

# POSEIDON

N I C K E L

## **POSEIDON NICKEL LIMITED**

ABN 60 060 525 206

**Annual Financial Report**  
**For the year ended 30 June 2022**

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# Poseidon Nickel Limited

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# Poseidon Nickel Limited

## Corporate directory

ABN: 60 060 525 206  
Incorporated in Australia

### Non-Executive Directors

Mr D La Ferla  
Mr D Hildebrand  
Mr P Muccilli  
Mr W Hallam (appointed 1 June 2022)

### Managing Director & CEO

Mr P Harold

### Company Secretary (Joint)

Ms A Betti  
Mr B Shalders

### Registered Office

Level 1  
3 Ord Street  
West Perth WA 6005

Website: [www.poseidon-nickel.com.au](http://www.poseidon-nickel.com.au)  
Email: [admin@poseidon-nickel.com.au](mailto:admin@poseidon-nickel.com.au)  
Telephone: +61 8 6167 6600  
Facsimile: +61 8 6167 6649

### Postal Address

PO Box 190  
West Perth WA 6872

### Auditors to the Company

KPMG  
Chartered Accountants  
235 St Georges Terrace  
Perth WA 6000

### Share Registry

Automic  
Level 2, 267 St Georges Terrace  
Perth WA 6000

### ASX Code

Shares: POS

### Country of Incorporation and Domicile

Australia

**Poseidon Nickel Limited**  
**Directors' report**  
**For the year ended 30 June 2022**

The directors present their report together with the financial statements of Poseidon Nickel Limited ("the Company") and of the Group, being the Company and its subsidiaries for the financial year ended 30 June 2022 and the auditor's report thereon.

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Poseidon Nickel Limited  
Directors' report (continued)  
For the year ended 30 June 2022

1. **Directors**

The directors of the Company at any time during or since the end of the financial year are:

<b>Name, and independence status</b>	<b>Experience, qualifications, special responsibilities and other directorships</b>
<p><b>Mr Derek La Ferla</b> <b>Independent Non-Executive Chairman</b> <i>Member of:</i> Audit &amp; Risk Committee <i>Chairman of:</i> Remuneration, Nomination &amp; Diversity Committee  Appointed 1 December 2019</p>	<p>Mr La Ferla is a corporate lawyer and company director with more than 30 years' experience. He has held senior leadership positions with some of Australia's leading law firms and a variety of board positions with listed public companies and not for profit organisations.</p> <p>Mr La Ferla is currently the Non-Executive Chair of ASX-listed company Chalice Mining Ltd and until recently was the Non-Executive Chair of Sandfire Resources Ltd. Mr La Ferla is also the founder and Chair of Green Peak Energy, a private renewables energy company with a majority interest held by North Canadian Infrastructure Fund CBRE Calledon.</p> <p>During the previous three years he has served as a director for Veris Ltd (October 2011 to November 2019), Threat Protect Australia Ltd (September 2015 to September 2021), BNK Banking Corporation Ltd (November 2015 to August 2019) and Sandfire Resources Ltd (May 2010 to July 2022).</p> <p>Mr La Ferla is a fellow of the Australian Institute of Company Directors and the WA Division Director on the AICD National Board and a member of the AICD Council (WA Division).</p>
<p><b>Mr Peter Harold</b> <b>Managing Director &amp; CEO</b>  Appointed 3 March 2020</p>	<p>Mr Harold is a process engineer with over 30 years' corporate experience in the minerals industry, specialising in financing, marketing, business development and general corporate activities.</p> <p>Mr Harold was previously the Managing Director of Panoramic Resources Ltd, a company he co-founded in 2001.</p> <p>Mr Harold has extensive experience in base metal mining project feasibility studies, financings, developments, operations and marketing.</p> <p>Mr Harold is currently the non-executive chairman of ASX listed company Rare Foods Australia Ltd and during the previous three years has served as a director of Panoramic Resources Ltd (March 2001 to November 2019), Pacifico Minerals Ltd (now Boab Minerals Ltd) (August 2013 to April 2020) and Horizon Gold Ltd (August 2016 to November 2019).</p>
<p><b>Mr Dean Hildebrand</b> <b>Non-Executive Director</b> <i>Member of:</i> Remuneration, Nomination &amp; Diversity Committee <i>Chairman of:</i> Audit &amp; Risk Committee  Appointed 1 July 2020</p>	<p>Mr Hildebrand is a corporate finance and investment professional with experience in capital markets, mergers and acquisitions, and project financing and development within the natural resources sectors.</p> <p>Mr Hildebrand currently manages a large investment fund invested across multiple sectors including natural resources. Mr Hildebrand has a Bachelor of Commerce from the University of Western Australia.</p> <p>During the past three years, Mr Hildebrand has not served as a director of any other ASX listed company.</p>

Poseidon Nickel Limited  
Directors' report (continued)  
For the year ended 30 June 2022

1. Directors (continued)

Name, and independence status	Experience, qualifications, special responsibilities and other directorships
<p><b>Mr Peter Muccilli</b> <b>Independent Non-Executive Director</b></p> <p><i>Member of:</i> Audit &amp; Risk Committee and Remuneration, Nomination &amp; Diversity Committee</p> <p>Appointed 3 August 2020</p>	<p>Mr Muccilli is a qualified geologist with over 30 years' of extensive exploration, development and operations experience in the resources sector, particularly nickel, gold, zinc and lead.</p> <p>Mr Muccilli previously held key executive roles at Mincor Resources NL. During his 15 years at Mincor, Mr Muccilli led the exploration team responsible for much of Mincor's nickel exploration success, including the higher grade greenfield Cassini discovery.</p> <p>Mr Muccilli is currently the Technical Director of ASX listed company Constellation Resources Ltd and during the previous three years has served as Managing Director of Mincor Resources NL (November 2016 to January 2019).</p>
<p><b>Mr Warren Hallam</b> <b>Independent Non-Executive Director</b></p> <p><i>Member of:</i> Audit &amp; Risk Committee and Remuneration, Nomination &amp; Diversity Committee</p> <p>Appointed 1 June 2022</p>	<p>Mr Hallam is a highly experienced metallurgist and mineral economist with extensive operational and executive experience and expertise in financing, developing and operating of base metal and gold projects within Australia.</p> <p>Mr Hallam has considerable technical, managerial and financial experience across a broad range of commodities including copper, nickel, tin, gold and iron ore and has held numerous board and senior executive positions within the resources sector.</p> <p>Mr Hallam is currently the chairman of NiCo Resources Ltd and Kingfisher Resources Ltd and a director of Essential Minerals Ltd. During the previous three years Mr Hallam has served as Managing Director of Millennium Minerals Ltd (August 2019 to May 2020) and chairman of Nelson Resources Ltd (February 2019 to May 2022).</p> <p>Mr Hallam has a Bachelor of Applied Science in Metallurgy, a Master of Science in Mineral Economics, and a Graduate Diploma of Business.</p>
<p><b>Ms Felicity Gooding</b> <b>Non-Executive Director</b></p> <p><i>Member of:</i> Remuneration, Nomination &amp; Diversity Committee</p> <p><i>Chairman of:</i> Audit &amp; Risk Committee</p> <p>Appointed 1 October 2018</p> <p>Resigned 25 February 2022</p>	<p>Ms Gooding is currently the Group Commercial Manager of Fortescue Future Industries and was previously the Deputy Chief Executive Officer of the Munderoo Foundation.</p> <p>A Fellow of the Institute of Chartered Accountants, Ms Gooding has experience specialising in due diligence, mergers and acquisitions, and equity and debt financing across various sectors in Washington DC, Singapore and London.</p> <p>Ms Gooding has held senior positions at PwC, Diageo Plc and Fortescue Metals Group Ltd where she was instrumental in the raising of more than A\$5 billion for project expansion financing. Prior to joining Munderoo Ms Gooding was an executive at potash development company, Sirius Minerals Plc.</p> <p>During the past three years, Ms Gooding has not served as a director of any other ASX listed company.</p>

Poseidon Nickel Limited  
Directors' report (continued)  
For the year ended 30 June 2022

## 2. Company Secretary (Joint)

Mr Brendan Shalders was appointed Joint Company Secretary effective from 9 September 2019. Mr Shalders is a Chartered Accountant having held senior roles in both advisory and corporate settings. He has experience in corporate finance, accounting, risk management and business development, predominately within the mining and mining services industries.

Ms Andrea Betti was appointed Joint Company Secretary effective from 4 November 2019. Ms Betti is an accounting and corporate governance professional with over 20 years' experience in accounting, corporate governance, finance and corporate banking. Ms Betti is a Chartered Accountant and an associate member of the Governance Institute of Australia.

## 3. Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings*		Audit and Risk Committee Meetings		Remuneration, Nomination and Diversity Committee Meetings	
	A	B	A	B	A	B
Mr D La Ferla	10	10	3	3	7	7
Mr P Harold	10	10	-	-	-	-
Mr D Hildebrand	10	10	3	3	7	7
Mr P Muccilli	10	10	3	3	7	7
Ms F Gooding	6	6	1	1	4	4
Mr W Hallam	1	1	-	-	1	1

A – Number of meetings attended

B – Number of meetings held during the time the director held office in the year

\* – Corporate Governance is an integral part of the Board meeting

## 4. Principal Activities

It is the intent of the directors that the principal activities of the Group shall be that of exploration, mining and production of nickel and other minerals.

## 5. Consolidated Results

The consolidated loss for the Group for the year ended 30 June 2022, after income tax is \$11,709,000 (2021: \$10,933,000).

## 6. Operating and Financial Review Overview

Poseidon Nickel Limited ("Poseidon" or "the Company") is an ASX listed company focussed on developing its nickel assets in Western Australia. The Company has combined nickel resources of approximately 400,000 tonnes of contained metal, two nickel sulphide concentrators and six historic mines across three sites, all located within a 300km radius from Kalgoorlie in the Goldfields region of Western Australia. All three sites remained on care and maintenance ("C&M") over FY 2022.

During the year the Company adopted its new "Fill the Mill" strategy which focuses on restarting the Black Swan operations by feeding the mill with a combination of low-grade open pit ore, high-grade underground ore and Silver Swan tailings to improve concentrate quality. A Bankable Feasibility Study ("BFS") is currently being undertaken which considers both the 1.1Mtpa throughput case, which would produce a smelter grade concentrate, and a 2.2Mtpa throughput case which would produce a rougher concentrate to be fed into a pressure oxidation ("POX") or High Pressure Acid Leach ("HPAL") autoclave. Subsequent to year end the Company signed a binding Heads of Agreement with Green Gold Projects Pte Ltd to enter into a joint venture to develop and operate the gold tailings project at Windarra.

Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

**6. Operating and Financial Review (continued)**

In June 2022, Warren Hallam was appointed as a Non-Executive Director following the retirement of Felicity Gooding.

During the year the Company raised \$22 million (before costs) through a private placement of ordinary shares and raised a further \$6 million under a share purchase plan. The Company ended the year with \$11.1 million cash and cash equivalents.

**COVID-19 Response**

The Company and its contractors continue to operate within the safe operating parameters as per the Western Australian Government requirements.

**Climate change**

The current and future activities of the Group may be affected by factors such as seasonal and unexpected weather patterns, heavy rain, floods, droughts and other weather conditions. The Groups financial performance and operations may be adversely impacted by these factors.

Changes to climate related regulations and government policy have the potential to impact our financial results, which could include imposition of carbon taxes or constraints on emissions.

**Black Swan**

The Black Swan Nickel Project is located 55km north-east of Kalgoorlie. Acquired from Norilsk in March 2015, the operations include the Silver Swan underground mine, Black Swan open pit, a 2.2Mtpa nickel sulphide concentrator and associated infrastructure. The operations at Black Swan remained on care and maintenance during the year.

*Mineral Resource Estimate*

During the year the Company completed resource drilling programs which focused on the Golden Swan deposit, the Silver Swan deposit and the Black Swan open pit disseminated ore body. As a result, an updated Mineral Resource Estimate ("MRE") was announced with an increase in the total resources at Black Swan to 206kt of nickel, made up of the following:

- Black Swan Disseminated - 28.9Mt at 0.63% nickel grade for 181kt of contained nickel
- Silver Swan underground - 130kt at 9.6% nickel grade for 12.4kt of contained nickel
- Golden Swan underground - 160kt at 3.9% nickel grade for 6.3kt of contained nickel
- Silver Swan Tailings - 675kt at 0.9% nickel grade for 6.2kt of contained nickel

*Bankable Feasibility Study*

The Bankable Feasibility Study ("BFS") continued to progress during the year. The Company is studying two potential restart options:

- 1.1Mtpa throughput case which would produce a smelter grade concentrate using only low talc serpentinite ore with a project life of less than five years.
- 2.2Mtpa throughput case which would process both higher talc serpentinite and talc-carbonate disseminated ore to produce a rougher concentrate to be fed into a POX or HPAL circuit to produce a mixed hydroxide precipitate.

*Pure Battery Technologies*

During the year the Company entered into a Memorandum of Understanding ("MOU") with Pure Battery Technologies ("PBT") which has plans to build and operate a refinery hub for production of battery precursor Cathode Active Materials ("pCAM") in Kalgoorlie, Western Australia. A pCAM hub constructed by PBT could potentially treat a rougher concentrate provided by Black Swan as part of the 2.2Mtpa throughput case. Discussions are ongoing with PBT.



Poseidon Nickel Limited  
Directors' report (continued)  
For the year ended 30 June 2022

**6. Operating and Financial Review (continued)**

**Black Swan (continued)**

*Other Activities*

Other activities that occurred at Black Swan during the year included completion of the rehabilitation work on the Silver Swan decline and the commencement of the Black Swan open pit dewatering.

**Windarra Nickel**

The Windarra Nickel Project is located in the Mt Margaret Goldfields of Western Australia and is situated about 25km west of Laverton. The site includes the previously mined underground Mt Windarra and open pit South Windarra mines. The project has combined resources of 148.5kt contained nickel primarily within the Mt Windarra (71.5kt) and Cerberus (69kt) deposits. The Windarra Nickel Project remains on care and maintenance.

The Windarra State Agreement has been terminated with the Termination Bill passing the Western Australian Legislative Assembly in October 2021 and the Western Australian Legislative Council in February 2022. Royal Assent was received on 2 March 2022 allowing the Windarra Gold Tailings project to proceed to production, subject to a decision to proceed being made.

**Windarra Gold Tailings**

Given that the primary focus of the Company is the restart of the Black Swan Nickel Project the decision was made to seek a joint venture partner to develop and operate the gold tailings project. Significant interest was received in the formal process undertaken by Argonaut PCF and subsequent to year end the Company announced it had signed a binding Heads of Agreement with Green Gold Projects Pte Ltd ("GGP"). A final agreement is subject to GGP being satisfied with the outcome of metallurgical testwork using GGP patented technology and a bankable feasibility study being completed at their expense. GGP will be responsible for the funding, development and operation of the gold tailings project (refer to the ASX Announcement released on 7 September 2022).

**Lake Johnston**

The Lake Johnston mine and processing facilities are situated 117km west of Norseman, accessed via the Hyden-Norseman road. The Company acquired the asset from Norilsk in November 2014 and include the Maggie Hays underground mine and a 1.5Mtpa nickel sulphide concentrator. The project has a resource of 52kt contained nickel in the Maggie Hays deposit.

In 2015, Poseidon interpreted a twice-faulted-off extension to the Emily Ann massive sulphide deposit to the north and confirmed a continuation of mineralisation, being the Abi Rose deposit. Diamond drilling completed late 2018 pierced the deposit several times with the best intersection of 10.48m @ 3.2% nickel.

A large-scale exploration program is planned in the future with a Program of Work ("POW") approved during the year to undertake a 15,000m drilling program targeting the Western Ultramafic Unit. Also during the year the Company engaged GR Engineering Services Limited ("GRES") to perform an engineering study on the cost of refurbishing and operating the Lake Johnston processing plant, with the results from the study indicating that the plant could be refurbished for an estimated \$31 million over a seven-month period.

The operations at Lake Johnston remained on care and maintenance during the year.

Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

**6. Operating and Financial Review (continued)**

**Environmental, Social and Governance (ESG)**

During the year, the Company adopted an environmental, social and governance ("ESG") policy and progressed development of its project specific ESG framework to address ESG issues and chart a safe and sustainable pathway to production.

*Environment*

There were no significant environmental incidents during the period, and the Company has retained all relevant environmental approvals in respect of its operations. Of significance, the Company progressed discussions with Western Power in relation to securing an allocation of grid power at Black Swan. The use of grid power as opposed to diesel is expected to significantly reduce the Company's CO<sup>2</sup> emissions.

*Cultural Heritage*

During the year, the Company increased its engagement with a number of the Traditional Owners on whose lands it operates. Internally, to minimise the risk of disturbing known heritage sites, the Company completed a review of its cultural heritage registers and procedures.

*Health and Safety*

There were no significant safety incidents during the year, and the Company is in the process of implementing a new health and safety management system to ensure that risks are appropriately monitored and controlled going forward.

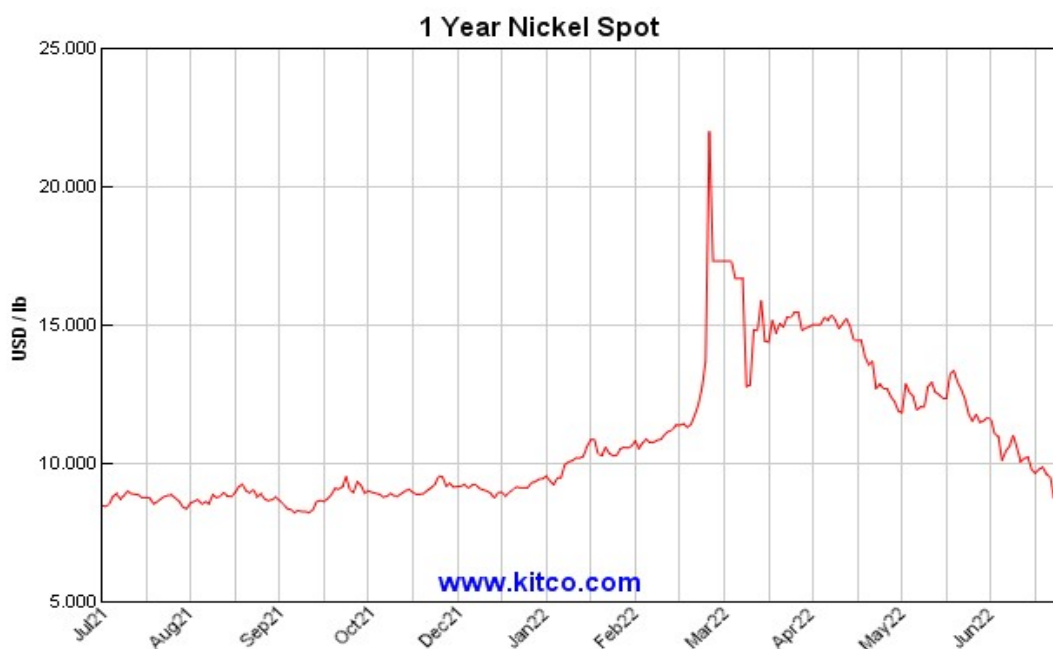
*Governance*

During the year, new corporate governance policies and procedures were adopted by the Company to reflect the growth of the Company, current legislation and good practice.

**Nickel Market**

The key drivers of nickel market demand remain:

- sustained growth in stainless steel demand; and
- development and growth of the electric vehicle ("EV") market.



\* Above graph represents daily closing price

Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

**6. Operating and Financial Review (continued)**

Historically, the nickel market has exhibited significant volatility and the price has fluctuated widely between boom-and-bust cycles. Until recently, Indonesia's rise as a significant nickel producer has depressed the nickel price. Other factors that have affected the nickel price in recent years include the COVID-19 pandemic and the Russia-Ukraine conflict. Russia accounts for 7% of the world's nickel production and 20% of its Class 1 metal/powder production (26% of LME deliverable material) with global sanctions impacting the supply of this material to market. This together with a large short position held by Tsingshan, a major stainless steel producer, was the catalyst for a short squeeze that resulted in nickel prices hitting an all-time high of US\$46 per pound in March which led to the unprecedented step of the LME to temporarily suspend trading of nickel futures on the LME. Since then, the market has returned to more normal trading with the nickel price now trading around US\$11 per pound.

LME stockpiles closed 30 June 2022 at 67kt, down from 232kt at 30 June 2021 mainly due to the Russia /Ukraine conflict causing supply issues as well as the increase in demand from lithium-ion battery producers.

Moving forward, most analysts are predicting a positive outlook for the nickel demand and the price given the uplift in overall nickel consumption forecast for use in EV batteries. The demand increase is expected to be stimulated by EV-focused policies in Europe and the US introduced as part of "green" recovery plans and a wider pivot to green policies globally.

**Financial Position**

For the year ended 30 June 2022 the Group recorded a loss after tax of \$11,709,000 (2021: \$10,933,000) that includes depreciation and share based payment expense which are both non-cash items. If these items are excluded, the underlying loss after tax for the Group for the year is \$11,009,000 (2021: \$9,443,000). The working capital surplus as at 30 June 2022 is \$9,684,000 (2021: surplus \$2,447,000). The primary liability of the Group is the site rehabilitation provision of \$62,467,000 (2021: \$57,919,000), which includes \$3,500,000 that has been reclassified from current to non-current as a result of the termination of the Windarra State Agreement. The Directors do not anticipate the Group being required to remediate its sites in the foreseeable future. The site rehabilitation provision is classified as non-current and included within total net assets of \$75,530,000 (2021: \$60,129,000).

The Group had a net cash outflow from operating activities of \$11,077,000 (2021: \$9,492,000) and a net cash outflow from investing activities of \$12,390,000 (2021: \$11,892,000). Operating cash outflow reflects ongoing exploration and evaluation and care and maintenance activities across the three operations of Black Swan, Lake Johnston and Windarra. Investing cash outflow reflects payments on exploration and evaluation activities and property, plant and equipment. In August 2021 the Company raised \$22 million (before costs) through a private placement of ordinary shares and in September 2021 raised a further \$6 million under a share purchase plan. The capital raising incurred transaction costs of \$1,195,000. The Group held cash and cash equivalents of \$11,089,000 at 30 June 2022 (2021: \$7,903,000).

The Directors have reviewed a cash flow forecast for the next 12 months from the date of signing the financial report which demonstrates that the Group will have sufficient cash resources to continue as a going concern, subject to successful fund raising activities during the period. The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows for the next 12 months which incorporates raising additional funding through equity, debt or hybrid financing, joint venture type arrangements or other means to meet forecast minimum expenditure and maintain tenements and meet ongoing costs. The ability of the Group to achieve its forecast cashflows, being reliant on raising additional funds, represents material uncertainty that may cast significant doubt about whether the Group can continue as a going concern in which case it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

**7. Remuneration report – audited**

**7.1 Principles of compensation**

The Company recognises that it operates in a global environment and to prosper in such an environment, it must attract, motivate and retain personnel of the highest calibre. The objective of the Company's executive remuneration framework is to ensure that:

- Total remuneration is competitive in relation to the broader market and is linked to role, experience and performance;
- Incentive schemes are achievable, subject to appropriate hurdles, aligned with the interests of the Company and acceptable to its shareholders;
- Attract and retain talented and high calibre Key Management Personnel ("KMP") and employees to the Company;
- Remuneration systems are transparent, simple, clear and have measurable targets; and
- Compatibility with the Company's phase of development, longer term aims, capital management strategies and structures.

The Company aims to structure an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation. Remuneration packages include a mix of fixed and 'at risk' remuneration and is comprised of:

- Total Fixed Remuneration ("TFR") inclusive of base salary, salary sacrifice and compulsory superannuation contributions;
- Short-Term Incentive ("STI") measures; and
- Long-Term Incentive ("LTI") measures.

**Total fixed remuneration**

The TFR component is reviewed annually by the Remuneration, Nomination and Diversity Committee through a process that considers both individual and overall performance of the Company. In addition, remuneration consultants are engaged periodically to provide analysis and advice to ensure the Directors' and senior executives' remuneration is competitive in the wider employment market. A senior executive's remuneration is also reviewed on promotion.

For the year ending 30 June 2022, TFR for Mr Harold was \$550,000 per annum, Mr Shalders was \$330,000 per annum, Mr Maxton was \$302,500 per annum and Mr Jones was \$385,000 per annum. There is no guaranteed TFR increase included in any executive contracts.

**Short-Term Incentive and Long-Term Incentive Plans**

The revised Incentive Performance Rights and Options Plan (Plan) was approved by shareholders at the 2020 Annual General Meeting. The objective of the Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Plan and the future issue of performance rights or options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

**Short-Term Incentive**

Under the STI program, eligible participants, executives and employees are provided the opportunity to receive a cash bonus or performance rights for achievement of short-term Company goals. The STI plan will seek to provide short-term benefits on achievement of individual and Company key performance indicators ("KPIs") over a 12-month period. Challenging KPIs will be set to ensure payments are comparable to the performance of participating employees.

The assessment of the KPIs and the award of any STI are all at Board discretion – refer to 7.5 for KPIs.

Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

7. Remuneration report – audited (continued)

7.1 Principles of compensation (continued)

**Long-Term Incentive**

Under the LTI program, eligible participants, executives and employees are provided the opportunity to receive performance rights for achievement of long-term Company goals. The LTI plan will seek to provide long-term benefits on achievement of individual and Company key performance indicators (“KPIs”) over a 24-month period. Challenging KPIs will be set to ensure payments are comparable to the performance of participating employees.

The assessment of the KPIs and the award of any LTI are all at Board discretion – refer to 7.3 for KPIs.

**Share trading policy**

The trading of shares issued to eligible participants under any of the Company's employee equity plans is subject to and conditional on compliance with the Company's share trading policy detailed in the Corporate Governance Statement.

**Consequences of performance on shareholder wealth**

In considering the Company's performance and benefits for shareholder wealth, the Remuneration, Nomination and Diversity Committee have regard to the following indices in respect of the current financial year.

	2022	2021	2020	2019	2018
Loss for the period ('000s)	11,709	10,933	12,852	10,495	9,654
Loss per share (cents)	0.39	0.40	0.49	0.45	0.92
Share price at 30 June	\$0.047	\$0.089	\$0.028	\$0.035	\$0.037
Change in share price	(0.47%)	217.86%	(0.02%)	(0.05%)	94.74%

The consolidated entity's performance is impacted not only by market factors, but also by employee performance. However, as the projects of the consolidated entity are currently in exploration or evaluation or care and maintenance phases, the annual profit performance is not a relevant measure of the Company's performance and hence remuneration levels for individual KMPs are not directly linked to the annual profit or loss result.

**Service contracts**

It is the Company's policy that service contracts for KMPs are open common law employment contracts, unlimited in term but capable of termination with between one and three months' notice, depending on the specific contract terms. The Company retains the right to terminate the contract immediately, by making payment equal to between one and three months' pay in lieu of notice. The KMPs are entitled to receive, on termination of employment, their statutory entitlements of accrued annual and long service leave together with any superannuation benefits. Each KMP accrues 4 weeks of annual leave entitlements per year (Mr Harold is entitled to 5 weeks of annual leave entitlements per year) and 13 weeks of long service leave entitlements for every 10 years of service.

The service contract outlines the components of remuneration paid to the KMP but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year by the Remuneration, Nomination and Diversity Committee and take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the remuneration policy. There is no guaranteed base pay increases included in any executives' contracts

Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

7. Remuneration report – audited (continued)  
 7.1 Principles of compensation (continued)

**Non-executive directors**

Total remuneration for all non-executive directors, last voted upon by shareholders at the 15 July 2019 General Meeting, is not to exceed \$650,000 per annum and has been determined after reviewing similar companies listed on the ASX and considered to be in line with corporate remuneration of similar companies.

The non-executive directors receive an annual base fee of \$53,888 (except for the chairman who receives a base fee of \$140,000) to cover the main board activities. Non-executive directors receive an additional fee of \$5,100 for each additional committee of which they are a member. Non-executive director members who chair a committee receive a further additional fee of \$10,000 for each committee chaired.

**Executives**

A summary of the key contractual provisions for each executive as at 30 June 2022 is set out below:

Name & job title	Base salary	Super-annuation	Contract duration	Notice period	Termination provision
P Harold, Managing Director/ CEO	\$500,000 <sup>2</sup>	10% <sup>1</sup>	No fixed term	3 months	3-month termination payment
B Shalders, CFO / Joint Company Secretary	\$300,000 <sup>3</sup>	10% <sup>1</sup>	No fixed term	3 months	3-month termination payment
D Maxton, Project Director	\$275,000 <sup>3</sup>	10% <sup>1</sup>	No fixed term	1 month	1-month termination payment
C Jones, General Manager Mining	\$350,000	10% <sup>1</sup>	No fixed term	3 months	3-month termination payment

<sup>1</sup> From 1 July 2022 has increased to 10.5%.

<sup>2</sup> From 1 July 2022 has increased to \$550,000 following a review to market.

<sup>3</sup> From 1 July 2022 has increased to \$340,000 following a review to market.

Poseidon Nickel Limited  
Directors' report (continued)

For the year ended 30 June 2022

7. Remuneration report – audited (continued)

7.2 Directors' and executive officers' remuneration (Company and Consolidated)

In AUD		Short-term		Post employment	Share-based payments		Other long-term benefits \$ (e)	Total \$	Proportion of remuneration performance related
		Salary & fees \$ (a)	Bonus \$ (b)	Superannuation benefits \$	Options \$ (c)	Performance rights \$ (d)			
<b>Directors</b>									
<b>Non-executive directors</b>									
Mr D La Ferla (Chairman)	2022	150,500	-	3,500	-	-	-	154,000	0%
	2021	149,975	-	3,325	40,307	-	-	193,607	0%
Ms F Gooding <sup>2</sup>	2022	48,411	-	-	-	-	-	48,411	0%
	2021	74,088	-	-	-	-	-	74,088	0%
Mr D Hildebrand <sup>1</sup>	2022	67,574	-	-	-	-	-	67,574	0%
	2021	64,088	-	-	-	-	-	64,088	0%
Mr P Muccilli <sup>1</sup>	2022	58,262	-	5,826	-	-	-	64,088	0%
	2021	76,457	-	5,182	-	-	-	81,639	0%
Mr W Hallam <sup>1</sup>	2022	4,855	-	486	-	-	-	5,341	0%
	2021	-	-	-	-	-	-	-	-
<b>Executives</b>									
Mr P Harold, Managing Director/CEO	2022	465,828	62,500	36,185	91,888	120,307	50,594	827,302	22%
	2021	434,607	87,500	47,499	115,681	114,103	50,010	849,400	24%
Mr B Shalders, CFO	2022	276,120	30,000	23,570	-	31,348	28,214	389,252	16%
	2021	251,197	38,500	26,125	-	31,101	18,924	365,847	19%
Mr D Maxton, Project Manager <sup>1</sup>	2022	221,763	22,688	24,917	-	12,546	20,040	301,954	12%
	2021	-	-	-	-	-	-	-	-
Mr C Jones, General Manager Mining <sup>1</sup>	2022	112,628	11,795	11,263	-	22,188	8,972	166,846	20%
	2021	-	-	-	-	-	-	-	-
<b>Total compensation: key management personnel</b>									
	2022	1,405,941	126,983	105,747	91,888	186,389	107,820	2,024,768	
	2021	1,050,412	126,000	82,131	155,988	145,204	68,934	1,628,669	

<sup>1</sup> Appointments – Mr D Hildebrand 1 July 2020, Mr P Muccilli 3 August 2020, Mr D Maxton 1 September 2021, Mr C Jones 28 February 2022 and Mr W Hallam 1 June 2022.

<sup>2</sup> Resignations – Ms F Gooding 25 February 2022.

Poseidon Nickel Limited  
Directors' report (continued)

For the year ended 30 June 2022

7. Remuneration report – audited (continued)

**7.2 Directors' and executive officers' remuneration (Company and Consolidated) (continued)**  
**Notes in relation to the table of directors' and executive officers' remuneration**

- (a) Salary and fees include base salary and fees.
- (b) Bonuses relates to amounts earned under the Short-Term Incentive ("STI") program based on achievement of KPI's in accordance with the STI program (refer to 7.5).
- (c) The options were issued in December 2020 as a sign-on incentive to both Mr P Harold and Mr D La Ferla, which were valued using the Black Scholes method and value expensed over the term of the options as required by Accounting Standards.
- (d) The performance rights ("PRs") remuneration expense is recognised pursuant to the Long-Term Incentive ("LTI") Plan invitations for FY 2021 and FY 2022. The Company determines the fair value of the PRs that may be issued under the LTI Plan invitations each year and allocates that value across the performance period. The amount recognised in the current reporting period has also been adjusted upon determination of the actual PRs to be issued from the LTI Plan invitations issued in FY 2021 with the performance period ending 30 June 2022 (refer to 7.3).
- (e) Other long-term benefits include leave entitlements paid and the movement in annual and long service leave provisions.

**7.3 Equity instruments**

**Analysis of options and rights over equity instruments granted as compensation**

**Share Options**

There were no new options granted during the year. The below options were approved by shareholders at the November 2020 AGM:

Executive	Number of options granted	Grant date	Vesting and exercise date	Expiry date	Exercise price \$	Value per option at grant date \$	Held at 30 June 2022
Mr D La Ferla	1,000,000	1 Dec 2019	1 Dec 2019 <sup>1</sup>	1 Dec 2022	0.10	0.003	1,000,000
Mr D La Ferla	1,000,000	1 Dec 2019	1 Dec 2019 <sup>1</sup>	1 Dec 2023	0.13	0.004	1,000,000
Mr P Harold	3,000,000	3 Mar 2020	3 Mar 2023 <sup>2</sup>	3 Mar 2025	0.04	0.010	3,000,000
Mr P Harold	3,000,000	3 Mar 2020	3 Mar 2023 <sup>2</sup>	3 Mar 2025	0.05	0.009	3,000,000
	<u>8,000,000</u>						<u>8,000,000</u>

<sup>1</sup> These options vest immediately and are exercisable at any time prior to the expiry date.

<sup>2</sup> These options vest on the vesting date unless employment is terminated by the Company without reason or the completion of a Change of Control in the Company.



Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

7. Remuneration report – audited (continued)

7.3 Equity instruments (continued)

**Performance Rights**

As part of the Long-Term Incentive Program, the Company has determined that the following performance rights may be granted as compensation to each key management person, upon completion of the performance period:

Executives	Number of performance rights granted <sup>1</sup>	Vesting condition	Invitation date <sup>1</sup>	Fair value at invitation date \$
Mr P Harold	2,097,537	(a)	15 December 2021	\$0.087
	1,048,768	(b)	15 December 2021	\$0.087
	1,048,768	(c)	15 December 2021	\$0.087
Mr B Shalders	786,576	(a)	15 December 2021	\$0.087
	393,288	(b)	15 December 2021	\$0.087
	393,288	(c)	15 December 2021	\$0.087
Mr D Maxton	576,823	(a)	15 December 2021	\$0.087
	288,411	(b)	15 December 2021	\$0.087
	288,411	(c)	15 December 2021	\$0.087
Mr C Jones	944,162	(a)	28 February 2022	\$0.094
	472,080	(b)	28 February 2022	\$0.094
	472,080	(c)	28 February 2022	\$0.094

<sup>1</sup> The invitation date above refers to the date the offer was made to participants. The number of performance rights is an estimate based on the volume weighted average price ("VWAP") of the Company's shares over a 20-day trading period immediately prior to the invitation date above. The actual number of performance rights issued will be determined subsequent to the conclusion of the performance period.

- (a) Total Shareholder Return (50% weighting) – Absolute return from 1 July 2021 to 30 June 2023 benchmarked against ASX peers as per below list of peers.
- (b) Resources (25% weighting) – Adding to the current JORC Reserves at least 5,000 tonnes of high-grade reserve (>3%Ni) and adding to the current JORC Resources at least 10,000 tonnes of lower grade resource (<3%Ni). To be achieved by 30 June 2023 with the increases to be included in the re-start mining inventory (only for disseminated).
- (c) Black Swan Operations (25% weighting) – Black Swan needs to be in production by June 2023.

The achievement of (a), (b) and (c) is considered in the Company's assessment of the number of performance rights that are likely to vest. Upon vesting conditions being met and approved by the Board, vested performance rights are granted to the participant with a three-year exercise period.

The assessment of the above and the award are subject to Board discretion.

**TSR – Peer group companies based on metal and market cap**

Listed ASX Nickel Sulphide Companies	Base Metal Companies
Mincor Resources NL	Develop Global Ltd
Western Areas Ltd	Hot Chilli Ltd
Red River Resources Ltd	Widgie Nickel Ltd
Panoramic Resources Ltd	Rex Minerals Ltd
Legend Mining Ltd	Heron Resources Ltd
Lunnon Metals Ltd	Galena Mining Ltd
Hillgrove Resources Ltd	Centaurus Metals Ltd
Aeris Resources Ltd	St George Mining Ltd
New Century Resources Ltd	

Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

**7. Remuneration report – audited (continued)**

**7.3 Equity instruments (continued)**

**Fair value of performance rights granted**

All performance rights issued to KMPs are valued using the Black Scholes option valuation methodology that takes into account the term of the performance rights, the share price at invitation date and expected volatility of the underlying right, the expected dividend yield, the risk-free rate for the term of the right and the correlations and volatilities of the peer group companies. The model inputs for the performance rights granted to KMPs during the year include:

	Total Shareholder Return	Resources	Black Swan Operations	Total Shareholder Return	Resources	Black Swan Operations
Invitation date	15-Dec-21	15-Dec-21	15-Dec-21	28-Feb-22	28-Feb-22	28-Feb-22
Share price at invitation	\$0.087	\$0.087	\$0.087	\$0.094	\$0.094	\$0.094
Volatility	80%	80%	80%	80%	80%	80%
Expected dividend	Nil	Nil	Nil	Nil	Nil	Nil
Risk-free rate	0.53%	0.53%	0.53%	1.02%	1.02%	1.02%

**Modification of terms of equity-settled share-based payment transactions**

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

**Details of equity incentives affecting current and future remuneration**

Details of vesting profiles of the performance rights and options for each key management person and amounts recognised as remuneration during the reporting period are detailed below:

	Instrument	Number Granted/ Offered <sup>1</sup>	Grant/ Invitation date	% vested in year	% forfeited during year	Financial years in which grant vests	Recognised as remuneration (\$)
Mr P Harold	Options	6,000,000	3 Mar 2020	-	-	30 June 2023	91,888
Mr P Harold	Performance rights	5,128,205 <sup>2</sup>	31 Mar 2021	41.36	58.64	30 June 2022	74,686
Mr P Harold	Performance rights	4,195,073	15 December 2021	-	-	30 June 2023	45,621
Mr B Shalders	Performance rights	2,182,540	31 Mar 2021	36.45	63.55	30 June 2022	14,240
Mr B Shalders	Performance rights	1,573,152	15 December 2021	-	-	30 June 2023	17,108
Mr D Maxton	Performance rights	1,153,645	15 December 2021	-	-	30 June 2023	12,546
Mr C Jones	Performance rights	1,888,322	28 February 2022	-	-	30 June 2023	22,188

<sup>1</sup> Performance rights are not granted or issued until the performance period has ended and the LTI award has been determined.

<sup>2</sup> Performance rights to be issued are subject to shareholder approval.

Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

7. Remuneration report – audited (continued)

7.3 Equity instruments (continued)

Options and rights over equity instruments

The movement during the reporting period in the number of performance rights and options over ordinary shares in Poseidon Nickel Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2021	Granted as compen- sation	Exercised	Net change other <sup>2</sup>	Held at 30 June 2022	Vested during the year	Vested and exercisable at 30 June 2022
<b>Options</b>							
Mr D La Ferla	2,000,000	-	-	-	2,000,000	-	2,000,000
Mr P Harold	6,000,000	-	-	-	6,000,000	-	-
<b>Performance Rights <sup>3</sup></b>							
Mr P Harold	5,128,205	4,195,073	-	(3,006,993)	6,316,285	2,121,212 <sup>1</sup>	2,121,212 <sup>1</sup>
Mr B Shalders	2,182,540	1,573,152	-	(1,387,085)	2,368,607	795,455	795,455
Mr D Maxton	-	1,153,645	-	-	1,153,645	-	-
Mr C Jones	-	1,888,322	-	-	1,888,322	-	-

<sup>1</sup> Performance rights to be issued are subject to shareholder approval.

<sup>2</sup> Relates to the difference between the estimated number of performance rights to be offered at invitation date and the actual performance rights issued upon determination of an award under the LTI Plan upon conclusion of the performance period. The estimated number of performance rights is based on the volume weighted average price ("VWAP") of the Company's shares over a 20-day trading period immediately prior to the invitation date. The actual number of performance rights granted is based on the VWAP of the Company's shares over a 20-day trading period immediately prior to an award being made under the Company's LTI Plan and the number of performance rights subsequently being approved by the Board.

<sup>3</sup> Performance rights have not been granted and the amounts listed above are an approximation of the performance rights offered to participants under the Company's Long-Term Incentive Plan.

Poseidon Nickel Limited  
Directors' report (continued)

For the year ended 30 June 2022

7. Remuneration report – audited (continued)

7.4 Key management personnel transactions

Shares

The movement during the reporting period in the number of ordinary shares in Poseidon Nickel Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2021	Share entitlement issue	Performance right conversion	Purchases or sales	Net change - other	Held at 30 June 2022
<b>Directors</b>						
Mr D La Ferla	-	-	-	-	-	-
Ms F Gooding <sup>4</sup>	-	-	-	-	-	-
Mr D Hildebrand	-	-	-	160,000	-	160,000
Mr P Muccilli	-	-	-	-	-	-
Mr W Hallam <sup>1</sup>	-	-	-	-	-	-
<b>Executives</b>						
Mr P Harold	500,000	-	-	-	-	500,000
Mr B Shalders	115,384	-	-	61,589	-	176,973
Mr D Maxton <sup>2</sup>	-	-	-	-	-	-
Mr C Jones <sup>3</sup>	-	-	-	-	-	-

<sup>1</sup> Mr W Hallam was appointed Non-executive Director on 1 June 2022.

<sup>2</sup> Mr D Maxton was appointed Project Director on 1 September 2021.

<sup>3</sup> Mr C Jones was appointed General Manager Mining on 28 February 2022.

<sup>4</sup> Ms F Gooding resigned as Non-executive Director on 25 February 2022.

**Other transactions with key management personnel**

Director fees for Ms Gooding are payable to Wyloo Metals Pty Ltd. Amounts recognised in respect of director fees for the financial year were \$48,411 (2021: \$74,088). As at 30 June 2022 there were no amounts owing to Wyloo Metals Pty Ltd (2021: \$20,374).

Director fees for Mr Hildebrand are payable to Orchard Lane Holdings. Amounts recognised in respect of director fees for the financial year were \$67,574 (2021: \$64,088). As at 30 June 2022 there was \$20,381 owing to Orchard Lane Holdings (2021: nil).

In the prior year, Unearthed Geological Consulting, a company related to Mr Muccilli, received aggregate fees of \$21,905 relating to the provision of consultancy services (2022: nil). As at 30 June 2022 there were no amounts owing to Unearthed Geological Consulting (2021: nil).

Transactions with the related parties were made on commercial terms and at market rates.

**7.5 Analysis of bonuses included in remuneration**

Details of the vesting profile of the short-term incentive ("STI") bonuses awarded as remuneration and paid as cash to each director of the Company, and other key management personnel are detailed below:

Executives	Base Salary	Maximum STI available (% of Base Salary)	Achieved STI	Included in remuneration \$
Mr P Harold	\$500,000	50%	25%	62,500
Mr B Shalders	\$300,000	40%	25%	30,000
Mr D Maxton	\$275,000	30%	27.5%	22,688
Mr C Jones	\$350,000	40%	25%	11,795 <sup>1</sup>

<sup>1</sup> STI bonus has been prorated based on employment commencing on 28 February 2022.

Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

**7. Remuneration report – audited (continued)**

**7.5 Analysis of bonuses included in remuneration (continued)**

The following vesting conditions to be achieved over a 12-month period ending 30 June 2022 to qualify for an STI bonus included:

Gateway conditions

- (i) Health and Safety – No significant long-term injuries – no fatalities and no permanent or total disablement injuries.

Corporate KPI conditions

- (ii) Black Swan Development – Bankable Feasibility Study (BFS) for Black Swan 1.1Mtpa operation to be completed by 30 June 2022.
- (iii) Lake Johnston – Restart study for Maggie Hays, which is economically accretive, is to be completed by 30 June 2022.
- (iv) Ore Reserve Growth – At least 5kt of high grade (>3%) reserve is to be added to current JORC Reserves by 30 June 2022.
- (v) Ore Resource Growth – At least an additional 10,000 tonnes of Black Swan Disseminated ore, which must be included in the re-start mining inventory, to be added to existing Resources by 30 June 2022.

The following individual KPIs were allocated to specific key management personnel that were to be achieved over a 12-month period ending 30 June 2022 to qualify for an STI bonus:

Individual KPI conditions

- (vi) Black Swan Funding – Evaluate funding options to fund restart of Black Swan circuit and identify optimal funding option with risks accounted for, resulting in an acceptable credit approved terms sheet which supports the restart of Black Swan by 30 June 2022.
- (vii) Offtake Partners – Evaluate offtake partners to support restart of Black Swan resulting in an acceptable terms sheet for offtake which supports the Black Swan restart by 30 June 2022.
- (viii) Black Swan Restart – Complete BFS for Black Swan 1.1Mtpa processing circuit and ore feed sources (Black Swan open pit, Silver Swan tailings, Golden Swan and Silver Swan underground) by 30 June 2022.
- (ix) Windarra Gold Tailings – Identify and engage with an appropriate partner to develop or divest the Windarra/Lancefield Gold Tailings project, resulting in a signed JV agreement or acceptable terms sheet by 30 June 2022.
- (x) Lake Johnston Development – Completion of the Lake Johnston restart study by 30 June 2022.
- (xi) Ore Reserve Growth – At least 5kt of high grade (>3%) reserves to be added to current JORC Reserves by 30 June 2022.
- (xii) Ore Resources Growth – At least an additional 10,000 tonnes of Black Swan Disseminated ore, which must be included in the re-start mining inventory, to be added to existing Resources by 30 June 2022.

Poseidon Nickel Limited  
 Directors' report (continued)  
 For the year ended 30 June 2022

**7. Remuneration report – audited (continued)**

**7.5 Analysis of bonuses included in remuneration (continued)**

The table below details the relevant KPIs applicable to each key management personnel:

Executive	KPI	Weighting %	Achieved %
Mr P Harold	Black Swan Development	25	0
	Lake Johnston	25	100
	Ore Reserve Growth	25	0
	Ore Resource Growth	25	0
Mr B Shalders	Black Swan Development	17.5	0
	Lake Johnston	17.5	100
	Ore Reserve Growth	17.5	0
	Ore Resource Growth	17.5	0
	Black Swan Funding	15	0
	Offtake Partners	15	0
Mr D Maxton	Black Swan Development	17.5	0
	Lake Johnston	17.5	100
	Ore Reserve Growth	17.5	0
	Ore Resource Growth	17.5	0
	Black Swan Restart	10	0
	Windarra Gold Tailings	10	100
	Lake Johnston Development	10	0
Mr C Jones	Black Swan Development	17.5	0
	Lake Johnston	17.5	100
	Ore Reserve Growth <sup>1</sup>	32.5	0
	Ore Resource Growth <sup>1</sup>	32.5	0

<sup>1</sup> Made up of 17.5% for Corporate KPI and 15% for Individual KPI

Due to unforeseen delays in the Black Swan Feasibility Study (“BFS”) process, which was beyond the influence or control of employees, the Board has approved to extend the milestone dates of the three Corporate KPIs relating to the BFS to 31 December 2022. The affected KPIs are:

- (i) Black Swan Development
- (ii) Ore Reserve Growth
- (iii) Ore Resource Growth

The Board has also approved the extension of any Individual KPIs relating to the BFS to 31 December 2022.

For employees who have been awarded less than 25% of their STI based on their Corporate KPI performance will be paid 25% of their STI for the period to 30 June 2022, as approved by the Board. Any additional STI received at this time will be offset against the amount that will be awarded for the extended KPIs at 31 December 2022.

The Board has used its discretion to make these one-off amendments in order to reflect that the delays in the development of the BFS were outside the control or influence of employees, and primarily related to industry wide resource shortages.

**End of Remuneration report – audited**

# Poseidon Nickel Limited

## Directors' report (continued)

For the year ended 30 June 2022

### 8. Corporate governance statement

The Company's 2022 Corporate Governance Statement has been released as a separate document and is also located on our website at <http://www.poseidon-nickel.com.au/investors-media/corporate-governance/>.

### 9. Dividends

The Directors recommend that no dividend be declared or paid.

### 10. Events subsequent to reporting date

On 6 September 2022 the Company announced it had signed a binding Heads of Agreement with Green Gold Projects Pte Ltd ("GGP") for the processing of the Windarra Gold Tailings Project. A final agreement is subject to GGP being satisfied with the outcome of metallurgical testwork using GGP patented technology and a bankable feasibility study being completed at their expense. GGP will be responsible for the funding, development and operation of the tailings project.

### 11. Directors' interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares	Performance Rights
Mr D La Ferla	-	2,000,000	-
Mr P Harold	500,000	6,000,000	6,316,285
Mr D Hildebrand	160,000	-	-
Mr P Muccilli	-	-	-
Mr W Hallam	-	-	-
	<u>660,000</u>	<u>8,000,000</u>	<u>6,316,285</u>

### 12. Share options

#### Options granted to directors and officers of the Company

During the financial year, there were no new options granted to directors or officers of the Company.

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

#### Shares issued on exercise of options

During or since the end of the financial year, the Company has not issued any ordinary shares as a result of the exercise of options.

### 13. Indemnification and insurance of officers

#### Insurance premiums

The Company has agreed to indemnify the following current directors and officers of the Company, Mr D La Ferla, Mr D Hildebrand, Mr P Muccilli, Mr W Hallam, Mr P Harold and Mr B Shalders against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current directors and officers of its controlled entities for all liabilities to another person (other than the company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Poseidon Nickel Limited  
Directors' report (continued)

For the year ended 30 June 2022

**13. Indemnification and insurance of officers (continued)**

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 and do not contain details of the premiums paid in respect of individual officers of the Company. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

**14. Non-audit services**

During the year KPMG, the Company's auditor, has not performed any services outside their statutory duties. The fee paid for the audit and review of financial reports is \$67,770 (2021: \$63,906).

**15. Lead auditor's independence declaration**

The Lead auditor's independence declaration is set out on page 61 and forms part of the directors' report for financial year ended 30 June 2022.

**16. Rounding off**

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:



**Mr P Harold**  
**Managing Director/CEO**

Perth  
16 September 2022



Poseidon Nickel Limited  
Consolidated statement of financial position

As at 30 June 2022

In thousands of AUD

	Note	2022	2021
<b>Assets</b>			
Cash and cash equivalents	4.1a	11,089	7,903
Trade and other receivables	4.2	861	880
Other investments – term deposits		-	36
<b>Total current assets</b>		<b>11,950</b>	<b>8,819</b>
Property, plant and equipment	3.2	24,760	24,593
Right-of-Use Assets	3.3	485	630
Exploration and evaluation expenditure	3.1	99,940	87,397
Other	3.4	3,500	3,500
<b>Total non-current assets</b>		<b>128,685</b>	<b>116,120</b>
<b>Total assets</b>		<b>140,635</b>	<b>124,939</b>
<b>Liabilities</b>			
Trade and other payables	4.3	1,891	2,638
Lease liabilities	5.2	147	140
Employee benefits		228	94
Provisions	3.5	-	3,500
<b>Total current liabilities</b>		<b>2,266</b>	<b>6,372</b>
Provisions	3.5	62,467	57,919
Lease liabilities	5.2	372	519
<b>Total non-current liabilities</b>		<b>62,839</b>	<b>58,438</b>
<b>Total liabilities</b>		<b>65,105</b>	<b>64,810</b>
<b>Net Assets</b>		<b>75,530</b>	<b>60,129</b>
<b>Equity</b>			
Share capital	5.1	265,071	238,266
Reserves		641	336
Accumulated losses		(190,182)	(178,473)
<b>Total equity attributable to equity holders of the Company</b>		<b>75,530</b>	<b>60,129</b>

The notes on pages 28 to 54 are an integral part of these consolidated financial statements.

Poseidon Nickel Limited  
Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

<i>In thousands of AUD</i>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Other income	2.2	450	738
Depreciation expense		(395)	(370)
Personnel expenses	2.3	(3,122)	(2,144)
Exploration and evaluation costs expensed	3.1	(5,939)	(5,977)
Consultancy and advisor fees		(1,202)	(1,288)
Share based payment expense	6.1	(305)	(323)
Other expenses		(1,231)	(1,037)
<b>Results from operating activities</b>		<b>(11,744)</b>	<b>(10,401)</b>
Finance income		47	274
Finance costs		(12)	(806)
<b>Net finance income / (costs)</b>	2.4	<b>35</b>	<b>(532)</b>
<b>Loss before income tax</b>		<b>(11,709)</b>	<b>(10,933)</b>
Income tax benefit	2.5	-	-
<b>Total comprehensive loss for the year</b>		<b>(11,709)</b>	<b>(10,933)</b>
<b>Earnings per share</b>			
Basic and diluted loss per share (cents/share)	2.6	(0.39)	(0.40)

*The notes on pages 28 to 54 are an integral part of these consolidated financial statements.*

Poseidon Nickel Limited  
Consolidated statement of changes in equity

For the year ended 30 June 2022

In thousands of AUD

	Share Capital	Share based payment reserve	Accumulated losses	Total equity
<b>Balance at 1 July 2020</b>	<b>228,796</b>	<b>15</b>	<b>(167,540)</b>	<b>61,271</b>
Loss for the year	-	-	(10,933)	(10,933)
<b>Other comprehensive income</b>				
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(10,933)	(10,933)
<b>Transactions with owners recorded directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
Issue of share capital (net of costs)	9,468	-	-	9,468
Issue of share options	-	156	-	156
Issue of performance rights	-	167	-	167
Performance rights exercised	2	(2)	-	-
Total contributions by and distributions to owners	9,470	321	-	9,791
<b>Balance at 30 June 2021</b>	<b>238,266</b>	<b>336</b>	<b>(178,473)</b>	<b>60,129</b>
Loss for the year	-	-	(11,709)	(11,709)
<b>Other comprehensive income</b>				
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(11,709)	(11,709)
<b>Transactions with owners recorded directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
Issue of share capital (net of costs)	26,805	-	-	26,805
Issue of share options	-	92	-	92
Issue of performance rights	-	213	-	213
Total contributions by and distributions to owners	26,805	305	-	27,110
<b>Balance at 30 June 2022</b>	<b>265,071</b>	<b>641</b>	<b>(190,182)</b>	<b>75,530</b>

The condensed notes on pages 28 to 54 are an integral part of these consolidated financial statements.

Poseidon Nickel Limited  
Consolidated statement of cash flows

For the year ended 30 June 2022

*In thousands of AUD*

	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>			
Sundry receipts		487	607
Payments to suppliers and employees		(11,611)	(10,270)
Cash used in operations		(11,124)	(9,663)
Interest received		47	171
<b>Net cash used in operating activities</b>	<b>4.1b</b>	<b>(11,077)</b>	<b>(9,492)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(348)	(246)
Payments for exploration and evaluation expenditure		(12,042)	(11,646)
<b>Net cash used in investing activities</b>		<b>(12,390)</b>	<b>(11,892)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares and options (net of costs)		26,805	9,468
Repayment of borrowings		-	(25,115)
Repayment of lease liabilities	5.2	(152)	(73)
Interest paid		-	(229)
<b>Net cash received from/ (used in) financing activities</b>		<b>26,653</b>	<b>(15,949)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>3,186</b>	<b>(37,333)</b>
Cash and cash equivalents at 1 July		7,903	45,236
<b>Cash and cash equivalents at 30 June</b>	<b>4.1a</b>	<b>11,089</b>	<b>7,903</b>

*The notes on pages 28 to 54 are an integral part of these consolidated financial statements.*

# Poseidon Nickel Limited

## Notes to the consolidated financial statements

### Section 1 – Basis of Preparation

Poseidon Nickel Limited presents its financial statements in a format and style that is relevant and clear to shareholders and other users. In preparing the 2022 financial statements, we have grouped notes into sections under six key categories:

1. Basis of preparation
2. Results for the year
3. Assets and liabilities supporting Exploration and Evaluation
4. Working capital disclosures
5. Equity and funding
6. Other disclosures

Significant accounting policies specific to one note are included within that note. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

#### 1.1 General information

Poseidon Nickel Limited (the 'Company') is a for profit entity domiciled in Australia. The Company's registered office is located at Level 1, 3 Ord Street, West Perth WA 6005. The Group is primarily involved in exploration and evaluation of projects relating to nickel and other minerals.

The consolidated financial statements comprising of the Company and its subsidiaries (collectively the 'Group') have been authorised for issue by the Board of Directors on 16 September 2022. The financial statements are general purpose financial statements which:

- Have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB");
- Have been prepared on a historical cost basis, except for the convertible note derivative and share based payments which are measured at fair value. The basis of measurement is discussed further in the individual notes;
- Are presented in Australian Dollars, being the Company's functional currency and the functional currency of the companies within the Group. Amounts are rounded to the nearest thousand, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191;
- Adopts all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2021. Refer to note 6.8 for further details; and
- Does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective.

#### 1.2 Going concern

For the year ended 30 June 2022 the Group recorded a loss after tax of \$11,709,000 (2021: \$10,933,000) that includes depreciation and share based payment expense which are both non-cash items. If these items are excluded, the underlying loss after tax for the Group for the year is \$11,009,000 (2021: \$9,443,000). The working capital surplus as at 30 June 2022 is \$9,684,000 (2021: surplus \$2,447,000). The primary liability of the Group is the site rehabilitation provision of \$62,467,000 (2021: \$57,919,000), which includes \$3,500,000 that has been reclassified from current to non-current as a result of the termination of the Windarra State Agreement. The Directors do not anticipate the Group being required to remediate its sites in the foreseeable future. The site rehabilitation provision is classified as non-current and included within total net assets of \$75,530,000 (2021: \$60,129,000).

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 1.2 Going concern (continued)

The Group had a net cash outflow from operating activities of \$11,077,000 (2021: \$9,492,000) and a net cash outflow from investing activities of \$12,390,000 (2021: \$11,892,000). Operating cash outflow reflects ongoing exploration and evaluation and care and maintenance activities across the three operations of Black Swan, Lake Johnston and Windarra. Investing cash outflow reflects payments on exploration and evaluation activities and property, plant and equipment. In August 2021 the Company raised \$22 million (before costs) through a private placement of ordinary shares and in September 2021 raised a further \$6 million under a share purchase plan. The capital raising incurred transaction costs of \$1,195,000. The Group held cash and cash equivalents of \$11,089,000 at 30 June 2022 (2021: \$7,903,000).

The Directors have reviewed a cash flow forecast for the next 12 months from the date of signing the financial report which demonstrates that the Group will have sufficient cash resources to continue as a going concern, subject to successful fund raising activities during the period. The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows for the next 12 months which incorporates raising additional funding through equity, debt or hybrid financing, joint venture type arrangements or other means to meet forecast minimum expenditure and maintain tenements and meet ongoing costs. The ability of the Group to achieve its forecast cashflows, being reliant on raising additional funds, represents material uncertainty that may cast significant doubt about whether the Group can continue as a going concern in which case it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

#### 1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### 1.4 Foreign currencies

The primary economic environment in which the Group operates is Australia. The consolidated financial statements are therefore presented in Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars at the exchange rate on that day. Foreign currency monetary assets and liabilities are translated into Australian dollars at the year-end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year-end, a foreign exchange gain or loss may arise. Any such differences are recognised in the income statement. Non-monetary assets and liabilities measured at historical cost are translated into Australian dollars at the exchange rate on the date of the transaction.

#### 1.5 Research and development expenditure

The Group undertakes expenditure on activities that are categorised as 'eligible expenditure' under the Research & Development Tax Concession which are dependent upon certain criteria and may be subject to a tax offset. Under AASB 120, where a tax offset has been received or receivable in cash, the Group accounts for the tax offset as follows:

- Where a grant is received or receivable in relation to research and development costs which have been capitalised, the tax offset shall be deducted from the carrying amount of the asset; or
- Where a grant is received or receivable in relation to research and development costs which have been charged to the profit and loss account during this or a prior financial year, the tax offset shall be credited to the profit and loss account.

# Poseidon Nickel Limited

## Notes to the consolidated financial statements

### 1.6 Impairment

#### Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Impairment losses on available-for-sale investments are recognised by reclassifying the cumulative loss that has been recognised in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

#### Non-financial assets

Non-financial assets, other than deferred tax assets, are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

An impairment test is performed by assessing the recoverable amount of each asset, or cash generating unit ("CGU"). Assets are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverable amount is the higher of an asset's fair value less costs to sell and 'value in use'. The value in use is based on the present value of the future cash flows expected to arise from the asset, taking into account the risks specific to the asset or CGU.

Any impairment identified is recognised in profit or loss. Reversals of impairments of assets are recognised if there is an indication that a previously recognised impairment loss has reversed and the recoverable amount of the impaired asset has subsequently increased.

### 1.7 Accounting judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which estimates are revised and in any future periods affected.

Judgements and estimates which are material to the financial report are found in the following areas:

- Going concern (note 1.2);
- Exploration and evaluation assets (note 3.1);
- Site rehabilitation provision (note 3.5); and
- Share-based payments (note 6.1).

# Poseidon Nickel Limited

## Notes to the consolidated financial statements

### Section 2 – Results for the Year

This section focuses on the results and performance of the Group, with disclosures including segmental information, components of the operating loss, taxation and earnings per share.

#### KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

##### Deferred taxation

The Group has unrecognised carry forward tax losses which can be utilised against future taxable profits. Given that the Group is not yet in production, future taxable profits are not considered probable to utilise carry forward tax losses, as such the tax asset has not been recognised.

#### 2.1 Operating segments

For management purposes the Group has one operating segment, being nickel and other mineral exploration and evaluation in Australia. Segment results that are reported to the Group chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Information about reportable segments <i>In thousands of AUD</i>	Nickel exploration and evaluation	
	2022	2021
<b>For the year ended 30 June</b>		
Reportable segment other income	446	669
Reportable segment exploration costs expensed	(5,939)	(5,977)
Reportable segment loss before income tax	(5,493)	(5,308)
Reportable segment assets	127,921	115,205
Reportable segment liabilities	64,003	63,555
Capital expenditure	11,913	13,022
<b>Reconciliations of reportable segment loss and assets</b>		
<b>Loss</b>		
Total loss for reportable segments	(5,493)	(5,308)
Unallocated amounts: other corporate expenses	(6,251)	(5,093)
Net finance costs	35	(532)
Loss before income tax	(11,709)	(10,933)
<b>Assets</b>		
Total assets for reportable segments	127,921	115,205
Other assets	12,714	9,734
	140,635	124,939
<b>Liabilities</b>		
Total liabilities for reportable segments	64,003	63,555
Other liabilities	1,102	1,255
	65,105	64,810

There have been no changes to the basis of segmentation or the measurement basis for the segment loss since 30 June 2021.



## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 2.2 Other income

##### ACCOUNTING POLICY

###### Research and development proceeds

Research and development proceeds are government grants that are recognised in profit or loss when there is reasonable assurance that the grant will be received.

###### Sundry income

Includes income received from the rental of camp facilities and mining equipment to third parties.

The table below sets out the other income received during the year:

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Research and development proceeds	370	526
Sundry income	80	212
	<b>450</b>	<b>738</b>

#### 2.3 Personnel expenses

##### ACCOUNTING POLICY

###### Short-term employee benefits

Wages, salaries and defined contribution superannuation benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

###### Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

###### Share-based payments

The policy relating to share-based payments is set out in note 6.1.

The table below sets out personnel costs expensed during the year:

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Directors fees	330	342
Wages and salaries	1,752	1,288
Superannuation expense	243	146
Other associated personnel expenses	533	255
Increase in liability for annual leave	261	117
Increase/(decrease) in liability for long service leave	3	(4)
	<b>3,122</b>	<b>2,144</b>

#### 2.4 Net financing costs

##### ACCOUNTING POLICY

Net finance costs comprise income on funds invested, gains / losses on disposal of financial instruments, changes in fair value of financial instruments, interest expense on borrowings, impairment losses on financial assets and foreign exchange gains / losses. Interest income and expense is recognised as it accrues in profit or loss, using the effective interest method.

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 2.4 Net financing costs (continued)

Net financing costs can be analysed as follows:

<i>In thousands of AUD</i>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Interest income on bank deposits		47	105
Net foreign exchange gain		-	169
Finance income		47	274
Interest expense – convertible note		-	(797)
Interest expense – lease	5.2	(12)	(9)
Finance costs		(12)	(806)
Net finance income/(cost)		35	(532)

#### 2.5 Income tax expenses

##### ACCOUNTING POLICY

The income tax expense represents the sum of tax currently payable and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is based on tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used for calculating taxable profits. Deferred tax balances are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set-off.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Poseidon Nickel Limited  
Notes to the consolidated financial statements

**2.5 Income tax expenses (continued)**

**a. Analysis of tax (credit) / charge in year**

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Current tax expense		
Current year	-	-
Adjustments for prior periods	-	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	-
Total tax benefit	-	-

**b. Numerical reconciliation between tax expense and pre-tax accounting loss**

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Loss for the year	(11,709)	(10,933)
Total tax expense	-	-
Loss excluding tax	(11,709)	(10,933)
Income tax expense at the Australian tax rate of 30% (2021: 30%)	(3,513)	(3,280)
Share-based payments	91	98
Non-assessable grant income	(111)	(158)
Other non-deductible expenses	-	4
Over provided in prior periods	21	1
	(3,512)	(3,335)
Deferred tax assets not recognised	3,512	3,335
Total income tax benefit	-	-

**c. Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
<b>Deferred Tax Liabilities</b>		
Exploration expenditure	(33,321)	(26,762)
Right-of-Use Assets	10	9
Other items	(7)	(12)
<b>Deferred Tax Assets</b>		
Carry forward tax losses	56,142	48,766
Business related costs	637	638
Closure costs	18,740	15,126
Other items	126	291
Total deferred tax asset/(liability)	42,327	38,056
Tax losses not recognised	(42,327)	(38,056)
Net deferred tax asset/(liability)	-	-

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 2.5 Income tax expenses (continued)

##### d. Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of the following items:

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Tax losses	42,327	38,056
	<u>42,327</u>	<u>38,056</u>

At 30 June 2022, the Group has carry-forward tax losses of \$56,142,000 at 30% (30 June 2021: \$48,766,000) of which \$13,815,000 (30 June 2021: \$10,710,000) has been recognised.

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

#### 2.6 Earnings (loss) per share

##### Basic and diluted earnings (loss) per share

Earnings (loss) per share ("EPS") is the amount of post-tax profit/(loss) attributable to each share.

The calculation of EPS at 30 June 2022 was based on the loss attributable to ordinary shareholders of \$11,709,000 (2021: \$10,933,000) and a weighted average number of ordinary shares outstanding of 3,032,777,000 (2021: 2,729,940,000). Diluted EPS takes into account the dilutive effect of all potential ordinary shares, being share options on issue.

<i>In thousands</i>	<b>2022</b>	<b>2021</b>
Loss attributable to ordinary shareholders	(11,709)	(10,933)
Issued ordinary shares at 1 July	2,809,415	2,642,702
Effect of shares issued	223,362	87,238
Weighted average number of ordinary shares at 30 June	<u>3,032,777</u>	<u>2,729,940</u>
Basic and diluted* loss per share (cents)	<u>(0.39)</u>	<u>(0.40)</u>

\* Potential ordinary shares of the Group consist of 3,000,000 dilutive share options issued (2021: 6,000,000 dilutive share options). In accordance with AASB 133 'Earnings per Share' options are excluded from the calculation of diluted earnings (loss) per share due to their anti-dilutive effect as the Group was in a loss-making position.

# Poseidon Nickel Limited

## Notes to the consolidated financial statements

### Section 3 – Assets and Liabilities Supporting Exploration and Evaluation

This section focuses on the exploration and evaluation assets which form the core of the business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital commitments existing at the year end.

#### KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

##### Indicators of impairment for exploration and evaluation assets

At 30 June 2022 and 30 June 2021, the Group has concluded that no impairment indicators existed. In making this assessment, management is required to make assessments on the status of each project and the future plans towards successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

##### Site restoration

Provisions for the costs of rehabilitation, decommissioning and restoration of the area disturbed during mining activities depends on the legal requirements at the date of decommissioning, the costs and timing of work and the discount rate to be applied. Site restoration provisions are reviewed and updated as necessary each year to reflect management's best estimates of future cost estimates and timings.

### 3.1 Exploration and evaluation expenditure

#### ACCOUNTING POLICY

Acquisition of a right to explore is capitalised. Subsequently, expenditure on exploration and evaluation activities relating to each area of interest is capitalised as incurred only where a commercially recoverable JORC compliant resource has been identified. Expenditure incurred on activities that precede establishing the existence of a commercially recoverable mineral resource is expensed as incurred. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets. Costs incurred in relation to exploration and evaluation includes acquisition of rights to explore, gathering exploration data through topographical, geochemical and geophysical studies and exploratory drilling, trenching and sampling. Directly attributable administration costs are treated as exploration and evaluation expenditure insofar as they relate to specific exploration activities. Pre-licence costs and general exploration costs not specific to any particular licence or prospect are expensed as incurred, as well as borrowing costs in connection with financing exploration and evaluation activities.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment and any impairment loss is recognised prior to being reclassified.

#### Impairment

Exploration and evaluation assets are tested for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability is unlikely, or
- facts and circumstances suggest the carrying value exceeds the recoverable amount. The application of this policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established.

Such triggering events are defined in AASB 6 *Exploration for and Evaluation of Mineral Resources* in respect of exploration and evaluation assets.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than an area of interest. The Group performs impairment testing in accordance with note 1.6.

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 3.1 Exploration and evaluation expenditure (continued)

##### Impairment (continued)

Any impairment identified is recognised in profit or loss. Reversals of impairments of assets are recognised if there is an indication that a previously recognised impairment loss has reversed and the recoverable amount of the impaired asset has subsequently increased.

In determining the assumptions used in assessing impairment, consideration has been taken as to current and expected market conditions arising from COVID-19. Actual results could significantly differ depending on the recovery from such conditions.

Details of assets in the exploration and evaluation phase can be found below:

<i>In thousands of AUD</i>	2022	2021
Costs carried forward in respect of areas of interest in the following phase:		
Exploration and evaluation phase	99,940	87,397
<b>Reconciliations: Exploration and evaluation phase</b>		
Carrying amount at beginning of year	87,397	65,659
Additions	11,495	12,054
Movement in provisions (note 3.5)	1,048	9,684
Carrying amount at end of year	99,940	87,397

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 areas of interest. Exploration expenditure of \$5,939,000 (2021: \$5,977,000) was expensed as incurred through the Income Statement for the year.

#### 3.2 Property, plant and equipment

##### ACCOUNTING POLICY

##### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

##### Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Items of PPE are depreciated from the date that they are installed and are ready for use. The estimated useful lives for the current and comparative periods are as follows:

- Leasehold improvements            25 years
- Plant and equipment                2 – 20 years
- Motor vehicles                        8 – 12 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Poseidon Nickel Limited  
Notes to the consolidated financial statements

3.2 Property, plant and equipment (continued)

**Impairment**

Non-current assets are tested for impairment when facts and circumstances indicate that the carrying amount may exceed the recoverable amount. The Group performs impairment testing in accordance with note 1.6.

Any impairment identified is recognised in profit or loss. Reversals of impairments of assets are recognised if there is an indication that a previously recognised impairment loss has reversed and the recoverable amount of the impaired asset has subsequently increased.

	Leasehold improve- ments	Plant and equipment- head office	Plant and equipment- mining sites	Motor vehicles - mining	Total
<i>In thousands of AUD</i>					
<b>Cost</b>					
Balance at 1 July 2020	1,006	716	26,757	358	28,837
Additions	-	30	203	19	252
Disposals	-	(6)	-	-	(6)
Balance at 30 June 2021	1,006	740	26,960	377	29,083
Balance at 1 July 2021	1,006	740	26,960	377	29,083
Additions	-	37	211	169	417
Disposals	-	(4)	-	-	(4)
Balance at 30 June 2022	1,006	773	27,171	546	29,496

	Leasehold improve- ments	Plant and equipment- head office	Plant and equipment- mining sites	Motor vehicles - mining	Total
<i>In thousands of AUD</i>					
<b>Depreciation and impairment losses</b>					
Balance at 1 July 2020	511	435	3,014	259	4,219
Depreciation for the year	40	25	193	19	277
Disposals	-	(6)	-	-	(6)
Balance at 30 June 2021	551	454	3,207	278	4,490
Balance at 1 July 2021	551	454	3,207	278	4,490
Depreciation for the year	40	43	138	29	250
Disposals	-	(4)	-	-	(4)
Balance at 30 June 2022	591	493	3,345	307	4,736

**Carrying amounts**

	Leasehold improve- ments	Plant and equipment- head office	Plant and equipment- mining sites	Motor vehicles - mining	Total
<i>In thousands of AUD</i>					
At 30 June 2021	455	286	23,753	99	24,593
At 30 June 2022	415	280	23,826	239	24,760

As the Lake Johnston and Black Swan nickel operations remain on care and maintenance, certain plant and equipment items associated with these projects that are not installed and ready for use are currently not being depreciated. As at 30 June 2022, the total carrying amount of these assets was \$22,983,000 (2021: \$22,983,000).

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 3.3 Right-of-use assets

##### ACCOUNTING POLICY

##### Recognition and measurement

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

During the prior year, the Group entered into a new office space lease agreement for five years. The Group makes monthly fixed payments with a three per cent increase each year. On lease commencement, the Group recognised \$595,000 of right-of-use asset and lease liability.

During the prior year, the Group entered into a lease agreement for the use of IT office equipment for five years. The Group makes monthly fixed payments. On lease commencement, the Group recognised \$128,000 of right-of-use asset and lease liability.

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Balance at 30 June	630	-
Additions to right-of-use assets	-	723
Depreciation charge for the year	(145)	(93)
Balance at 30 June	<u>485</u>	<u>630</u>

#### 3.4 Other non-current assets

The Group holds a cash collateralised security deposit of \$3,500,000 (2021: \$3,500,000) to cover the provision for site restoration made in recognition of an on-going commitment to the environmental rehabilitation of the Windarra mine site.



# Poseidon Nickel Limited

## Notes to the consolidated financial statements

### 3.5 Provisions

#### ACCOUNTING POLICY

##### Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

##### Site rehabilitation provisions

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site rehabilitation is recognised in respect of the estimated cost of restoration of the area previously disturbed during mining activities up to the reporting date, but not yet rehabilitated.

At each reporting date the site rehabilitation provision is re-measured to reflect any changes in discount rates and timing or amounts of the costs to be incurred. Such changes in the estimated liability are accounted for prospectively from the date of the change and re added to, or deducted from, the related asset where it is possible that future economic benefits will flow to the entity.

During the year the current site rehabilitation provision of \$3,500,000, relating to the on-going obligation for the environmental rehabilitation of the Windarra mine sites, was reclassified to non-current upon termination of the Windarra State Agreement.

The non-current site rehabilitation provision of \$62,467,000 (2021: \$57,919,000) is in respect of the Group's on-going obligation for the environment rehabilitation of its Lake Johnston, Black Swan and Windarra nickel operations.

##### Movements in non-current provisions

Movements in the provision for site rehabilitation costs during the year are set out below:

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Carrying amount of liability at beginning of year	57,919	48,235
Addition to provision (note 3.1)	1,048	9,684
Reclassification from current provision	3,500	-
Carrying amount at end of year	<u>62,467</u>	<u>57,919</u>

During the year, the rehabilitation provision was re-estimated based on updated economic assumptions. The increase in the provision was due to the revision of costs applied to the rehabilitation liability, resulting in a corresponding increase in the cost of the rehabilitation asset (note 3.1).

### 3.6 Capital and other commitments

#### Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is 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 as follows:

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Less than one year	1,586	1,652
Between one and five years	6,310	6,319
More than five years	7,246	8,823
	<u>15,142</u>	<u>16,794</u>

The above represent commitments over the tenure of the tenements held by the Group.

Poseidon Nickel Limited  
Notes to the consolidated financial statements

**Section 4 – Working Capital Disclosures**

This section focuses on the cash funding available to the Group and working capital position at year end.

**KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION**

There were no key estimations or assumptions in this section.

**4.1 Cash and cash equivalents**

**ACCOUNTING POLICY**

Cash and cash equivalents comprise cash balances and call deposits with a maturity of less than or equal to three months from the date of acquisition. The carrying value of cash and cash equivalents approximates fair value.

**a. Cash and cash equivalents**

*In thousands of AUD*

	<b>2022</b>	<b>2021</b>
Bank balances	11,089	7,903
Term deposits < 3 months	-	-
Cash and cash equivalents in the statement of cash flows	11,089	7,903

**b. Reconciliation of cash flows from operating activities**

*In thousands of AUD*

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities		
Loss for the year	(11,709)	(10,933)
Adjustments for:		
Depreciation	395	370
Interest expense - convertible note derivative	-	229
Interest expense – lease	12	9
Net foreign exchange loss	-	399
Equity-settled share-based payment transactions	305	323
Operating loss before changes in working capital and provisions	(10,997)	(9,603)
Change in trade and other receivables	56	(350)
Change in trade payables and employee benefits	(136)	461
Net cash used in operating activities	(11,077)	(9,492)

Poseidon Nickel Limited  
Notes to the consolidated financial statements

**4.2 Trade and other receivables**

**ACCOUNTING POLICY**

Trade receivables are recognised initially at the value of the invoice sent to the counter-party and subsequently at the amounts considered recoverable (amortised cost). Where there is evidence that the receivable is not recoverable, it is impaired with a corresponding charge to the profit or loss statement. The Group's exposure to credit risk in relation to its receivables is not material.

**Current**

*In thousands of AUD*

	<b>2022</b>	<b>2021</b>
Goods and services tax receivable	392	548
Other receivables	141	141
Other assets and prepayments	328	191
	<b>861</b>	<b>880</b>

**4.3 Trade and other payables**

**ACCOUNTING POLICY**

Trade payables are recognised at the value of the invoice received from a supplier or service provider.

*In thousands of AUD*

	<b>2022</b>	<b>2021</b>
Trade payables	1,108	1,703
Other payables	783	935
	<b>1,891</b>	<b>2,638</b>

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### Section 5 – Equity and Funding

This section focuses on the debt and equity funding available to the Group at year end, most notably covering share capital and loans and borrowings.

##### 5.1 Capital and reserves

###### ACCOUNTING POLICY

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

###### Share capital

<i>In thousands of shares</i>	Ordinary shares	
	2022	2021
Ordinary shares		
Fully paid	3,063,960	2,809,415
Total share capital on issue at 30 June	<u>3,063,960</u>	<u>2,809,415</u>
Movements in ordinary shares on issue:		
On issue at 1 July	2,809,415	2,642,702
<i>Shares issued and expensed during the year:</i>		
Issued for cash (i)	254,545	166,667
Issued for performance rights	-	46
On issue at 30 June	<u>3,063,960</u>	<u>2,809,415</u>

- (i) During the reporting period the Company issued 254,544,674 ordinary shares at an average of \$0.11 per share to raise \$28,000,000. The capital raising incurred transaction costs of \$1,194,980.

During the prior reporting period the Company issued 166,666,667 ordinary shares at an average of \$0.06 per share to raise \$10,000,000. The capital raising incurred transaction costs of \$531,665.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

###### Purpose of reserves

###### Share based payment reserve

The share-based payment reserve is used to record the fair value of equity benefits provided to directors and employees as part of their remuneration.

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 5.2 Lease Liabilities

##### ACCOUNTING POLICY

###### Recognition and measurement

The Group has lease contracts for office space usage and IT office equipment with lease terms of five years.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As at 30 June 2022 lease liabilities have a remaining lease term of five years or less and were determined using an effective interest rate of 2%.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Balance at 30 June	659	-
Additions	-	723
Cash repayments	(152)	(73)
Interest	12	9
Balance at 30 June	<u>519</u>	<u>659</u>
<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Current lease liabilities	147	140
Non-current lease liabilities	372	519
	<u>519</u>	<u>659</u>

#### 5.3 Capital management

Capital consists of ordinary share capital, retained earnings, reserves and net debt. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may issue new shares or allow employees to participate in a share rather than cash bonus scheme.

The Group management defines net debt as total borrowings less cash and cash equivalents (note 4.1) and equity as the sum of share capital, reserves and retained earnings as disclosed in the Statement of Financial Position.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

# Poseidon Nickel Limited

## Notes to the consolidated financial statements

### Section 6 – Other Disclosures

The disclosures in this section focus on share based schemes in operation and financial risk management of the Group. Other mandatory disclosures, such as details of related party transactions, can also be found here.

#### KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

##### Share-based payments

Share-based payments recorded for performance rights are subject to estimation as they are calculated using the Black-Scholes option pricing model, which is based on significant assumptions such as volatility, dividend yield, expected term and forfeiture rate.

#### 6.1 Share-based payments arrangements

##### ACCOUNTING POLICY

The grant date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The share-based payment expense included within the Income Statement can be broken down as follows:

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Performance rights expense	213	167
Options expense (a)	92	156
Total expenses recognised as employee costs	305	323

(a) Options were issued in FY20 and continue to be expensed in 2022 over their vesting period.

##### Share Options

The fair values at grant date of options are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, 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 options.

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 6.1 Share-based payments arrangements (continued)

##### **Share Options (continued)**

There were no new share options granted during the current year.

Share options outstanding at the end of the year have the following expiry dates and expiry prices:

<b>Issue date</b>	<b>Vesting and exercise date</b>	<b>Expiry date</b>	<b>Exercise price \$</b>	<b>Value per option at issue date \$</b>	<b>Number of shares</b>
1 Dec 2019	1 Dec 2019	1 Dec 2022	0.10	0.003	1,000,000
1 Dec 2019	1 Dec 2019	1 Dec 2023	0.13	0.004	1,000,000
3 Mar 2020	3 Mar 2023	3 Mar 2025	0.04	0.010	3,000,000
3 Mar 2020	3 Mar 2023	3 Mar 2025	0.05	0.009	3,000,000
					8,000,000

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.24 years (2021: 3.24 years).

##### **Performance rights**

The fair values at grant date of performance rights are independently determined using a Black-Scholes option pricing model that takes into account the term of the rights, 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 rights.

The board can decide to issue performance rights in relation to short-term performance incentives (STI) and long-term performance incentives (LTI) under the Incentive Performance Rights Plan ("IPRP") approved by shareholders at the November 2020 AGM.

##### **Long-Term Incentives (LTI)**

###### 2022

In the current year there were 10,936,380 performance rights offered to participants with Key Performance Indicators (KPIs) being measured over a 24-month period commencing 1 July 2021 and ending 30 June 2023.

Each participant in the program is required to achieve the following KPIs in order to qualify for an LTI award:

- i. Total Shareholder Return – Absolute return from 1 July 2021 to 30 June 2023 benchmarked against ASX peers as per below list of peers.
- ii. Resources – Adding to the current JORC Reserves at least 5,000 tonnes of high-grade reserve (>3%Ni) and adding to the current JORC Resources at least 10,000 tonnes of lower grade resource (<3%Ni). To be achieved by 30 June 2023 with the increases to be included in the re-start mining inventory (only for disseminated).
- iii. Black Swan Operations – Black Swan needs to be in production by June 2023.

The achievement of the above KPIs are considered in the Company's assessment of the number of performance rights that are likely to vest.

The assessment of the above and the award are subject to Board discretion.

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 6.1 Share-based payments arrangements (continued)

##### *Performance rights (continued)*

##### TSR – Peer group companies based on metal and market cap

Listed ASX Nickel Sulphide Companies	Base Metal Companies
Mincor Resources NL	Develop Global Ltd
Western Areas Ltd	Hot Chilli Ltd
Red River Resources Ltd	Widgie Nickel Ltd
Panoramic Resources Ltd	Rex Minerals Ltd
Legend Mining Ltd	Heron Resources Ltd
Lunnon Metals Ltd	Galena Mining Ltd
Hillgrove Resources Ltd	Centaurus Metals Ltd
Aeris Resources Ltd	St George Mining Ltd
New Century Resources Ltd	

##### 2021

In the prior year there were 8,310,745 performance rights offered to participants with Key Performance Indicators (KPIs) being measured over a 24-month period commencing 1 July 2020 and ending 30 June 2022.

At the end of the performance period, it was determined that 3,470,645 vested performance rights are to be offered to participants due to performance conditions being met.

Each participant in the program is required to achieve their allocated KPIs in order to qualify for an LTI award. These KPIs include:

- i. Corporate KPIs:
  - Total Shareholder Return (TSR) – absolute return benchmarked against ASX peers
  - Business Success Ingredients
    - Revenue – the Company needs to be generating revenue via the production of gold or base metals or both
    - Black Swan Operations – Black Swan needs to be in production
- ii. Individual KPIs:
  - Definitive Feasibility Study (DFS) – successful completion of the Golden Swan Definitive Feasibility Study (DFS) including all required drilling and associated test works.
  - Cost Savings – cost savings and cash release initiatives implemented which show demonstratable evidence of cost reduction/cash release initiatives, as evidenced by a reduction of at least 5% against historical cost base and/or realisation of fixed assets resulting in cash inflow into the company.



Poseidon Nickel Limited  
Notes to the consolidated financial statements

**6.1 Share-based payments arrangements (continued)**  
**Performance rights (continued)**

The outstanding performance rights at the end of the year were:

Tranche	Invitation Date	Fair Value at Invitation Date \$	Opening balance	Estimated number of Performance Rights			
				Granted/ Offered	Satisfied by allotment of shares	Net change other <sup>2</sup>	Closing balance
TSR - 2022	15 Dec 21	0.087	-	4,200,317	-	(346,094)	3,854,223
Resources – 2022	15 Dec 21	0.087	-	2,100,158	-	(173,047)	1,927,111
BSO - 2022	15 Dec 21	0.087	-	2,100,158	-	(173,047)	1,927,111
TSR – 2022a	28 Feb 22	0.094	-	1,267,873	-	-	1,267,873
Resources – 2022a	28 Feb 22	0.094	-	633,937	-	-	633,937
BSO – 2022a	28 Feb 22	0.094	-	633,937	-	-	633,937
TSR - 2021	31 Mar 21	0.057	3,905,373	-	-	(711,717)	3,193,656 <sup>1</sup>
Revenue - 2021	31 Mar 21	0.057	1,952,686	-	-	(1,952,686)	-
BSO - 2021	31 Mar 21	0.057	1,952,686	-	-	(1,952,686)	-
DFS – 2021	31 Mar 21	0.057	250,000	-	-	(250,000)	-
Cost savings - 2021	31 Mar 21	0.057	250,000	-	-	26,989	276,989
			<b>8,310,745</b>	<b>10,936,380</b>	<b>-</b>	<b>(5,532,288)</b>	<b>13,714,837</b>

Upon vesting conditions being met and approved by the Board, vested performance rights are granted to the participant with a three-year exercise period. Performance rights have not been granted and the amounts listed above are an approximation of the performance rights offered to participants under the Company's Long Term Incentive Plan.

<sup>1</sup> Includes 2,121,212 performance rights relating to Mr P Harold which are subject to shareholder approval.

<sup>2</sup> Relates to the difference between the estimated number of performance rights to be offered at invitation date and the actual performance rights issued upon determination of an award under the LTI Plan upon conclusion of the performance period. The estimated number of performance rights is based on the volume weighted average price (VWAP) of the Company's shares over a 20-day trading period immediately prior to the invitation date. The actual number of performance rights granted is based on the volume weighted average price (VWAP) of the Company's shares over a 20-day trading period immediately prior to an award being made under the Company's LTI Plan and the number of performance rights subsequently being approved by the Board.

**Fair value of performance rights granted**

All performance rights issued are valued using the Black Scholes option valuation methodology that takes into account the term of the performance rights, the share price at invitation date and expected volatility of the underlying right, the expected dividend yield, the risk-free rate for the term of the right and the correlations and volatilities of the peer group companies. The model inputs for the performance rights granted during the year include:

	Total Shareholder Return	Resources	Black Swan Operations	Total Shareholder Return	Resources	Black Swan Operations
Invitation date	15-Dec-21	15-Dec-21	15-Dec-21	28-Feb-22	28-Feb-22	28-Feb-22
Share price at invitation	\$0.087	\$0.087	\$0.087	\$0.094	\$0.094	\$0.094
Volatility	80%	80%	80%	80%	80%	80%
Expected dividend	Nil	Nil	Nil	Nil	Nil	Nil
Risk-free rate	0.53%	0.53%	0.53%	1.02%	1.02%	1.02%

# Poseidon Nickel Limited

## Notes to the consolidated financial statements

### 6.2 Financial risk management

#### ACCOUNTING POLICY

##### Classification of financial instruments

The financial assets and liabilities of the Group are classified into the following financial statement captions in the Statement of Financial Position in accordance with AASB 9 Financial Instruments:

- 'Financial assets at fair value through other comprehensive income;
- 'Financial assets/ financial liabilities at fair value through profit or loss' – separately disclosed as derivative financial instruments in assets/liabilities and included in non-current other payables; and
- 'Financial assets/ financial liabilities measured at amortised cost' – separately disclosed as borrowings and trade and other payables.

Judgement is required when determining the appropriate classification of the Group's financial instruments. Details on the accounting policies for measurement of the above instruments are set out in the relevant note.

##### Recognition and de-recognition of financial assets and liabilities

The Group recognises a financial asset or liability when it becomes a party to the contract. Financial instruments are no longer recognised in the Statement of Financial Position when contractual cash flows expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument.

##### Overview

The Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established the Audit and Risk Management Committee which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

##### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

##### Investments, banks and financial institutions

The Group limits its exposure to credit risk by only transacting with high credit quality financial institutions. The Group had cash and cash equivalents of \$11,089,000 (2021: \$7,903,000), a security deposit of \$3,500,000 (2021: \$3,500,000) and other assets that were held with bank and financial institution counterparties which are rated A to AA-, based on Standard and Poor's ratings.

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 6.2 Financial risk management (continued)

##### Trade and other receivables

As the Group operates in the mining exploration sector, the Group generally does not have trade receivables (only interest income, fuel tax and GST), therefore is not generally exposed to credit risk in relation to trade receivables. The Group however, provides security deposits as part of its exploration activities which exposes the Group to credit risk.

Presently, the Group undertakes exploration and evaluation activities exclusively in Australia. At the reporting date there are generally no significant concentrations of credit risk. As the Group has no sales revenue there are no financial assets past due and there is no management of credit risk through performing an aging analysis, therefore an aging analysis has not been disclosed.

##### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also manages liquidity risk by producing monthly cash-flow forecasts for the current and future financial year to ensure that there is a clear and up-to-date view of the short term to medium term funding requirements. These are regularly reviewed by management and the board where the implications on funding requirements and the possible sources of those funds are discussed, decisions taken when necessary and action taken to secure funding if required.

The Group manages liquidity risk by maintaining adequate reserves through continuous monitoring of forecast and actual cash flows. The Group has a policy of raising both debt and equity fundraising in order to manage its liquidity risk.

The following are the earliest contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

##### Consolidated

###### 30 June 2022

<i>In thousands of AUD</i>	Carrying amount	6 months or less	Contracted			
			6-12 months	1-2 years	2-5 years	More than 5 years
Trade and other payables	1,891	1,891	-	-	-	-
Lease liabilities	519	77	79	160	221	-
	2,410	1,968	79	160	221	-

##### Consolidated

###### 30 June 2021

<i>In thousands of AUD</i>	Carrying amount	6 months or less	Contracted			
			6-12 months	1-2 years	2-5 years	More than 5 years
Trade and other payables	2,638	2,638	-	-	-	-
Lease liabilities	659	75	77	156	381	-
	3,297	2,713	77	156	381	-

##### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 6.2 Financial risk management (continued)

##### Market risk (continued)

##### (a) Currency risk

The functional currency of the entities within the Group is the Australian dollar (AUD). During the year the Group had no exposure to foreign currency risk.

##### (b) Interest rate risk

The Group is exposed to interest rate risk due to variable interest being earned on its interest-bearing bank accounts. The Group adopts a policy of periodically reviewing interest rates to ensure the Group is earning the optimal interest income.

##### Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

<i>In thousands of AUD</i>	2022	2021
<b>Fixed rate instruments</b>		
Other investments – term deposits	-	36
Lease liabilities	519	659
<i>In thousands of AUD</i>		
<b>Variable rate instruments</b>		
Cash and cash equivalents	11,089	7,903
Security deposits – environmental bond	3,500	3,500

##### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss.

##### Cash flow sensitivity analysis for variable rate instruments

As at 30 June 2022 and 2021 a sensitivity analysis has not been disclosed in relation to the floating interest deposits as the results have been determined to be immaterial to the Statement of Profit or Loss and Other Comprehensive Income.

##### (c) Equity price risk

As at 30 June 2022 the Group is not exposed to any equity price risk on its financial liabilities and equity investments. The Group has no policy for mitigating potential adversities associated with its own equity price risk given its dependence on market fluctuations. In relation to equity price risk arising on other investments balances, the Group regularly reviews the prices to ensure a maximum return.

##### Fair values

The Group considers that the carrying amount of financial assets and liabilities recorded in the financial statements represents or approximate their respective fair values.

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 6.3 Related parties

The key management personnel compensation included in 'personnel expenses' (note 2.3) and 'share based payments' (note 6.1), is as follows:

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Short-term employee benefits	1,533	1,177
Other long-term benefits	108	69
Post-employment benefits	106	82
Share-based payments	278	301
	2,025	1,629

#### Individual directors and executives compensation disclosures

Information regarding individual directors and executive's remuneration and some equity instruments disclosures as required by S300A of the Corporations Act and Corporations Regulations 2M.3.03 are provided in the Remuneration report section of the Directors' report in section 7.3.

Apart from the details disclosed in this note, no director or executive has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

#### Other transactions with key management personnel and their related parties

Director fees for Ms Gooding are payable to Wyloo Metals Pty Ltd. Amounts recognised in respect of director fees for the financial year were \$48,411 (2021: \$74,088). As at 30 June 2022 there were no amounts owing to Wyloo Metals Pty Ltd (2021: \$20,374).

Director fees for Mr Hildebrand are payable to Orchard Lane Holdings. Amounts recognised in respect of director fees for the financial year were \$67,574 (2021: \$64,088). As at 30 June 2022 there was \$20,381 owing to Orchard Lane Holdings (2021: nil).

In the prior year, Unearthed Geological Consulting, a company related to Mr Muccilli, received aggregate fees of \$21,905 relating to the provision of consultancy services (2022: nil). As at 30 June 2022 there were no amounts owing to Unearthed Geological Consulting (2021: nil).

#### Other related party transactions

During the year Black Mountain Metals Pty Ltd ("BMM"), a major shareholder of the Group, was paid \$1,200 (2021: \$82,389) for the provision of consultancy services in regards to technical studies conducted on the Group's mining assets. As at 30 June 2022 there were no amounts owing to BMM (2021: nil).

During the prior year the Group also repaid the convertible note it had with the noteholder BMM for an amount of US\$17,500,000.

Transactions with the related parties were made on commercial terms and at market rates.

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 6.4 Group entities

##### Significant subsidiaries

Parent entity	Country of incorporation	Ownership interest	
		2022	2021
Poseidon Nickel Limited			
<b>Significant subsidiaries</b>			
Poseidon Nickel Atlantis Operations Pty Ltd	Australia	100%	100%
Western Nickel Limited	Australia	100%	100%

In the financial statements of the Group, investments in subsidiaries are measured at cost. The Group has no jointly controlled entities.

#### 6.5 Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2022 the parent company of the Group was Poseidon Nickel Limited.

<i>In thousands of AUD</i>	2022	2021
<b>Results of the parent entity</b>		
Loss for the year	(11,709)	(10,933)
Total comprehensive loss for the year	(11,709)	(10,933)
<b>Financial position of the parent entity at year end</b>		
Current assets	11,950	8,819
Total assets	140,635	124,939
Current liabilities	2,266	6,372
Total liabilities	65,105	64,810
<b>Total equity of the parent entity comprising of:</b>		
Share capital	265,071	238,266
Share based payments reserve	641	336
Accumulated losses	(190,182)	(178,473)
<b>Total equity</b>	<b>75,530</b>	<b>60,129</b>
<b>Exploration expenditure commitments of the parent</b>		
Less than one year	1,586	1,652
Between one and five years	6,310	6,319
More than five years	7,246	8,823
	<b>15,142</b>	<b>16,794</b>

## Poseidon Nickel Limited

### Notes to the consolidated financial statements

#### 6.6 Subsequent events

On 6 September 2022 the Company announced it had signed a binding Heads of Agreement with Green Gold Projects Pte Ltd ("GGP") for the processing of the Windarra Gold Tailings Project. A final agreement is subject to GGP being satisfied with the outcome of metallurgical testwork using GGP patented technology and a bankable feasibility study being completed at their expense. GGP will be responsible for the funding, development and operation of the tailings project.

#### 6.7 Auditor's remuneration

<i>In AUD</i>	<b>2022</b>	<b>2021</b>
Audit services		
Auditors of the Group – KPMG		
Audit and review of financial reports	67,770	63,906
	67,770	63,906
Services other than statutory audit		
Form 5 audit	-	15,525
	<u>67,770</u>	<u>79,431</u>

#### 6.8 New Accounting Standards and Interpretations adopted from 1 July 2021

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the Group and effective for annual reporting periods beginning on or after 1 July 2021 and has determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies.

## Poseidon Nickel Limited Directors' declaration

1. In the opinion of the directors of Poseidon Nickel Limited ("the Company"):
  - (a) the consolidated financial statements and notes that are set out on pages 24 to 54 are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; 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.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director/Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.
3. The directors draw attention to note 1.1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



**Mr P Harold**  
**Managing Director/CEO**

Perth  
16 September 2022





# Independent Auditor's Report

To the shareholders of Poseidon Nickel Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Poseidon Nickel Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for Opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

### Material uncertainty related to going concern

We draw attention to Note 1.2, "Going Concern" in the financial report. The conditions disclosed in Note 1.2 indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, in particular in light of the history of loss making operations;
- Evaluating the feasibility, quantum and timing of the Group's plans to raise additional funds to address going concern; and
- Determining the completeness of the Group's going concern disclosures for the principle matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

#### Exploration and Evaluation Expenditure (A\$99.9m)

Refer to Note 3.1 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Exploration and evaluation expenditure capitalised (E&amp;E) is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the activity to the Group's business and the balance (being 70% of total assets); and</li> <li>• The greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 Exploration for and Evaluation of Mineral Resources, in particular the conditions allowing capitalisation of relevant expenditure and consideration of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&amp;E, therefore given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the AASB6 accounting standard;</li> <li>• Assessing the Group's determination of its areas of interests for consistency with the definition in the accounting standard;</li> <li>• For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant license to government registries and evaluating agreements in place with other parties. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses;</li> </ul>

In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:

- The determination of the areas of interest (areas);
- Documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the authoritative nature of external registry sources and the Group's intention and capacity to continue the relevant E&E activities; and
- The Group's determination of whether the capitalised E&E is expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

In considering impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for areas of interest where significant capitalised E&E exists. In addition to the assessments above, and given the financial position of the Group we paid particular attention to:

- The impact of ongoing volatility in the nickel market and prices on the Group's strategy and intentions;
- The ability of the Group to fund the continuation of activities; and
- The Group's assessment of prospectivity for areas of interest and the associated strategy, intention and capacity of the Group for the continuation of E&E activities in those areas of interest.

These assessments can be inherently difficult, particularly in uncertain market conditions such as those currently being experienced in the nickel industry.

- Testing the Group's additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard;
- Assessing the impact of the ongoing volatility in the nickel market and prices to the Group's modelling underlying their decision for commercial continuation of activities;
- Obtaining project and corporate budgets identifying areas with existing funding and those requiring alternate funding sources. We compared this for consistency with areas with E&E, for evidence of the ability to fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding; and
- Evaluating the Group's assessment of prospectivity for consistency with their stated intentions and documentation for continuing E&E in its areas of interest. We assessed this through interviews with the key operational and finance personnel and comparing with Group documents such as:
  - Internal budgets;
  - Minutes of board meeting; and
  - Announcements made by the Group to the Australia Securities Exchange.



## Other Information

Other Information is financial and non-financial information in Poseidon Nickel Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report. The Chairman and Managing Director's Report, Project Report, Operation and Exploration Reports and ASX additional information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf) This description forms part of our Auditor's Report.

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## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Poseidon Nickel Limited for the year ended 30 June 2022 with *Section 300A* of the *Corporations Act 2001*.

KPMG

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 11 to 21 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

Graham Hogg

*Partner*

Perth

16 September 2022

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# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Poseidon Nickel Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Poseidon Nickel Limited for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

GL + 177

Graham Hogg

*Partner*

Perth

16 September 2022

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## Poseidon Nickel Limited

### ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The shareholder information set out below was applicable as at 14 September 2022.

#### A. Distribution of equity securities

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

	Class of equity security	
	Number of Holders	Fully Paid Ordinary Shares
1 – 1,000	224	75,731
1,001 – 5,000	668	2,638,403
5,001 – 10,000	2,115	17,639,205
10,001 – 100,000	7,749	329,797,301
100,001 and over	3,282	2,713,808,886
	<b>14,038</b>	<b>3,063,959,526</b>

There were 2,025 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:

Name	Ordinary shares	
	Number held	Percentage of issued shares
Edison Metals Pty Ltd	363,878,823	11.88
Tattarang Pty Ltd <Peepingee A/C>	95,817,156	3.13
Citicorp Nominees Pty Limited	87,529,414	2.86
Ms Danielle Sharon Tudehope	68,000,000	2.22
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	58,730,101	1.92
HSBC Custody Nominees (Australia) Limited – A/C 2	54,057,157	1.76
HSBC Custody Nominees (Australia) Limited	43,202,584	1.41
BNP Paribas Noms Pty Ltd <DRP>	43,181,440	1.41
Farjoy Pty Ltd	33,477,538	1.09
Indermaur Pension Fund Pty Ltd <Indermaur Pension A/c>	27,938,595	0.91
BNP Paribas Nominees Pty Ltd ACF Clearstream	27,093,751	0.88
Mrs Rena Elizabeth Indermaur	25,656,781	0.84
Mr Roger Anthony Pierce	24,000,000	0.78
Mr Christopher Charles Indermaur & Mrs Rena Elizabeth Indermaur <Indermaur Family S/F A/C>	19,870,095	0.65
Xue Investments Pty Limited <Xue Family A/c>	17,646,272	0.58
Mr James Scott Tanner <JS Investment A/C>	17,000,000	0.55
Mr Gregory Giannopoulos	14,000,000	0.46
Mr Damian Ronald Gillman & Mrs Lucia Gillman <Damian & Lucia Gillman A/C>	12,500,000	0.41
Mr Marko Nakomcic	12,000,000	0.39
Mr Rodney Max Grillmeier	11,000,000	0.36
<b>Total</b>	<b>1,056,579,707</b>	<b>34.49</b>

Poseidon Nickel Limited  
ASX additional information (continued)

**C. Substantial holders**

Substantial holders in the company are set out below:

	<b>Number held</b>	<b>Percentage</b>
<b>Ordinary shares</b>		
Black Mountain Metals Pty Ltd	363,878,823	11.88

**D. Unquoted equity security holders (as at 14 September 2022)**

	<b>Number held</b>
<b>Unlisted Options</b>	
- exercisable at \$0.10 and expiring 1 December 2022	1,000,000
- exercisable at \$0.13 and expiring 1 December 2023	1,000,000
- exercisable at \$0.0375 and expiring 3 March 2025	3,000,000
- exercisable at \$0.0525 and expiring 3 March 2025	3,000,000
<b>Performance Rights</b>	
- expiring 30 June 2025	1,349,432

**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 per 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.



Poseidon Nickel Limited  
ASX additional information (continued)

F. Schedule of Tenements

Areas of Interest	Tenements	Economic Entity's Interest
<b>Western Australia</b>		
- Windarra Nickel Assets	M261SA, 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	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	G27/0002, M27/0039, M27/0200, M27/214, M27/0216, L27/0057, L27/0058, L27/0059, L27/0074, L27/0075, L27/0077, L27/0078, L27/0095, L27/0096, L24/0219, L24/0222	100%

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

L = Miscellaneous Licence

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