

Corporate Directory

ASX Code: POS
Shares on Issue: 2,643M
Market Cap: \$106M
Cash and equivalents at 31 March 2019
\$63.5M

Board of Directors

Non-Executive Chairman
Geoffrey Brayshaw

Non-Executive Directors
Felicity Gooding
Karl Paganin

Managing Director and CEO
Robert Dennis

Company Secretary
Eryn Kestel

Key Shareholders

Black Mountain Metals: 19.8%
Squadron Resources: 17.1%

Key Operating Nickel Assets (100%)

Black Swan/Silver Swan
Lake Johnston
Windarra

Principal & Registered Office

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QUARTERLY REPORT

31 MARCH 2019

HIGHLIGHTS

- Commencement of underground drilling at the Black Swan and Silver Swan Deposits.
- Phase 1 drilling to test at depth extension of resources below the Black Swan Open Pit.
- Phase 2 drilling to focus on delineating Silver Swan extension potential and Resource infill drilling.
- Ongoing de-risking of the operational and underground mining processes at Silver Swan.
- Completion of planning and final costings for the process plant refurbishment.



Poseidon Nickel Operations.

Poseidon Nickel is pleased to report on its activities for the March Quarter 2019.

BLACK SWAN/SILVER SWAN MINE

Poseidon's Black Swan Mine and processing facilities have continued to be well managed under an extended care and maintenance program.

The Silver Swan decline and ore stoping areas have been Maintained so that they are accessible and in good order.

Recent activities have focussed on the rehabilitation of strategic areas of the mine decline to ensure ongoing safety for future expanded drilling initiatives and anticipated mine restart.

Testing of underground ventilation and pumping infrastructure was undertaken during the quarter including refurbishment and replacement of equipment as considered necessary. Key underground high voltage reticulation has been inspected and secured, underground communications infrastructure upgraded, and inspection and repair of the egress ladderway system for evacuation commenced.

Detailed planning scheduling and costing have been completed in readiness to return the operations to production. These activities have confirmed the robustness of earlier estimates and are consistent with the feasibility study completed in July 2018.

Webdrill underground diamond drilling contractors mobilised the rig to site in late March 2019, to begin an underground diamond core drilling program. The program has been designed to initially test the extent of the Black Swan mineralisation which has the potential to extend up to a kilometre below the base of the current Black Swan open pit.

Poseidon's geological team has also commenced preliminary modelling of this Black Swan deposit. This modelling suggests a possible change in the Black Swan mineral depositional environment at depth. Poseidon's geological team considers these changes to be conducive to sulphide deposition over a broader area of up to 300m along strike. A suitable drill site was prepared on the 450 level and the rig has completed drilling two 500m horizontal holes across the predicted mineralisation. The assay results are expected shortly.

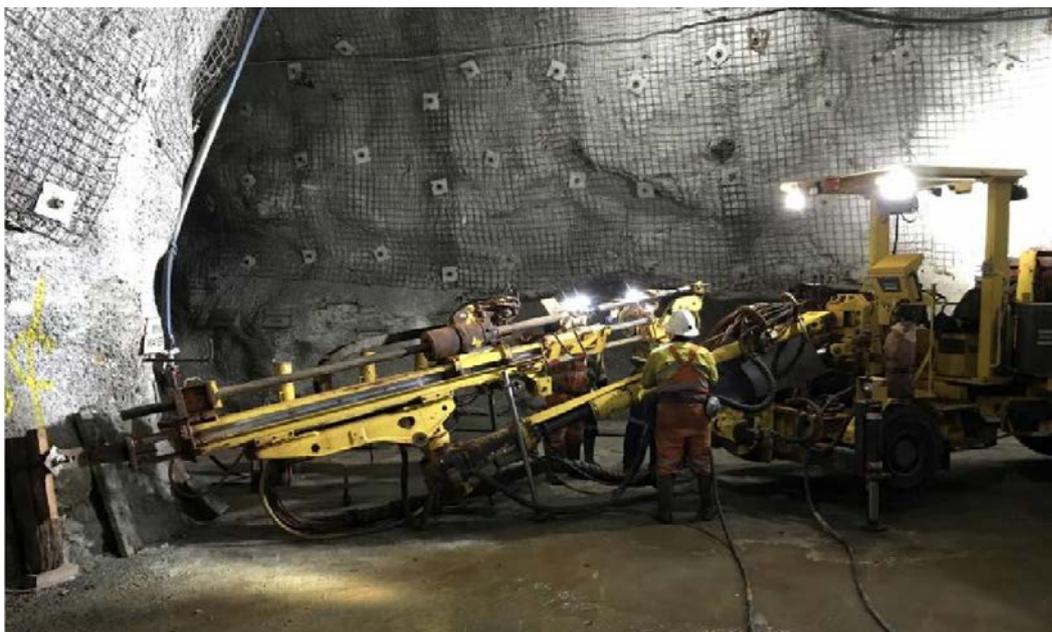


Figure 1 - Webdrill Rig03 preparing to collar PBSD001 in the 450 Level magazine.

A successful outcome from this program will enable Poseidon to reconsider and reassess the economic potential and mining options of the Black Swan disseminated deposit at depth; especially considering its proximity to the existing Silver Swan decline.

A Diamond core drilling program has also commenced that will seek to confirm and provide certainty of the high-grade Silver Swan deposit and possible extensions indicated by electromagnetic geophysical targets.

In a coordinated and expanded geological program, Poseidon has reaffirmed its association with Newexco who will provide additional geological and geophysical support to the company's ambitions to fully explore additional opportunities at the Black Swan Nickel Operation. Raw electromagnetic data from a series of missing downhole electromagnetic surveys have been acquired by Poseidon and will be subject to reinterpretation by Newexco of the Black Swan and Silver Swan komatiite channels. These electromagnetic surveys were originally conducted by Norilsk Nickel however did not form part of the dataset originally handed over to Poseidon.

This additional data is currently being reprocessed by Newexco. Results are expected to be released early in the upcoming June 2019 quarter.

WINDARRA NICKEL PROJECT

The Windarra mine and infrastructure remains on an ongoing care and maintenance program. The nickel ore resources at Windarra and Cerberus totalling 148,500 tonnes remains significant to the longer-term planning for Poseidon and expanded operating opportunities.

The long running termination of the State Act is progressing which is expected to provide clarity to the Company's revised obligations and opportunities. The Department of Jobs, Tourism, Science and Innovation (DJTSI) is finalising the termination documents for consideration.

LAKE JOHNSTON OPERATIONS

Lake Johnston Operations have returned to a continuing care and maintenance status, following the successful drilling campaign at Abi Rose last quarter. The operation is continuously manned and maintained to ensure the former 1.5mtpa processing operations remain in good standing. The company is assessing its medium to longer-term options, in light of the exploration potential that remains on the Company's tenements.

FINANCIAL

As at 31 March 2019, the Company had cash and current investments of \$63.5 million. \$60 million has been classified as investments based on the accounting treatment of this current asset and due to the term deposit having a maturity in excess of 3 months.

CORPORATE

Mr Philip Rixon accepted the role of General Manager Black Swan Operations early in the quarter. Philip is an experienced mining engineer and was formerly the Resident Manager of the IGO Long Operations which was placed on care and maintenance last year.

Michael Rodriguez, Chief Operating Officer, resigned early in the quarter to progress his career at a more senior level after 10 years of service. The Board wishes to thank Michael for his contributions to the Company and wish him every success in the future. The Company has no current plans to fill the COO role at this point in time.

To ensure the continuity of safe operating practices and financial controls until a final decision is made to progress with an operational restart, the Company has retained several part time contractors to limit further expenditure.

MARKET INFORMATION

The key drivers of the nickel market remain:

- Sustained growth in Stainless steel demand; and
- New demand from battery technology in the transport and renewable energy industries.

The average pricing for the quarter has month on month increased from US\$11,449.32 for January, US\$12,643.25 for February and US \$13,051.90 for March while over the same period LME nickel stocks have continued to fall. Current LME stockpiles closed the quarter at 177,198 tonnes. *Source: LME Website, 2019 Q1 Nickel*

Generally, the market forecasters predict the nickel market balance will remain in deficit. While this deficit continues, it is unclear as to when it will have a market changing positive effect on the nickel metal price. On a longer-term basis (over 5 years), declining stocks have contributed to longer term upward price trends.



Robert Dennis
Managing Director and CEO

29th April 2019

About Poseidon Nickel Limited

Poseidon Nickel Limited (ASX: POS, "Poseidon"), is an Australia focussed nickel company that owns three previously operating Nickel Sulphide mines: Windarra, Black Swan/Silver Swan and Lake Johnston. These 100% owned assets collectively had an operating capacity of 3.6mtpa (Lake Johnston 1.5mtpa; Black Swan 2.1mta). The processing facilities at Lake Johnston and Black Swan have been maintained through company managed, care and maintenance programs

On 18 July 2018, POS released to ASX a definitive feasibility study regarding the restart of operations and potential outcomes for Black Swan/Silver Swan, located 50 kms from Kalgoorlie. Poseidon is currently undertaking a number of de-risking initiatives including additional underground diamond drilling at Black Swan

Poseidon has continued to explore at Lake Johnston, with recent diamond drilling at the Abi Rose prospect. These exploration results were released to ASX on 22 October 2018 and 21 November 2018.

Windarra has a number of near mine exploration projects including the extension of the original Windarra deposit, Cerberus, South Windarra and Woodline Well.

The current Resource Statement below shows a combined Nickel resource of 391,900 tonnes of Nickel (which should be read with the Competent Person statements below).

MINERAL RESOURCE STATEMENT

Table 1: Nickel Projects Mineral Resource Statement

Nickel Sulphide Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY												
			INDICATED			INFERRED			TOTAL						
			Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Co% Grade	Co Metal (t)	Cu% Grade	Cu Metal (t)
BLACK SWAN PROJECT															
Black Swan	2012	0.40%	9,600	0.68	65,000	21,100	0.54	114,000	30,700	0.58	179,000	0.01	4,200	NA	-
Silver Swan	2012	4.50%	52	9.19	4,800	84	9.01	7,600	136	9.08	12,400	0.17	250	0.45	600
LAKE JOHNSTON PROJECT															
Maggie Hays	2012	0.80%	2,600	1.60	41,900	900	1.17	10,100	3,500	1.49	52,000	0.05	1,800	0.10	3,400
WINDARRA PROJECT															
Mt Windarra	2012	0.90%	922	1.56	14,000	3,436	1.66	57,500	4,358	1.64	71,500	0.03	1,200	0.13	5,700
South Windarra	2004	0.80%	772	0.98	8,000	-	-	-	772	0.98	8,000	NA	-	NA	-
Cerberus	2004	0.75%	2,773	1.25	35,000	1,778	1.91	34,000	4,551	1.51	69,000	NA	-	0.08	3,600
TOTAL															
Total Ni, Co, Cu Resources	2004 & 2012		16,720	1.01	168,700	27,300	0.82	223,200	44,020	0.89	391,900	0.05	7,450	0.10	13,300

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

Black Swan Resource as at 22 July 2014, Silver Swan Resource as at 3 June 2016, Maggie Hays Resource as at 17 March 2015, Mt Windarra, South Windarra and Cerberus Resource as at 30 April 2013

Table 2: Gold Tailings Project Mineral Resource Statement

Gold Tailings Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY				
			TOTAL INDICATED				
			Tonnes (Kt)	Au Grade (g/t)	Au (oz)	Ag Grade (g/t)	Ag (oz)
WINDARRA GOLD TAILINGS PROJECT							
Gold Tailings	2004	NA	11,000	0.52	183,000	670,000	
TOTAL							
Total Au Resources	2004		11,000	0.52	183,000	670,000	

Note: totals may not sum exactly due to rounding.

Windarra Gold Tailings Resource as at 30 April 2013.

ORE RESERVE STATEMENT

Table 3: Nickel Projects Ore Reserve Statement

Nickel Sulphide Reserves	JORC Compliance	ORE RESERVE CATEGORY						
		PROBABLE						
		Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Co% Grade	Co Metal (t)	Cu% Grade	Cu Metal (t)
SILVER SWAN PROJECT								
Silver Swan Underground	2012	57	5.79	3,300	0.11	60	0.26	150
Black Swan Open pit	2012	3,370	0.63	21,500	NA	NA	NA	NA
TOTAL								
Total Ni Reserves	2012	3,427	0.72	24,800	0.11	60	0.26	150

Note: Calculations have been rounded to the nearest 10,000 t of ore, 0.01 % Ni grade 100 t Ni metal and 10t of cobalt metal.

Co & Cu grades and metal content for Black Swan require additional modelling prior to estimation. Silver Swan Underground Reserve as at 26 May 2017, Black Swan Open Pit Reserve as at 5 November 2014.

The Company is not aware of any new information or data that materially affects the information in this report and the Resource/Reserve tables above. Such information is based on the information compiled by the Company's Geologists and the Competent Persons as listed below in the Competent Person Statements.

COMPETENT PERSON STATEMENTS:

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

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

The information in this report which relates to the Silver Swan Mineral Resource is based on, and fairly represents, information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and Ian Glacken who is a full time employee of Optiro Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Silver Swan Ore Reserve is based on, and fairly represents, information compiled by Matthew Keenan who is a full-time employee of Entech Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.

The information in this report which relates to the Lake Johnston Mineral Resource is based on, and fairly represents, information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Lake Johnston Ore Reserves Project is based on, and fairly represents, information compiled by Matt Keenan who is a full time employee of Entech Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.

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

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

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

FORWARD LOOKING STATEMENT – INFERRED RESOURCE STATEMENTS:

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

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

FORWARD LOOKING STATEMENTS:

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

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

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

TENEMENTS**Mining Tenements Held as at 31 March 2019**

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

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

Mining Tenements Disposed during the December 2018 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the December 2018 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the December 2018 Quarter

Nil

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Poseidon Nickel Limited

ABN

60 060 525 206

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,178)	(5,288)
(b) development	-	-
(c) production	-	-
(d) staff costs	(494)	(953)
(e) administration and corporate costs	(412)	(2,504)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received (** see item 5)	12	294
1.5 Interest and other costs of finance paid	(618)	(984)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – sundry income	32	111
1.9 Net cash from / (used in) operating activities	(2,658)	(9,324)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(118)
(b) tenements (see item 10)	-	-
(c) investments	(35,000)	(60,016)
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	36
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(35,000)	(60,098)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	74,814
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(3,899)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(42)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	70,873

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	41,157	2,048
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,658)	(9,324)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(35,000)	(60,098)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	70,873
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	3,499	3,499

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	3,499	895
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – Term Deposits < 3 months *	-	40,262
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,499	41,157

* In addition, \$60,016,000 (previous quarter: \$25,016,000) held in Term Deposits > 3 months is shown under Investments at Item 2.1(c).

** Interest on deposits is paid on maturity. The current term deposits have long dated maturity terms, outside the current quarter's end date.

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
165
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

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

Unsecured Convertible Note held by Black Mountain Metals Pty Ltd – interest rate of 5% per annum, denominated in US\$ and repayable on 30 September 2020 with a conversion price of AU\$0.09 per share.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	2,550
9.2 Development	-
9.3 Production	-
9.4 Staff costs	250
9.5 Administration and corporate costs	350
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	3,150

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

Compliance statement

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

Sign here: 
(Director)

Print name: Geoff Brayshaw

Date: 29 April 2019

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.