla Minerals Ltd, he managed the expansion and development of the Nifty Copper Sulphide Project in Western Australia and the Mt Gordon operation in Queensland. Prior to that, he held positions including general manager project development for LionOre Australia, general manager operations for Great Central Mines and chief mining engineer for Western Mining Corporation. During his time with Western Mining Corporation, Rob worked at Windarra Nickel Project as underground mine manager from 1980-1986.

ROBERT DENNIS

CHIEF OPERATING OFFICER

We have the benefits of modern exploration technologies to open up the potential of an already highly productive geological region. Combine this with our strong leadership, a clear vision and a knowledgeable team with proven industry experience and we have a considerable capability. In addition, we have a respect for the environment that comes from practical exploration and mining experience.

Neil is a highly experienced exploration geologist, the former exploration superintendent at the Cosmos Nickel Project with Jubilee Mines, and previously a senior geologist with Troy Resources. He has 15 years experience in the mining industry, where he gained a working knowledge and the practical experience to explore for nickel and gold. Neil has worked throughout the goldfields region of Western Australia, as well as the Northern Territory, Queensland and Mongolia. Neil spent 5 years with Jubilee Mines conducting regional exploration, project reviews and evaluations, as well as managing the nickel exploration group at the highly successful Cosmos Nickel Project. During his time at Jubilee Mines, Neil developed a solid understanding of the nickel and ultramafic forming processes and the associated modern exploration techniques required to explore the Windarra Nickel Project. He has strong management skills and has drawn together an outstanding exploration team, which is supported by a strong network of reputable contractors and service providers.

NEIL HUTCHISON

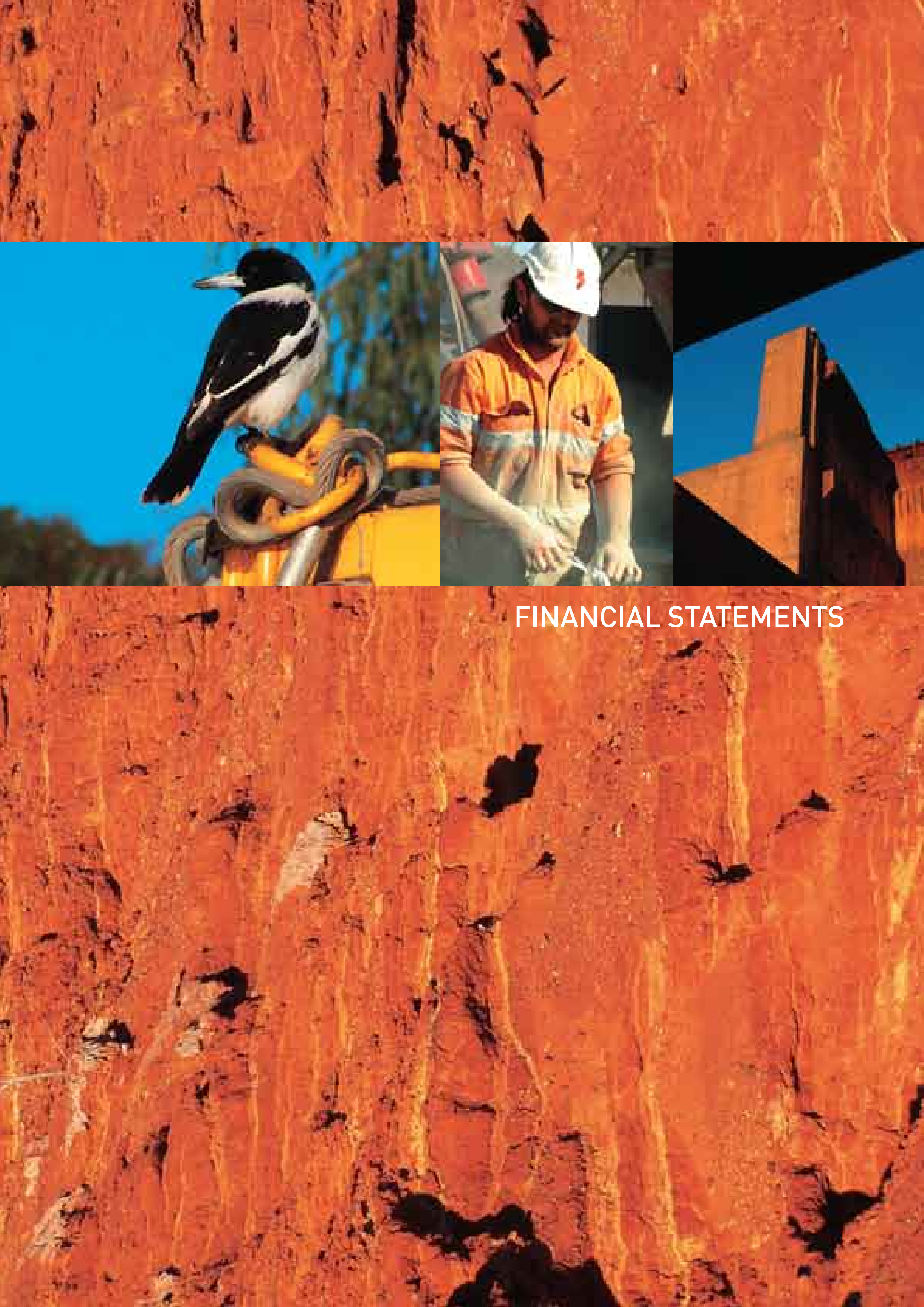
GENERAL MANAGER - GEOLOGY

Poseidon Nickel's success will rest initially in maximising the return from the nickel deposits at Windarra and having the option to produce either a nickel metal or an intermediate nickel concentrate. The substantial in ground asset gives us the ability we need to move quickly into production.

Gareth has over 20 years experience in accounting and commercial roles and specialises in business performance and project management. He has held a variety of senior commercial and management positions, including head of commercial for British Gas Business in the UK and commercial manager at Vodafone UK. Gareth is a Fellow of the Association of Chartered Certified Accountants and has an MBA from the University of Warwick.

GARETH JONES

FINANCIAL CONTROLLER



FINANCIAL STATEMENTS

Director's Report
30 June 2007

Your directors present their report together with the consolidated financial statements of Poseidon Nickel Limited and its controlled entities "the Company" for the year ended 30 June 2007.

Directors

The following persons were directors of Poseidon Nickel Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr A Forrest	(Appointed 2 July 2007)
Mr C Indermaur	(Appointed 2 July 2007)
Mr R Monti	(Appointed 4 April 2007)
Mr C Daws	(Appointed 1 November 2006/Resigned 2 July 2007)
Mr D Daws	(Resigned 2 July 2007)
Mr P Landau	(Resigned 4 April 2007)
Mr B Sceresini	(Resigned 4 April 2007)

Principal activities

It is the intent of the directors that the principal activities of the Company shall be that of exploration, mining and production of Nickel and other minerals. The Company does not intend to continue any investment activity.

Consolidated results

The consolidated loss for the consolidated entity for the year ended 30 June 2007, after income tax is ($7,545,787) (2006: ($919,895)).

Dividend payment

The directors recommend that no dividend be declared or paid.

Review of operations

Poseidon's strategy is to become a significant Nickel producer as quickly as possible and thereby take advantage of strong current economics in the industry. To that end we will conduct an extensive exploration programme along the Company's acreage using the most modern technology available to us to further develop the historic Windarra Assets. We have already taken significant steps in this regard with the commitment to additional drill rigs. This represents a major enhancement to our exploration capability and has been matched by the recruitment of additional geological staff.

Our initial focus will be in two prospective areas that the Company believes offers the best opportunity for early production. The first of these is the existing resource identified by WMC around and beneath the decline at Mt Windarra. At the time of mine closure WMC reported that approximately 54.4K tonnes of Nickel in Ore existed on the site as a whole, although this was not to a JORC standard. The diamond drill exploration activities will be focussed initially on proving and extending these resources.

The second area of focus will be the potential to heap leach Nickel from the on and near surface, oxide ores on the site. We are reviewing the potential to take the already completed laboratory analysis, previously reported, into a pilot test facility. In parallel, we will use the RC rig to prove up the total size of the resource base to check the viability of a multi-year project. It is intended to pursue this project if exploration identifies a significant multi-year resource base that can be developed with a Nickel cost of $5lb or less.

The Company advanced all of its key projects over the 2006-07 financial year with a key milestone being the ratification of the 'Variation Agreement' through Sate Parliament for the transfer of the Poseidon Nickel Agreement Act 1971. This completed the transfer process of the Windarra Nickel Project (WNP) from BHP Billiton (formerly WMC Resources) to Niagara Mining Limited. Payment of a 1% royalty on all nickel revenue will be paid to BHP Billiton if nickel product produced from the WNP is not sold to BHP Billiton or its subsidiaries.

In July 2006 the Company acquired further tenements at the Windarra project which significantly expanded and consolidated the Company's ground position. As well as having substantial potential to hold nickel mineralisation, the increased land position tied together the Company's current ground holdings and gives further flexibility for the placement of infrastructure for mining and processing development. The additional 400km^2 acquired increased the Company's land holding at Windarra four-fold. The Company is also in the process of acquiring ten exploration licences and prospecting licences from Dynasty Metals Australia Ltd and Tyson Resources Pty Ltd.

Windarra Nickel Project

Underground operations

Application to obtain the necessary statutory approvals to commence refurbishment of the underground mine were submitted to the relevant Government Departments during the year. Notification was received from DoIR during the fourth quarter that the Project Management Plan for the re-opening of the Mt Windarra underground mine had being approved. The other key requirements are the Works Approval and License to pump and discharge water from the mine which are expected to be approved during the second quarter of the new financial year.

A mining contractor with operating personnel and equipment are in place and preparation to enable the commencement of the works to rehabilitate the main decline access to the mine have progressed with the reticulation of power and installation other services, including a ventilation fan at the portal. Equipment testing has been completed and the portal area made ready for the works to commence. A quantity of road base has also been crushed and stockpiled.

Planning of the refurbishment work is continuing and as part of this process the mine's main ventilation raises have been opened and successfully inspected by remote camera.

Exploration

The fourth quarter was a transition phase between the original Niagara Mining exploration group and the newly formed Poseidon Nickel exploration team. Drilling was progressed with one drill rig for the quarter whilst data compilation, project reviews and management and procedural changes were undertaken.

Long-term drilling contracts have been secured in a difficult supply market where drill rigs are hard to source. This will see two diamond drill rigs delivered to site with the opportunity for an additional rig in the future. Diamond drilling will focus on defining and enhancing the known resources around the Mt Windarra mining operations and establishing new resources nearby. Drilling will also target oxide, sulphide mineralisation and other prospective targets.

The new exploration management are utilising new geological models for the Windarra Nickel Belt which looks at the old WMC data in a different light. It has been nearly 20 years since this belt was last explored and modern understanding of the formation of nickel sulphides within komatiitic lava fields will help change the way in which nickel sulphides will be targeted at the WNP. Expertise will be utilised from geological break throughs at the Cosmos and Kambalda nickel belts. These belts have seen substantial high grade nickel discoveries by companies such as Jubilee Mines at the Cosmos Nickel Project and from numerous companies exploring the old WMC nickel tenures at Kambalda and Forrestania.

The first round of drilling for near surface oxide mineralisation at South Windarra and Mt Windarra has been completed using an RC rig. Resource models of the South Windarra and Mt Windarra oxide resources are currently in progress in order to progress the proposed Nickel Heap Leach Project.

Review of operations (cont.)

Drill results

Mt Windarra mine

Resource definition and metallurgical drill sampling of the Windarra Mines G-Shoot continued through 2007. Several holes were drilled to confirm and test the mining potential of the near surface G-Shoot resource. Primary nickel-bearing breccia sulphides were intersected in the G-Shoot position and large diameter HQ core sampling of the shoot was completed for the purpose of collecting representative core samples for metallurgical sampling and test work. Further drilling is planned to bring this ore to a JORC reserve standard.

Regional exploration

Results and interpretation of last year's full surface TEM (transient electro-magnetic) surveys carried out at the Windarra Nickel Project (WNP) were received during the first quarter of 2007. The surface TEM survey tested 10km of strike of the prospective Windarra Komatiite which is the host rock unit to both the South Windarra and Mt Windarra nickel sulphide mines previously operated by WMC Resources between 1972-1991.

The survey resulted in several new high priority surface TEM targets south of the Mt Windarra nickel mine. The TEM targets are of limited strike extent and appear to be on the eastern side of the Windarra sequence beyond the Main BIF thus making them potentially of more interest than those conductors observed in the stratigraphic BIF position. Drilling intersected non-nickeliferous sulphides in a number of holes. However, as these are the first holes drilled into the regional prospects, detailed analysis of the DHEM (down hole electro-magnetics), as well as geochemistry and geological data generated from the drilling needs to be fully assessed and reinterpreted. This will determine the regional prospectivity of these targets and identify whether nickeliferous sulphides or other base metal sulphides are the cause of the conductive anomalies.

South Windarra

Work on the development of the proposed Nickel Heap Leach Project at South Windarra continued through the year. It is envisaged commencing the project with a pilot leach pad with the opportunity to expand as the operational techniques and available ore resources are refined.

The South Windarra Nickel Heap Leach Project (SWNL) flow sheet design for phase one of the project was finalised after 10 months of testwork. The testwork on the low grade oxidised nickel sulphide stockpiles and has suggested the SWNL to be a financially robust project at current nickel prices.

Denny Bore (Sub-Zero)

Denny Bore was previously discovered by WMC with kilometre spaced diamond holes which intersected encouraging nickel intercepts (WED4). Poseidon completed surface EM and down-hole TEM of the former WMC holes and identified robust EM conductors. The Company drilled additional holes in June 2006 and February 2007 and massive nickel sulphides were intersected in an area of previously limited exploration. The following assays were returned: WED4a 0.37m @ 17.58% Ni from 794.80 (down-hole) and NMD0004 0.56m @ 13.49% Ni from 666.48 (down-hole).

A follow up wedge hole NMD0004a was completed off the parent hole and the following results were announced by the Company during May 2007: NMD0004A 2.85m @ 1.68% Ni, from 657.0m (down-hole) and 0.95m @ 6.45% Ni from 664.5m (down-hole).

The nickel sulphides for these intersections are associated with thin, massive pyrrhotite-pyrite-pentlandite lenses within talc-carbonated altered ultramafics. DHEM surveys carried out in holes NMD0004 and 4A indicate the presence of up-dip conductor plates which remain to be drill tested. The result is believed to be approximate true width.

Drill hole NMD0005 was completed to the north and west of NMD0004 and the following results were returned: NMD0005 0.14m @ 0.81% Ni from 721.44m (down-hole).

DHEM survey results and geological modelling indicate that the central section of the conductor has not been intersected. The interpretation suggests that the source is centred away from the current area of drilling and that step out DHEM platform holes are required to locate the core of the mineralized system. The Company believes that the intersections are part of a larger massive nickel sulphide zone which should be situated in close proximity within the komatiite lava channel.

These intersections are indicative of a new high tenor nickel sulphide system at the WNP distinct from previous.

Woodline Well Nickel Project

PL 39/4493, PL39/4494, PL39/4495 (100%)

In March 2007, the Company acquired the Woodline Well Nickel Project from Perilya Limited, located approximately 10km west of the Windarra Nickel Project. The acquisition has increased the length of the Woodline Well ultramafic trend five-fold (from 2.5km to -13km strike length) and therefore the potential for the tenements to hold nickel mineralisation has substantially increased.

Significant nickel values were returned from drilling by previous explorers. Drilling intersected 3.1m at 2.3% nickel from 12.2m and 6.1m at 3.0% nickel (including 1.5m at 3.9% nickel) from 18.3m in percussion hole PDH1 and 0.9m at 4.3% nickel (including 0.15m at 7.2% nickel) from 59.7m in diamond hole DDH1. The komatiite sequence at Woodline Well possesses very high potential for hosting accumulations of oxide and massive nickel sulphides and the presence of near surface economic grades of nickel mineralisation, some of it primary, warrants further investigation.

Shallow RC drilling of the Woodline Well ultramafic is due to commence in early October 2007 in order to identify the nickel oxide and sulphide potential of the project.

A summary of the drill results for the year are shown in the table over page.

Review of operations (cont.)

Drill results (cont.)

Woodline Well Nickel Project (cont.)

						DRILL HOLE DETAILS				INTERSECTION SUMMARY
Hole ID	Prospect locations	Target names	Hole depth	Easting	Northing	Dip	Azimuth	From	To	Intersection
NMD0001B	Mt Windarra	Windarra Deeps	885.0	425325	6848562	-73	273	703.00	704.00	1m @ 6.0% Ni
								709.00	710.00	1m @ 1.83% Ni
								785.00	786.00	1m @ 2.28% Ni
NMD0001D	Mt Windarra	Windarra Deeps	846.4	425325	6848562	-73	273	655.00	662.00	7m @ 1.11% Ni
								701.80	709.00	7.2m @ 1.38% Ni
							incl	**701.80**	**703.82**	**2.02m @ 2.20% Ni**
NMD0001E	Mt Windarra	Windarra Deeps	792.6	425325	6848562	-73	273	621.00	632.00	11m @ 1.26% Ni
								646.15	649.10	2.95m @ 2.99% Ni
							incl	**647.54**	**648.25**	**0.71m @ 7.20% Ni**
NMD0004	Denny Bore	Sub Zero	759.2	430635	6839440	-64	275	666.48	667.04	0.56% @ 13.49% Ni
NMD0004a	Denny Bore	Sub Zero	756.2	430635	6839440	-64	275	657.00	659.85	2.85m @ 1.68% Ni
								664.50	665.45	0.95m @ 6.45% Ni
NMD0005	Denny Bore	Sub Zero	784.8	430593	6839550	-72	266	721.44	721.58	0.14m @0.81% Ni
NMD0006	Mt Windarra	G-Shoot	286.0	425285	6848782	-60	255	140.60	147.26	6.66m @ 2.70% Ni
							incl	**144.30**	**145.23**	**0.93m @ 11.73% Ni**
								178.00	189.00	11.0m @ 1.14% Ni
NMD0007	Mt Windarra	G-Shoot	318.4	425288	6848782	-61	266	148.50	151.50	3.0 m @ 1.27 % Ni
								163.09	164.51	1.42m @ 1.34 % Ni
							incl	**164.29**	**164.51**	**0.22m @ 7.06% Ni**
NMD0008	Mt Windarra	Poseidon	300.5	425279	6847322	-57.5	270			No significant assays
NMD0009	Weebo Well	Patron	325.0	427950	6841975	-70	240			No significant assays
NMD0010	Weebo Well	Discovery Gossan	300.0	428725	6840925	-60	230			No significant assays
NMD0011	Windarra Well	Jeune	350.0	426075	6844675	-65	230			No significant assays
NMD0012	Weebo Well	Patron	350.0	428120	6841800	-70	240			No significant assays
NMD0013	Mt Windarra	G-Shoot	300.0	425274	6848785	-60	259	121.50	126.70	5.2m @ 1.26 % Ni
							incl	**124.00**	**124.40**	**0.4m @6.63% Ni**
								139.40	140.40	1m @ 0.684 % Ni
								143.40	149.70	6.3m @ 1.32 % Ni
							incl	**145.50**	**147.20**	**1.7m @ 2.63% Ni**
NMD0014	Weebo Well	Rimfire	350.0	427450	6842470	-70	235			No significant assays
NMD0015	Windarra Well Sth	Sirius	350.0	426425	6844100	-60	255			No significant assays
NMD0016	Windarra Well	Jeune	425.0	426075	6844875	-60	270			No significant assays
METG001	Mt Windarra	G-Shoot	240.0	425271	6848788	-50	260	119.75	122.3	2.55m @ 1.15% Ni
METG002	Mt Windarra	G-Shoot	163.7	425269	6848787	-60	260	145.6	146.15	0.55m @ 0.84%

Note: All results are down-hole not true width intersections. Length weighted average calculations with an average SG of 3.0 have been used.

Gold

Salman South and Mame Gold Projects, Ghana West Africa

Pl No. 25639 (80%)

RC drilling was completed at the highly prospective Salman South Gold Project in November 2006 where a total of 27 RC holes for 3,201m were completed. As a result of this drilling, the Company has earnt its interest in both the Salman South Gold Project and the Mame Gold Project located in Ghana West Africa (Poseidon 80%). The current owners of the project, Sanu Resources Ghana Ltd, are currently in the process of transferring the titles into the joint venture company which is controlled by Poseidon Nickel.

An additional 3,768m of RAB drilling was completed on the Mame Prospect to the southeast where significant artisan workers have been mining the alluvial gravels. The colonial Mame underground mine.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the year were as follows:

- On the 21 September 2006, 65,000 shares were issued at $0.40 per share in payment for services rendered in undertaking broker research.
- On the 27 October 2006, 3,781,572 were issued at $0.38 to raise $1,436,997 before costs. The shares were placed with Australian Institutional Investors.
- On the 17 November 2006, 115,789 shares were issued at $0.38 per share in payment for a placement fee.
- On the 31 January 2007, 34,000,000 shares were issued at $0.22 per share to raise $7,480,000 before costs. The shares were placed with RAB Capital and Professional Investors.
- On the 31 January 2007, 1,000,000 shares were issued at $0.22 per share in payment for drilling costs.
- On the 26 March 2007, 200,000 shares were issued to Perilya Limited at $0.24 per share as consideration for the purchase of the Woodline Well tenement.
- During the year, 2,450,000 shares partly paid to $0.01 were converted to fully paid ordinary shares by the payment of $0.05 per share to raise $122,500 in working capital.
- During the year, 11,562,000 shares partly paid to $0.001 were converted to fully paid ordinary shares by the payment of $0.05 per share to raise $578,100 in working capital.
- During the year the following options were exercised:
  - 2,000,000 : 1 December 2006 options at $0.20 per share.
  - 2,200,000 : 9 December 2015 Company Incentive Options at $0.001 per share.
  - 10,075,000 : 5 December 2009 options at $0.46 per share.
  - 10,075,000 : 5 December 2011 options at $0.405 per share.

Events subsequent to balance date

At a meeting of shareholders held on 2 July 2007, among resolutions, shareholders approved the appointment of Andrew Forrest, Richard Monti and Chris Indermaur as directors. The capital of the Company was consolidated on the basis that every 2 (two) shares or options on issue were consolidated into 1 (one) share or option. In addition 115,000,000 options and 5,000,000 shares were issued to Andrew Forrest or his nominees and 2,500,000 options and 500,000 shares were issued to Ventnor Capital Pty Ltd (or its nominees), a company associated with Richard Monti. The Company has sought independent taxation advice on the issue of shares and options to non-executive directors in relation to attracting payroll tax and based upon this advice, it is the view of the directors that there is no requirement to reflect a potential liability in the financial statements.

Other than the above, there has not arisen since the end of the period, any items, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company to affect significantly the operation of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

Likely developments

Disclosure of information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included because, in the opinion of the directors, it would prejudice the interests of the consolidated entity and provide confidential information to competitors.

Directors' information

				SHARE/OPTION HOLDING [AT DATE OF REPORT OR ON RETIREMENT/RESIGNATION]	
Director	Age	Date appointed	Responsibilities	Ordinary shares	Options
Mr A Forrest	45	2 July 2007	Non-executive director	-	-
Mr C Indermaur	49	2 July 2007	Non-executive director	-	-
Mr R Monti	43	4 April 2007	Non-executive director	237,500	1,250,000
Mr C Daws (resigned 2 July 2007)	35	1 November 2006	Chief Executive Officer, Executive director	13,428,994 (*)	-
Mr D Daws (resigned 2 July 2007)	64	13 January 2004	Chairman, Executive director	2,250,000 (*)	-
Mr P Landau (resigned 4 April 2007)	35	17 June 2005	Non-executive director	-	-
Mr B Sceresini (resigned 4 April 2007)	67	13 January 2004	Non-executive director	75,000 (*)	2,200,000 (*)

(*) Pre 1 for 2 consolidation of shares on 18 July 2007.

Names, qualifications, experience and special responsibilities

Mr Andrew Forrest

Mr Forrest was elected as non-executive chairman of Poseidon Nickel Ltd at its General Meeting of shareholders on 2 July 2007. He has been Chief Executive Officer of the Fortescue Metals Group Ltd since July 2003 and was interim chairman from then until May 2005. Mr Forrest is chairman of the Australian Children's Trust. His previous roles include Chief Executive Officer and deputy chairman of Anaconda Nickel Limited (now Minara Resources Ltd), chairman of the Murrin Murrin Joint Venture, non-executive chairman of Moly Mines Ltd, non-executive chairman of Arafura Pearls Ltd, non-executive director of Sibera Mining Corporation Limited (now Monarch Gold Ltd), director of the West Australian Chamber of Minerals and Energy and chairman of Athletics Australia. Mr Forrest has extensive experience in the mining sector with specialist expertise in major project finance.

Appointed 2 July 2007.

Mr Christopher Indermaur

Mr Indermaur has over 25 years of experience in large Australian companies in engineering or commercial roles. Amongst these roles he was the engineering and contracts manager for the QNI Nickel Refinery at Yabulu, company secretary for QAL and general manager for strategy and development at Alinta Ltd.

Mr Indermaur holds a Bachelor of Engineering (Mechanical) and a Graduate Diploma of Engineering (Chemical) from the West Australian Institute of Technology (now Curtin University) and is a Fellow of the Institution of Engineers. Chris also holds a Bachelor of Laws and a Master of Laws from the Queensland University of Technology and a Graduate Diploma in Legal Practice from the Australian National University.

Appointed 2 July 2007.

Mr Richard Monti

Mr Monti has qualifications in Geology (Bachelor of Science with Honours from the University of Western Australia) and Finance (Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia).

He has gained broad experience over a 20 year career working in the technical, marketing and financial fields of the international exploration and mining industry. This experience includes exposure to a number of commodities including nickel, base metals, gold, coal, iron-ore, tin-tantalum, platinum group metals and industrial and heavy minerals.

Mr Monti led the team that built a 1.8 billion tonne resource base of nickel and cobalt through efficient and innovated resource definition and low-cost acquisition programmes. He also generated the iron ore project for Fortescue Mining in the Pilbara region which has developed into a 2 billion tonne iron ore resource.

He has worked for a number of international and Australian companies including Anaconda Nickel, RTZ Exploration, the North Group, the Normandy Group and Ashton Gold. During a seven year term at Anaconda Nickel he held general manager positions in technical, commercial and marketing fields.

Three years ago he founded Ventnor Capital Pty Ltd a consultancy which provides technical, marketing, corporate advisory and investment banking services to junior and mid-cap listed resource companies.

He has also held positions on the boards of a number of Australian Stock Exchange listed and private mining companies including Peninsula Minerals Ltd and Grand Gulf Energy Ltd. Mr Monti is also currently a director of Transit Holdings Ltd and Whinnen Resources Ltd.

Appointed 4 April 2007.

Directors' information (cont.)

Names, qualifications, experience and special responsibilities (cont.)

Mr Douglas C Daws

Appointed 13 January 2004. Resigned 2 July 2007.

Mr Christopher Daws

Appointed 1 November 2006. Resigned 2 July 2007.

Mr Peter N Landau

Appointed 17 June 2005. Resigned 4 April 2007.

Mr Bruno J S Sceresini

Appointed 13 January 2004. Resigned 4 April 2007.

Former directorships in last three years

The information set out below relates to the current directors in relation to their directorships in listed companies only. Information on directors resigned/retired since the beginning of previous financial year is not available and consequently not disclosed.

Mr A Forrest	Fortescue Metals Group Ltd
Mr C Indermaur	None
Mr R Monti	Transit Holdings Ltd, Whinnen Resources Ltd, Grand Gulf Energy Ltd, Peninsula Minerals Ltd

Company secretary information

Mr R Kestel

Mr Kestel is both a chartered accountant and certified practising accountant and has been a director of the accounting practice Nissen Kestel Harford since July 1980.

Mr Kestel has acted as a director and company secretary of a number of public companies involved in mineral exploration, mining, mine services, property development, manufacturing and technology industries.

Mr Kestel is a registered company auditor and a member of the Institute of Company directors.

Appointed 20 February 2004.

Directors' benefits

No director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit [other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors as detailed in the consolidated financial statements] by reason of a contract made by the consolidated entity or a controlled entity with the director or with a firm of which the director is a member, or with a company in which the director has a substantial interest, except for any benefit that may be deemed to have arisen in relation to the contracts disclosed in note 24 and 27 of the financial statements.

Directors' interests in contracts

No material contracts involving directors' interests were entered into since the end of the previous financial year, or existed at the end of the financial year, other than the transactions detailed in note 24 and 27 of the financial statements.

Directors' meetings

Seven directors' meetings were held during the financial year. The number of directors' meetings attended during the financial year were:

Director meetings held whilst in office	Number of directors' meetings attended	Number of directors' meetings eligible to attend
Mr A Forrest	-	-
Mr C Indermaur	-	-
Mr R Monti	1	1
Mr C Daws	5	5
Mr D Daws	6	6
Mr P Landau	4	5
Mr B Sceresini	5	5

Remuneration report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

E Additional information

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited. The disclosures in Section E are additional disclosures required by the *Corporations Act 2001* and the Corporations Regulations 2001 which have not been audited.

A Principles used to determine the nature and amount of remuneration (audited)

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/
  alignment of executive compensation
- transparency, and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Remuneration report (cont.)

A Principles used to determine the nature and amount of remuneration (audited) (cont.)

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive director's fees and payments are reviewed annually by the Board.

Directors' fees

The chairman's remuneration is inclusive of committee fees while non-executive directors receive additional yearly fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The aggregate directors' fee pool currently stands at $350,000. Total directors' fees paid in 2007 were $70,000 (2006: $45,000).

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits
- short-term performance incentives
- long-term incentives through participation in share or option issues, and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration. The Group intends to revisit its long-term equity linked performance incentives specifically for executives during the year ending 2007.

Base pay

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market.

There are no guaranteed base pay increases included in any senior executives' contracts.

B Details of remuneration (audited)

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of Poseidon Nickel Limited and the Niagara Mining Group are set out in the following tables.

The key management personnel of Poseidon Nickel Limited and the Group includes the directors and the following executive officer, who is also the highest paid executive of the entity:

- Mr C Daws
  Chief Executive Officer

Key management personnel of Poseidon Nickel Limited

2007

Name	Cash salary and fees $	SHORT-TERM BENEFITS Cash bonus $	Non-monetary benefits $	POST-EMPLOYMENT BENEFITS Super-annuation $	Retirement benefits $	SHARE-BASED PAYMENT Options $	Total $
Non-executive directors							
Mr P Landau	20,000	-	-	1,800	-	-	21,800
Mr B Sceresini	20,000	-	-	1,800	-	414,952	436,752
Mr R Monti	5,000	-	-	450	-	-	5,450
Sub total non-executive directors	**45,000**	**-**	**-**	**4,050**	**-**	**414,952**	**464,002**
Executive directors							
Mr D Daws	125,941	-	-	7,340	-	414,952	529,399
Mr C Daws	273,240	-	-	12,523	-	-	304,597
Other key management personnel							
Mr C Daws	38,073	-	-	3,427	-	414,952	456,452
Totals	**482,254**	**-**	**-**	**27,340**	**-**	**1,244,856**	**1,754,450**

2006

Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Options $	Total $
Non-executive directors							
Mr P Landau	15,000	-	-	1,350	-	-	16,350
Mr B Sceresini	15,000	-	-	1,350	-	46,106	62,456
Sub total non-executive directors	**30,000**	**-**	**-**	**2,700**	**-**	**46,106**	**78,806**
Executive directors							
Mr D Daws	53,284	-	-	4,796	-	46,106	104,186
Other key management personnel							
Mr C Daws	110,879	-	-	9,979	-	46,106	166,964
Totals	**194,163**	**-**	**-**	**17,475**	**-**	**138,318**	**349,956**

Remuneration report (cont.)

B Details of remuneration (audited) (cont.)

Key management personnel of the Group

2007	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS		SHARE-BASED PAYMENT	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Options $	Total $
Non-executive directors							
Mr P Landau	20,000	-	-	1,800	-	-	21,800
Mr B Sceresini	20,000	-	-	1,800	-	414,952	436,752
Mr R Monti	5,000	-	-	450	-	-	5,450
Sub total non-executive directors	**45,000**	**-**	**-**	**4,050**	**-**	**414,952**	**464,002**
Executive directors							
Mr D Daws	125,941	-	-	7,340	-	414,952	529,399
Mr C Daws	273,240	-	-	12,523	-	-	304,597
Other key management personnel							
Mr C Daws	38,073	-	-	3,427	-	414,952	456,452
Totals	**482,254**	**-**	**-**	**27,340**	**-**	**1,244,856**	**1,754,450**

2006	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Options $	Total $
Non-executive directors							
Mr P Landau	15,000	-	-	1,350	-	-	16,350
Mr B Sceresini	15,000	-	-	1,350	-	46,106	75,027
Sub total non-executive directors	**30,000**	**-**	**-**	**2,700**	**-**	**46,106**	**78,806**
Executive directors							
Mr D Daws	53,284	-	-	4,796	-	46,106	104,186
Other key management personnel							
Mr C Daws	110,879	-	-	9,979	-	46,106	166,964
Totals	**194,163**	**-**	**-**	**17,475**	**-**	**138,319**	**349,956**

C Service agreements (audited)

Remuneration and other terms of employment for the other key management personnel are currently being formalised in employment agreements/service agreements. Each of these agreements will provide for the provision of other benefits and participation, when eligible, in share and option issues.

D Share-based compensation (audited)

Options are granted under the Employee Share Option Plan which was approved by shareholders at the Annual General Meeting on 30 November 2005. The Company has issued options to two directors, the Chief Executive Officer and the executive assistant. Details are:

Options

6,600,000 options were granted to key management personnel for no consideration following approval by shareholders at the Annual General Meeting on 30 November 2005.

No additional options were issued to key management personnel during the year ended 30 June 2007.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
8 December 2005	8 December 2015	$0.001	20.96¢	8 December 2005

Options granted carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

The exercise price of options $0.001 each.

The assessed fair value at grant date of options granted to the Chief Executive Officer is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2006 included:

(a) options are granted for no consideration

(b) exercise price: $0.001

(c) grant date: 8 December 2005

(d) expiry date: 8 December 2015

(e) share price at grant date: $0.21

(f) expected price volatility of the Company's shares: 98.49%

(g) expected dividend yield: 0%

(h) risk free interest rate: 5.385%

Remuneration report (cont.)

E Additional information - unaudited

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year.

Share-based compensation: options

Further details relating to options are set out below.

Name	A Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D Value at lapse date $	E Total of columns B D $
Mr D Daws Executive director	-	461,058	-	-	461,058
Mr P Landau Non-executive director	-	-	-	-	-
Mr B Sceresini Non-executive director	-	461,058	-	-	461,058
Mr C Daws Chief Executive Officer	-	461,058	-	-	461,058

A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.

B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

Loans to directors and executives

During the year interest-free loans totalling $33,802 were made to Chris Daws or his related entities. There were no other loans to directors or executives.

Shares under option

Unissued ordinary shares of Poseidon Nickel Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price of options	Number under option
26 May 2005	1 June 2008	$2.00	1,000,000
31 January 2007	5 December 2009	$0.81	6,157,904
31 January 2007	5 December 2011	$0.92	6,157,903
			13,315,807

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

Insurance of officers

The Company has paid a premium to insure the directors and officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (Somes & Cooke) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for services provided by the auditors:

	CONSOLIDATED	
	2007 $	2006 $
Assurance services		
Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	24,125	23,815
Total remuneration for audit services	24,125	23,815

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 37.

Auditor

Somes & Cooke continues in office accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Mr C Indermaur
Director
Western Australia
27 September 2007

Auditor's Independence Declaration

30 June 2007

SomesandCooke

Poseidon Nickel Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Poseidon Nickel Ltd.

As lead audit partner for the audit of the financial statements of Poseidon Nickel Ltd. for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Somes & Cooke

SOMES and COOKE

K C Somes

K. C. Somes

27th September 2007
1304 Hay Street
West Perth WA 6005

Corporate Governance Statement

30 June 2007

The Board of Directors of Poseidon Nickel Limited ("Poseidon" or "the Company") is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of Poseidon on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three directors and it intends to establish a majority of non-executive directors;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate, who must stand for election at the next general meeting of shareholders. The Company does not have a formal Nomination Committee.

Remuneration and Nomination Committees

Up to 30 June 2007, the Company did not have a formal Remuneration or Nomination Committees. The full Board attended to the matters normally attended to by a Remuneration Committee and a Nomination Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives. Subsequent to 30 June 2007 a Remuneration and Nomination Committee was established.

Audit Committee

Up to 30 June 2007, the Company did not have a formal Audit Committee. The full Board carried out the functions of an Audit Committee. Due to the small size and structure of the Board and the relatively straight forward accounts of the Company, the directors could see no additional benefits would be obtained by establishing such a committee. The Board follows the Audit Committee Charter, a copy of which is disclosed on the Company's website. Subsequent to year end the Company has established an Audit Committee.

Board responsibilities

As the Board acts on behalf of and is accountable to the shareholders, it seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the economic entity is delegated by the Board to the Chief Executive Officer. The Board ensures that the Chief Executive Officer is appropriately qualified and experienced to discharge his responsibilities, and has in place procedures to assess the performance for the Company's officers, employees, contractors and consultants.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;
- implementation of operating plans and budgets by management and Board monitoring progress against budget;
- procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

Monitoring of the Board's performance

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is to be reviewed annually by the chairperson. Directors whose performance is unsatisfactory are asked to retire.

Best Practice Recommendation

Outlined below are the 10 Principles of Good Corporate Governance and Best Practice Recommendations as outlined by the ASX and the Corporate Governance Council. The Company has complied with the Corporate Governance Best Practice Recommendations except as identified below. Details about the Company's corporate governance policies are set out on the Company's website at www.poseidon-nickel.com.au

	ACTION TAKEN AND REASONS IF NOT ADOPTED
Recognise and publish the respective roles and responsibilities of the Board and management ***Principle 1: Lay solid foundation for management and oversight*** 1.1 Formalise and disclose the functions reserved to the Board and those delegated to management	Adopted
Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties ***Principle 2: Structure the Board to add value*** 2.1 A majority of the Board should be independent 2.2 The chairperson should be an independent director 2.3 The roles of chairperson and Chief Executive Officer should not be exercised by the same individual 2.4 The Board should establish a nomination committee 2.5 Provide the information indicated in 'Guide to reporting on Principle 2'	Adopted except as follow: 2.2 The chairman does not satisfy the Independence Test. The Board considers that Mr Forrests position as chairman of the Board is appropriate given his experience in the resource sector. 2.4 The Company is not of a size that justifies having a separate Nomination Committee. However, subsequent to 30 June 2007 a Remuneration and Nomination Committee was established.
Actively promote ethical and responsible decision-making ***Principle 3: Promote ethical and responsible decision-making*** 3.1 Establish a code of conduct to guide the directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the Company's integrity 3.1.2 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices 3.2 Disclose the policy concerning trading in Company securities by directors, officers and employees 3.3 Provide the information indicated in 'Guide to Reporting on Principle 3'	Adopted

Best Practice Recommendation (cont.)

	ACTION TAKEN AND REASONS IF NOT ADOPTED
Have a structure in place to independently verify and safeguard the integrity of the Company's financial reporting *Principle 4: Safeguard integrity in financial reporting* 4.1 Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards 4.2 The Board should establish an audit committee 4.3 Structure the audit committee so that it consists of: • Only non-executive directors • A majority of independent directors • An independent chairperson who is not the chairperson of the Board • At least three members 4.4 The audit committee should have a formal operating charter 4.5 Provide the information indicated in the 'Guide to reporting on Principle 4'	Adopted except as follows: 4.2, 4.3 Up to 30 June 2007, the Company did not have a separate Audit Committee. The full Board carried out the function of an Audit Committee. Due to the small size and structure of the Board and the relatively straight forward accounts of the Company, the directors could see no additional benefits would be obtained by establishing such a committee. Subsequent to 30 June 2007, an Audit Committee was established. The Committee follows the Audit Committee Charter, a copy of which is disclosed on the Company's website.
Promote timely and balanced disclosure of all material matters concerning the Company *Principle 5: Make timely and balanced disclosure* 5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance 5.2 Provide the information indicated in the 'Guide to reporting on Principle 5'	Adopted
Respect the rights of shareholders and facilitate the effectiveness of those rights *Principle 6: Respect the rights of shareholders* 6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings 6.2 Request the external audit to attend the annual general meeting and be available to answer shareholder questions about the audit and the preparation and content of the auditor's report	Adopted

	ACTION TAKEN AND REASONS IF NOT ADOPTED
Establish a sound system of risk oversight and management and internal control *Principle 7: Recognise and manage risk* 7.1 The Board or appropriate Board committee should establish policies on risk oversight and management 7.2 The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that: 7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board 7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects 7.3 Provide the information indicated in the 'Guide to reporting on Principle 7'	Adopted
Fairly review and actively encourage enhanced Board and management effectiveness ***Principle 8: Encourage enhanced performance*** 8.1 Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives	Adopted
Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined ***Principle 9: Remunerate fairly and responsibly*** 9.1 Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the cost and benefits of these policies and (ii) the link between remuneration paid to directors and key executives and corporate performance 9.2 The Board should establish a remuneration committee 9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives 9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders	Adopted except as follows: 9.2 Up to 30 June 2007, the Company was not of a size that justified having a separate Remuneration Committee. Subsequent to 30 June 2007, a Remuneration and Nomination Committee was established.
Recognise the legal and other obligations of all legitimate stakeholders ***Principle 10: Recognise the legitimate interest of stakeholders*** 10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders	Adopted

Income Statement

For the year ended 30 June 2007

	Notes	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
Revenue from continuing operations	4	563,894	182,772	563,894	176,571
Other income	5	78,411	-	78,411	-
Employee benefits expense		(1,732,039)	(272,524)	(1,732,039)	(272,524)
Depreciation expense		(23,402)	(17,228)	(23,402)	(17,228)
Impairment of other financial assets		(202,655)	-	-	-
Other expenses	6	(6,229,996)	(666,214)	(6,654,673)	(620,177)
Profit/(loss) before income tax		(7,545,787)	(919,895)	(7,767,809)	(880,059)
Income tax expense	7	-	-	-	-
Profit/(loss) for the year		(7,545,787)	(919,895)	(7,767,809)	(880,059)
Profit/(loss) attributable to members of Poseidon Nickel Limited		(7,545,787)	(919,895)	(7,767,809)	(880,059)

		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	31	(3.05)	(0.54)
Diluted earnings per share	31	(2.61)	(0.42)

		Cents	Cents
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings per share	31	(3.05)	(0.54)
Diluted earnings per share	31	(2.61)	(0.42)

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2007

	Notes	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
Assets					
Current assets					
Cash and cash equivalents	8	10,484,951	3,126,219	10,473,185	3,126,151
Trade and other receivables	9	1,529,720	120,498	1,529,284	114,363
Other	10	24,355	1,200	24,355	1,200
Total current assets		12,039,026	3,247,917	12,026,824	3,241,714
Non-current assets					
Receivables	11	-	322	-	419,000
Available-for-sale financial assets	12	311,019	2,364,678	311,019	2,364,678
Other financial assets	13	-	202,655	2	2
Property, plant and equipment	14	403,451	56,122	403,451	56,122
Exploration, evaluation and development expenditure	15	17,300,591	13,403,137	17,300,591	13,403,137
Other	16	3,500,000	-	3,500,000	-
Total non-current assets		22,515,061	16,026,914	21,515,063	16,242,939
Total assets		33,554,087	19,274,831	33,541,887	19,484,653
Liabilities					
Current liabilities					
Trade and other payables	17	1,903,780	450,146	1,903,780	450,146
Borrowings	18	19,247	-	19,247	-
Provisions	19	4,636	40,554	4,636	40,554
Total current liabilities		1,927,663	490,700	1,927,663	490,700
Non-current liabilities					
Borrowings	20	134,695	-	134,695	-
Total non-current liabilities		134,695	-	134,695	-
Total liabilities		2,062,358	490,700	2,062,358	490,700
Net assets		31,491,729	18,784,131	31,479,529	18,993,953
Equity					
Contributed equity	21	57,685,754	38,129,514	57,685,754	38,129,514
Reserves	22(a)	1,276,966	1,040,879	1,276,966	1,040,879
Accumulated losses	22(b)	(27,470,991)	(20,386,262)	(27,483,191)	(20,176,440)
Total equity		31,491,729	18,784,131	31,479,529	18,993,953

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2007

		CONSOLIDATED		PARENT ENTITY	
	Notes	2007 $	2006 $	2007 $	2006 $
Total equity at the beginning of the financial year		18,784,131	3,449,445	18,993,953	3,619,431
Changes in the fair value of available-for-sale financial assets, net of tax		(623,159)	854,178	(623,159)	854,178
Net income recognised directly in equity		(623,159)	854,178	(623,159)	854,178
Profit for the year		(7,545,787)	(919,895)	(7,767,809)	(880,059)
Total recognised income and expense for the year		10,615,185	(65,717)	10,602,985	(25,881)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs		19,556,240	15,253,702	19,556,240	15,253,702
Employee share options		1,320,304	146,701	1,320,304	146,701
		20,876,544	15,400,403	20,876,544	15,400,403
Total equity at the end of the financial year		31,491,729	18,784,131	31,479,529	18,993,953
Total recognised income and expense for the year is attributable to:					
Members of Poseidon Nickel Limited		31,491,729	18,784,131	31,479,529	18,993,953
		31,491,729	18,784,131	31,479,529	18,993,953

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2007

		CONSOLIDATED		PARENT ENTITY	
	Notes	2007 $	2006 $	2007 $	2006 $
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		149,057	57,452	149,057	50,995
Payments to suppliers and employees (inclusive of goods and services tax)		(2,542,332)	(1,837,224)	(2,468,961)	(1,787,685)
Goods and services tax receipts		554,953	865,975	543,235	862,800
		(1,838,322)	(913,797)	(1,776,669)	(873,890)
Interest received		305,258	121,853	305,258	121,778
Net cash (outflow) inflow from operating activities	30	(1,533,064)	(791,944)	(1,471,411)	(752,112)
Cash flows from investing activities					
Payments for property, plant and equipment		(425,568)	(40,431)	(425,568)	(40,431)
Payments for mine development expenditure		(2,599,740)	-	(2,599,740)	-
Payments for exploration expenditure		(4,585,956)	(7,518,607)	(4,553,353)	(7,518,607)
Proceeds from sale of exploration assets		63,636	-	63,636	-
Proceeds from sale of investments		530,275	-	530,275	-
Loans to related parties		(5,527)	-	(111,481)	(39,900)
Other - security deposits (environmental/rental bonds)		(3,523,155)	-	(3,523,155)	-
Net cash (outflow) inflow from investing activities		(10,546,035)	(7,559,038)	(10,619,386)	(7,598,938)
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		19,734,672	11,902,915	19,734,672	11,902,915
Proceeds from borrowings		156,276	-	156,276	-
Repayment of borrowings		(6,685)	-	(6,685)	-
Share issue costs		(446,432)	(674,213)	(446,432)	(674,213)
Net cash inflow (outflow) from financing activities		19,437,831	11,228,702	19,437,831	11,228,702
Net increase (decrease) in cash and cash equivalents		7,358,732	2,877,720	7,347,034	2,877,652
Cash and cash equivalents at the beginning of the financial year		3,126,219	248,499	3,126,151	248,499
Cash and cash equivalents at end of year	8	10,484,951	3,126,219	10,473,185	3,126,151

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2007

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Poseidon Nickel Limited as an individual entity and the consolidated entity consisting of Poseidon Nickel Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Disclosure and Presentation*.

Early adoption of standards

The Company has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2006:

- Revised AASB 101 *Presentation of Financial Statements* (issued October 2006)

This includes applying the pronouncement to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. No adjustments to any of the financial statements were required for the above pronouncement, but certain disclosures are no longer required and have therefore been omitted.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involve a higher degree of judgement or complexity, or are areas where assumptions and estimates are significant to the financial statements.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2007 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Company or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company.

The Company applies a policy of treating transactions with minority interests as transactions with parties external to the Company. Disposals to minority interests result in gains and losses for the Company that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. A sale is recorded when goods have been dispatched to a customer pursuant to a sales order and the associated risks of ownership have passed to the carrier or customer.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

1 Summary of significant accounting policies (cont.)

(e) Income tax (cont.)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition for <division> debtors, and no more than 30 days for other debtors.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(i) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short-term with the intention of making a profit. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and derecognition

Regular purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within other income or other expenses in the period in which they arise.

1 Summary of significant accounting policies (cont.)

(i) Investments and other financial assets (cont.)

Subsequent measurement (cont.)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(j) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(k) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line and/or diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	8-12 years
Computer equipment	2-4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(l) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be commercially recoverable and that future economic benefit will flow to the Company.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the likely resources.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

1 Summary of significant accounting policies (cont.)

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(o) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Employee Option Plan.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

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

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

Under the Employee Option Plan, shares issued to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, eg as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(q) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1 Summary of significant accounting policies (cont.)

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(t) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Rounding of amounts

The Company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Company's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Company has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's and the parent entity's financial instruments.

(ii) AASB-1 10 Interim Financial Reporting and Impairment

AASB-1 10 is applicable to reporting periods commencing on or after 1 November 2006. The Company has not recognised an impairment loss in relation to goodwill, investments in equity instruments or financial assets carried at cost in an interim reporting period but subsequently reversed the impairment loss in the annual report. Application of the interpretation will therefore have no impact on the Company's or the parent entity's financial statements.

2 Financial risk management

The Company's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the Board of Directors.

(a) Market risk

(i) Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk.

(ii) Fair value interest rate risk

Refer to (d) below.

(b) Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.
Due to the dynamic nature of the underlying businesses, the Board aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) Cash flow and fair value interest rate risk

As the Company has significant interest-bearing assets, the Company's income and operating cash flows are exposed to changes in market interest rates.

3 Segment information

(a) Description of segments

Business segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

- Exploration
- Winery Leasehold

Geographical segments

The consolidated entity operates in Australia and Ghana.

3 Segment information (cont.)

(b) Primary reporting format - business segments

	EXPLORATION		WINE		ELIMINATIONS/ UNALLOCATED		CONSOLIDATED	
	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $
Sales to external customers	-	-	-	-	-	-	-	-
Intersegmental sales	-	-	-	-	-	-	-	-
Total sales revenue	-	-	-	-	-	-	-	-
Other revenue/income	63,636	-	-	6,126	578,669	176,646	642,305	182,772
Total segment revenue	63,636	-	-	6,126	578,669	176,646	642,305	182,772
Segment result	(4,230,997)	-	(67,020)	(39,500)	(3,247,770)	(880,395)	(7,545,787)	(919,895)
Profit/[loss] from continuing operations before income tax	(4,230,997)	-	(67,020)	(39,500)	(3,247,770)	(880,395)	(7,545,787)	(919,895)
Tax credit [charge]	-	-	-	-	-	-	-	-
Net profit/[loss]	(4,230,997)	-	(67,020)	(39,500)	(3,247,770)	(880,395)	(7,545,787)	(919,895)
Segment assets	17,300,591	13,403,137	12,153	6,134	16,241,343	5,865,560	33,554,087	19,274,831
Tax assets	-	-	-	-	-	-		-
Unallocated assets	-	-	-	-	-	-		-
Total assets	17,300,591	13,403,137	12,153	6,134	16,241,343	3,247,917	33,554,087	19,274,831
Segment liabilities	(1,225,603)	(368,683)	-	-	(836,755)	(122,017)	(2,062,358)	(490,700)
Tax liabilities	-	-	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	-	-	-	-
Total liabilities	(1,225,603)	(368,603)	-	-	(836,755)	(490,700)	(2,062,358)	(490,700)
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	4,326,048	10,452,193	-	-	16,640	5,574,721	4,342,688	16,026,914
Depreciation expense	(21,637)	-	-	-	(23,402)	(17,228)	(45,039)	(17,228)
Other non-cash expenses	-	-	-	-	(1,522,959)	(146,701)	(1,522,959)	(146,701)

(c) Secondary reporting format - geographical segments

	SEGMENT REVENUES		SEGMENT ASSETS		ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLES AND OTHER NON-CURRENT SEGMENT ASSETS	
	2007 $	2006 $	2007 $	2006 $	2007 $	2007 $
Australia	642,305	182,772	33,554,087	18,414,078	4,342,688	15,452,220
Other countries	-	-	-	860,753	-	574,694
	642,305	182,772	33,554,087	19,274,831	4,342,688	16,026,914
Unallocated assets			-	-		
Total assets			33,554,087	19,274,831		

(d) Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and accounting standard AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee benefits and provision for service warranties. Segment assets and liabilities do not include income taxes.

(ii) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

4 Revenue

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
From continuing operations				
Other revenue				
Interest	305,975	121,855	305,975	121,780
Rent	29,426	24,809	29,426	24,809
Sundry income	796	36,108	796	29,982
Fuel tax credits	110,737	-	110,737	-
Cost recoveries	116,960	-	116,960	-
	563,894	182,772	563,894	176,571

Notes to the Financial Statements

For the year ended 30 June 2007

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
5 Other income				
Profit on sale of exploration assets	63,636	-	63,636	-
Profit on sale of investments	14,775	-	14,775	-
	78,411	-	78,411	-
6 Expenses				
Profit before income tax includes the following specific expenses:				
Other expenses from ordinary activities				
Accounting and audit fees	112,782	66,935	112,782	66,768
Administration expenses	895,221	367,382	884,189	343,553
Corporate administration	64,053	28,097	64,053	28,097
Consulting and legal fees	640,380	51,018	640,380	51,018
Directors' fees	70,000	45,000	70,000	45,000
Doubtful debts	-	-	524,630	-
Exploration expenditure written off	4,294,633	-	4,262,030	-
Occupancy costs	152,927	107,782	96,609	85,741
Total other expenses	6,229,996	666,214	6,654,673	620,177
7 Income tax expense				
(a) Reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	(7,545,787)	(919,895)	(7,767,809)	(880,059)
Tax at the Australian tax rate of 30% (2006 - 30%)	(2,263,736)	(275,969)	(2,330,343)	(264,018)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Increase in prepayments	-	(4,234)	-	(4,234)
Increase in diminution of investment	-	75	-	75
Increase in accruals	129,364	16,668	129,364	17,168
Increase (decrease) in provisions	(10,776)	4,395	146,613	4,395
Exploration expenditure	(242,257)	(644,441)	(242,257)	(644,441)
Share-based payments	396,092	44,010	396,092	44,010
Impairment of other financial assets	60,796	-	-	-
Non-tax deductible expenses	1,343	1,388	1,343	1,388
Other tax deductible expenses	(81,210)	(57,083)	(81,210)	(57,083)
	(2,010,384)	(915,191)	(1,980,398)	(902,740)
Deferred tax asset not brought to account	2,010,384	915,191	1,980,398	902,740
Income tax expense	-	-	-	-

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
(b) Deferred tax liability re carrying value of the following assets				
Available-for-sale financial assets	69,309	256,253	69,309	256,253
Exploration, evaluation and development expenditure	1,234,982	778,179	1,234,982	778,179
	1,304,291	1,034,432	1,304,291	1,034,432

The above deferred tax liability has not been recognised in the balance sheets.

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
(c) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	11,807,329	5,178,982	11,139,109	4,610,713
Potential tax benefit @ 30%	3,542,199	1,553,697	3,341,733	1,383,284

All unused tax losses were incurred by Australian entities.

8 Current assets - cash and cash equivalents

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
Cash at bank and on hand	6,933,698	565,783	6,921,932	565,715
Deposits at call	3,551,253	2,560,436	3,551,253	2,560,436
	10,484,951	3,126,219	10,473,185	3,126,151
(a) Reconciliation to cash at the end of the year				
Balances as above	10,484,951	3,126,219	10,473,185	3,126,151
Balances per statement of cash flows	10,484,951	3,126,219	10,473,185	3,126,151

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows.

9 Current assets - trade and other receivables

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
Trade receivables	23,023	6,501	23,023	6,501
Goods and services tax receivable	431,816	110,855	431,380	104,720
Fuel tax credit receivable	110,737	-	110,737	-
Loans to related parties	34,124	-	34,124	-
Loans to other entities	915,000	-	915,000	-
Other receivables	15,020	3,142	15,020	3,142
	1,529,720	120,498	1,529,284	114,363

9 Current assets - trade and other receivables (cont.)

(a) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(b) Loans to other entities

The amount of $915,000 relates to a transaction with a third party where the Company has taken legal action to recover the debt. The Company believes that the debt will be recovered in full and therefore no provision is deemed necessary.

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
10 Current assets - other assets				
Security deposits:				
Rental bonds	24,355	1,200	24,355	1,200
	24,355	1,200	24,355	1,200
11 Non-current assets - receivables				
Loans to controlled entities	-	-	1,204,459	1,098,507
Less: Provision for doubtful debts	-	-	(1,204,459)	(679,829)
Loans to related parties	-	322	-	322
	-	322	-	419,000
12 Non-current assets - available-for-sale financial assets				
At beginning of year	2,364,678	85,750	2,364,678	85,750
Reallocated to current assets - loans to other entities	(1,425,000)	-	(1,425,000)	-
Additions	-	1,425,000	-	1,425,000
Disposals (sale and redemption)	(5,500)	-	(5,500)	-
Impairment loss	-	(250)	-	(250)
Revaluation increment (decrement) to equity	(623,159)	854,178	(623,159)	854,178
At end of year	311,019	2,364,678	311,019	2,364,678
Australian listed securities	-	2,178,625	-	2,178,625
UK listed securities	311,019	186,053	311,019	186,053
	311,019	2,364,678	311,019	2,364,678

(a) Transition to AASB 132 and AASB 139

The Group has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to apply AASB 132 *Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement* from July 2005. At the date of transition to these standards of 1 July 2005:

- Equity securities with a carrying amount of $85,750 that were classified in the balance sheet under previous AGAAP as other financial assets were designated and re-classified as available-for-sale financial assets.

(b) Unlisted securities

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

13 Non-current assets - other financial assets

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Shares in subsidiaries (note 26)	-	-	2	2
Listed securities	-	-	-	-
Other foreign securities	-	150,000	-	-
Other unlisted securities				
Option over foreign exploration project	-	52,655	-	-
	-	202,655	2	2

These financial assets are carried at cost.

Transition to AASB 132 and AASB 139

The Group has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to apply AASB 132 *Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement* from July 2005. At the date of transition to these standards on 1 July 2005, for both for the Group and the parent entity:

- Equity securities with a carrying value of $85,750 under previous AGAAP, were designated and re-classified as available-for-sale financial assets.

14 Non-current assets - property, plant and equipment

	Plant and equipment $	Plant and equipment - mining $	Motor vehicles - mining $	Total $
CONSOLIDATED				
At 1 July 2005				
Cost or fair value	34,790	-	-	34,790
Accumulated depreciation	(3,987)	-	-	(3,987)
Net book amount	30,803	-	-	30,803
Year ended 30 June 2006				
Opening net book amount	30,803	-	-	30,803
Additions	42,547	-	-	42,547
Disposals	-	-	-	-
Depreciation charge	(17,228)	-	-	(17,228)
Closing net book amount	56,122	-	-	56,122
At 30 June 2006				
Cost or fair value	81,094	-	-	81,094
Accumulated depreciation	(24,973)	-	-	(24,973)
Net book amount	56,122	-	-	56,122
CONSOLIDATED				
Year ended 30 June 2007				
Opening net book amount	**56,122**	**-**	**-**	**56,122**
Additions	**16,690**	**261,040**	**145,867**	**423,597**
Disposals	**(31,229)**	**-**	**-**	**(31,229)**
Depreciation charge	**(23,402)**	**(11,647)**	**(9,990)**	**(45,039)**
Closing net book amount	**18,181**	**249,393**	**135,877**	**403,451**
At 30 June 2007				
Cost or fair value	**42,789**	**261,040**	**145,867**	**449,696**
Accumulated depreciation	**(24,608)**	**(11,647)**	**(9,990)**	**(46,245)**
Net book amount	**18,181**	**249,393**	**135,877**	**403,451**
PARENT ENTITY				
At 1 July 2005				
Cost or fair value	34,790	-	-	34,790
Accumulated depreciation	(3,987)	-	-	(3,987)
Net book amount	30,803	-	-	30,803
Year ended 30 June 2006				
Opening net book amount	30,803	-	-	30,803
Additions	42,547	-	-	42,547
Disposals	-	-	-	-
Depreciation charge	(17,228)	-	-	(17,228)
Closing net book amount	56,122	-	-	56,122
At 30 June 2006				
Cost or fair value	81,094	-	-	81,094
Accumulated depreciation	(24,972)	-	-	(24,972)
Net book amount	56,122	-	-	56,122

	Plant and equipment $	Plant and equipment - mining $	Motor vehicles - mining $	Total $
PARENT ENTITY				
Year ended 30 June 2007				
Opening net book amount	56,122	-	-	56,122
Additions	16,690	261,040	145,867	423,597
Disposals	(31,229)	-	-	(31,229)
Depreciation charge	(23,402)	(11,647)	(9,990)	(45,039)
Closing net book amount	18,181	249,393	135,877	403,451
At 30 June 2007				
Cost or fair value	42,789	261,040	145,867	449,696
Accumulated depreciation	(24,608)	(11,647)	(9,990)	(46,245)
Net book amount	18,181	249,393	135,877	403,451

15 Non-current assets - exploration, evaluation and development expenditure

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
Costs carried forward in respect of areas of interest in:				
Exploration and evaluation phase	14,258,661	13,403,137	14,258,661	13,403,137
Development phase	3,041,930	-	3,041,930	-
	17,300,591	13,403,137	17,300,591	13,403,137
Reconciliations:				
Exploration and evaluation phase				
Carrying amount at beginning of financial year	13,403,137	2,950,944	13,403,137	2,950,944
Additions	5,150,157	10,452,193	5,117,554	10,452,193
Exploration expenditure written off	(4,294,633)	-	(4,262,030)	-
Carrying amount at end of financial year	14,258,661	13,403,137	14,258,661	13,403,137
Development phase				
Carrying amount at beginning of financial year	-	-	-	-
Additions	3,041,930	-	3,041,930	-
Development expenditure written off	-	-	-	-
Carrying amount at end of financial year	3,041,930	-	3,041,930	-

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective tenements. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

Notes to the Financial Statements

For the year ended 30 June 2007

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
16 Non-current assets - other				
Security deposits:				
Environmental bond	3,500,000	-	3,500,000	-
	3,500,000	-	3,500,000	-
17 Current liabilities - trade and other payables				
Trade payables	1,343,996	341,167	1,343,996	341,167
Other payables	559,784	108,979	559,784	108,979
	1,903,780	450,146	1,903,780	450,146
18 Current liabilities - borrowings				
Hire purchase liabilities (note 26)	19,247	-	19,247	-
	19,247	-	19,247	-
19 Current liabilities - provisions				
Employee entitlements	4,636	40,554	4,636	40,554
	4,636	40,554	4,636	40,554
20 Non-current liabilities - borrowings				
Hire purchase liabilities (note 26)	134,695	-	134,695	-
	134,695	-	134,695	-

	Notes	CONSOLIDATED 2007 Shares	CONSOLIDATED 2006 Shares	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
21 Contributed equity					
(a) Share capital					
Ordinary shares	(c)				
Fully paid		297,091,283	217,566,622	57,092,414	38,077,847
Partly paid		11,554,700	25,566,700	593,340	51,667
Total contributed equity		308,645,983	243,133,322	57,685,754	38,129,514

(b) Movements in ordinary share capital:

Date	Details	Notes	Number of shares	Issue price	$
1 July 2005	Opening balance		170,133,322		22,875,812
14 July 2005	Conversion of partly paid shares		-		31,250
12 August 2005	Conversion of partly paid shares		-		235,000
14 September 2005	Conversion of partly paid shares		-		45,000
12 October 2005	Conversion of partly paid shares		-		21,250
5 December 2005	Conversion of partly paid shares		-		10,000
9 December 2005	Placement approved at Annual General Meeting		73,000,000	0.20	14,600,000
13 December 2005	Conversion of partly paid shares		-		50,000
9 January 2006	Conversion of partly paid shares		-		6,250
21 February 2006	Conversion of partly paid shares		-		50,000
4 April 2006	Conversion of partly paid shares		-		135,000
28 April 2006	Conversion of partly paid shares		-		706,665
22 May 2006	Conversion of partly paid shares		-		37,500
					38,803,727
	Less: Transaction costs arising on share issue				(674,213)
30 June 2006	Balance		243,133,322		38,129,514
15 August 2006	Conversion of partly paid shares		-		128,375
7 September 2006	Conversion of partly paid shares		-		146,400
21 September 2006	Conversion of partly paid shares		-		50,000
21 September 2006	Issue of fully paid shares		65,000	0.40	26,000
3 October 2006	Conversion of partly paid shares		-		12,450
24 October 2006	Conversion of partly paid shares		-		15,250
27 October 2006	Issue of fully paid shares		3,781,572	0.38	1,436,997
17 November 2006	Conversion of options to fully paid shares		275,000	0.20	55,000
17 November 2006	Conversion of partly paid shares		-		21,000
17 November 2006	Issue of fully paid shares		115,789	0.38	44,000
30 November 2006	Conversion of options to fully paid shares		1,725,000	0.20	345,000
8 December 2006	Conversion of partly paid shares		-		13,000
18 December 2006	Conversion of partly paid shares		-		27,500
31 January 2007	Issue of fully paid shares		35,000,000	0.22	7,700,000
9 February 2007	Conversion of partly paid shares		-		87,500
15 February 2007	Conversion of partly paid shares		-		30,000
26 March 2007	Issue of fully paid shares		200,000	0.24	48,000
27 March 2007	Conversion of partly paid shares		-		15,000
12 April 2007	Conversion of partly paid shares		-		55,000
24 April 2007	Conversion of partly paid shares		-		7,500
26 April 2007	Conversion of options to fully paid shares		2,200,000	0.001	2,200
9 May 2007	Conversion of partly paid shares		-		61,625
9 May 2007	Conversion of options to fully paid shares		10,075,000	0.46	4,634,500
9 May 2007	Conversion of options to fully paid shares		10,075,000	0.405	4,080,375
29 May 2007	Conversion of partly paid shares		-		30,000
14 June 2007	Conversion of options to fully paid shares		2,000,000	0.50	1,000,000
30 June 2007	Correction to fully paid shares on issue		300		-
					58,202,186
	Less: Transaction costs arising on share issue				(516,432)
30 June 2007	Balance		308,645,983		57,685,754

21 Contributed equity (cont.)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

22 Reserves and accumulated losses

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
(a) Reserves				
Employee benefit reserve	1,045,947	186,701	1,045,947	186,701
Available-for-sale investments revaluation reserve	231,019	854,178	231,019	854,178
	1,276,966	1,040,879	1,276,966	1,040,879
Movements:				
Employee benefit reserve				
Balance 1 July 2006	186,701	-	186,701	-
Option expense	1,320,304	186,701	1,320,304	186,701
Options exercised	(461,058)		(461,058)	
Balance 30 June 2007	1,045,947	186,701	1,045,947	186,701
Available-for-sale investments revaluation reserve				
Balance 1 July 2006	854,178	-	854,178	-
Revaluation increment/(decrements)	(623,159)	854,178	(623,159)	854,178
Balance 30 June 2007	231,019	854,178	231,019	854,178
(b) Accumulated losses				
Movements in accumulated losses were as follows:				
Balance 1 July 2006	(20,386,262)	(19,466,367)	(20,176,440)	(19,296,381)
Employee options exercised	461,058	-	461,058	-
Net loss for the year	(7,545,787)	(919,895)	(7,767,809)	(880,059)
Balance 30 June 2007	(27,470,991)	(20,386,262)	(27,483,191)	(20,176,440)

(c) Nature and purpose of reserves

(i) Employee benefit reserve

The employee benefit reserve is used to recognise the fair value of options issued but not exercised.

(ii) Available-for-sale investments revaluation reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1(i). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

23 Financial instruments disclosure

Interest rate risk

Interest rate risk represents the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets is set out below:

	Note	Weighted average interest rate %	Floating interest rate $	Non-interest bearing $	Total $
2007					
Financial assets					
Cash and cash equivalents	8	1.94	10,484,951	-	10,484,951
Trade and other receivables	9		-	1,529,720	1,529,720
Available-for-sale financial assets	12		-	311,019	311,019
Other current assets	18	6.20	23,155	1,200	24,355
Other non-current assets	20	4.55	3,500,000	-	3,500,000
			14,008,106	1,841,939	15,850,045
Financial liabilities					
Trade and other payables	17		-	(1,903,780)	(1,903,780)
Borrowings	18, 20		(153,942)	-	(153,942)
			(153,942)	(1,903,780)	(2,057,722)
Net financial assets/(liabilities)			13,854,164	(61,841)	13,792,323
2006					
Financial assets					
Cash and cash equivalents	8	3.70	3,126,219	-	3,126,219
Trade and other receivables	9		-	120,498	120,498
Non-current receivables	11		-	322	322
Available-for-sale financial assets	12		-	2,364,678	2,364,678
Other financial assets	13		-	202,655	202,655
Other current assets	18		-	1,200	1,200
			3,126,219	2,689,353	5,815,572
Financial liabilities					
Trade and other payables	17		-	(450,146)	(450,146)
Borrowings	18, 20		-	-	-
			-	(450,146)	(450,146)
Net financial assets/ (liabilities)			3,126,219	2,239,207	5,365,426

23 Financial instruments disclosure (cont.)

	Note	2007 $	2006 $
Reconciliation of net financial assets to net assets			
Net financial assets/(liabilities) as above		13,792,323	5,365,426
Property, plant and equipment	14	403,451	56,122
Exploration and evaluation and development expenditure	15	17,300,591	13,403,137
Provisions	19	(4,636)	(40,554)
		31,491,729	18,784,131

Net fair values of financial assets and liabilities

Valuation approach

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Recognised financial instruments

Listed shares included in other financial assets are traded in an organised financial market. The net fair value of listed shares is determined by valuing them at the current quoted market bid for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, accounts payable, bank loans and employee entitlements approximate net fair value.

The net fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets of the respective corporations.

The carrying amounts and net fair values of financial assets and liabilities at the reporting date are as follows:

	CONSOLIDATED		CONSOLIDATED	
	2007 Carrying amount $	2007 Net fair value $	2006 Carrying amount $	2006 Net fair value $
Financial assets				
Cash and cash equivalents	10,484,951	10,484,951	3,126,219	3,126,219
Trade and other receivables	1,529,720	1,529,720	120,498	120,498
Non-current receivables	-	-	322	322
Available-for-sale financial assets	311,019	311,019	2,364,678	2,364,678
Other current assets	24,355	24,355	1,200	1,200
Other non-current assets	3,500,000	3,500,000	202,655	202,655
	14,009,306	14,009,306	5,815,572	5,815,572
Financial liabilities				
Trade and other payables	1,903,780	1,903,780	(450,146)	(450,146)
Borrowings	153,942	153,942	-	-
	2,057,722	2,057,722	(450,146)	(450,146)

24 Key management personnel disclosures

(a) Directors

The following persons were directors of Poseidon Nickel Limited during the financial year:

(i) Chairman - executive

Mr D Daws

(ii) Non-executive directors

Mr C Daws
Mr R Monti
Mr P Landau
Mr B Sceresini

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
Mr C Daws	Chief Executive Officer	Poseidon Nickel Limited

(c) Key management personnel compensation

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Short-term employee benefits	482,254	194,163	482,254	194,163
Post-employment benefits	27,340	17,475	27,340	17,475
Share-based payments	1,244,856	138,318	1,244,856	138,318
	1,754,450	349,956	1,754,450	349,956

The Company has taken advantage of the relief provided by ASIC Class Order 06/50 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-C of the remuneration report on pages 29 to 32.

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on page 33.

24 Key management personnel disclosures (cont.)

(d) Equity instrument disclosures relating to key management personnel (cont.)

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Poseidon Nickel Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2007 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Poseidon Nickel Limited						
Options						
Mr D Daws	2,200,000	-	-	-	2,200,000	2,200,000
Mr C Daws	2,200,000	-	-	-	2,200,000	2,200,000
Mr R Monti (appointed 4 April 2007)	-	-	-	-	-	-
Mr P Landau (resigned 4 April 2007)	-	-	-	-	-	-
Mr B Sceresini (resigned 4 April 2007)	2,200,000	-	(2,200,000)	-	-	-
Other key management personnel of the Group						
Options						
Nil						

2006 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Poseidon Nickel Limited						
Options						
Mr D Daws	-	2,200,000	-	-	2,200,000	2,200,000
Mr P Landau	-	-	-	-	-	-
Mr B Sceresini	-	2,200,000	-	-	2,200,000	2,200,000
Other key management personnel of the Group						
Options						
Mr C Daws	-	2,200,000	-	-	2,200,000	2,200,000

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Poseidon Nickel Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2007

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Poseidon Nickel Limited				
Ordinary shares				
Mr D Daws	-	-	50,000	50,000
Mr C Daws	10,000,000	-	1,228,994	11,228,994
Mr R Monti (appointed 4 April 2007)	-	-	-	-
Mr P Landau (resigned 4 April 2007)	-	-	-	-
Mr B Sceresini (resigned 4 April 2007)	25,000	-	50,000	75,000
Other key management personnel of the Group				
Ordinary shares				
Nil		-		

2006

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Poseidon Nickel Limited				
Ordinary shares				
Mr D Daws	-	-	-	-
Mr P Landau	-	-	-	-
Mr B Sceresini	-	-	25,000	25,000
Other key management personnel of the Group				
Ordinary shares				
Mr C Daws	2,800,000	-	8,200,000	10,000,000

(e) Loans to key management personnel

During the year interest-free loans totalling $33,802 were made to Chris Daws or his related entities. There were no other loans made to directors of Poseidon Nickel Limited and other key management personnel of the Group, including their personally related parties during the year.

(f) Other transactions with key management personnel

A director, Mr B Sceresini, is a director and shareholder of Australian Mining Advisors Pty Ltd, which has provided metallurgical consulting services to Poseidon Nickel Limited and certain of its subsidiaries for several years on normal commercial terms and conditions.

A director, Mr R Monti, is a director and shareholder of Ventnor Capital Pty Ltd, which provided consulting services to Poseidon Nickel Limited since his appointment as director in April 2007 on normal commercial terms and conditions.

A director, Mr C Indermaur, is a director of Brightstar Capital Pty Ltd, which provided consulting services to Poseidon Nickel Limited prior to his appointment as director in July 2007 on normal terms and conditions.

24 Key management personnel disclosures (cont.)

(f) Other transactions with key management personnel (cont.)

Aggregate amounts of each of the above types of other transactions with key management personnel of Poseidon Nickel Limited:

	2007 $	2006 $
Amounts recognised as expense		
Consultancy fees	147,671	44,018
	147,671	44,018
Aggregate amounts of assets at balance date relating to the above types of other transactions with key management personnel of the Group:		
Non-current assets	-	-
Aggregate amounts payable to key management personnel of the Group at balance date relating to the above types of other transactions:		
Current liabilities	-	-

25 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditors:

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
(a) Assurance services				
Audit services				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	24,125	23,815	24,125	23,815
Total remuneration for audit services	24,125	23,815	24,125	23,815

26 Commitments

(a) Lease commitments: Company as lessee

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	89,831	89,831	89,831	89,831
Later than one year but not later than five years	-	89,831	-	89,831
Later than five years	-	-	-	-
	89,831	179,662	89,831	179,662
Representing:				
Cancellable operating leases		-		-
Non-cancellable operating leases	89,831	179,662	89,831	179,662
	89,831	179,662	89,831	179,662

(i) Operating leases

The Group leases business office premises and a vineyard under non-cancellable operating leases expiring in two years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	89,831	89,831	89,831	89,831
Later than one year but not later than five years	-	89,831	-	89,831
Later than five years	-	-	-	-
	89,831	179,662	89,831	179,662

(b) Hire purchase commitments

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Commitments in relation to hire purchase agreements contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	32,171	-	32,171	-
Later than one year but not later than five years	164,483	-	164,483	-
Later than five years	-	-	-	-
Minimum hire purchase payments	196,654	-	196,654	-
Future finance charges	(42,712)	-	(42,712)	-
Recognised as liability	153,942	-	153,942	-
Representing hire purchase liabilities:				
Current (note 18)	19,247	-	19,247	-
Non-current (note 20)	134,395	-	134,395	-
	153,942	-	153,942	-

(i) Hire purchase contracts

The Company has entered into commercial hire purchase agreements on certain motor vehicles. These contracts have an average life of five years. There are no restrictions placed upon the lessee by entering into these contracts.

(c) Exploration expenditure commitments

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

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Within one year	203,400	19,960	203,400	19,960
One year or later and no later than five years	328,325	-	328,325	-
Later than five years	-	-	-	-
	531,725	19,960	531,725	19,960

27 Related party transactions

(a) Parent entities

The parent entity within the Group is Poseidon Nickel Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 28.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 24.

(d) Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Superannuation contributions				
Contributions to superannuation funds on behalf of employees	52,053	24,497	52,053	24,497
Other transactions				
Remuneration paid to directors of the parent entity	1,297,998	182,992	1,297,998	182,992

(e) Loans to/from related parties

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Loans to subsidiaries				
Beginning of the year	-	-	1,098,507	1,053,101
Loans advanced	-	-	105,952	45,406
Loan repayments received	-	-	-	-
Interest charged	-	-	-	-
Interest received	-	-	-	-
End of year	-	-	1,204,459	1,098,507
Loans to other related parties				
Beginning of the year	322	322	322	322
Loans advanced	33,802	-	33,802	-
Loan repayments received	-	-	-	-
Interest charged	-	-	-	-
Interest received	-	-	-	-
End of year	34,124	322	34,124	322

A provision for doubtful debts of $1,204,459 (2006: $679,829) has been raised in relation to loans to subsidiaries. An expense of $524,630 has been recognised with respect to doubtful debts for the current financial year.

(h) Terms and conditions

Transactions relating to calls on partly paid ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties.

Outstanding balances are unsecured and are repayable in cash.

28 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

			EQUITY HOLDING	
Name of entity	Country of incorporation	Class of shares	2007 %	2006 %
Wells Gold Corporation (International) Pty Ltd	Australia	Ord	100%	100%
West Swan Wineries Pty Ltd	Australia	Ord	100%	100%

29 Events occurring after the balance sheet date

At a meeting of shareholders held on 2 July 2007, among resolutions, shareholders approved the appointment of Andrew Forrest, Richard Monti and Chris Indermaur as directors. The capital of the Company was consolidated on the basis that every 2 (two) shares or options on issue were consolidated into 1 (one) share or option. In addition 115,000,000 options and 5,000,000 shares were issued to Andrew Forrest or his nominees and 2,500,000 options and 500,000 shares were issued to Ventnor Capital Pty Ltd (or its nominees), a company associated with Richard Monti. The Company has sought independent taxation advice on the issue of shares and options to non-executive directors in relation to attracting payroll tax and based upon this advice, it is the view of the directors that there is no requirement to reflect a potential liability in the financial statements.

Other than the above, there has not arisen since the end of the period, any items, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company to affect significantly the operation of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

30 Reconciliation of profit after income tax to net cash inflow from operating activities

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
Profit (loss) for the year	(7,545,787)	(919,895)	(7,767,809)	(880,059)
Depreciation and amortisation	23,402	17,228	23,402	17,228
Impairment of other financial assets	202,655	-	-	-
Loss on sale of equipment	2,953	-	2,953	-
Proceeds on sale of exploration assets	(63,636)	-	(63,636)	-
Profit on sale of investments	(14,775)	-	(14,775)	-
Write down investments to recoverable amount	-	250	-	250
Non-cash employee benefits expense - share-based payments	1,320,304	146,701	1,320,304	146,701
Exploration expenditure written off	4,294,633	-	4,262,030	-
Decrease (increase) in trade debtors and other debtors	(420,506)	(83,871)	(426,203)	(83,871)
(Decrease) increase in trade creditors and employee entitlements	703,611	32,991	703,611	32,987
(Decrease) increase in provisions	(35,918)	14,652	488,712	14,652
Net cash (outflow) inflow from operating activities	(1,533,064)	(791,944)	(1,471,411)	(752,112)

31 Earnings per share

	CONSOLIDATED 2007 Cents	CONSOLIDATED 2006 Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	(3.05)	(0.54)
Profit attributable to the ordinary equity holders of the Company	(3.05)	(0.54)
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	(2.61)	(0.42)
Profit attributable to the ordinary equity holders of the Company	(2.61)	(0.42)

(c) Weighted average number of shares used as the denominator

	CONSOLIDATED 2007 Number	CONSOLIDATED 2006 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	247,144,293	169,064,526
Adjustments for calculation of diluted earnings per share:	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	289,176,847	217,229,212

32 Share-based payments

(a) Employee Option Plan

Under the terms of the Employee Share Option Plan [ESOP] approved by shareholders at the 30 November 2005 Annual General Meeting, the Board may offer options, at no cost, to full-time or part-time employees and consultants of the Company. The Board may determine the eligibility of persons and their entitlement having regard to each person's contribution and potential contribution to the Company and any other relevant matters.

Both executive and non-executive directors are also entitled to participate under the ESOP. However, any grant of options to directors will require shareholder approval under ASX Listing Rules.

Each option is to subscribe for one fully paid ordinary share in the Company. When issued the share will rank equally with other ordinary shares of the Company. Options may not be transferred and quotation of the options on ASX will not be sought. However, the Company will apply to ASX for official quotation of shares issued on the exercise of the options.

Set out below are summaries of options granted under the plan:

Grant date	Expiry date	Exercise price	Balance at at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
CONSOLIDATED AND PARENT ENTITY - 2007								
8 December 2005	8 December 2015	0.001	7,000,000	-	(2,200,000)	-	4,800,000	4,800,000
			7,000,000	-	(2,200,000)	-	4,800,000	4,800,000
CONSOLIDATED AND PARENT ENTITY - 2006								
8 December 2005	8 December 2015	0.001	-	7,000,000	-	-	7,000,000	7,000,000
			-	7,000,000	-	-	7,000,000	7,000,000

The weighted average remaining contractual life of share options outstanding at the end of the period was 5.74 years.

32 Share-based payments (cont.)

(a) Employee Option Plan (cont.)

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2006 was 20.96 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2006 included:

(a) options are granted for no consideration, have a ten year life
(b) exercise price: $0.001
(c) grant date: 8 December 2005
(d) expiry date: 8 December 2015
(e) share price at grant date: $0.21
(f) expected price volatility of the Company's shares: 98.49%
(g) expected dividend yield: 0%
(h) risk free interest rate: 5.385%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Options issued under employee option plan	1,320,304	146,701	1,320,304	146,701
	1,320,304	146,701	1,320,304	146,701

Directors' Declaration

30 June 2007

In the directors' opinion:

(a) the financial statements and notes set out on pages 42 to 78 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 29 to 35 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures and the Corporations Regulations 2001*; and

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Mr C Indermaur
Director
Western Australia
27 September 2007

Independent Audit Report

to the Members of Poseidon Nickel Limited 30 June 2007

SomesandCooke

INDEPENDENT AUDITOR'S REPORT

To the members of Poseidon Nickel Limited

Report on the Financial Report

We have audited the accompanying financial report of Poseidon Nickel Limited (the company) and Controlled entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Poseidon Nickel Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (Including the Australian Accounting Interpretations) and the *Corporation Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors of the Company are also responsible for the remuneration disclosures contained in the director's report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the directors' report.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Poseidon Nickel Limited on 27 September 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion

a) the financial report of Poseidon Nickel Limited and Controlled entities is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's Opinion of AASB 124 remuneration disclosures contained in the director's report

In our opinion the remuneration disclosures that are contained in the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures.*

Kevin Somes

Date: 27th September 2007

Somes and Cooke
1304 Hay Street
West Perth WA 6005

Shareholder Information

30 June 2007

The shareholder information set out below was applicable as at 31 August 2007.

A. Distribution of equity securities

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

			CLASS OF EQUITY SECURITY		
			Ordinary shares	Options December 2009	Options December 2011
1	-	1000	2,430	7	7
1,001	-	5,000	2,924	38	24
5,001	-	10,000	840	18	16
10,001	-	100,000	1,181	53	49
100,001		and over	144	13	13
			7,519	129	109

There were 1,515 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

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

	ORDINARY SHARES	
Name	Number held	Percentage of issued shares
HSBC Custody Nominees (Australia) Limited	24,273,553	15.95%
Citicorp Nominees Pty Ltd	13,661,004	8.98%
ANZ Nominees Limited	7,308,381	4.80%
RBC Dexia Investor Services Australia Nominees Pty Limited	6,943,191	4.56%
HSBC Custody Nominees (Australia) Limited	4,739,413	3.11%
Fortis Clearing Nominees Pty Ltd	2,508,283	1.65%
Mr Martinus Coolen	2,400,000	1.58%
J & F James Brothers Holdings Pty Ltd	1,825,000	1.20%
Mr Ian Barrie Murie	1,119,000	0.74%
Advides AG Mainzer	1,000,000	0.66%
Mr Bruno Sceresini	985,000	0.65%
NEFCO Nominees Pty Ltd	790,500	0.52%
Mr Douglas Daws	787,500	0.52%
Tube-A-Cane Pty Ltd	781,570	0.51%
Mr Christopher Daws	732,500	0.48%
McNeil Nominees Pty Limited	562,358	0.37%
Paraway Pty Ltd	550,000	0.36%
Pine Valley Enterprises Pty Ltd	550,000	0.36%
Mr Kevin Griffin & Ms Jill Johnston	547,500	0.36%
Fifteenth Sonmar Pty Ltd	544,313	0.36%
TOTAL	**72,609,066**	**47.72%**

Twenty largest quoted option holders

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

	DECEMBER 2009 OPTIONS	
Name	Number held	Percentage of issued shares
RM Capital Pty Ltd	1,500,000	24.36%
RBC Dexia Investor Services Australia Nominees Pty Limited	323,160	5.25%
Avon Management Co Pty Ltd	312,500	5.07%
Paraway Pty Ltd	275,000	4.47%
Professional Payment Services Pty Ltd	275,000	4.47%
Illawong Investments Pty Ltd	250,000	4.06%
Mr Zygmund Wolski & Mrs Nola Wolski	250,000	4.06%
Tadea Pty Ltd	205,000	3.33%
Mr Josephus Verheggen	193,750	3.15%
ANZ Nominees Limited	174,814	2.84%
Peto Pty Ltd	167,434	2.72%
Mr Simon Austerberry & Mrs Margot Austerberry	150,000	2.44%
Mr Kevin Griffin & Ms Jill Johnston	125,000	2.03%
HSBC Custody Nominees (Australia) Limited	100,000	1.62%
GT Le Page Associates Pty Ltd	93,684	1.52%
Sabre Power Pty Ltd	85,527	1.39%
Mrs Zoe Ainsworth Grace	75,000	1.22%
Brian Thomas Ryan	62,500	1.01%
Far Eastern International Ltd	50,000	0.81%
J & F James Brothers Holdings Pty Ltd	50,000	0.81%
TOTAL	**4,718,369**	**76.63%**

Shareholder Information

30 June 2007

B. Equity security holders (cont.)

Twenty largest quoted option holders (cont.)

Name	DECEMBER 2011 OPTIONS Number held	Percentage of issued shares
RM Capital Pty Ltd	1,500,000	24.36%
RBC Dexia Investor Services Australia Nominees Pty Limited	346,160	5.62%
Avon Management Co Pty Ltd	312,500	5.07%
Tadea Pty Ltd	305,000	4.95%
Professional Payment Services Pty Ltd	275,000	4.47%
Illawong Investments Pty Ltd	250,000	4.06%
Paraway Pty Ltd	250,000	4.06%
Mr Zygmund Wolski & Mrs Nola Wolski	250,000	4.06%
Mr Josephus Verheggen	193,750	3.15%
ANZ Nominees Limited	187,500	3.04%
Peto Pty Ltd	167,434	2.72%
Mr Simon Austerberry & Mrs Margot Austerberry	150,000	2.44%
Mr Kevin Griffin & Ms Jill Johnston	125,000	2.03%
Canonbar Investments Pty Ltd	98,500	1.60%
GT Le Page Associates Pty Ltd	96,184	1.56%
Chelain Pty Ltd	92,000	1.49%
Sabre Power Pty Ltd	85,527	1.39%
One Company Pty Ltd	62,500	1.01%
Mr Kenneth John Weston	53,250	0.86%
Stylec (Aust) Pty Ltd	52,500	0.85%
TOTAL	**4,852,805**	**78.79%**

C. Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
Ordinary shares		
HSBC Custody Nominees (Australia) Limited	24,273,553	15.95%
Citicorp Nominees Pty Ltd	13,661,004	8.98%
December 2009 options		
RM Capital Pty Ltd	1,500,000	24.36%
RBC Dexia Investor Services Australia Nominees Pty Ltd	323,160	5.25%
Avon Management Co Pty Ltd	312,500	5.07%
December 2011 options		
RM Capital Pty Ltd	1,500,000	24.36%
RBC Dexia Investor Services Australia Nominees Pty Ltd	346,160	5.62%
Avon Management Co Pty Ltd	312,500	5.07%

D. Unquoted equity security holders (as at 31 August 2007)

Options

Advides AG Mainzer holds 1,000,000 options representing 100% of the total number of June 2008 options on issue.

Mr Richard Monti holds 1,250,000 options representing 50% of the total number of July 2012 options on issue.

Mr John Andrew Hannaford holds 625,000 options representing 25% of the total number of July 2012 options on issue.

Mrs Emma Kate Hannaford holds 625,000 options representing 25% of the total number of July 2012 options on issue.

Leaping Joey Pty Ltd ATF The Australian Children's Trust holds 115,000,000 options representing 100% of the total number of September 2012 options on issue.

Partly Paid Shares to $0.002

Mr Martinus Coolen holds 4,966,700 Partly Paid Shares to $0.002 ($0.10 to pay) representing 85.97% of the total number on issue.

E. Voting rights

Ordinary shares

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

(a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid Share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of Partly Paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

Partly Paid Shares

(a) The Partly Paid Shares shall be allotted and issued at an issue price of $0.102 each and the holder will, at the allotment date, have paid $0.002 for each Partly Paid Share leaving $0.10 payable.

(b) Subject to the payment of any unpaid capital, the Partly Paid Shares shall rank equally with, and have all the rights, benefits and obligations as existing shares.

(c) The Company shall not make any call in respect of the unpaid capital owing on the Partly Paid Shares until that date which is 36 months after the allotment date. Thereafter the Company will make calls on the unpaid capital owing on the Partly Paid Shares at a rate of $0.02 per Partly Paid Share per annum pursuant to the timetable below:

Call	
12 months after allotment	NIL
24 months after allotment	NIL
36 months after allotment	$0.02
48 months after allotment	$0.02
60 months after allotment	$0.02
72 months after allotment	$0.02
84 months after allotment	$0.02

Calls on the Partly Paid Shares made in accordance with the above terms will be conducted in accordance with the Company's constitution. Failure by a holder of Partly Paid Shares to pay any call made in accordance with the above terms and the Company's constitution will result in the shares in respect to which the call was made to be liable for forfeiture. The Company's constitution deals with the procedure and liability of the shareholder should a share be forfeited.

Shareholder Information
30 June 2007

E. Voting rights (cont.)

Partly Paid Shares (cont.)

(d) The holder of Partly Paid Shares may, at any time prior to a call being made by the Company to pay up any unpaid capital of the Partly Paid Shares in accordance with clause (c), at its sole and absolute discretion, elect to pay up all of the unpaid capital.

(e) As soon as practicable after receipt of payment of the outstanding amount owing on the Partly Paid Shares, and as required by Chapter 2 of ASX Listing Rules, the Company will apply for quotation on ASX for the Partly Paid Shares that become fully paid.

(f) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the Partly Paid Shares shall be reorganised in accordance with the Listing Rules, the Company's Constitution and Corporations Act.

(g) Holders of Partly Paid Shares are entitled to receive notice of, attend and vote at shareholders meetings. Resolutions of shareholders will be decided by a show of hands unless a poll is demanded. On a show of hands each h older of a Partly Paid Share present in person or by proxy has one vote. On a poll each holder of a Partly Paid Share present in person or by proxy has a fraction of a vote for each Partly Paid Share determined by the amount paid up on that share.

(h) The rights attaching to Partly Paid Shares (including dividend rights), other than those listed above, shall be consistent, notwithstanding any differences in the amounts that the shares are paid up to, with shares in the Company.

F. Schedule of Tenements

Areas of interest	Tenements	Economic entity's interest
Poseidon Nickel Limited		
Western Australia		
Laverton West (Pool Well)	PL 38/3196, PL 38/3197, PL 38/3198	100%
Windarra Nickel Assets	MSA 38/261	100%
Woodline Well	PL 39/4493, PL 39/4494, PL 39/4495	100%
The Boats	E 38/2060	100% (in application)
Target Mineral Exploration	E 38/1450, E 39/930	100% (in transfer)
Rita Brooks	E 38/1587	100% (in transfer)
Baracus	E 38/1622	100% (in transfer)
Dynasty Metals	E 38/1752, PL 38/3272, PL 38/3273, PL 38/3274	100% (in transfer)
Tyson Resources	E 38/1325, E 39/1325	100% (in application)

E = Exploration Licence, M = Mining Lease, MSA = Mining Tenement State Act, PL = Prospecting License

POSEIDON NICKEL

www.poseidon-nickel.com.au
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