

QUARTERLY REPORT

31 MARCH 2015

COMPANY OVERVIEW

Poseidon Nickel Limited is a nickel sulphide development company with 3 near operational projects located within a radius of 300km from Kalgoorlie in the Goldfields region of Western Australia.

Poseidon's strategy is focussed on the recommencement of operations at established nickel producers in Australia where project risk capital and operating costs are low. A critical element of this strategy is to acquire projects with high levels of geological prospectivity likely to lead to a substantial extension of the projects life through the application of modern nickel exploration techniques. These exploration techniques have been proven repeatedly at Poseidon as well as several other well-known nickel producers in Australia.

Poseidon now owns Lake Johnston and Black Swan, each incorporating a large concentrator of their own, together with the Windarra Nickel Project which will produce ore to be processed at the Black Swan concentrator.

ASX Code: POS



Lake Johnston



Black Swan



Windarra

COMPANY MILESTONES

- Lake Johnston final BFS nears completion and expected to be published in the first half of May
- Major resource upgrade at Lake Johnston completed and published
- Plant restart activities underway at Lake Johnston in anticipation of potential operations initiation
- Completion of Black Swan acquisition from Norilsk
- Key management team appointments made
- Proposal to process Windarra ore at Black Swan is being submitted to overcome licensing delays currently being experienced

OVERVIEW

During the past quarter, Poseidon has continued to make significant steps to progress the intensive program of works required to prepare its Lake Johnston project for production during 2015. The Bankable Feasibility Study (“BFS”) for Lake Johnston is about to be completed several months ahead of schedule, key members of the management team and staff are now either in place or in the process of being recruited and physical onsite works at Lake Johnston continue. An update to these activities is outlined in the Project Update below.

Progress in securing the approvals for Windarra has however been a slow and extended process and the company’s original aim of ore deliveries to the offtake party in February 2015 has clearly been substantially delayed. Poseidon is in the process of submitting a detailed proposal to process ore at Black Swan in the event that further delays to the offtake party occur. Submission of this application was not possible before the completion of the Black Swan acquisition which occurred in late March this year. No further work is required to be undertaken in the short term at Windarra and therefore activity on the site has been stood down.

Lake Johnston Project Update

Poseidon has completed the resource modelling and mine plan schedule which has now provided the outstanding information and operating cost data required to finalise the BFS for Lake Johnston. The BFS and financial model are currently being updated with this information including various reports from the external consultants engaged to complete the work. The results of the BFS are expected to be announced shortly, once the final document is checked for quality assurance by Simulus Engineers and provided to the Company.

Poseidon has previously completed an interim feasibility study, the results of which were released to the market in December 2014, confirming the viability of Lake Johnston as a near-term production project. Poseidon remains confident that even in the current suppressed nickel price environment; Lake Johnston can be economically viable.

The primary focus of the team at Lake Johnston is to continue the initial refurbishment works on various parts of the process plant. The concentrate processing facilities, including the Larox filter, CCD and associated infrastructure have been recommissioned by a combination of Poseidon's own staff and OEM personnel. The processing circuit has been tested by recovering saleable nickel concentrate contained in the process water dam. To date, approximately 2,000 tonnes of nickel concentrate left over from previous operations

has been recovered. Poseidon has negotiated an offtake arrangement for the sale of this concentrate, however, given the current subdued nickel price, timing for delivery of the concentrate is to be agreed by the Parties in the forthcoming months.



Figure 1: Dredging nickel concentrate from Process Water Pond 1



Figure 2: Reclaimed nickel concentrate from Process Water Pond 1

Attention has now turned to the 3-stage crushing circuit which will be recommissioned in order for it to provide crushed waste rock for use as a road base as part of the re-commencement of the underground mine. At the time of writing, the main jaw crusher, ball mill and some feed conveyors have been dry operated. The remaining two cone crushers will be attempted to be turned over in the next few weeks. In addition, the main ore grinding ball mill is being operated initially at low speed as part of its re-commissioning.

In order to facilitate the process plant refurbishment activity, repair, upgrade and replacement of the first stage of the Lake Johnston, communications and IT infrastructure has now been completed. This has involved reactivating and updating the site Pronto ERP

system and connecting it back to the Perth office via a satellite data link, recommissioning the process plant computer control system and restarting the site pc based infrastructure.

A geological review of the Maggie Hays deposit has also been completed. As a result of this work, a much higher proportion of the mineralisation is in the JORC Code (2012) Indicated category (see Table 1), rather than the lower confidence Inferred category which was previously the case. Approximately 80% of the drilled resource is now in the Indicated category up from 20% previously. This improvement was a key step in the definition of the likely project life by increasing confidence in the shape, grade and position of the mineralisation to be mined. The results have been used to develop the mine schedule which was the last outstanding step in the engineering development process prior to Reserve Estimation. The mine modelling took longer than originally expected because Poseidon personnel had identified a number of innovative improvements to the mining methodology which has significantly increased ore extraction but required substantial changes in certain areas underground. Poseidon expects to be able to release the BFS results in the first half of May, 2015.

Poseidon has previously reported that it has received indicative offtake offers from certain parties some of which also offer debt financing facilities albeit subject to due diligence. Now that the BFS work has been completed attention will switch to project funding. Given the nature of the commodities market at this point we cannot speculate on when or if financing can be achieved but this is now a priority focus.

Windarra Nickel Project & Black Swan Update

The Company will shortly be formally submitting an application to the Department of State Development (DSD) which covers the restart of mining at Windarra and shipment of ore to Black Swan for processing. The application has been informally under review by DSD for several months and now that the acquisition of Black Swan has been completed, the application has been formally submitted. Under the conditions of the Poseidon Nickel Agreement 1971, the Minister for State Development shall consider the application within 2 months of receipt and give notice to Poseidon of his decision. It should be noted that an application for the restart of the operations at Windarra was previously considered by DSD when construction of a concentrate processing plant and other associated activities on the site was envisaged in 2012. This application was approved with certain conditions attached. The proposal now submitted is simpler in scope as no treatment plant is required to be constructed as ore will be transported to Black Swan for treatment in the existing facility. Black Swan currently has in place all mining approvals and licenses to allow re-commencement of operations and is formally in care and maintenance.

Poseidon has previously indicated that its acquisition of Black Swan would facilitate the processing of Windarra ore which would be blended with existing ore from the Black Swan open pit. Poseidon announced the results of an engineering study into the Black Swan treatment option in August 2014. The report outlined a capital saving of \$240m over building a new facility at Windarra, confirmed that the blending of ores from the two sites was feasible and produced 9,800 tonnes of nickel in a smeltable grade concentrate and that operating cash costs were conservatively estimated to be circa US \$4.05/lb.

The application for treatment of ore at Black Swan follows delays in approval to deliver ore to the Leinster concentrator. Poseidon had initially believed that a target of first ore deliveries in February this year would be feasible, however as this date has not been met and the offtake contract lapses on 30th April 2015, both parties have agreed to extend the contract for a further period of three weeks whilst options continue to be discussed. Part of the rationale for the Black Swan purchase was to cover such an event and to provide long term processing security for Windarra in addition to providing the benefit of increased nickel deliveries by blending ores from both sites. Black Swan is a low cost processing option that

has access to the SWIN (South West Interconnected Network) for power and a drive in workforce from Kalgoorlie. The ore from the site is from an open pit and existing ROM stockpile.

Whilst the acquisition has been completed, there remains an unresolved historic mortgage over a tenement at Black Swan that is currently in the name of Norilsk Nickel. Both Norilsk and Poseidon are working together to have the tenement mortgage removed and tenement transfer to Poseidon. This transfer will now be dealt with as a condition subsequent to the transaction. This outstanding issue does not prevent Poseidon from undertaking its activities or restarting the mine whilst parties continue to satisfy this remaining condition.

EXPLORATION

Lake Johnston

The Lake Johnston project consists of two mined deposits approximately 3.6km apart called Maggie Hays and Emily Ann. An update has been undertaken only for the Maggie Hays deposit as this is where mining is expected to restart initially. Emily Ann North is a high grade, unmined deposit adjacent to the Emily Ann mine which Poseidon believes could be mined in the future. However, the access to this mineralised zone is through the Emily Ann mine which is currently flooded. Additional work and development is required to assess the Emily Ann mine to be suitable for operation.

The Maggie Hays mine has been maintained in good operational condition with near immediate access to the nickel mineralisation. Engineering consultants have completed a detailed mine planning and scheduling programme ahead of the Ore Reserve Estimation process. This work has been completed several months ahead of the original schedule.

Following the initial resource estimate released in December 2014, the Company recognised additional drilling data was available and that there were survey issues with the North Shoot mineralisation wireframes. This reduced the geological confidence in the initial North Shoot resource modelling, resulting in an Inferred category being assigned. The Company announced on the 18th February 2015 that it had located 100 missing drill holes including 29 which had to be resampled and assayed. The drilling database was restored and updated and the mis-alignment of the surveys corrected for North Shoot.

In conjunction with this, a large amount of face mapping from the North Shoot was identified and digitised into 3D mining software to give accurate wireframe control.

Golder Associates were contracted to update the resource block-model and re-estimate the Maggie Hays JORC mineral resource as shown in Table 1. The Mineral Resource at the Maggie Hays underground deposit has been re-estimated (using 0% nickel cut-off grade for massive sulphide domains, with a 0.8% nickel cut-off grade applied for disseminated domains) to be:

3.5 million tonnes @ 1.49% Ni for 52,000 tonnes of contained nickel metal
which includes an Indicated Mineral Resource of
2.6 million tonnes @ 1.60% Ni for 41,900 tonnes of contained nickel metal

This brings Poseidon's total nickel inventory encompassing the company's three nickel projects in Western Australia to **380kt of total contained nickel metal** (Table 3).

Table 1: Lake Johnston Mineral Resource as at 20th February 2015 (using 0% nickel cut-off grade for massive sulphide domains, with a 0.8% nickel cut-off grade applied for disseminated domains)

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
LAKE JOHNSTON PROJECT											
Maggie Hays-North Shoot	2012	0.8%	800	1.86	14,700	400	13.1	5,900	1,200	1.66	20,600
Maggie Hays-SLC Disseminated	2012	0.8%	100	1.36	800	400	1.02	4,200	500	1.06	5,000
Maggie Hays-SLC Massive	2012	0.0%	100	3.82	3,800	-	-	-	100	3.82	3,800
Maggie Hays-Suture Zone Disseminated	2012	0.8%	1500	1.13	16,900	-	-	-	1,500	1.13	16,900
Maggie Hays-Suture Zone Massive	2012	0.0%	200	3.27	5,700	-	-	-	200	3.27	5,700
TOTAL											
Total Ni Resources	2012	~0.8%	2,600	1.60	41,900	900	1.17	10,100	3,500	1.49	52,000

Note: totals may not sum exactly due to rounding.

Mineral Resource Estimation

The Mineral Resource was classified in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). The classification was based principally on geological confidence, drill hole spacing and grade continuity from available drilling data and underground mapping. Golder has consented to the release of the attached Mineral Resource statement (Table 1) and Attachment A as required under the JORC Code, 2012 Edition.

The Maggie Hays Mineral Resource has been reported at a 0% nickel cut-off grade for massive sulphide domains, with a 0.8% nickel cut-off grade applied for disseminated domains to best reflect the potentially economic mineralisation within the Mineral Resource. For mine planning purposes, ore loss and dilution should be considered.

Mt Windarra

In early March, Poseidon announced that it had intersected high grade massive sulphide nickel in drill hole WUG0061 as well as WUG0060 at its Mt Windarra operation (Table 2).

WUG0061 intersected 9.54m (7.00 true width) of nickel mineralisation grading 1.82% Ni which comprised of a narrower H Shoot intersection (Table 2) and 4.13m (3.10m true width) G Shoot which graded 2.96% Ni within the broader mineralised zone.

The intersection was 40m below previous drilling and below the known extent of the Upper G Shoot mineralisation in the resource model (see Figure 3). The intersection is important because it is located close to existing infrastructure and adjacent to the refurbished area of the mine decline. This mineralisation is therefore potentially accessible more quickly and cost effectively after mine restart than the ore zones at depth. Poseidon is planning to mine the Upper G Shoot ore body early in the mining sequence to provide initial ore deliveries to the offtake party and this newly discovered extension will potentially add easily accessible nickel to the mining inventory.

In addition WUG0060 intersected 6.07m (5.00m true width) at 1.44% Ni which includes 3.00m (2.50m true width) grading 1.70% Ni in H Shoot which is located in front of the defined G Shoot mineralisation (Figure 3 and Table 1).

Table 2: Significant Drill Intersections

Hole ID	Easting Local	Northing Local	RL Local	Dip	Azi Local	Shoot Name	From (m)	To (m)	True Width (m)	Ni%
WUG0056	31562.39	55749.9	10172.5	+7.2	310.90	G Shoot	143.00	145.00	2.00	1.08
WUG0057	31562.39	55749.9	10172.5	+8.0	304.10	G Shoot	125.00	125.84	0.84	1.47
WUG0058	31562.39	55749.9	10172.5	-9.1	309.35	G Shoot	139.00	144.00	4.00	1.32
WUG0059	31562.39	55749.9	10172.5	-25.4	303.00	G Shoot	144.90	145.75	0.70	1.05
WUG0060	31562.39	55749.9	10172.5	-23.5	309.65	H Shoot	134.00	140.07	5.00	1.44
						<i>incl</i>	134.00	137.00	2.50	1.70
						G Shoot	147.91	151.00	2.50	1.20
WUG0061	31562.39	55749.9	10172.5	-37.8	310.46	G+H Shoot	170.00	179.54	7.00	1.82
						H Shoot	170.00	171.00	0.75	1.08
						G Shoot	174.00	178.13	3.10	2.96

Further drilling will allow Poseidon to confirm if these intersections will lead to an economic extension to the mineralisation which may be added to the current mining inventory. The position and nature of the Upper G Shoot and H Shoot ore bodies defined to date suggest that both showed signs of pinching out. However, these intersections suggest the mineralisation has reformed in both shoots and are swelling out again. Whilst this is not unexpected (as C Shoot also displayed pinch and swell characteristics) it is potentially an important discovery in an area close to and below existing resources/reserves which have no drilling.

The underground diamond drill holes were part of a drilling programme at Windarra announced in November 2014 which was focussed primarily on further definition and infill of known resources prior to final mine scheduling, not on discovering additional ore zones. However, a single drill hole at the end of the drill programme (WUG0061) was planned to test a theory on possible extensions below the known resource which appears to have been successful. Poseidon will now extend the planned drilling programme to further detail the discovery hole (Figure 3).

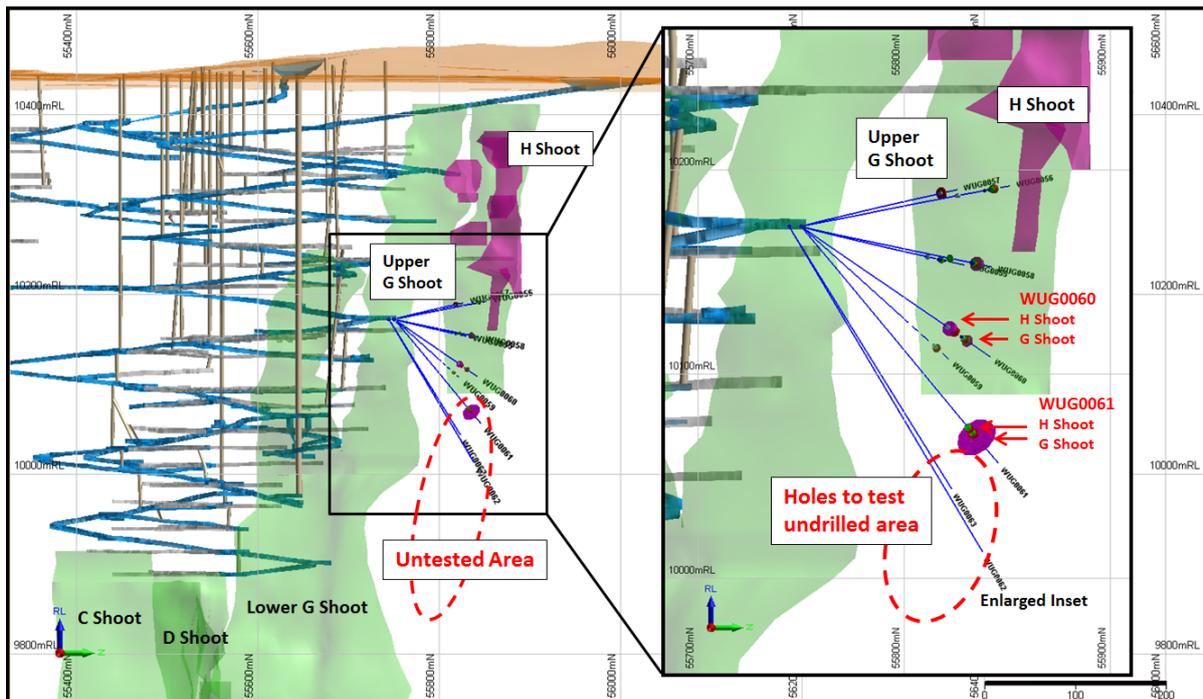


Figure 3: Mt Windarra Long-Section (Looking West) showing location of current JORC Resources (green) and recent drill holes. The enlarged inset shows the positions of the reported intersections and the holes planned to test the extent of mineralisation.

FINANCIAL

As at 31 March 2014, the Company had cash on hand of A\$8.4 million following the payment of \$1.35 million (which excludes a 10% deposit previously paid) for completion of the Black Swan Project acquisition from OJSC MMC Norilsk Nickel.

The Company has taken legal action against several parties that did not pay their tranche 2 subscription funds following the capital raising in October 2014. To date, five of the eight parties have paid in full as a direct result of the legal action and the Company has recovered \$198,000. This action is continuing and the remaining shortfall in funds is expected to be recovered.

Upon completion of the BFS for Lake Johnston, the Company will engage with a number of debt financiers in order to put in place the final funding requirement to restart operations at Lake Johnston. It is envisaged that this process will commence in the coming weeks and further information on this process will be provided when available.

CORPORATE

John Croall has been appointed to the role of General Manager Lake Johnston Nickel Operations. John was previously the Resident Manager at Lake Johnston between 2006 and 2007. John is a mining engineer with over 30 years' mining industry experience across a range of commodities including nickel. He has a successful track record in managing both underground and surface mines, planning for and overseeing mining rate and processing plant expansions, as well as leading the applications process and receipt of regulatory approvals leading to construction and commissioning of processing plants on greenfield sites. Most recently John was Chief Operating Officer for Global Advanced Metals (GAM) and previously held the role of General Manager Operations for Lynas Corporation.

In addition to his BSc. Degree in Mining Engineering and West Australian First Class Mine Managers Certificate, John holds a post graduate Diploma in Finance and Investment from the Securities Institute of Australia, and is a member of the Australian Institute of Company Directors.

Robert Boston joins the leadership team in the role of General Manager Corporate, Commercial and Legal after successfully serving the company on a consulting basis since 2012. Robert has been a key contributor to a number significant commercial transactions and contracts during this period.

Robert holds a Bachelor's degree in Commerce, a Bachelor of Laws, and a Post Graduate in Applied Finance and Investment from Securities Institute of Australia and is admitted to the Supreme Court of Western Australia and High Court of Australia. He has multi commodity experience across exploration, early stage resource development, infrastructure, joint ventures, M&A and corporate governance and has previously held business development, marketing and commercial roles for BHP Billiton (Nickel West) and Rio Tinto (Exploration).

Vanessa Hughes joins Poseidon Nickel as Manager People and Culture. Vanessa has over 20 years senior organisational development and human resource management experience including roles most recently with Millennium Minerals as Manager People and Culture and Integra Mining as Manager Human Resources.

Vanessa has expertise across the full range of her field from strategic HR including business strategy, creating and harnessing the optimal organisational culture, employee engagement and retention, talent and leadership development and succession to more generalist HR including recruitment and selection and employee relations. Vanessa holds a Bachelor of Business with a major in Human Resource Management and Industrial Relations from Curtin University.

In line with Poseidon's policy to only pay Directors fees in shares in order to retain the cash reserves of the Company, 352,765 Fully Paid Ordinary Shares were issued in lieu of Directors fees for the quarter to December under the terms of the Director Share Plan. The shares were issued on 12 January 2015 at a deemed issue price of A\$0.1624 based upon the volume weighted average sale price ("VWAP") for the 91 days prior to the expiration of the quarter. The payment of shares as opposed to cash is intended to reduce the cash cost to the Company and was approved by shareholders at the Annual General Meeting held on 26 November 2014.

In addition, on 12 January 2015, the Company also issued 2,984,747 Fully Paid Ordinary Shares to Jefferies LLC having elected to settle interest payable on the US\$35 million Convertible Notes for the December quarter in shares.

MARKET INFORMATION

Figure 4 below shows the underlying correlation between Poseidon's share price and the LME Nickel price over the last 12 months.

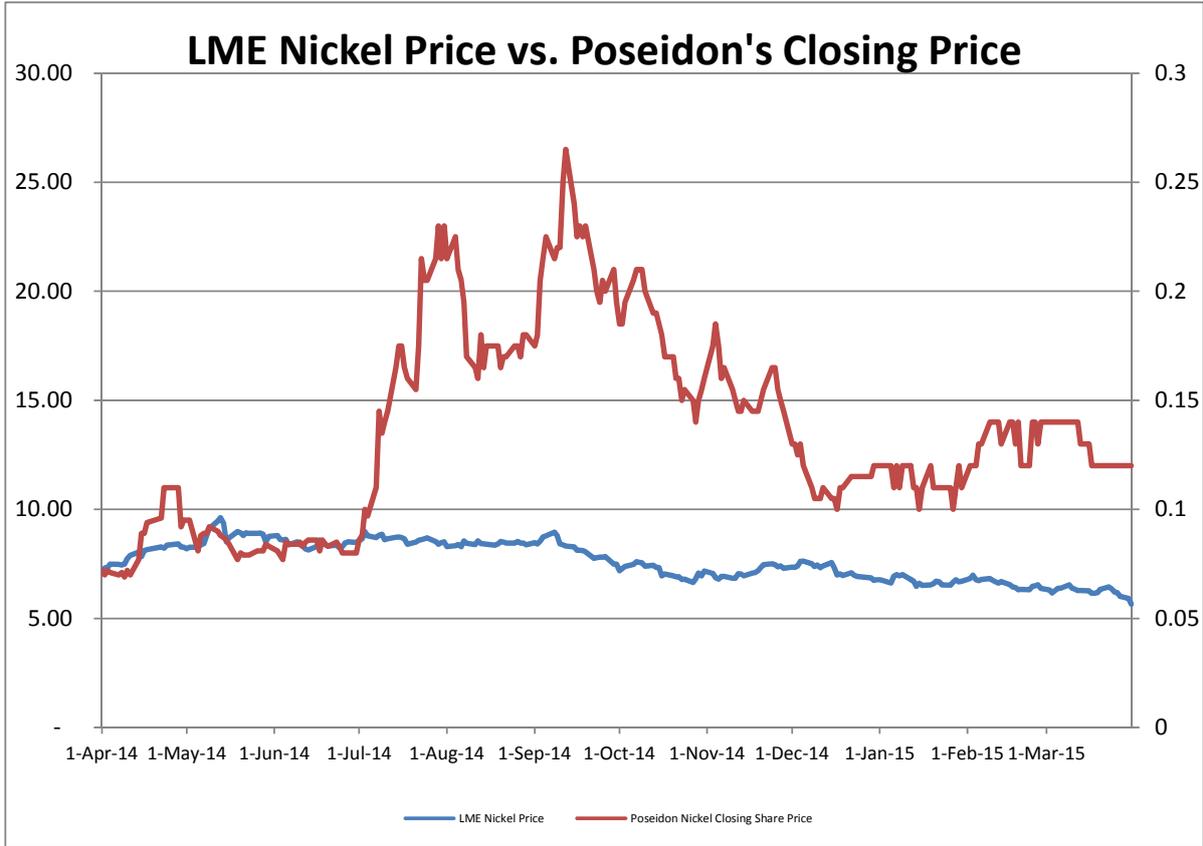


Figure 4: Poseidon share price graph compared to LME Nickel price

David P.A. Singleton
Managing Director & CEO

30 April 2015

CORPORATE DIRECTORY

Director / Senior Management

David Singleton	Managing Director & Chief Executive Officer
Chris Indermaur	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Robert Dennis	Non-Executive Director
Ross Kestel	Company Secretary

Corporate Enquiries

Mr David Singleton – MD & CEO

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Home Exchange

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

MINERAL RESOURCE STATEMENT

Table 3: 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
WINDARRA PROJECT											
Mt Windarra	2012	0.90%	922	1.56	14,000	3,436	1.66	57,500	4,358	1.64	71,500
South Windarra	2004	0.80%	772	0.98	8,000	-	-	-	772	0.98	8,000
Cerberus	2004	0.75%	2,773	1.25	35,000	1,778	1.91	34,000	4,551	1.51	69,000
BLACK SWAN PROJECT											
Black Swan	2012	0.40%	9,600	0.68	65,000	21,100	0.54	114,000	30,700	0.58	179,000
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
TOTAL											
Total Ni Resources	2004 & 2012		16,667	0.98	163,900	27,214	0.79	215,600	43,881	0.86	379,500

Note: totals may not sum exactly due to rounding

Table 4: Gold Tailings Project Mineral Resource Statement

Gold Tailings Resources	JORC Compliance	Cut Off Grade	Mineral Resource Category								
			Indicated			Inferred			TOTAL		
			Tonnes (Kt)	Grade (g/t)	Au (oz)	Tonnes (Kt)	Grade (g/t)	Au (oz)	Tonnes (Kt)	Grade (g/t)	Au (oz)
WINDARRA GOLD TAILINGS PROJECT											
Gold Tailings	2004	NA	11,000	0.52	183,000	-	-	-	11,000	0.52	183,000
TOTAL											
Total Au Resources	2004		11,000	0.52	183,000	-	-	-	11,000	0.52	183,000

Note: totals may not sum exactly due to rounding.

ORE RESERVE STATEMENT

Table 5: Nickel Project Ore Reserve Statement

Nickel Sulphide Reserves	JORC Compliance	Ore Reserve Category		
		Probable		
		Tonnes (Kt)	Ni% Grade	Ni Metal t
WINDARRA PROJECT				
Mt Windarra	2004	498	1.78	9,000
Cerberus	2004	1,221	1.30	16,000
BLACK SWAN PROJECT				
Black Swan	2012	3,370	0.63	21,500
TOTAL				
Total Ni Reserves	2004 & 2012	5,089	0.91	46,500

Note: totals may not sum exactly due to rounding.

Notes

The information in this report that relates to the Windarra Nickel Project, Mineral Resources is based on information compiled by Neil Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and Ian Glacken who is a full time employee of Optiro Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy.

The information in this report that relates to Ore Reserves at the Windarra Nickel Project is based on information compiled by Denis Grubic, who is a Member of The Australasian Institute of Mining and Metallurgy as well as a full time employee of Rock Team Pty Ltd.

The information in this report which relates to the Black Swan Mineral Resource and Ore Reserves is based on information compiled by Andrew Weeks who is a full-time employee of Golder Associates Pty Ltd and Francois Bazin of IMC Mining Pty Ltd who are both Members of the Australasian Institute of Mining and Metallurgy.

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

This document contains Mineral Resources and Ore Reserves which are reported under JORC 2004 Guidelines as there has been no Material Change or Re-estimation of the Mineral Resource or Ore Reserves since the introduction of the JORC 2012 Codes. Future estimations will be completed to JORC 2012 Guidelines.

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

TENEMENTS

Mining Tenements Held as at 31 March 2015

Areas of Interest	Tenements	Economic Entity's Interest
Western Australia		
- Windarra Nickel Assets	MSA 38/261, G38/21, L38/121, L39/184, L38/199, L38/218, L39/221	100%
- Windarra South	L38/119, L38/122, L38/220	100%
- Woodline Well	M39/1075, L39/224	100%
- Pool Well	M38/1243, M38/1244, M38/1245, L38/118	100%
- Brown Well	P38/3989, P38/3990, P38/3991	100%
- Lake Johnston Nickel Assets	E63/0585, E63/0625, E63/0837, E63/1067, E63/1135, E63/1138, E63/1140, G63/0004, G63/0005, L63/0051, L63/0052, L63/0055, L63/0057, M63/0163, M63/0282, M63/0283, M63/0284, M63/0292, M63/0293, M63/0294, M63/0302, M63/0522, M63/0523, M63/0524, P63/1527	In Application

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

Mining Tenements Acquired and Disposed during the March 2015 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements during the March 2015 Quarter

Nil

Beneficial Percentage Interests Held in Farm-In or Farm-Out Agreements Acquired or Disposed of during the March 2015 Quarter

Nil

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 010/7/96. Origin: Appendix 8. Amended 010/7/97, 01/07/98, 30/09/2001, 01/06/2010, 17/12/10, 01/05/2013.

Name of entity

Poseidon Nickel Limited

ABN

60 060 525 206

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(4,533)	(8,384)
(b) development	-	-
(c) production	-	-
(d) administration	(926)	(3,868)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	83	165
1.5 Interest and other costs of finance paid	-	(1,071)
1.6 Income taxes paid	-	-
1.7 Other - sundry income	77	155
- R&D tax offset	-	1,388
Net Operating Cash Flows	(5,299)	(11,615)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(785)	(1,308)
(b) equity investments	-	-
(c) other fixed assets	(1,018)	(1,963)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – deposit paid for Black Swan Nickel Project	150	-
Net investing cash flows	(1,653)	(3,271)
1.13 Total operating and investing cash flows (carried forward)	(6,952)	(14,886)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(6,952)	(14,886)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	54	28,298
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(8,120)
1.18	Dividends paid	-	-
1.19	Other – share issue costs	(55)	(1,248)
	Net financing cash flows	(1)	18,930
	Net increase (decrease) in cash held	(6,953)	4,044
1.20	Cash at beginning of quarter/year to date	15,360	4,363
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	8,407	8,407

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	141
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The year to date figure at item 1.2(a) exploration & evaluation has been adjusted to exclude a refundable tax offset received from the ATO under the Research and Development Tax Incentive scheme in the previous quarter. This is now shown separately at item 1.7.

The purchase consideration for the Black Swan Nickel Project of \$1.5 million is included in 1.8(a) and (c). The year-to-date also includes the purchase of the Lake Johnston Nickel Project reported in the December quarter.

On 13 January 2015, 352,765 ordinary shares were also issued at a price of \$0.162404 as approved by the Shareholders at the November 2014 Annual General Meeting. The shares were issued to the Non-Executive Directors in lieu of Directors Fees for the December 2014 quarter.

These have not been included in the above cash flow.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	35,103	35,103
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,500
4.2 Development	-
4.3 Production	-
4.4 Administration	1,000
Total	3,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,399	5,352
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposits	6,008	10,008
Total: cash at end of quarter (item 1.22)	8,407	15,360

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	683,588,322	683,588,322		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,337,512	3,337,512		
7.5 +Convertible debt securities <i>Unsecured</i>	36,531,904 This is an estimate only based on an average exchange rate of 1.0265.	-	\$0.40	The Notes have a March 2011 six year term convertible into fully paid ordinary shares.
	64,945,608 This is an estimate only based on an average exchange rate of 1.0265.	-	\$0.30	The Notes have a March 2011 six year term convertible into fully paid ordinary shares.
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
<i>Unlisted</i>	2,975,000	-	\$0.22	31 August 2016
<i>Unlisted</i>	4,250,000	-	\$0.22	23 November 2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Director)

Date: 30 April 2015

Print name: Geoff Brayshaw

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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