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POSEIDON NICKEL

ASX Announcement

QUARTERLY REPORT 30 SEPTEMBER 2020

30 October 2020

HIGHLIGHTS

- **Golden Swan Exploration**
  - Second Golden Swan massive sulphide intersection 50m up dip from discovery hole returns exceptional result of **9.0m (4.5m true width) @ 10.46% Ni** on basal contact
  - Drill drive to provide platform for resource definition drilling of Golden Swan and further exploration of the Southern Terrace approved, expected to commence late November
- **Windarra Gold Tailings Project**
  - Option to treat Lancefield Gold Tailings located 17km from Windarra secured
  - Following the positive Pre-feasibility Study results a Definitive Feasibility Study commenced, due for completion in the March 2021 quarter
  - Lancefield will be included in the DFS which should add considerable value to the project
- **Corporate/Finance**
  - US$17.5 million convertible note repaid to Black Mountain Metals on 31 August 2020, Company now debt free
  - Board strengthened with experienced nickel sulphide explorer Peter Muccilli appointed Non-Executive Director

Poseidon Nickel (ASX: POS, "the Company") is pleased to report on its activities for the September quarter 2020.

Managing Director and CEO, Peter Harold, commented "*Over the September quarter the Company continued to grow the extent of the Golden Swan mineralisation, with a further two high-grade massive sulphide intersections. Assay results from PBSD0030B were exceptional returning 9m at 10.46% Ni with EM surveys conducted to date indicating the mineralisation could have a potential 170m dip extent and up to 60m strike.*

We progressed our Windarra tailings gold project DFS with the addition of Lancefield with will now be incorporated into the DFS moving completion of the study out to 3Q FY21. The Lancefield tails should add considerable value to this project.

On the corporate front we appointed a new director to the Board with Peter Muccilli joining 3 August 2020. Peter's geological experience and input to our Golden Swan exploration program has already been invaluable.

Financially we remain in a strong position ending the quarter with $15.2 million cash. We repaid the US$17.5 million convertible note held with our largest shareholder Black Mountain Metals, with the business now debt free.

Heading into the current quarter our focus remains on the Golden Swan/Southern Terrace exploration program and progressing the Windarra gold tailings project DFS to include the Lancefield tailings. Recent EM results at Golden Swan released immediately post September quarter indicate potential for further mineralised zones within the Southern Terrace."

Drilling – Golden Swan

Drill Intersections and Assay Results

Composite assays for hole PBSD030B presented in Table 1 below confirm a 50m up-plunge continuation of high-grade mineralisation from the Golden Swan discovery hole PBSD029A announced 14 April 2020 (refer to Table 2). The high nickel grades and excellent widths in both holes are similar and suggest good continuity of mineralisation between the two holes.

TABLE 1 – LATEST COMPOSITE ASSAYS RECEIVED FOR PBSD030B

PBSD0030B Intercept	m From	m To	Interval	True Width	Ni%	Cu%	Co ppm	Pt g/t	Pd g/t	As ppm
Massive + Stringer Sulphides	691.94	700.94	**9**	**4.5**	**10.46**	0.47	2022	0.32	0.62	118
Massive Sulphide	691.94	696.5	4.56	2.3	**13.81**	0.41	2769	0.41	0.45	50
Massive Sulphide	700.2	700.94	0.74	0.4	17.35	1.24	2400	0.25	1.05	50

TABLE 2 - COMPOSITE ASSAYS FOR PBSD029A RELEASED 5 AUGUST 2020

PBSD0029A Intercept	m From	m To	Interval	True Width	Ni%	Cu%	Co ppm	Pt g/t	Pd g/t	As ppm
Massive + Stringer Sulphides	740.2	747.75	**7.55**	**4.3**	**8.82**	0.68	1633	0.30	1.00	425
Massive Sulphide	743.65	745.75	2.1	1.2	**15.86**	0.52	2819	0.47	1.24	445
Matrix Sulphide	761.55	762.45	0.9	0.5	6.52	2.04	1750	<0.005	0.92	700
Matrix Sulphide	810.6	811.55	0.95	0.4	1.50	0.06	346	<0.005	0.01	73

In addition to the two intersections above, a third intersection into the Golden Swan mineralisation has been achieved, in hole PBSD030C. **This intersection extends the known mineralisation over a plunge of 130m**. The intersection in hole PBSC030C (as shown in Figure 2) occurred 20m up-dip of the intersection in hole PBSD030B. Furthermore, a second semi-massive sulphide intersection in the same hole was achieved. Geological details of the latest intersection are presented in Table 3.

TABLE 3 - PBSC030C GEOLOGICAL DETAILS

From	To	Geology
635	669.8	Felsic Terrace
669.8	672.5	Golden Swan stringer sulphides in felsic pinch structure (pentlandite/pyrite/pyrrhotite)
672.5	692.5	Felsic Terrace
692.45	693	Semi-massive sulphides (pentlandite/pyrite/pyrrhotite) – Terrace sulphide continuation
693	701	Blebby to disseminated nickel sulphides in Black Swan Flow

The Golden Swan stringer nickel sulphides in PBSD030C were intersected in a felsic pinch-out structure and near the top of the downhole electromagnetic (DHEM) response on the drill section. DHEM modelling suggests that up-plunge mineralisation continues south of this intersection.

Pinch-out structures are a common feature seen in komatiite nickel sulphide deposits. At Silver Swan, the pinch out structures typically define the edges of the massive sulphide lodes, represented in red in Figure 1.

Also, the lower intersections returned in holes PBSD030C and PBSD029A, highlights the potential for nickel mineralisation to be hosted on multiple surfaces both alongside Golden Swan and along the Southern Terrace contact (see Figure 1).

Lodged on 6 August 2020

The Golden Swan mineralisation remains open up-plunge, down-plunge and to the south (see Figure 2). High priority drilling continues.

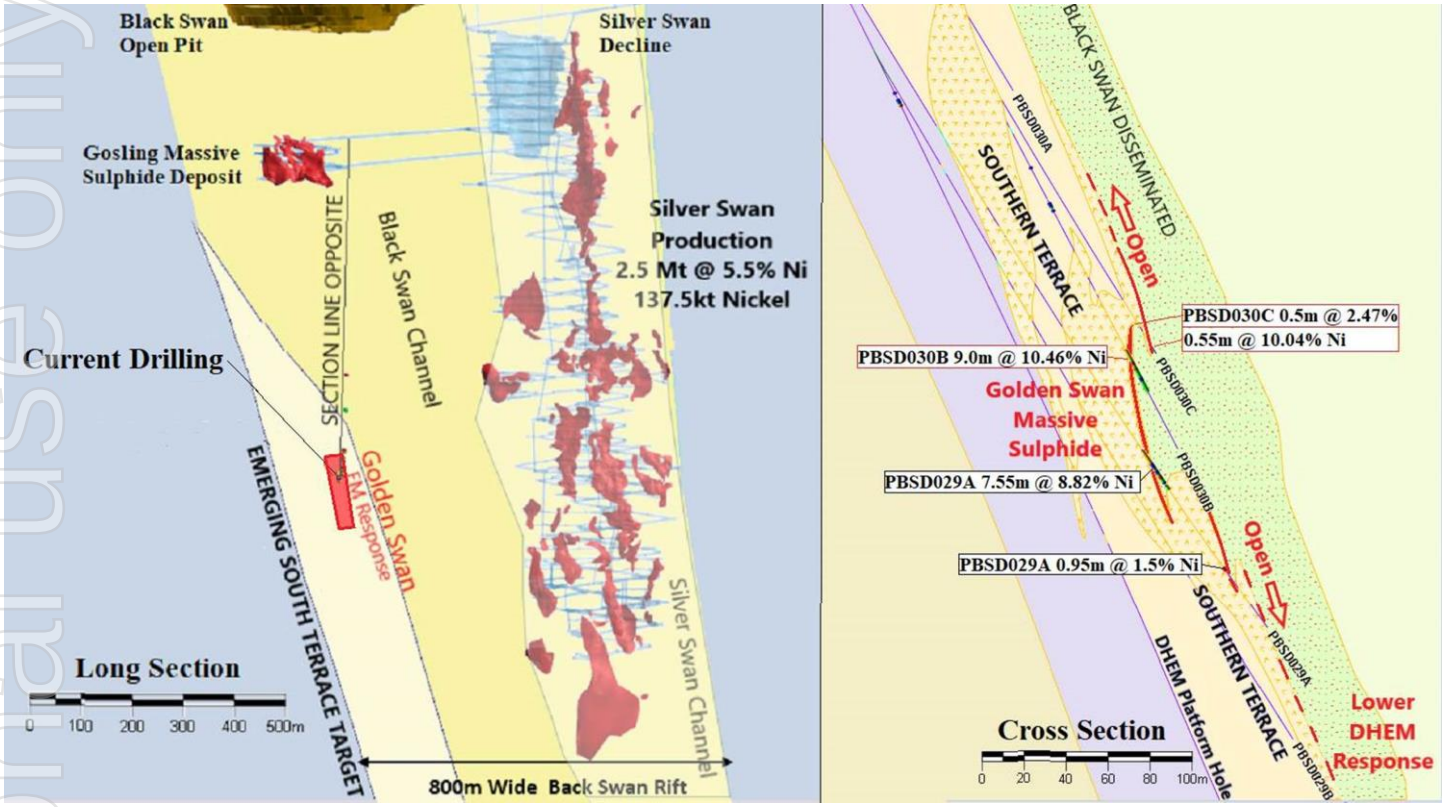


FIGURE 1 - SOUTHERN TERRACE AND GOLDEN SWAN LOCATION, INTERSECTIONS AND GEOLOGY. THE MINERALISED SURFACE ON THE SOUTHERN TERRACE IDENTIFIED BY DHEM AND DRILLING IS SHOWN IN RED. NORTH IS TO THE LEFT ON THE LONG SECTION. THE CROSS-SECTION IS LOOKING NORTH.

Southern Felsic Terrace

Modelling of the Southern Terrace was completed utilising a combination of the historical and new drilling. The Southern Terrace target occurs due to the orientation and nature of the sidewall of the Black Swan channel. The felsic rock-type that occurs alongside the Black Swan Disseminated mineralisation is conducive to massive sulphide formation where this felsic unit meets the base of the disseminated nickel sulphide flow. The massive sulphide formation on the felsic substrate at Silver Swan is a similar analogy.

As can be seen in Figure 2, the greater South Terrace area is potentially very large, and its southern extent has not yet been defined. **The Golden Swan EM response is 170m long and 60m wide at present and is limited in strike extent only by the physical properties of the EM loop and receiver used**. The South Terrace could extend well beyond the Golden Swan EM response and so does the potential for mineralisation.

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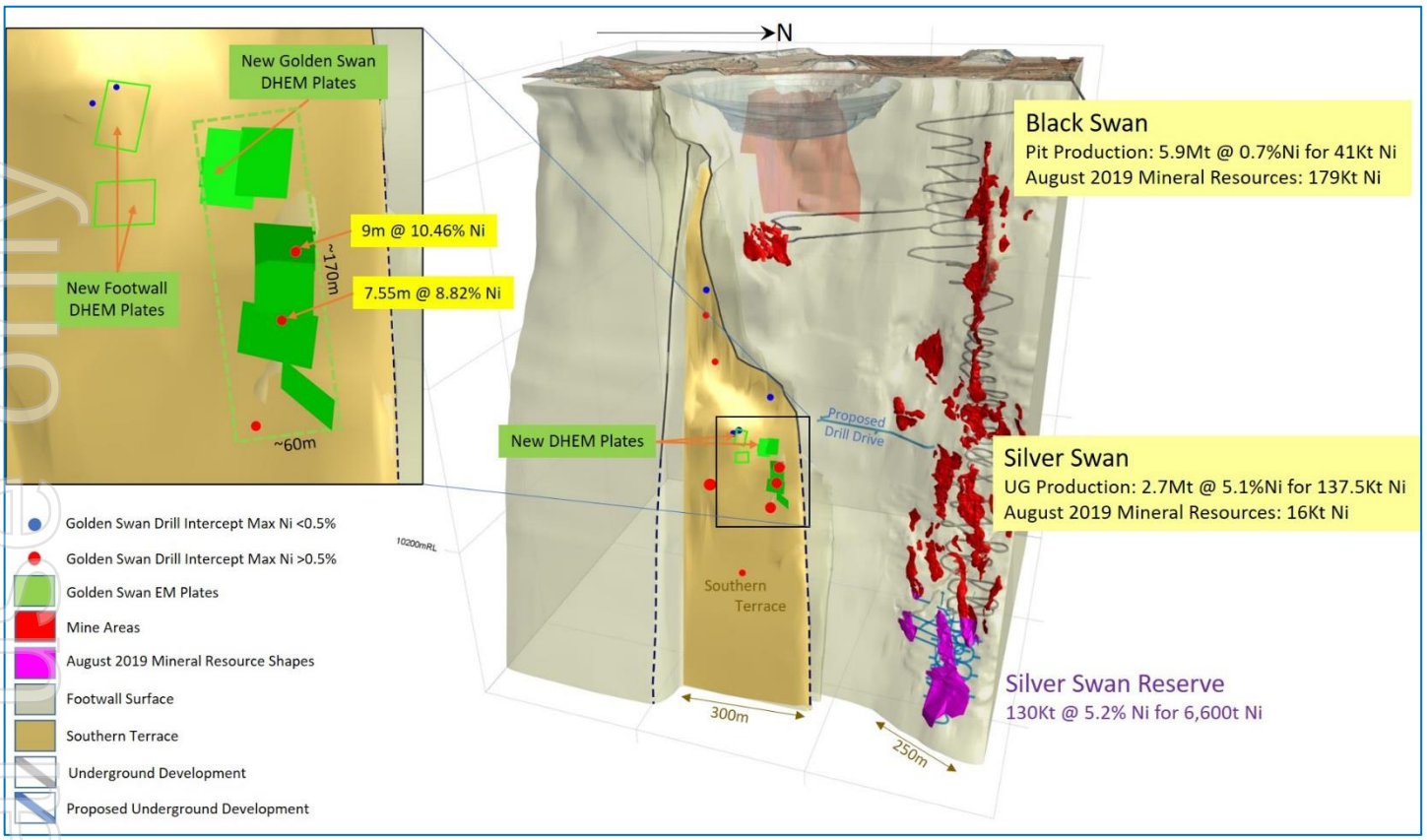


FIGURE 2 - 3D REPRESENTATION OF THE FOOTWALL SURFACE AT BLACK SWAN AND THE EMERGING POTENTIAL OF THE SOUTHERN TERRACE (SEE ASX ANNOUNCEMENTS 5 AUGUST 2020 AND 14 APRIL 2020 FOR FURTHER DETAILS)

Next Steps

Preliminary metallurgical testwork on the Golden Swan massive sulphide will commence shortly with the aim of clearly understanding the benefits of how best to exploit this very high-grade mineralisation. The options could include Direct Shipping Ore, processing at Black Swan to produce Golden Swan concentrate or combining it with other ore sources at Black Swan.

To advance Golden Swan the Company has recently committed to the development of a circa 400m drill drive from the existing Silver Swan decline (see Figure 2) to facilitate resource definition and ongoing exploration drilling. Poseidon has received tender submissions from shortlisted contractors for the drill drive project and is assessing those submissions. The drive, to be developed in competent footwall felsic rocks, will be positioned approximately 200m from the known mineralisation and will provide a platform for resource definition drilling of Golden Swan and additional exploration drilling of the highly prospective Southern Terrace. Estimated commencement date is early December.

Windarra Gold Tailings Definitive Feasibility Study

Prior to the commencement of the September quarter the Company released positive PFS results. Following on from the PFS the Board commissioned a DFS which is now scheduled for completion in the March quarter of 2021.

During the quarter the Company entered an option to acquire the right to treat tailings from the Lancefield Tailings located 17km from Windarra. The Company will now include the Lancefield tailings into the DFS, a process

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which will delay the delivery of the DFS into the March 2021 quarter. The inclusion of the Lancefield tailings is expected to generate considerable additional value for the project.

Operating Update

Black Swan

The Silver Swan underground escapeway ladder refurbishment program was completed without incident during the quarter. The program came in over budget due to the uncertainty of the condition of ladderways that were inaccessible prior to the refurbishment and unknown ground conditions in these underground areas. These factors resulted in additional ladders requiring replacement. Despite being over budget the program supports commencement of the drill drive development and any future mining activities subsequent to Golden Swan resource drilling.

During the quarter contractors were engaged to remove a redundant section of the Black Swan concentrator that presented a structural safety concern. This section does not form part of the facility required for a restart of nickel concentrate production and the removal has no impact on proposed refurbishment works or costs.

Windarra

With the exception of progressing the gold tailings project, only care and maintenance activities were conducted at Windarra over the period.

Lake Johnston

Lake Johnston remained on care and maintenance during the quarter. A site clean-up was conducted during September which included removing hydrocarbons and other hazardous materials which could have posed an environmental risk.

The Company is currently undertaking a strategic review of the Lake Johnston asset to determine the best way to progress the project given the more positive outlook for nickel. Lake Johnston remains a valuable asset to Poseidon. Resource allocation (personnel and funds) directed toward Black Swan and Windarra may restrict the potential for Lake Johnston to present value in a timeframe similar to our other two projects. The strategic review may include divestment, joint venture, updated restart studies, recommencing exploration or other avenues that are value accretive for Poseidon shareholders.

COVID Update

There was no further easing of COVID restrictions in Western Australia over the quarter. The Company and its contractors continue to operate within the safe operating parameters as per the WA Government requirements.

Financial

As at 30 September 2020, the Company had cash and current investments totalling $15.2 million.

Over the previous quarter, Poseidon's net cash outflow from operating and investing activities totalled $4.9 million. Expenditures included $3.7 million of exploration and evaluation costs, of which $0.5 million was spent progressing the Black Swan safety works, $1.9 million on exploration activities and $0.2 million on the Windarra

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gold tailings project. The remainder of exploration and evaluation costs relate to operations supporting these projects and care & maintenance activities across the three sites.

Total quarterly expenditure of $4.9 million was underbudget compared to the forecast of $5.3 million.

There were no production or development activities conducted over the quarter and as such no production or development expenditures were incurred.

Related party expenses over the quarter totalled $0.4 million:

- $229,343 paid to major shareholder Black Mountain Metals (BMM) for interest incurred on the BMM held convertible note facility;
- $60,940 paid to BMM for consultancy services provided to Poseidon with regards to technical studies conducted on Poseidon's mining assets; and
- $88,989 fees paid to Directors.

A related party payment was made to BMM for the repayment of the US$17.5 million (AU$25.1 million) convertible note which matured on 30 September 2020. The convertible note was repaid in full on 31 August 2020, saving one months' interest on this facility.

Poseidon has forecasted expenditure of $4.8 million over the following quarter, of which $1.3 million is estimated to commence development of the Golden Swan drill drive, $0.5 million to continue the Golden Swan and Southern Terrace exploration drilling program and $0.2 million on the Windarra Gold Tailings Project.

Management continues to look for opportunities to reduce costs whilst the assets are on care and maintenance, while continuing to allocate funds to value generating projects such as Golden Swan exploration and the Windarra gold tailings project. These cost cutting measures include a number of redundancies made over the quarter reducing the Company's annual cost base by $0.4 million.

Poseidon continues to assess its ongoing funding requirements and will carry on engaging with potential financiers in parallel with progressing projects, in particular the Black Swan restart and Windarra gold tailing project.

Corporate

During the quarter the Company appointed Peter Muccilli as Non-Executive Director. Peter's appointment adds considerable exploration, development and mining experience at a board level with a particular focus on base metals and gold.

With the onset of COVID the WA commercial property market has presented considerable value with improved incentives on new office leases. The Company has taken the opportunity to reassess its head office leasing arrangement and will be relocating to Level 1, 3 Ord Street, West Perth during November 2020. The Company's new corporate office provides the space and functionality required to support the business vision of becoming a self-funding mining company.

Other

There were no material changes in mineral tenement during the period (as shown in Appendix 4).

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This Quarterly Activities Report was authorised for release by the Poseidon Board of Directors.



Peter Harold
Managing Director and CEO

30 October 2020

For further information contact Peter Harold: + 61 (0)8 6167 6600.

About Poseidon Nickel Limited

*Poseidon Nickel Limited **(ASX Code: POS)** is a nickel sulphide exploration and development company with three projects located within a radius of 300km from Kalgoorlie in the Goldfields region of Western Australia and a resource base of around 400,000 tonnes of nickel and 180,000 ounces of gold.*

Poseidon's strategy is focused on the exploration and eventual restart of its established nickel operations in Western Australia where project risk capital and operating costs are low. A critical element of this strategy has been to acquire projects and operations with high levels of geological prospectivity likely to lead to potential substantial extension of the operation's life through the application of modern exploration techniques.

Poseidon owns the Windarra, Black Swan and the Lake Johnston Nickel Projects. In addition to the mines and infrastructure including concentrators at Black Swan and Lake Johnston, these projects have significant exploration opportunities demonstrated by the discovery of the Abi Rose deposit at Lake Johnston and the recent discovery of the Golden Swan mineralisation at Black Swan. The Company is also undertaking a Definitive Feasibility Study on retreating the gold tailings at Windarra given the strength of the A$ gold price.

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APPENDIX 1: MINERAL RESOURCE STATEMENT

Table 1: Nickel Projects Mineral Resource Statement

Nickel Sulphide Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY												
			INDICATED			INFERRED			TOTAL						
			Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Tonnes (Kt)	Ni% Grade	Ni Metal (t)	Co% Grade	Co Metal (t)	Cu% Grade	Cu Metal (t)
BLACK SWAN PROJECT															
Black Swan	2012	0.40%	9,600	0.68	64,900	21,100	0.54	113,800	30,700	0.58	179,000	0.01	4,200	NA	-
Silver Swan	2012	4.50%	108	9.4	10,130	61	9.7	5,900	168	9.5	16,030	0.19	316	0.4	679
LAKE JOHNSTON PROJECT															
Maggie Hays	2012	0.80%	2,600	1.60	41,900	900	1.17	10,100	3,500	1.49	52,000	0.05	1,800	0.10	3,400
WINDARRA PROJECT															
Mt Windarra	2012	0.90%	922	1.56	14,500	3,436	1.66	57,500	4,358	1.64	72,000	0.03	1,200	0.13	5,700
South Windarra	2004	0.80%	772	0.98	7,500	-	-	-	772	0.98	7,500	NA	-	NA	-
Cerberus	2004	0.75%	2,773	1.25	34,600	1,778	1.91	34,000	4,551	1.51	69,000	NA	-	0.08	3,600
TOTAL															
Total Ni, Co, Cu Resources	2004 & 2012	-	**16,775**	**1.03**	**173,530**	**27,275**	**0.81**	**221,300**	**44,049**	**0.90**	**395,530**	**0.02**	**7,516**	**0.03**	**13,379**

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

***Black Swan Resource** as at 22 July 2014 (see ASX announcement "Poseidon Announces Black Swan Mineral Resource" released 4th August 2014)*

***Silver Swan Resource** as at 5 August 2019 (see ASX announcement "Silver Swan Resource Upgrade" released 5th August 2019)*

***Maggie Hays Resource** as at 17 March 2015 (see ASC announcement "50% Increase in Indicated Resources at Lake Johnston" released 17th March 2015)*

***Mt Windarra Resource** as at 7 November 2014 (see ASX announcement "Poseidon Announces Revised Mt Windarra Resource" released 7th November 2014)*

***South Windarra and Cerberus Resource** as at 30 April 2013 (see ASX announcement "Resource Increase of 25% at Windarra Nickel Project" released 1st December 2011)*

The Company is not aware of any new information or data that materially affects the information in the relevant market announcements. All material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Table 2: Gold Tailings Project Mineral Resource Statement

Table 2.1 Windarra Gold Tailings Project JORC2012 Mineral Resource

Gold Tailings Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY								
			INDICATED			INFERRED			TOTAL		
			Tonnes (Kt)	Grade (g/t)	Au (oz)	Tonnes (Kt)	Grade (g/t)	Au (oz)	Tonnes (Kt)	Grade (g/t)	Au (oz)
WINDARRA GOLD TAILINGS PROJECT											
North Dam	2012	0 g/t	3,624	0.78	91,000	-	-	-	3,624	0.78	91,000
South Dam	2012	0 g/t	923	0.48	14,000	-	-	-	923	0.48	14,000
Total	2012	0 g/t	**4,547**	**0.72**	**105,000**	**-**	**-**	**-**	**4,547**	**0.72**	**105,000**

The Windarra Tailings estimate for North and South Dams have been reported based on the following:

- *no cut-off grade has been used to report the resource, as the potential mining method dictates removal of the entire dams.*
- *a dry bulk in situ density of 1.60 t/m³ has been used to derive tonnages.*
- *Resource totals may not sum exactly due to rounding.*

Table 2.2 Windarra Central Dam JORC2012 Mineral Resource

Gold Tailings Resources	JORC Compliance	Cut Off Grade	MINERAL RESOURCE CATEGORY					
			INDICATED					
			Tonnes (Kt)	Grade (g/t)	Au (oz)	As (ppm)	Cu (ppm)	Ni (%)
WINDARRA GOLD TAILINGS PROJECT								
Central Dam	**2012**	**0 g/t**	**6,198**	**0.37**	**74,000**	**435**	**270**	**0.3**

The Windarra Tailings estimate for the Central Dam has been reported based on the following:

- *No cut-off grade has been used as the potential mining method dictates removal of the entire dam down to a specified elevation.*
- *The mineralisation has been reported above a flat elevation of 446 mRL; there are nickel tailings below this level but these have been shown by drilling to contain no gold and it is anticipated that the proposed gold mining method will not treat material below this.*
- *A dry bulk in situ density of 1.60 t/m³ has been used to derive tonnages.*
- *Resource totals may not sum exactly due to rounding.*

***Windarra Gold Tailings Resources** as at 22 June 2020 (see ASX announcement "Gold Tailings Resource at Windarra Updated to JORC2012 Indicated" released 22 June 2020)*

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APPENDIX 2: ORE RESERVE STATEMENT

Table 2: Nickel Projects Ore Reserve Statement

Nickel Sulphide Reserves	JORC Compliance	ORE RESERVE CATEGORY		
		PROBABLE		
		Tonnes	Ni%	Ni Metal
SILVER SWAN PROJECT				
Silver Swan Underground	2012	130	5.2	6,800
Black Swan Open pit	2012	3,370	0.63	21,500
TOTAL				
Total Ni Reserves	2012	3,500	0.81	28,300

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

Silver Swan Underground Reserve as at 26 May 2017 (see ASX announcement "Silver Swan Definitive Feasibility Study" released 26th May 2017) Black Swan Open Pit Reserve as at 5 November 2014 (see ASX announcement "Poseidon Announces Black Swan Ore Reserve" dated 5th November 2014).

The Company is aware that the 2019 upgrade to the Silver Swan Indicated Resource will materially affect the Silver Swan Reserve above which was based upon the 2015 Silver Swan Resource Estimate (refer to Table 1 above for the new Silver Swan Resource estimate). Such information is based on the information complied by the Company's Geologists and the Competent Persons as listed below in the Competent Person Statements.

The Company is not aware of any new information or data that materially affects the information in the relevant market announcements for the Black Swan Open Pit Reserve. All material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

COMPETENT PERSON STATEMENTS:

The information in this report that relates to Exploration Results is based on, and fairly represents, information compiled and reviewed by Mr Graham Leaver, who is an employee of Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists.

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

The information in this report which relates to the Silver Swan Mineral Resource is based on, and fairly represents, information compiled by Mr Steve Warriner, Chief Geologist, who is a full-time employee at Poseidon Nickel, and is a Member of The Australian Institute of Geoscientists and Mr Kahan Cervoj who is a full time employee of Optiro Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. The information in this report which relates to the Silver Swan Ore Reserve is based on, and fairly represents, information compiled by Mr Matthew Keenan who is a full-time employee of Entech Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.

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

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

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

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

FORWARD LOOKING STATEMENT – INFERRED RESOURCE STATEMENTS:

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

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

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FORWARD LOOKING STATEMENTS:

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

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

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

APPENDIX 3: TENEMENTS

Table 4: Mining Tenements Held as at 30 September 2020

AREAS OF INTEREST	TENEMENTS	ECONOMIC ENTITY'S INTEREST
Western Australia		
Windarra Nickel Assets	**MSA 38/261, G38/21, L38/121, L39/184, L38/199, L38/218, L39/221**	**100%**
Windarra South	**MSA 38/261, L38/119, L38/122, L38/220**	**100%**
Woodline Well	**M39/1075, L39/224**	**100%**
Pool Well	**M38/1244, M38/1245, L38/118**	**100%**
Lake Johnston Nickel Assets	**E63/1067, G63/0008, G63/0005, L63/0051, L63/0052, L63/0055, L63/0057, M63/0163, M63/0282, M63/0283, M63/0284, M63/0292, M63/0293, M63/0294, M63/0522, M63/0523, M63/0524, E63/1784**	**100%**
Black Swan Nickel Assets	M27/0039, M27/0200, M27/0214, M27/0216, L27/0057, L27/0058, L27/0059, L27/0074, L27/0075, L27/0077, L27/0078, L24/0219, L24/0222, G27/2	**100%**

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

Mining Tenements Acquired or Disposed during the June 2020 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the September 2020 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the September 2020 Quarter

Nil

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Poseidon Nickel Limited

ABN	Quarter ended ("current quarter")
60 060 525 206	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(2,361)	(2,361)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(453)	(453)
	(e) administration and corporate costs	(735)	(735)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	182	182
1.5	Interest and other costs of finance paid	(229)	(229)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – sundry income	20	20
1.9	**Net cash from / (used in) operating activities**	**(3,576)**	**(3,576)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(3)	(3)
	(d) exploration & evaluation (if capitalised)	(1,367)	(1,367)
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(1,370)**	**(1,370)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(25,115)	(25,115)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(25,115)**	**(25,115)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	45,224	45,224
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,576)	(3,576)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,370)	(1,370)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(25,115)	(25,115)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**15,163**	**15,163**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,156	224
5.2	Call deposits	14,007	15,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	30,000
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**15,163**	**45,224**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	379
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

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

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(3,576)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(1,367)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(4,943)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	15,163
8.5	Unused finance facilities available at quarter end (Item 7.5)	
8.6	Total available funding (Item 8.4 + Item 8.5)	
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	3.1

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2020

Authorised by: The Board of Directors.
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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