



Poseidon Rising

Investor Presentation
May 2011

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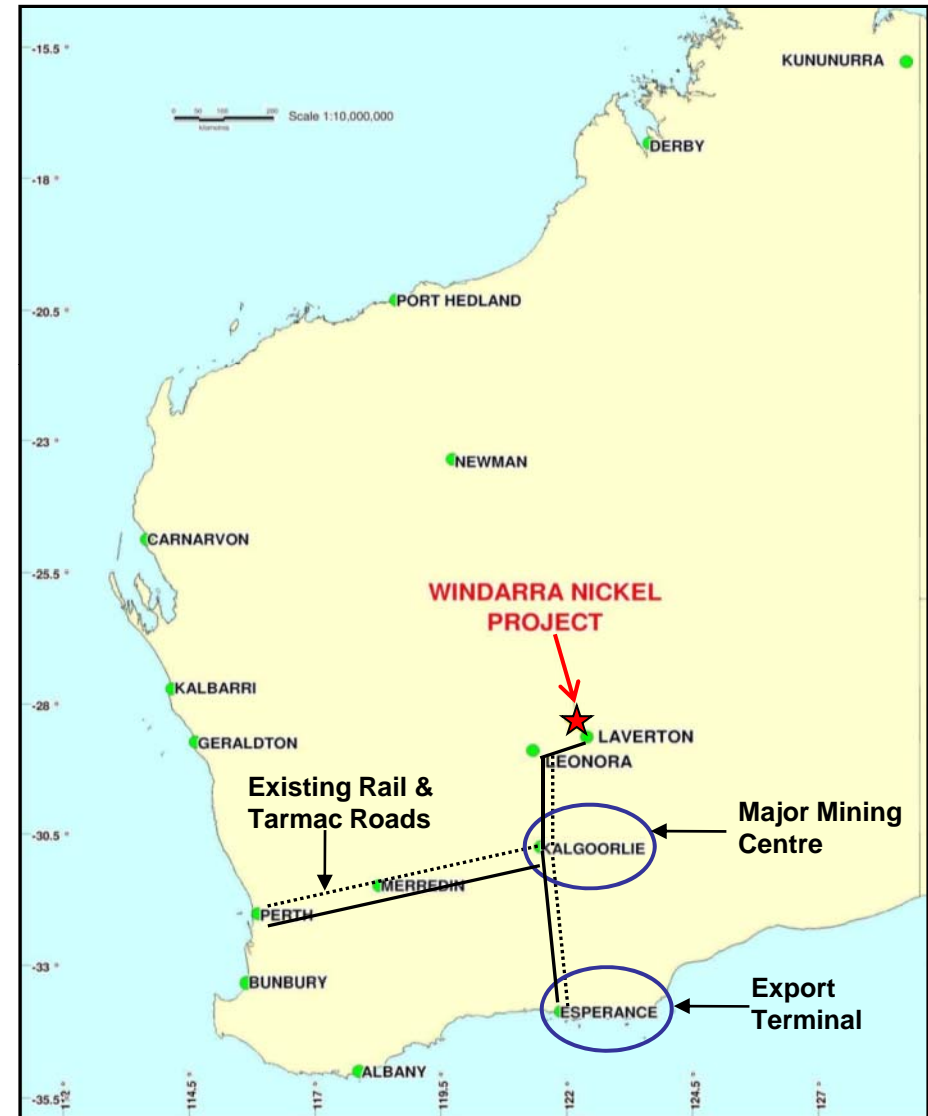
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Poseidon Rising

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- Restart existing Mt Windarra underground mine (Phase 1)
- Double output by developing Cerberus deposit (Phase 2)
- Maintain the discovery success



Windarra Rises (summary)

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- Significant JORC resource base
 - Mt Windarra: 62,000 tonnes nickel
 - Cerberus: 25,000 tonnes nickel
 - South Windarra: 10,000 tonnes nickel
- 7-10 year mine life at Mt Windarra initially and scope for considerable extension
- 10,000 nickel tonne p.a. target (Phase 1 & Phase 2)
- Low cash cost of circa US\$3.20/lb* at full output
- US\$20m funding in place
- Remaining capex of \$35m for concentrator plant etc
- First concentrate 24 months, Ore 12 months earlier potentially
- Offtake and working capital offers received

*10 year average

Capital Structure

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• Shares on Issue*	194.4M
• Options* (at 40 cents due late 2012)	132.6M
• Convertible Note (Harbinger Funds)	US\$15M @ 40c
• Market Capital @ 25c – A\$48M undiluted	
• <u>Major Shareholders*</u>	
- Harbinger Capital Partners (New York)	8.93%
- Contango Asset Management	5.73%
- Technical Investing	4.16%
- Andrew Forrest	2.57%
- David Singleton	1.37%

Harbinger US\$20m funding – Best in market

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- New US\$20m convertible at 30c/share
 - Premium of 42% to share price (at time)
 - 6 year term
 - 3 years @ 0% + 3 years @ 5%
 - Unsecured
-
- Current US \$15m term extended by 6 years
 - 3 years @ 0% + 3 years @ 5%
 - Convertible @ 40c/share
 - Unsecured

Work over the Last 2 Years has Resulted in a Defined 6.28m tonnes of ore at 1.69% for 97,767t of Nickel Metal

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WINDARRA NICKEL PROJECT: SULPHIDE RESOURCE STATEMENT

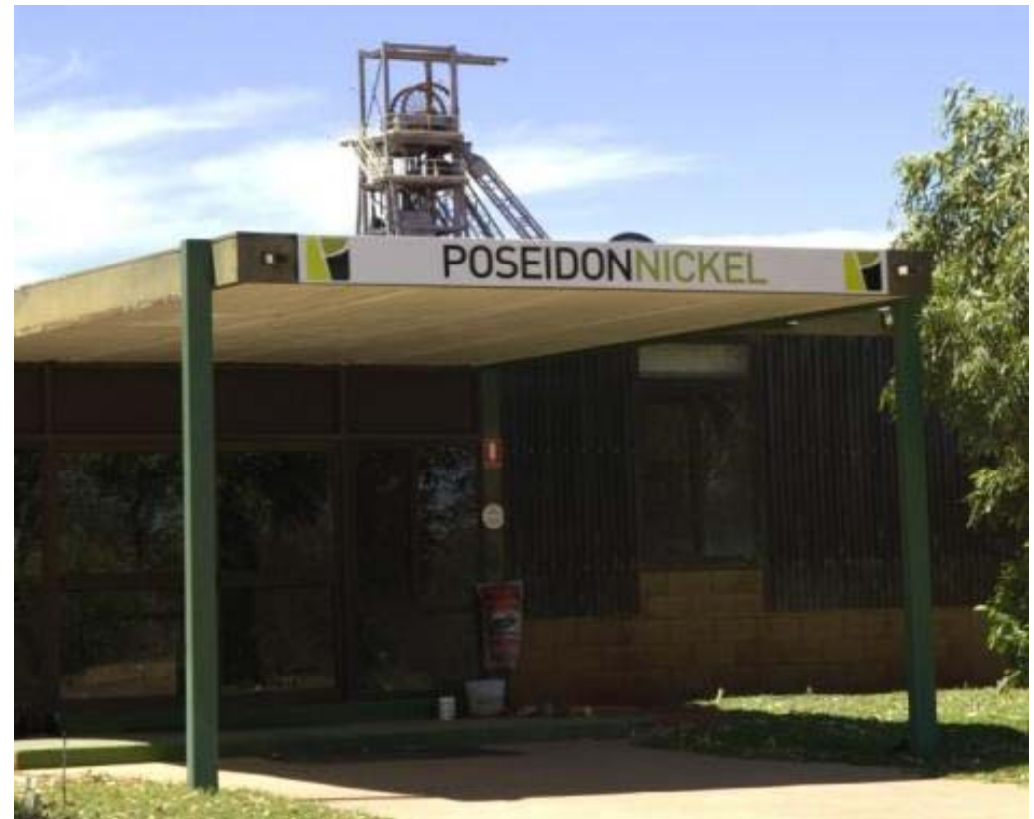
Windarra Nickel Project Sulphides	Cut Off Grade	Resource Category								
		Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Mt Windarra	0.75%	910,000	1.24	11,300	2,955,000	1.72	50,900	3,865,000	1.61	62,200
South Windarra	0.90%	820,326	1.15	9,434	82,404	1.05	864	902,730	1.14	10,298
Cerberus	1.50%				1,033,328	2.45	25,269	1,033,328	2.45	25,269
Total Sulphide		1,730,326	1.20	20,734	4,070,732	1.89	77,033	5,801,058	1.69	97,767

Note: The information in this Presentation relates to Exploration Results and Mineral Resources based on information compiled by Mr N Hutchison who is a Member of The Australian Institute of Geoscientists. Mr Hutchison has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' He has consented to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

Ready To Go

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- \$50m of Infrastructure refurbished & operational
 - Power
 - Water
 - Roads
 - Accommodation
 - Tailings Ponds
- State Agreement Mining Lease in place



The final refurbishment of the underground prior to restarting mining is underway

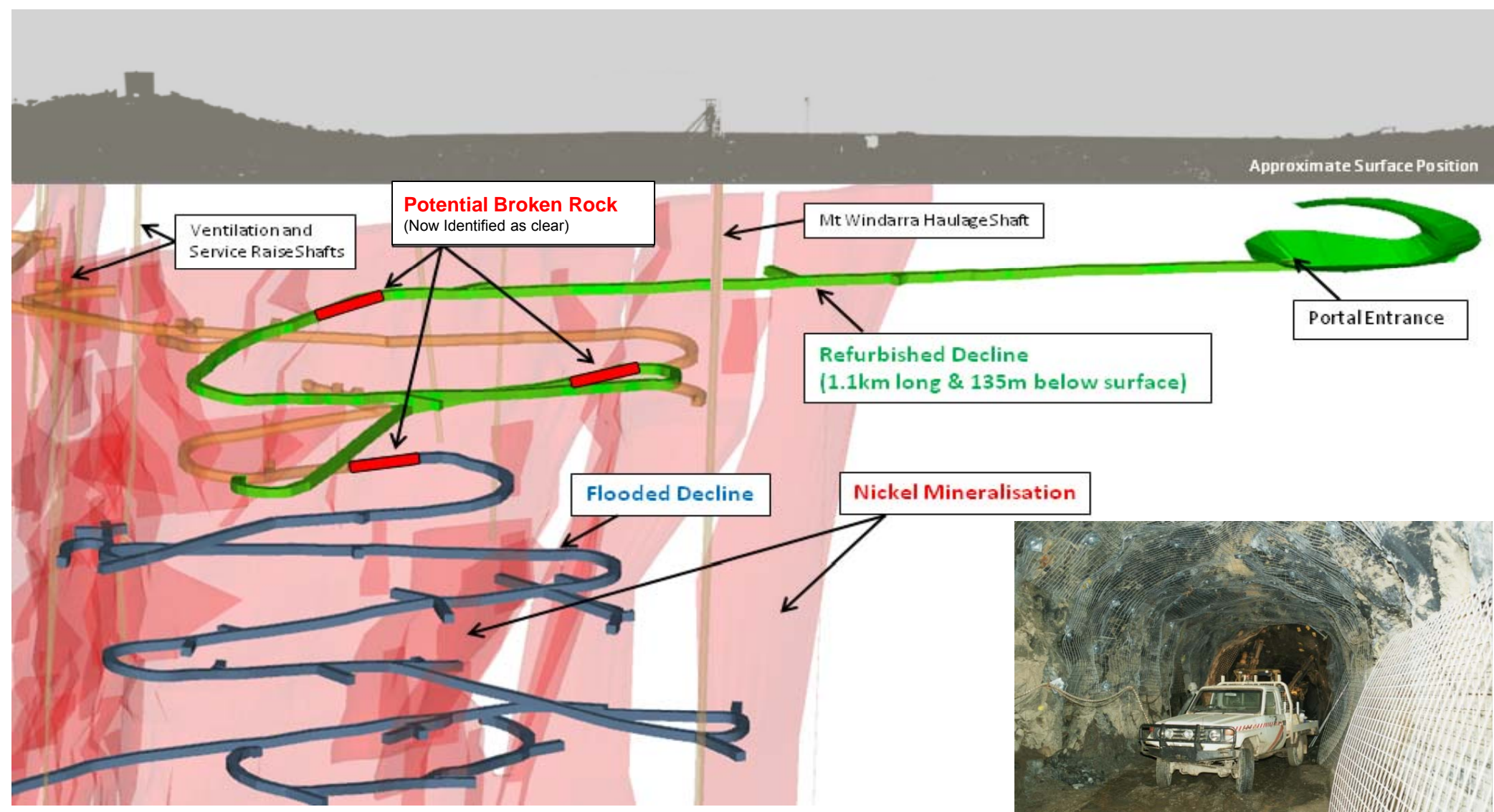
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- Mining & refurbishment equipment on site and in operation
- Decline over 20% complete
- Refurbishment will complete in 2011



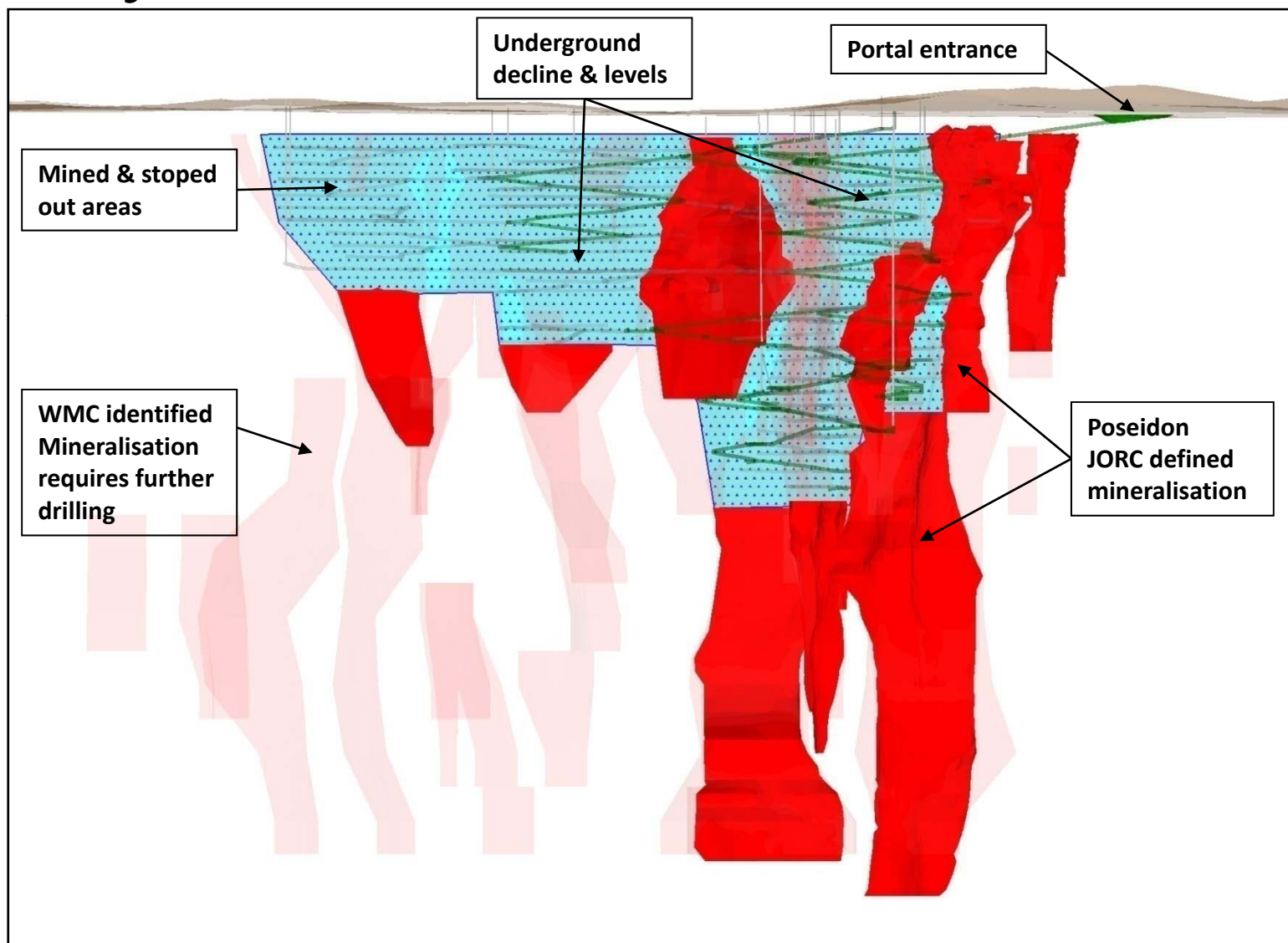
Refurbishment to Date Shows Viability

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Mt Windarra mined to 550m with ore body continuity to at least 900m

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New Build Concentrator will cost circa US\$35m

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- Initial stage 350,000 tonnes expandable to \approx 700,000 tonnes
- Plant low risk & well understood
- MOU signed with China Non Ferrous & Arccon (Australia) to:
 - Provide fixed price turnkey concentrator plant
 - Vendor finance package for approx 80% of cost over 8 years
 - Expect binding agreement 3rd quarter 2011



Project Economics

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Work Required to Progress Project*

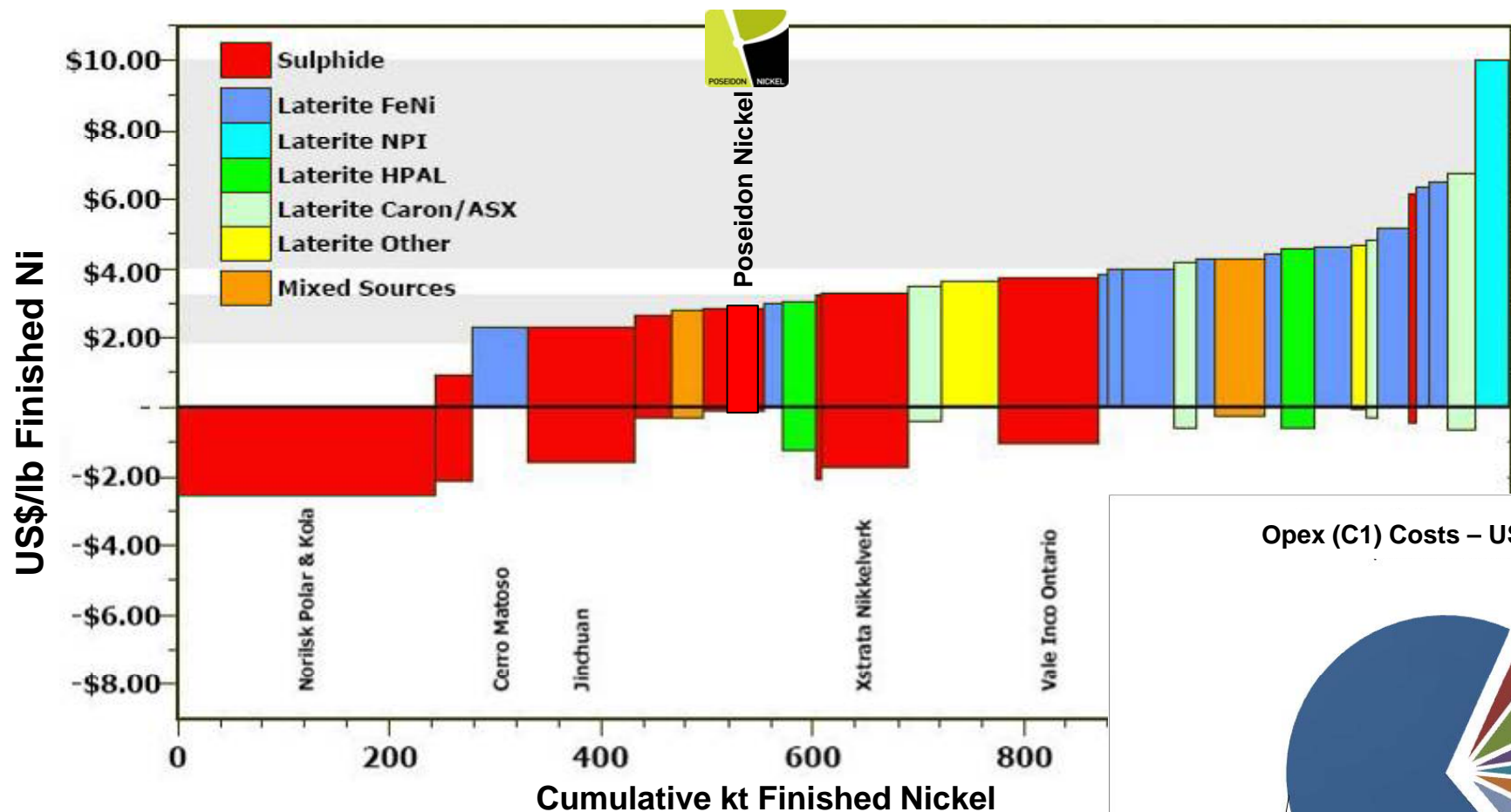
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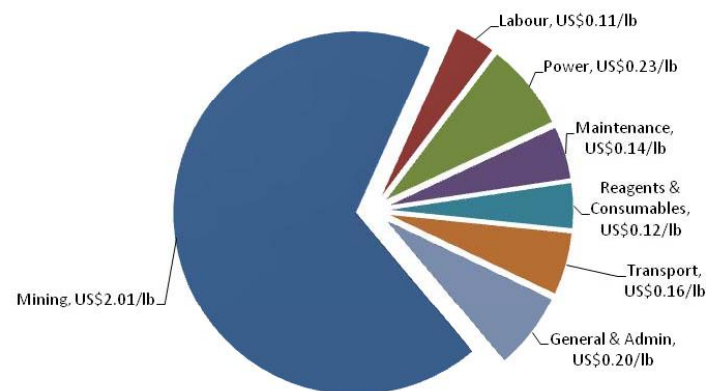
	<u>Cost</u> <u>US\$m</u>	<u>Time</u> <u>(months)</u>
▪ Complete de-water & refurbishment of Mt Windarra nickel mine	8	10
▪ Drill Mt Windarra, Cerberus and South Windarra to increase resources and reserves	7	12
▪ Complete Full Feasibility Study	3	4
▪ Construct facility concentrator	27	12-18
▪ Restart working capital & other costs	10	6
<u>TOTAL</u>	55m	18-24

Low Cash Cost Producer – US\$3.20/lb

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Opex (C1) Costs – US\$3.20/lb



Metalytics cost data

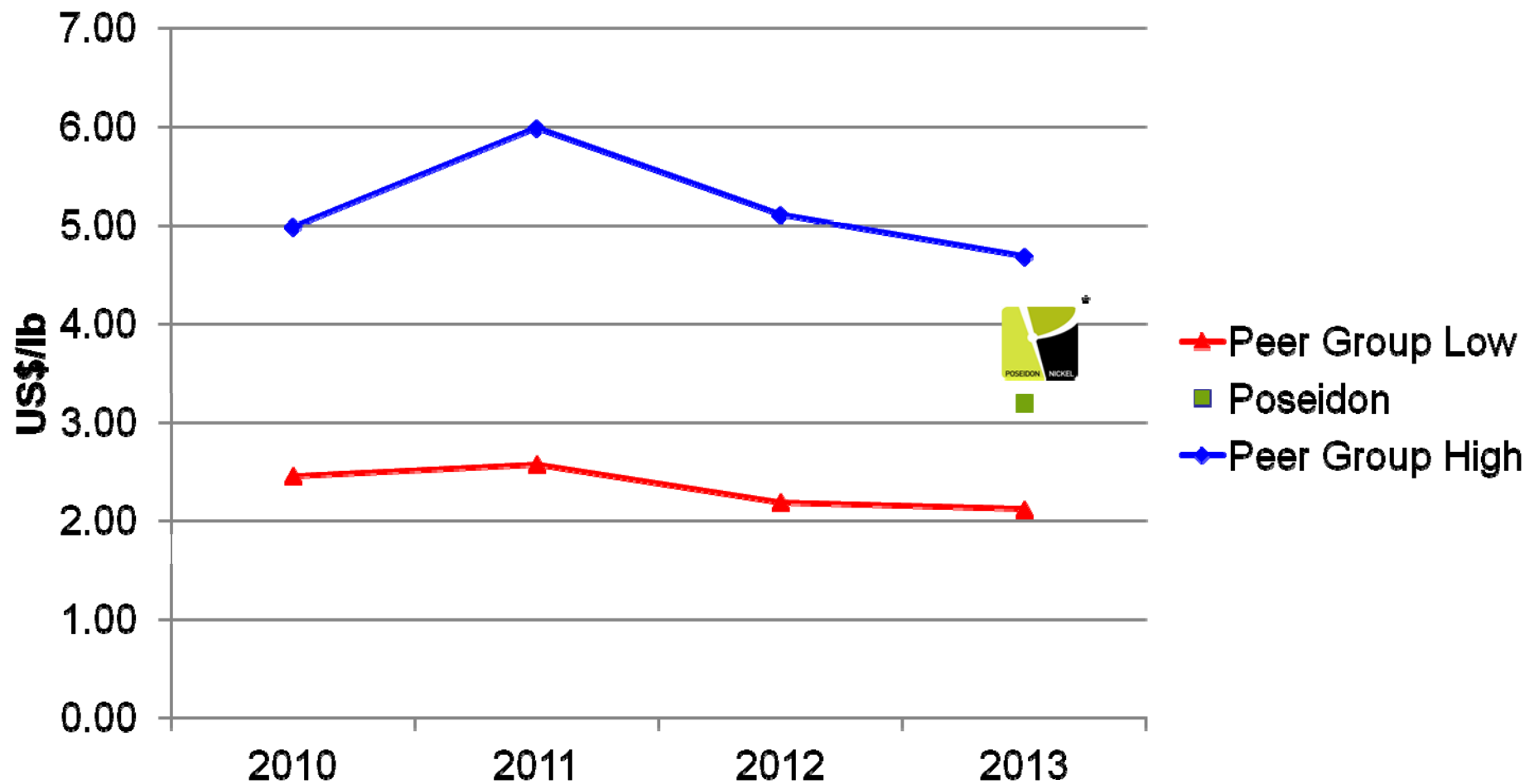
*based on full output. See assumptions book not in presentation

Poseidon cash cost is average over life of project

Poseidon's Operating Cost relates well to its Australian Peer Group

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C1 Operating Cost US\$/lb Nickel



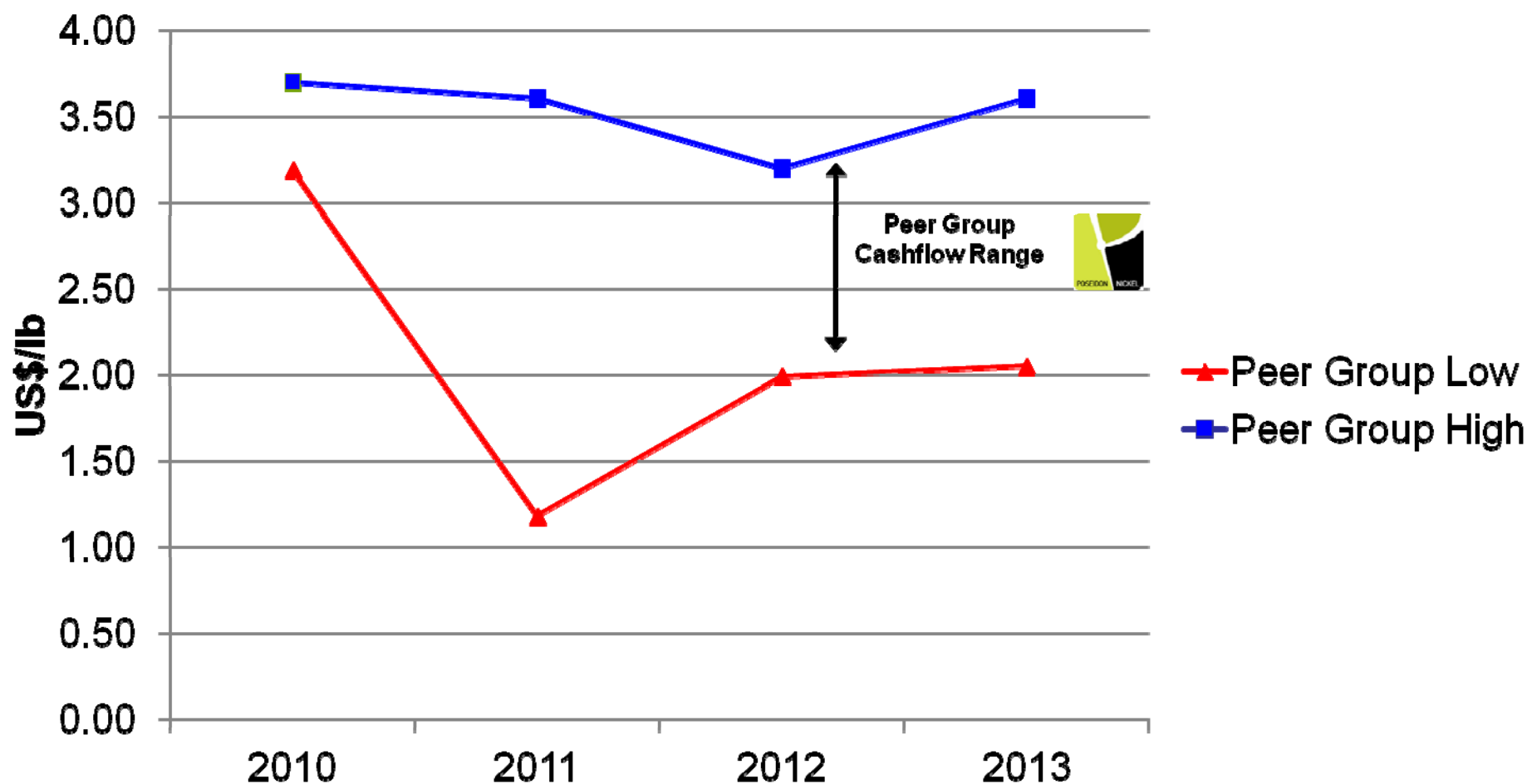
*Poseidon average C1 over 10 years

Data Source: RBC Capital Markets February 2011

Peer Group indicates likely Poseidon cashflow range

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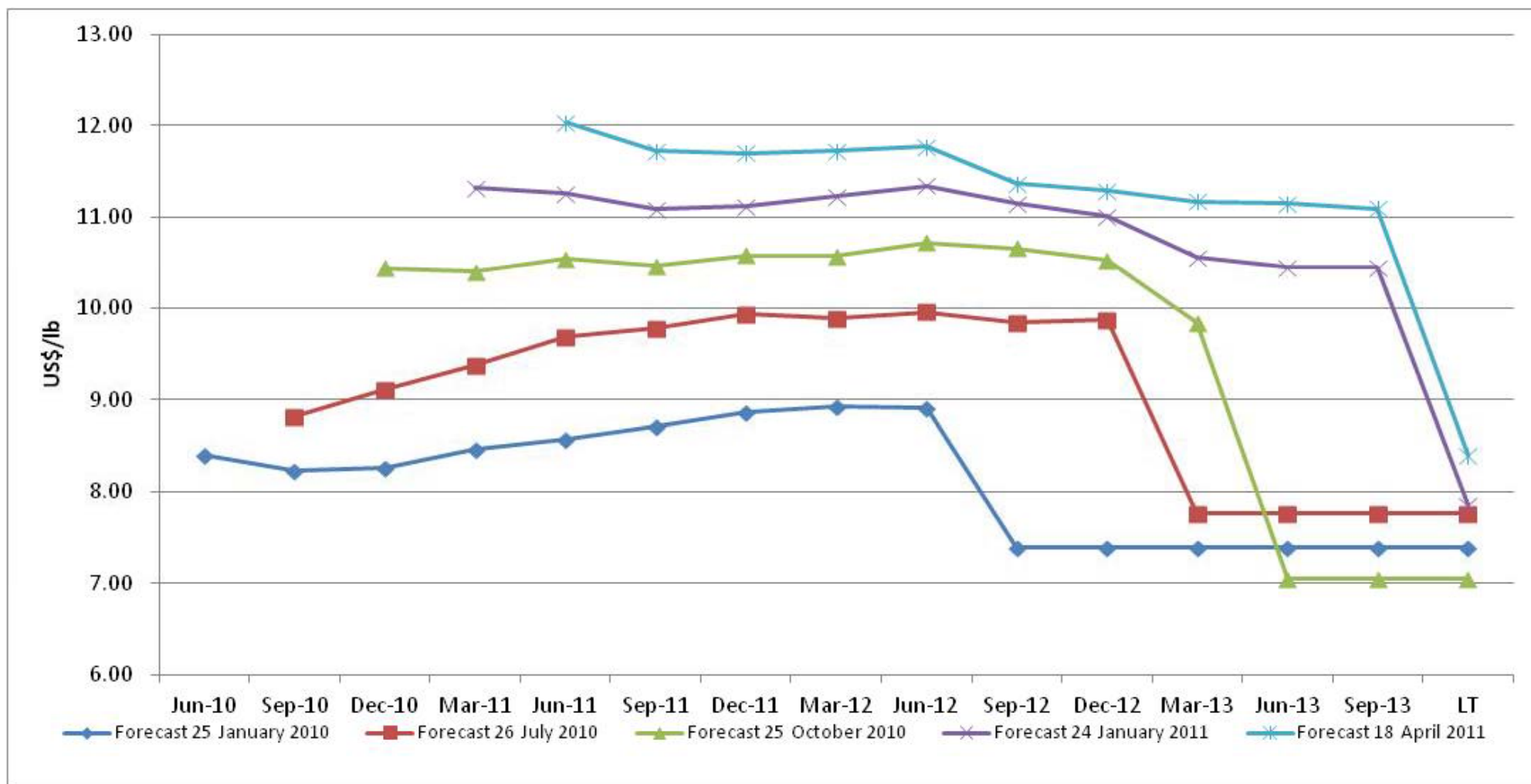
Operating cashflow per/lb in concentrate (US\$/lb) using long term nickel price of US\$7.86 vs US\$12+ current



Data Source: RBC Capital Markets February 2011

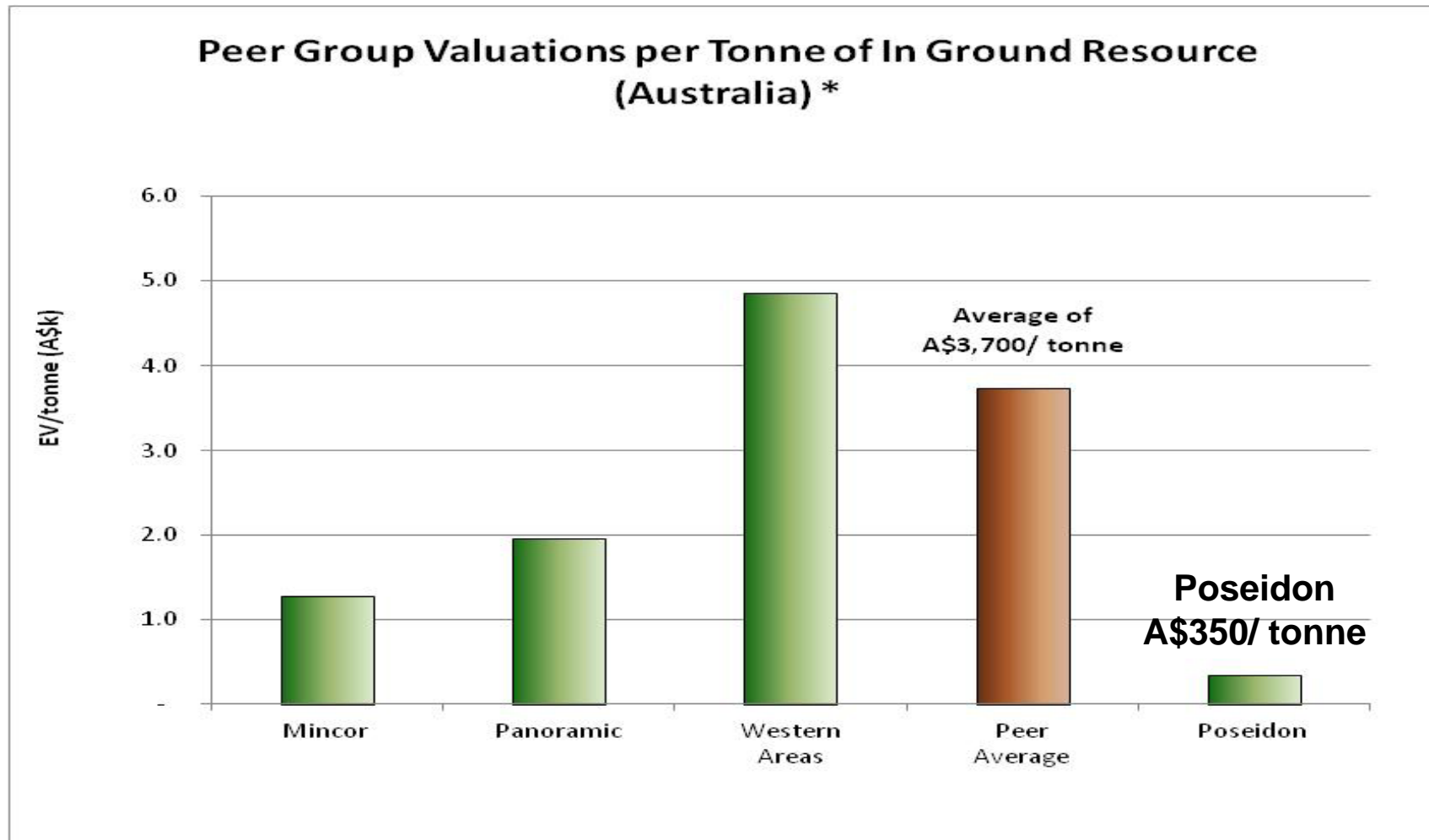
Quarterly consensus forecasts have lifted nickel prices by 40% as well as delay any forecast reduction by 13 months

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Poseidon is trading at 9% of its Nickel producer Peer Group on an in-ground resource basis

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Assumptions

- Utilises average Peer group EV / tonne of in-ground resource of A\$3,700 / tonne

* Data Source: RBC Capital Markets – Company Updates (March & April 2011)



Windarra Geology

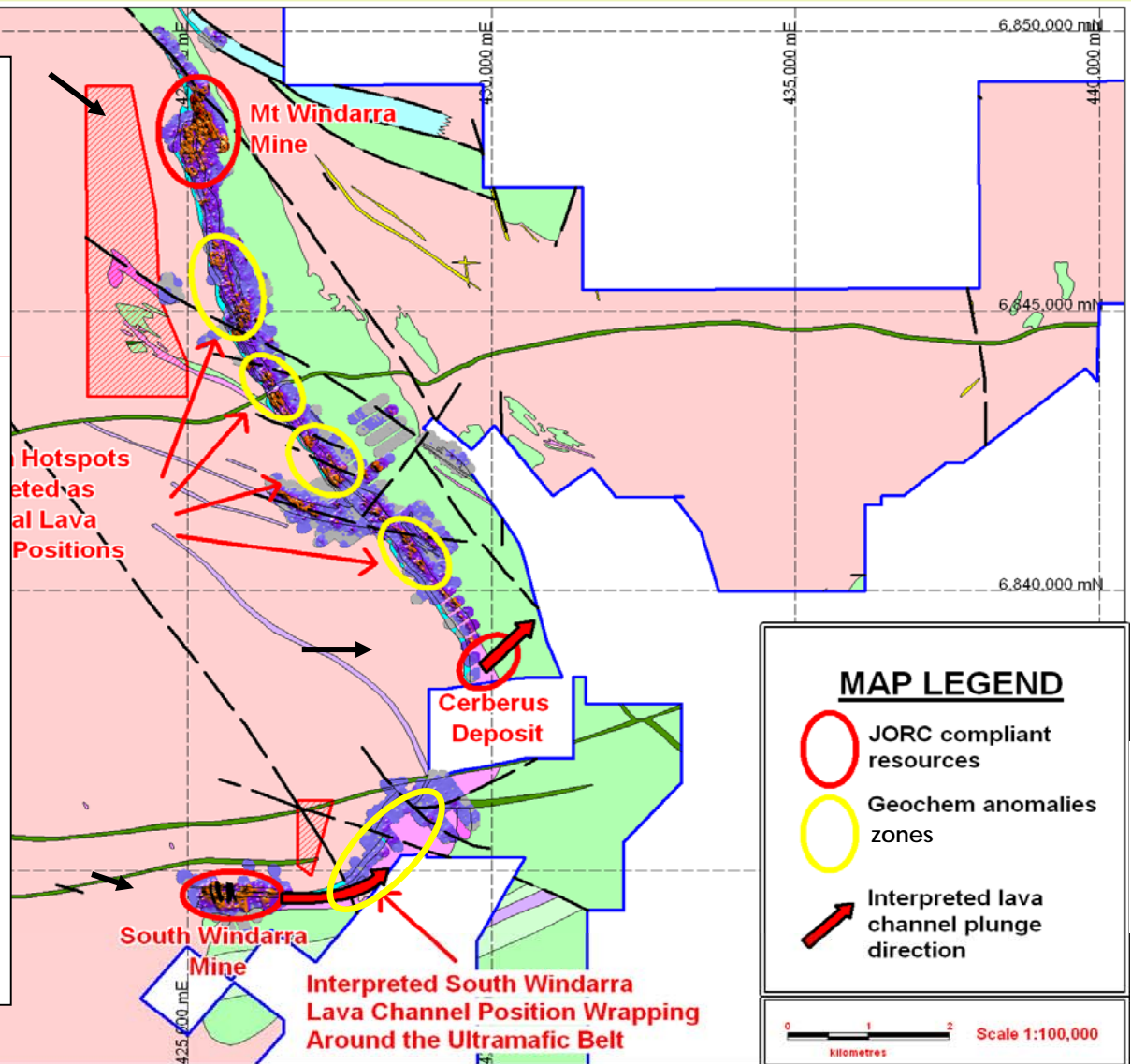
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Low Resource Risk

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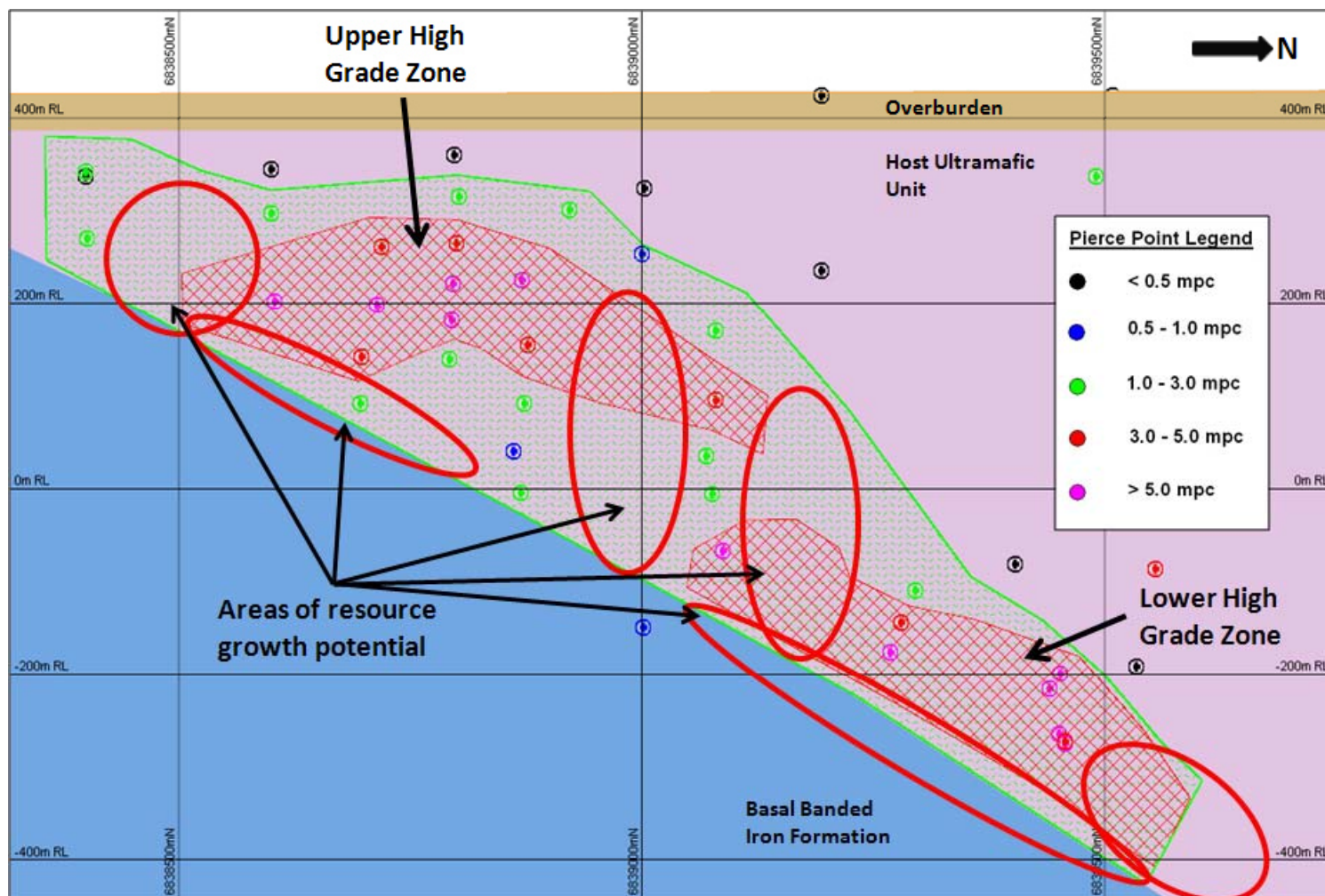
- 24km strike length
- 2 long life mines at northern & southern ends
- 100,000 tonne Nickel Resource
- New high grade discovery at Cerberus
- 7 anomalous lava channels recently discovered



Cerberus is the first discovery on the site by Poseidon

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- Open in 3 directions
- 2 higher grade pods exist
- Grade increases with depth
- Additional drilling is underway
- Potential exists to increase resource size & quality



Next Steps - Exploration

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- Permanent drill rig for next 2 years
- Cerberus drill out top priority
- South Windarra Seismic analysis complete. Drilling next.
- Mt Windarra underground drilling to expand resources & develop mine plan commences circa October 2011
- 7 exploration targets defined and ready to drill

Summary

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- 100,000 tonne Nickel Resource
- 5,000 tonne Nickel initial output target (Phase 1)
- Plan to double output using Cerberus (Phase 2)
- US\$20m capital raising complete
- Concentrator plant construction being bid
- Life of mine offtake offer

A wide-angle photograph of an industrial facility, likely a nickel mine or refinery, during a vibrant sunset. The sky is filled with streaks of orange, red, and purple. In the background, a tall, skeletal metal structure, possibly a conveyor system or a water tower, stands out against the colorful sky. The foreground is a flat, paved area with some industrial equipment and structures visible on the left. The overall scene is dimly lit, with the primary light source being the setting sun.

Nickel Market Analysis

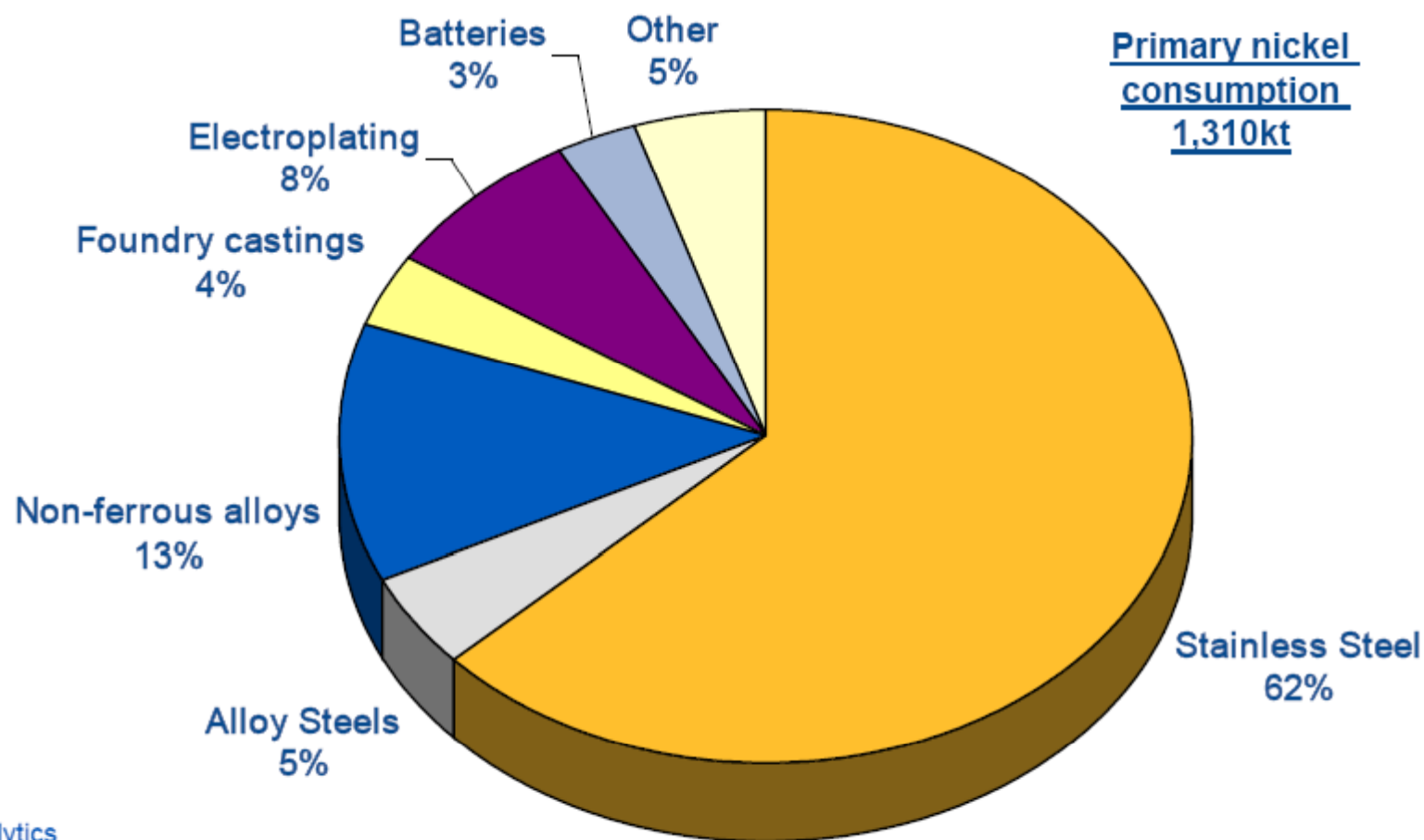
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Stainless steel dominates global nickel demand

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World primary nickel consumption by first use, 2009



Source: Metalytics

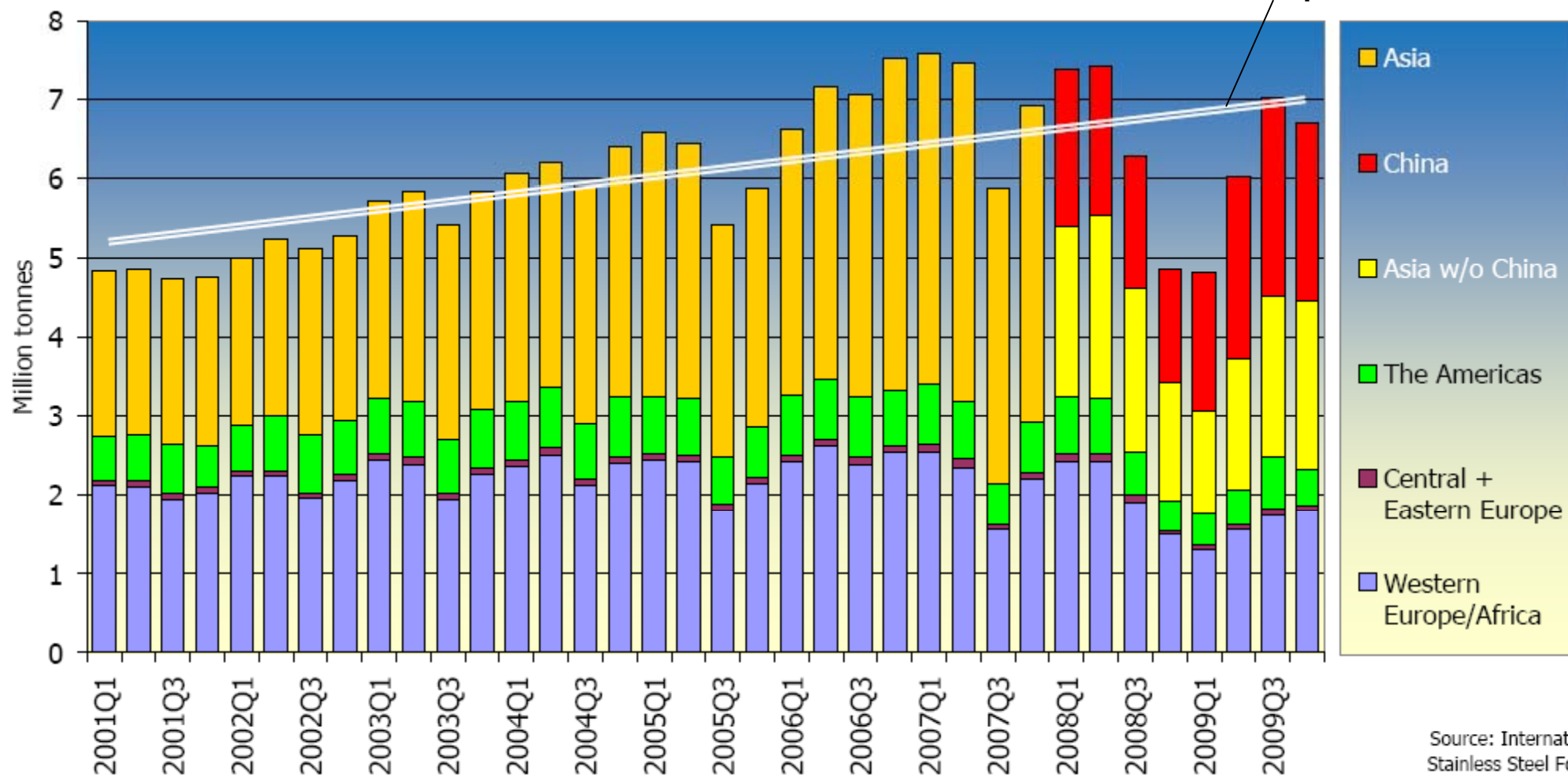
Stainless steel production is back on track

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Stainless and Heat Resisting Steel Crude Steel Quarterly Production

(Ingot/Slab Equivalent)

5% p.a.

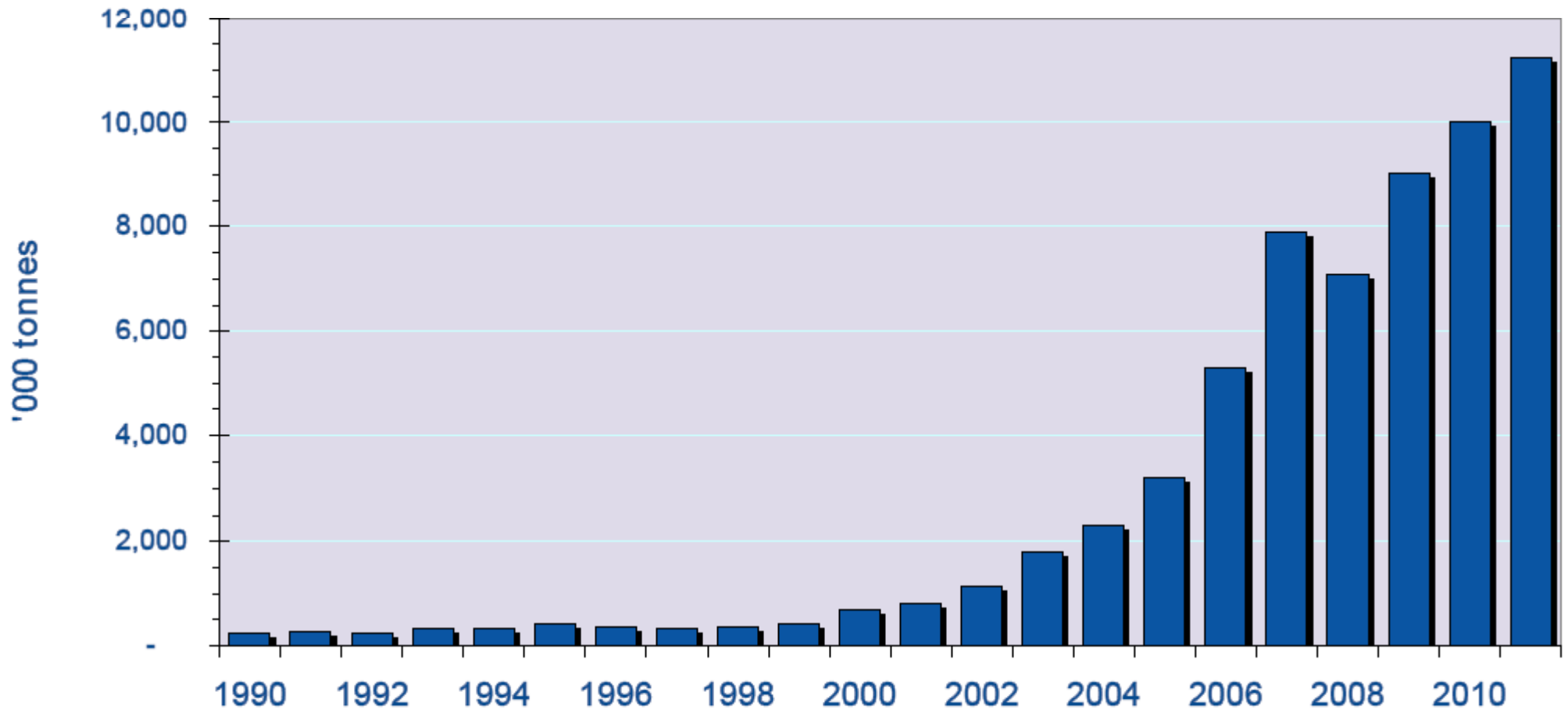


Source: International Stainless Steel Forum

Stainless steel production growth in China has averaged 33% p.a. over the last ten years

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China's Stainless Steel Production

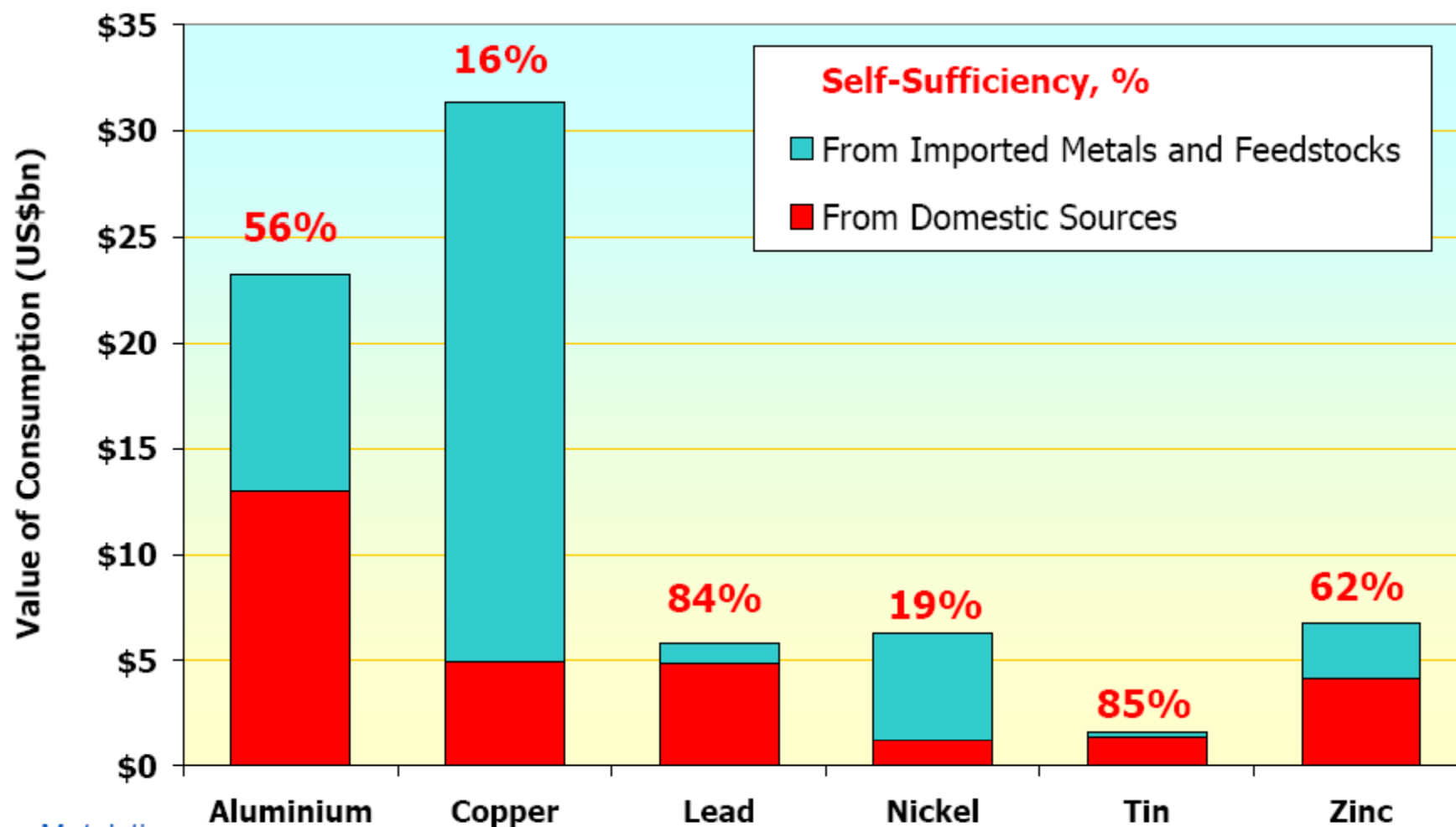


Source: Metalytics

China's demand growth has far outstripped domestic mining capacity for non-ferrous metals

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China's Self-Sufficiency in Non-ferrous Metals, 2009



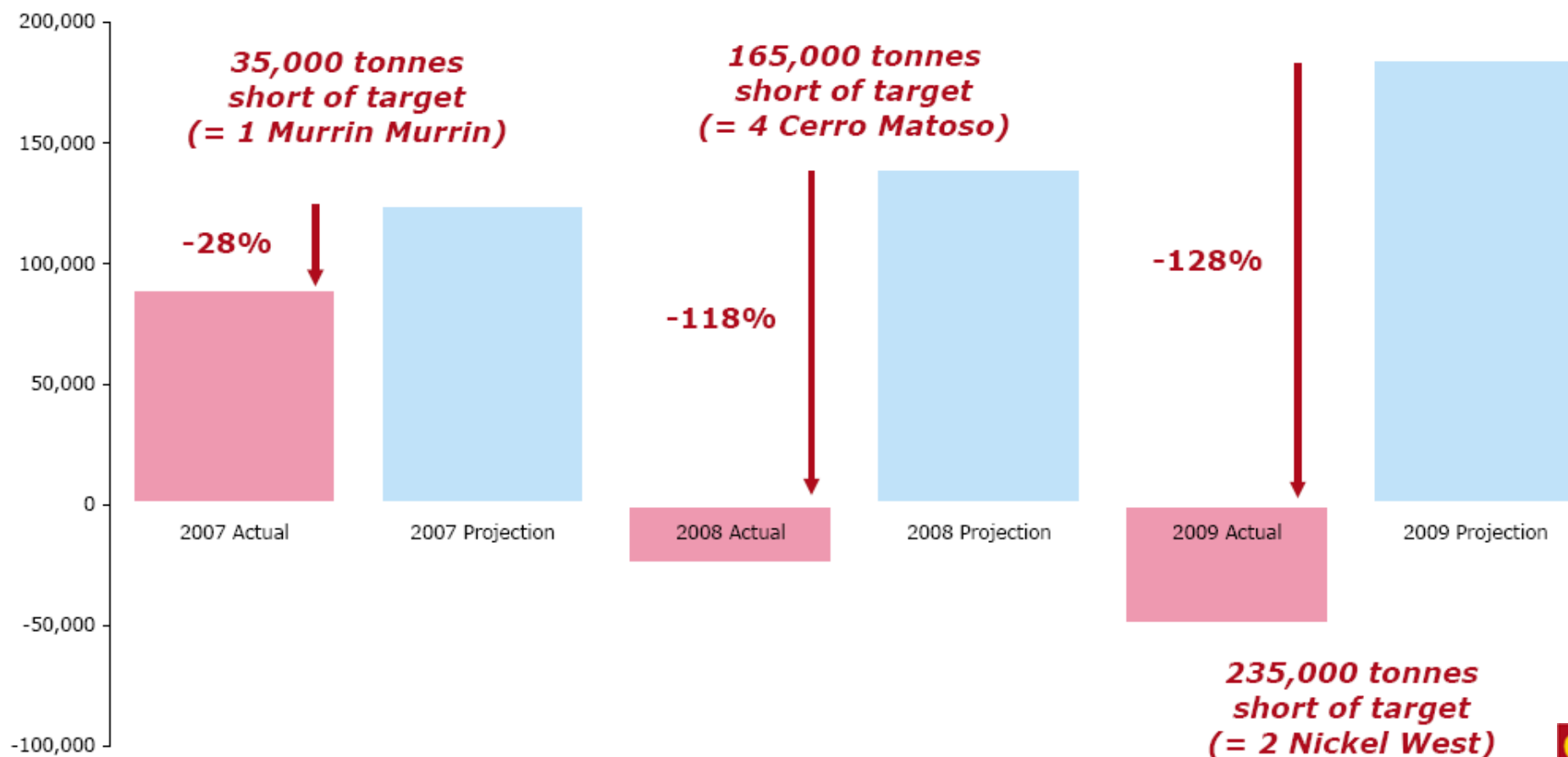
Source: Metalytics

Is History Repeating Itself?

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- Actual nickel production has always fallen significantly short of future projections made by companies, industry experts and equity analysts.

Net Annual Change in Global Nickel Mining Production (million tonnes nickel metal)



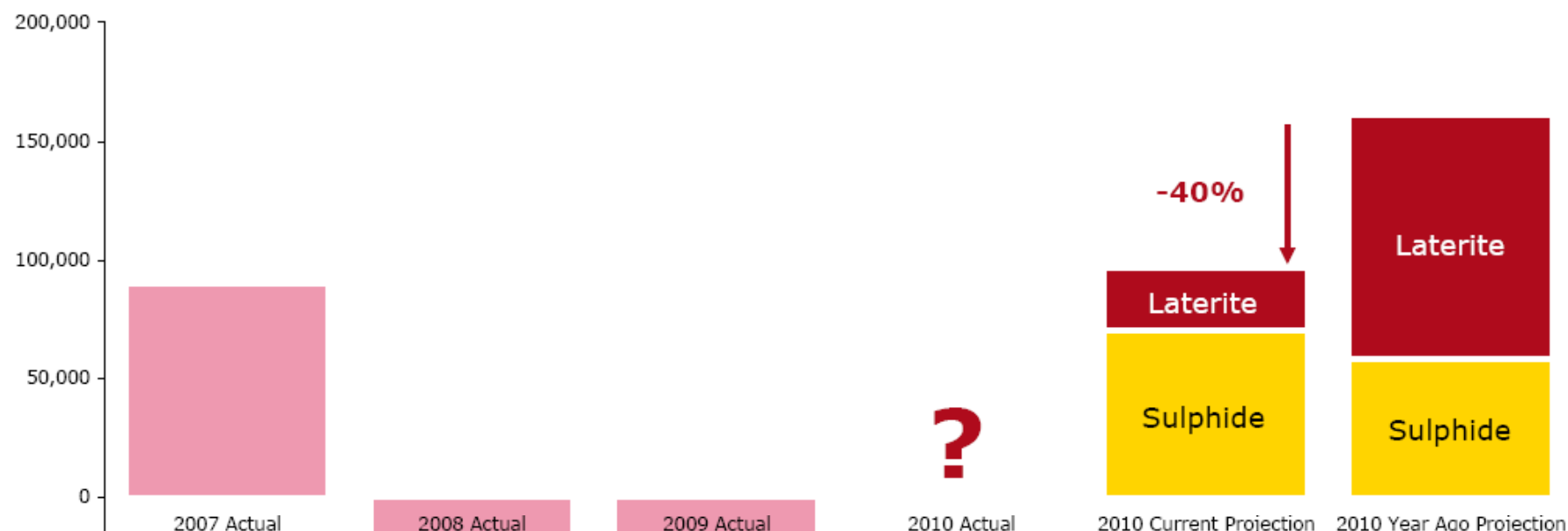
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2010 Seems to Be Following the Trend

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- Current projections for 2010 nickel production are 40% lower than they were set out to be 12 months ago at this conference (and the year is only 5 months old!!!).

Net Annual Change in Global Nickel Mining Production (*million tonnes nickel metal*)



*Sulphide Increase
attributable to Vale
Canada Strike Ramp Up*

*Laterite Decrease due to
Delays at Goro, Ramu,
Ravensthorpe, Ambatovy*

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