



Australia's 'New' Nickel

David Singleton
Managing Director & CEO

September 2013

POSEIDONNICKEL

Executive Summary

- **Poseidon's Windarra Project (100%) is ready to implement**
 - All permits in place and current
 - Documentation for financing prepared
 - Brown field, low risk, market compatible
- **Low operating cost (C1) at the 36th percentile globally**
 - Most new nickel around the world will be above the 50th percentile
 - Operating costs US\$3.35/lb, payable cash costs <US\$5.00/lb
- **Low capital intensity**
 - Windarra capital intensity is circa US\$8 per annual pound nickel
 - Range for known new projects is \$10 - \$50 per pound*
- **Recent drilling programme has far exceeded expectations**
 - Added 0.8Mt resources, \$60m of EBIT value for \$4m cost and IRR of over 100%
 - Results can be repeated. Propose \$5m (net) to deliver \$130m of additional ore revenue
- **Significant project blue sky identified**
 - Cerberus mine has potential cost reduction opportunities
 - Exploration potential is high
- **Consensus Economics sees strong upside to nickel price**
 - Consensus predicts 49% increase in nickel price by 2018 (circa \$9.70/lb)

*Minex consulting

Company Profile

Board of Directors

Andrew Forrest – Chairman

Appointed July 2007. Founder and Chairman of Fortescue Metals. Currently Non-Exec Chairman of Fortescue and Chairman of the Australian Children's Trust. Former CEO Anaconda Nickel.

David Singleton – MD and CEO

Appointed July 2007. Mechanical Engineer with over 20 years experience in senior executive roles. Former CEO of Clough. Currently Non Exec Director Triton Gold and Quickstep Holdings.

Geoff Brayshaw – Non Exec Director

Appointed Feb 2008. Over 25 years of corporate finance and banking experience. Non Exec Director of Webster Ltd.

Chris Indermaur – Non Exec Director

Appointed April 2009. Mechanical Engineer with over 30 years engineering experience. Ex contracts manager QNI Nickel Refinery Yabulu, former GM Strategy at Alinta.

Richard Monti – Non Exec Director

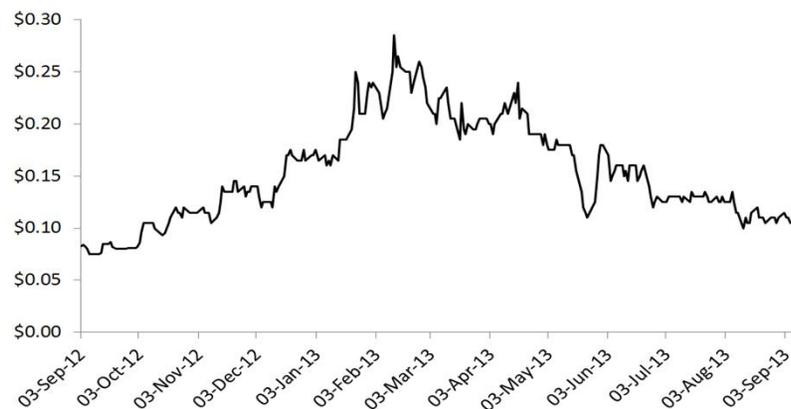
Appointed April 2007. Geologist with over 25 years experience. Former head of Marketing Murrin Murrin Nickel. Non Exec Director of Whinnen Resources and Jaguar Minerals.

Company Data

ASX Code	POS
Market Capitalisation (Sep 2013)	\$45M
Shares on issue	409.6M
Options (ex @ 22c 2016)	7.5M
Conv. Notes (ex @ 40c March 2017)	36.5M
Conv. Notes (ex @ 30c March 2017)	64.9M
Cash (June 2013)	\$4.7M
Debt	\$8.3M

Top Shareholders

Andrew Forrest	31.7%
Board / Management	5.6%
Jefferies	4.9%



Located in a world class mining friendly region

Nickel sulphide

- Low opex and capex cost vs. laterite - few new sulphide projects discovered in recent years

The Project

- Brownfields nickel sulphide development

Comprises:

- “ Mt Windarra underground mine,
- “ Cerberus greenfields mine; and
- “ Gold tailings retreatment facilities

Low risk, fast start up nickel project

Optionality with long life nickel tailings retreatment facility

Low Risk

- Extensive historical data from previous owner Western Mining Corporation

Reduces start up and operational risk substantially

Provides substantial resource extension and conversion confidence

Exploration data base led to discovery of Cerberus ore body in 2008

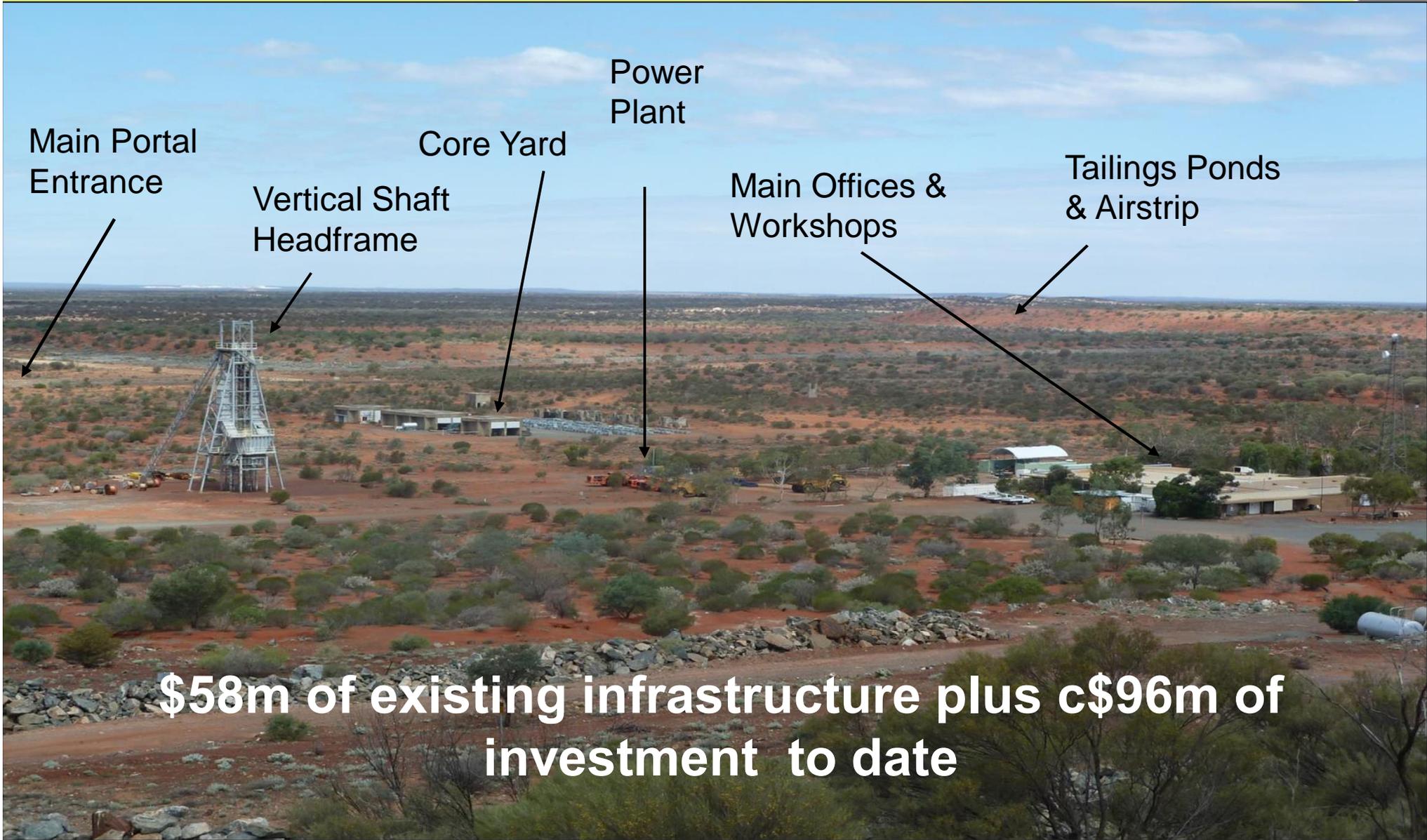
Construction Ready

- A\$52m⁽¹⁾ of infrastructure in place at time of acquisition by Poseidon - a further A\$96m invested

Mt Windarra at construction-ready stage



Significant existing infrastructure



\$58m of existing infrastructure plus c\$96m of investment to date

Base Case Production Plan

Mt Windarra Mine

- Definitive Feasibility Study (DFS+) completed
- Refurbishment of existing nickel sulphide mine
- Restart underpinned by an improved understanding of nickel sulphide formation and geological techniques
- Total capex to production and end of ramp up of US\$188m

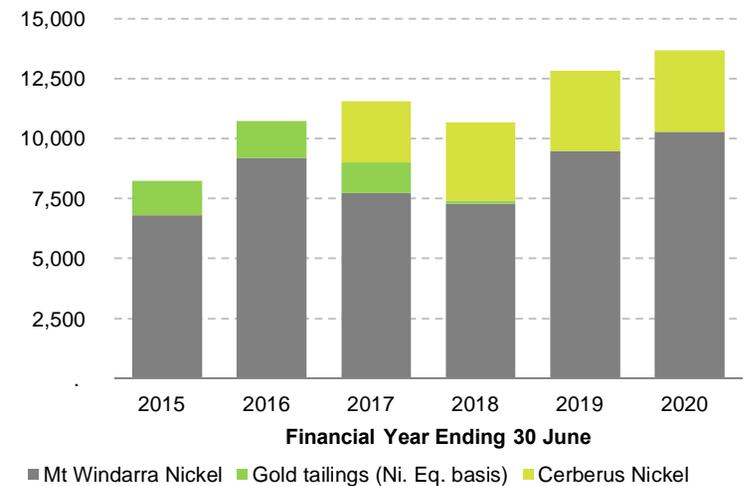
Gold Tailings

- DFS completed
- Retreatment of existing gold tailings planned
- De-risks the ramp up profile with strong early cash flow
- Pre-production capex of US\$10m

Cerberus Mine

- DFS completed
- Planned commencement 2 years after Mt Windarra Mine
- Later stage start up reduces project commissioning risk and initial capital intensity
- Pre-production capex of US\$19m, funded by operational cashflows

CIM Production Profile (Contained tonnes Ni equivalent)



Production Upside

Cerberus Mine Upgrade

- Utilise continuous miner as alternative mining method (used in coal mining)
- Will require DFS update and ITE review
- Improve grade by significantly reducing mining dilution (c.50%)
- Reduces mining cost (c. \$15/t) and improves efficiency

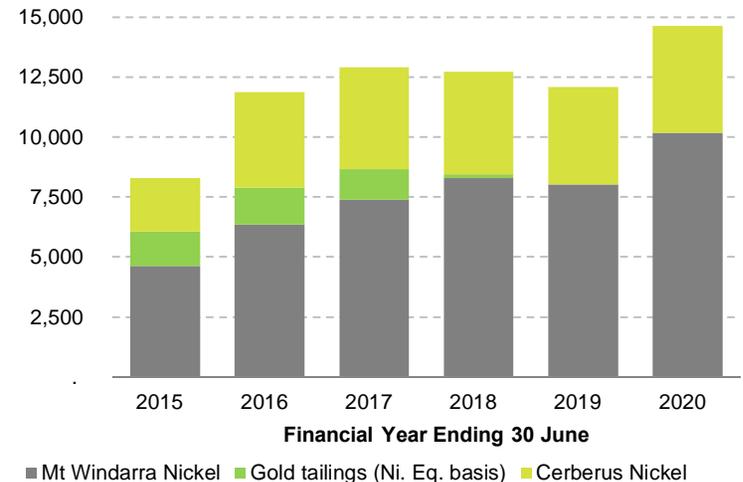
Mt Windarra Resource Extension

- Continue resource and reserve drilling
- High probability of further resource extension given recent success
- Infill deeper resource and build LOM reserves
- Allows continuation of higher mining rate beyond current resource

Nickel Tailings (planned for year 4)

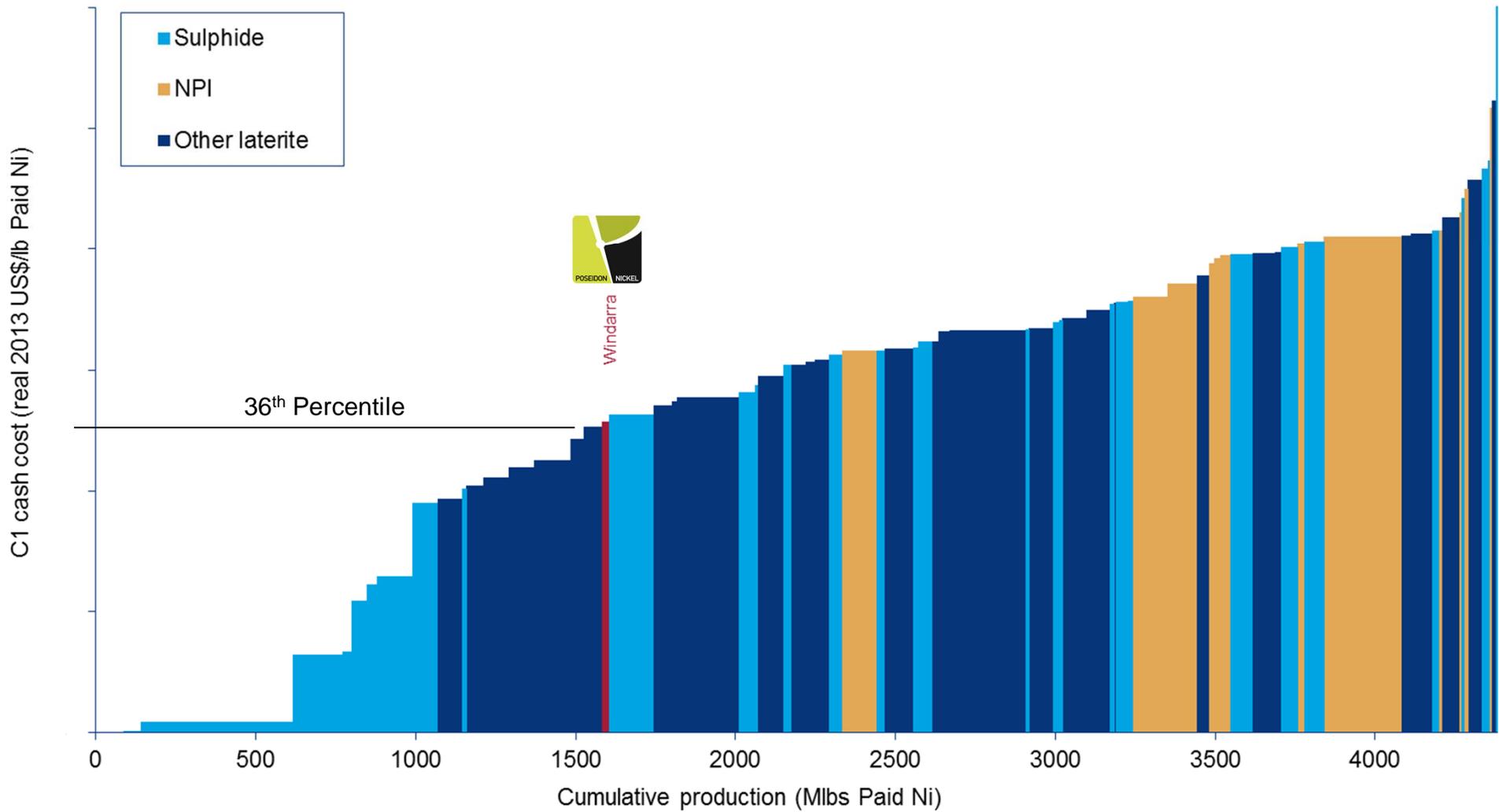
- Retreatment of existing nickel tailings
- Long life production expansion asset with very low resource and mining risk
- Advanced technical studies completed
- DFS expected FY14/15
- Indicative start 2018

Proposed Production Profile (Contained tonnes Ni equivalent.)



Low Cost

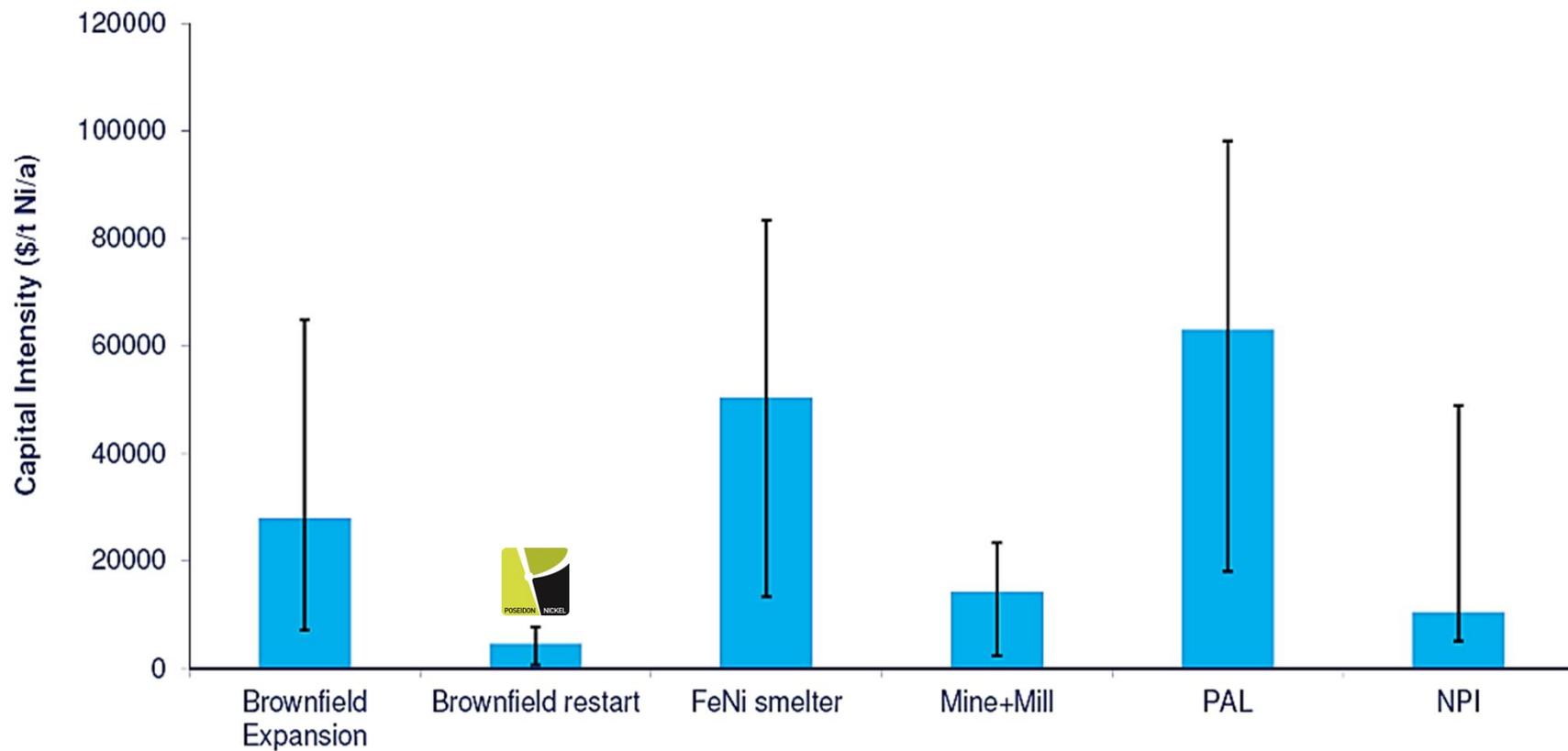
- Low mining cost drives low C1 cash cost of US\$3.35/lb.



Source: Wood Mackenzie May 2013

Low Capital Intensity

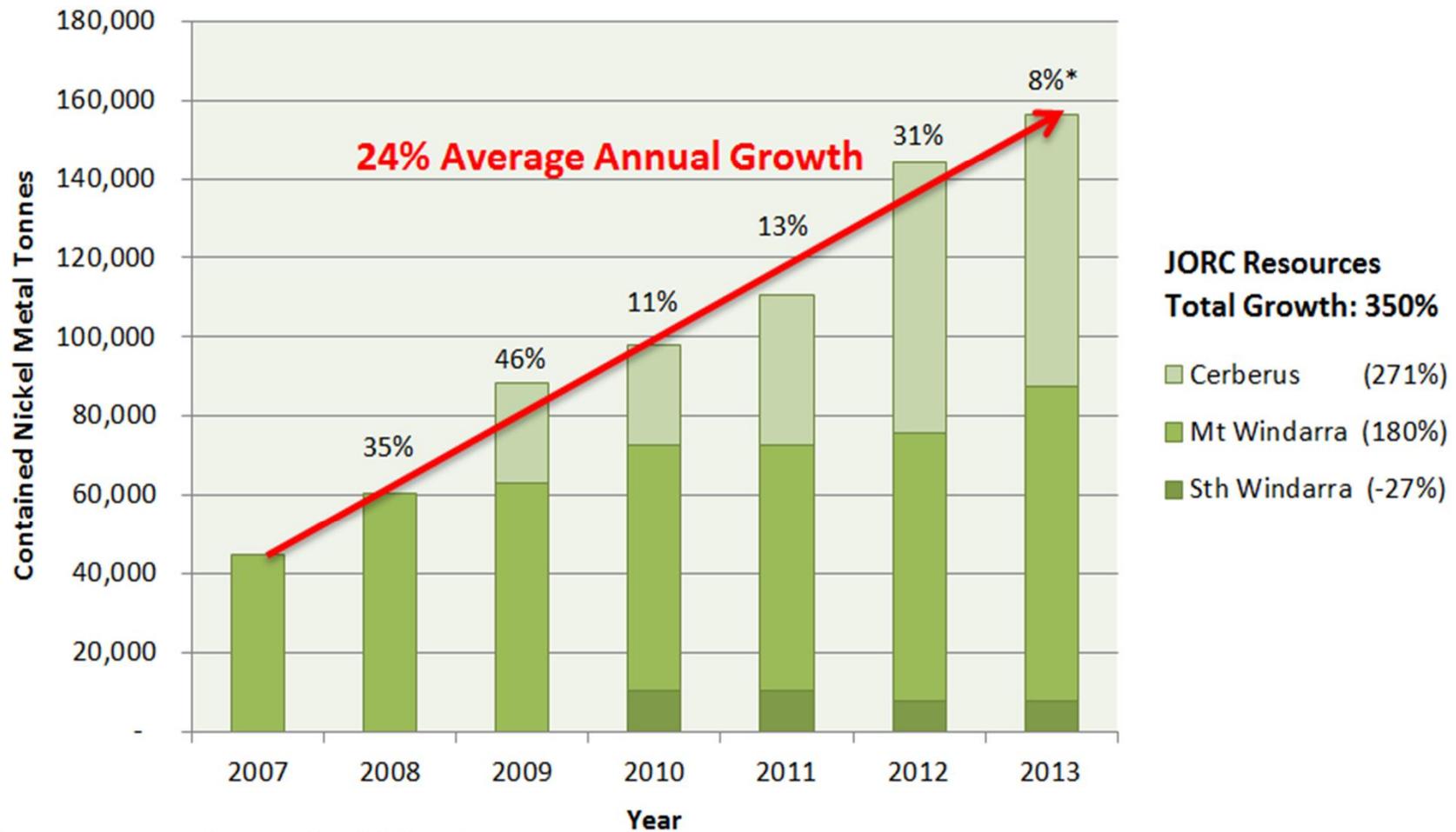
Capital Intensity



Source: Wood Mackenzie

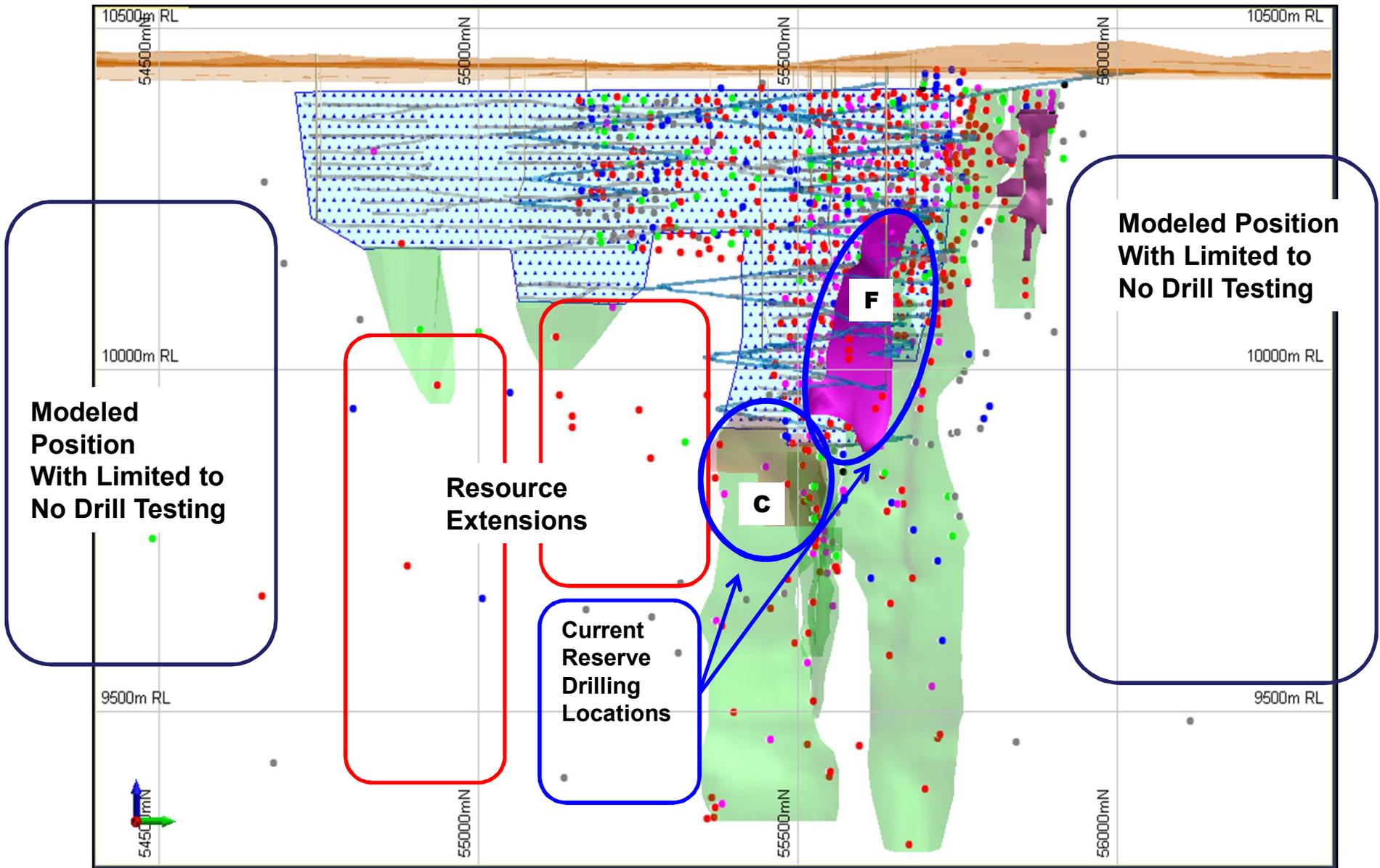
Strong Resource Growth

Windarra Nickel Project Annual Resource Growth History

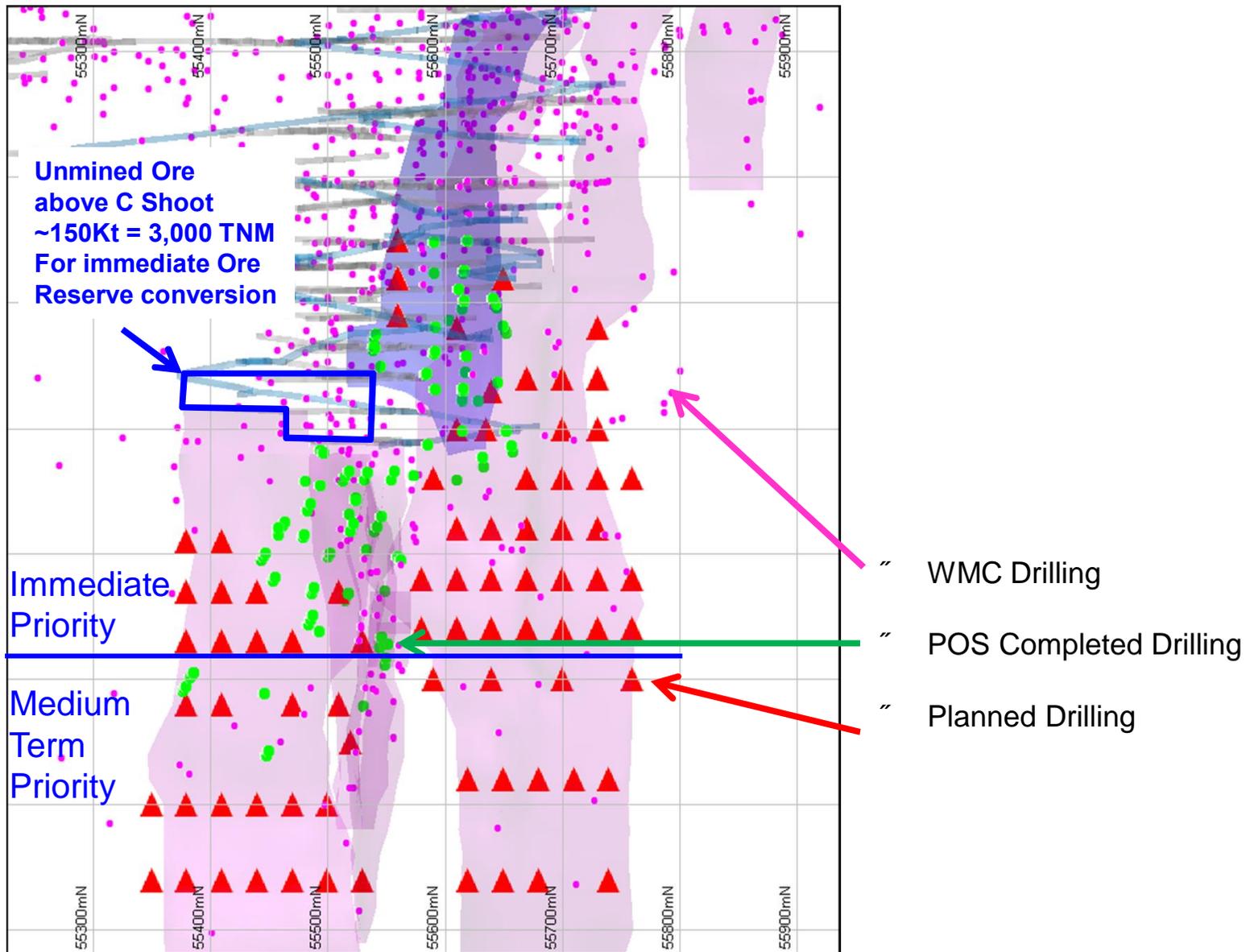


* 2013 contains only 5 months of drilling data

Exploration Upside and Near Mine Targets



Resource / Reserve conversion to continue

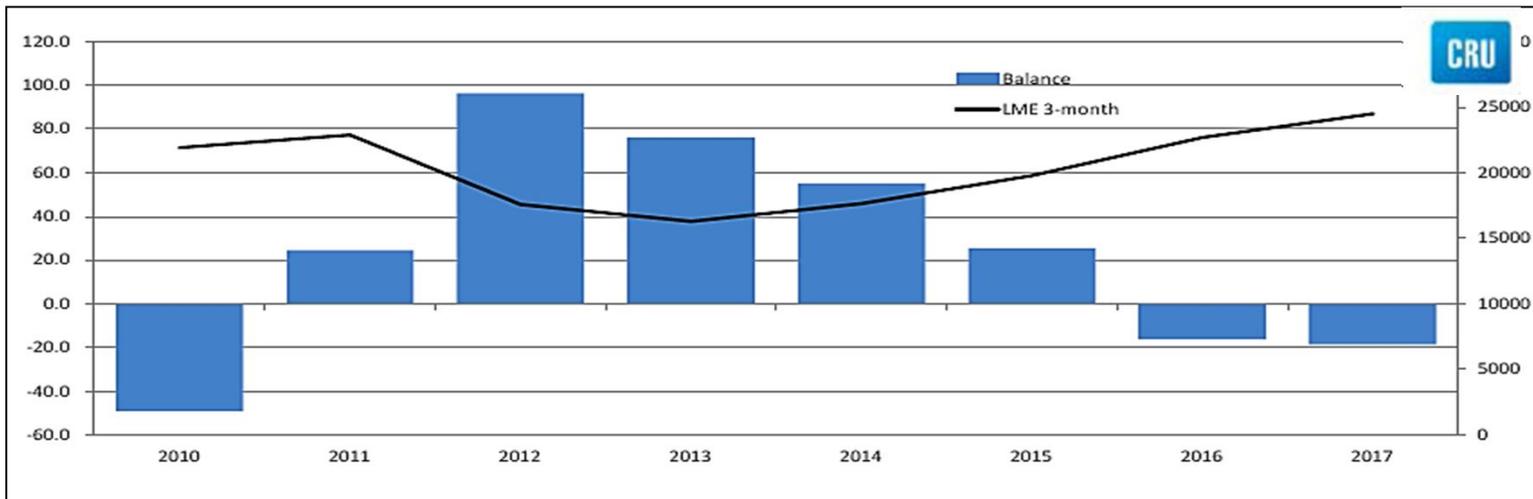


New High Grade Intersections

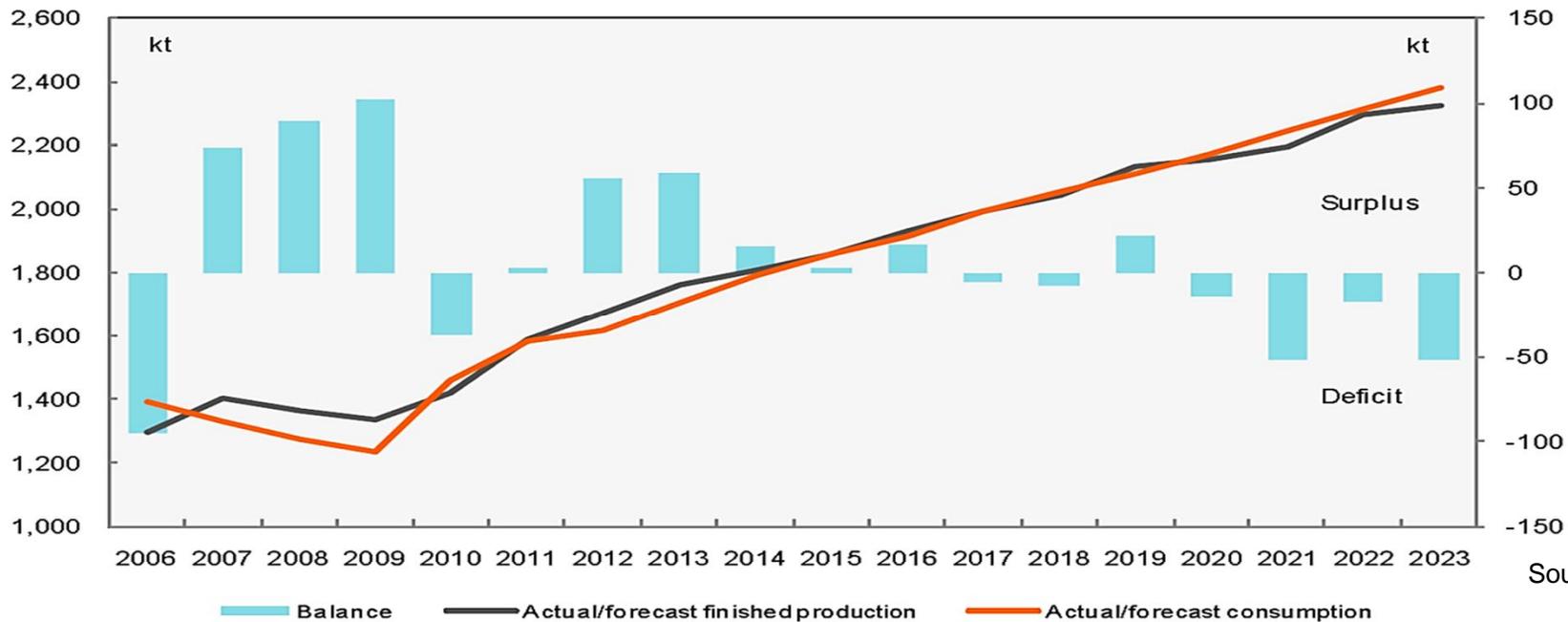
- WUG0037B C Shoot 5.92m @ 2.14%
- WUG0039 D Shoot 2.46m @ 1.26% & 2.44m @ 2.21%
- WUG0040 F Shoot 2.01m @ 2.25%
- WUG0041 F Shoot 3.64m @ 1.16%
- WUG0042 C Shoot 2.25m @ 1.11%
- WUG0043 C Shoot 5.04m @ 1.59%
- WUG0044 C Shoot 6.34m @ 1.57%
- WUG0045 C Shoot 12.5m @ 2.36%
- **WUG0046** F Shoot **6.14m @ 2.77%**
 D Shoot **28.5m @ 3.52%**
Includes **7.94m @ 2.91%**
And **17.0m @ 4.36%**
Which Includes **8.28m @ 7.10%**
 C Shoot **1.90m @ 5.54%**



Forecast long term nickel supply shortages



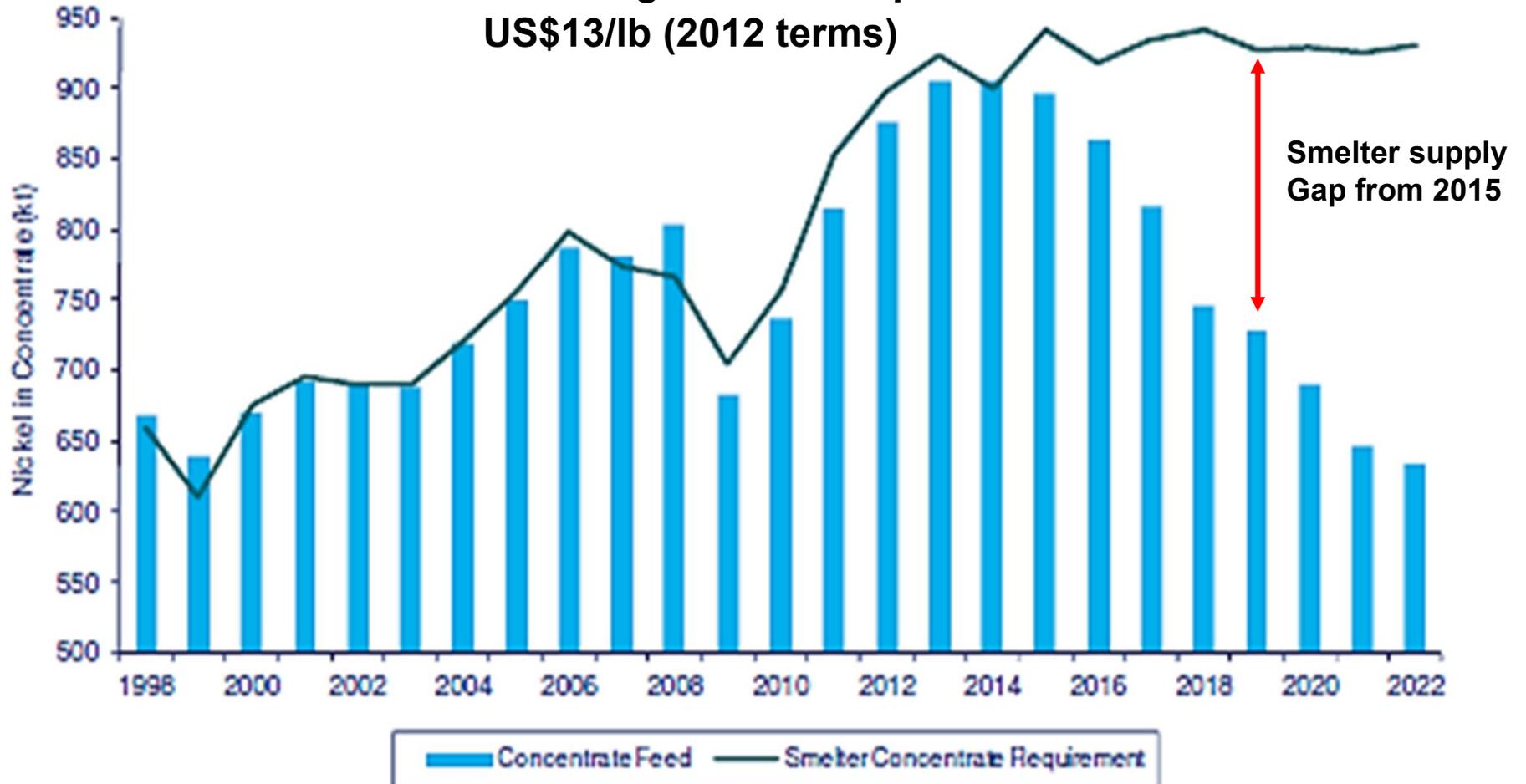
Source: CRU May 2013



Source: AME Q4 2012

Looming shortage of concentrate from 2015

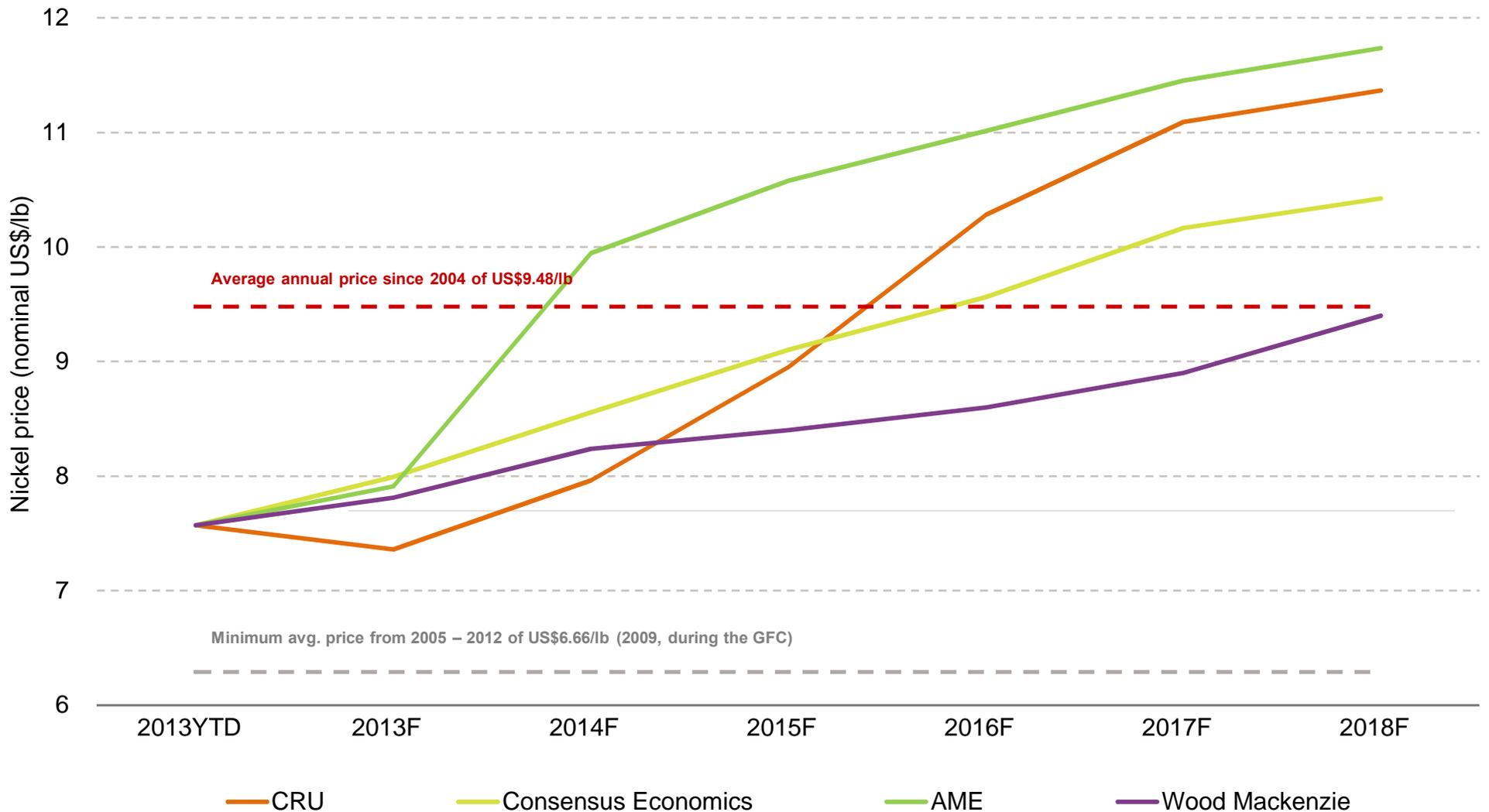
Brook Hunt long term nickel price at US\$13/lb (2012 terms)



Source: Brook Hunt - A Wood Mackenzie Company

Higher nickel prices forecast

■ Current nickel spot price of \$6.25/lb is below the decade annual average low of US\$6.66/lb



Mineral Resources and Ore Reserves

Nickel Sulphide Ore

- The current JORC nickel sulphide resource for Mt Windarra and Cerberus is as follows:

Nickel Sulphide – JORC Indicated and Inferred Resources

	Ore (kt)	Grade (%)	Ni (kt)
Mt Windarra	4,770	1.68	80.2
Cerberus	4,551	1.51	68.6
South Windarra	0.772	0.98	7.5
Total Resources	10,093	1.55	156.3

▪ **Previously 9,274 1.56 144.4**

- A JORC probable reserve has also been defined for Cerberus & Mt Windarra:

Nickel Sulphide – JORC Probable Reserve

	Ore (kt)	Grade (g/t)	Ni (kt)
Cerberus	1,221	1.3	15.9
Mt Windarra	498	1.78	8.8
Total Reserves	1,719	1.44	24.7

▪ **Previously 1,574 1.29 19.9**

Gold Tailings

- JORC gold resources and reserves estimates for North Dam, Central Dam and South Dam are as follows:

Gold Tailings – JORC Resources and Reserves

	Ore (kt)	Grade (g/t)	Au (koz)
Probable reserves	10,430	0.52	173.1
Indicated resources	10,990	0.52	182.5

Nickel Tailings and Oxide Stockpiles

- The following JORC resource has been estimated for the Windarra nickel tailings, the South Windarra oxide dumps and Woodline Well oxide deposit resource.
- Probable Reserves have been estimated for Central Dam & Sth Windarra

Nickel Tailings and Oxide – JORC Indicated and Inferred Resources

	Ore (kt)	Grade (%)	Ni (kt)
Central Dam Tailings	9,600	0.34	32.6
South Windarra Dumps	2,976	0.41	12.2
Woodline Well	344	1.25	4.3
Total Resources	12,920	0.38	49.1
Probable Reserves	12,310	0.34	42.2

Note: The information in this report relates to Exploration Results and Mineral Resources based on information compiled by Mr N Hutchison, General Manager of Geology at Poseidon Nickel, who is a Member of The Australian Institute of Geoscientists and Mr I Glacken who is a Fellow of the Australasian Institute of Mining and Metallurgy as well as a full time employee of Optiro Pty Ltd. Mr Hutchison and Mr Glacken both 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Hutchison and Mr Glacken 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 Poseidon Nickel Team - highly credentialed

Management team and board has strong nickel project delivery and operation experience

The Management Team



David Singleton
Chief Executive Officer

- Former Chief Executive Officer of Clough Engineering (2003 – 2007), a \$1.0bn turnover Western Australian construction company in the resources industry
- Former Chief Executive Officer of Alenia Marconi Systems, an A\$1.3bn European defence electronics company
- Former Global Head of Strategy & M&A for BAE Systems a \$21bn market capitalisation US & UK based defence company



Rob Dennis
Chief Operating Officer

- Underground Manager of Mt Windarra Mine from 1983 – 1986
- Mining engineer with over 35 years experience in nickel, copper, gold and alumina industries
- Formerly Chief Operating Officer of Australian copper producer Aditya Birla Minerals and installed a 2.5Mtpa copper sulphide concentrator



Michael Rodriguez
Group Technology Manager

- One of Australia's leading nickel processing experts
- Metallurgical Engineer with over 30 years experience in mining and minerals processing
- Direct responsibility for commissioning of Murrin Murrin HPAL nickel autotave plant (2.5mtpa) and operating of Olympic Dam (1.5mtpa) and gold processing/refining facilities at Goldcorp



Gareth Jones
Financial Controller

- Deep technical expertise developed through 6 years at Poseidon Nickel
- Over 25 years experience in accounting and commercial roles
- Previously Head of Commercial British Gas Business in the UK and Commercial Manager at Vodafone UK



Neil Hutchinson
General Manager – Geology

- Formerly the Exploration Superintendent at the Cosmos Nickel Project with Jubilee Mines during major discovery period (taken over by Xstrata for \$3.1bn)
- Leading Australian geologist with 18 years experience in the nickel (sulphides and laterites), gold and uranium sectors

Investment Case and Highlights

■ Restart of the existing Windarra Nickel Project

Proven, tried and tested nickel project

Low risk construction and ramp up with conventional mining and processing methods

Low cost and low capital intensity

\$146m invested to date on resource expansion, mine refurbishment and included infrastructure⁽¹⁾

Well understood geology enabling resource extension confidence

■ Experienced management team with strong board support

Management team has extensive project delivery and operational experience

Rob Dennis (Chief Operating Officer) is a former underground mine manager at Mt Windarra

■ Robust credit profile

Australia is a leading mining investment location⁽²⁾

Nickel price expected to substantially outperform most commodities over the next few years due to supply constraints⁽³⁾

Access to brownfields history provides 16 years of mining, processing and marketing knowledge

Operational strategy implements low cost, flexible expansion options as the nickel market improves

Disclaimer

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Additional Slides - Proximity to infrastructure

Leading mining investment region

- Australia - rated as a leading mining investment region in the world, ahead of Canada, Chile, Brazil and Mexico⁽¹⁾
 - Project located within well-established nickel province in Western Australia
- Australia hosts amongst the world's largest nickel resources
- Long term history of mining operations in what is largely only a mining area

Well connected to infrastructure

- Centrally located with existing mining, road, rail and port infrastructure
- Site accessed by a sealed road from the Laverton-Leonora highway
- Available capacity on existing rail and port infrastructure
- Local workforce is predominantly mining related
 - Kalgoorlie is the main mining service town in the region with access to high quality mining expertise
 - Perth is a world leading centre of professional mining expertise and location of much of the fly in, fly out workforce with direct access to the mine site airstrip



Project Strengths

Low Risk Implementation

- 12 months construction time for base case nickel / gold tailings development
 - Low technical complexity, modest scale
 - Substantial existing onsite infrastructure from previous operators
 - Extensive existing local/regional infrastructure
- Short commissioning and ramp up periods
 - Known mining characteristics
 - Well understood, low complexity metallurgical processes with processing history
- Early cash flows from retreatment of gold tailings
- Staged development of Cerberus and Nickel tailings . dependent on nickel price and likely to be funded via internal cash flow

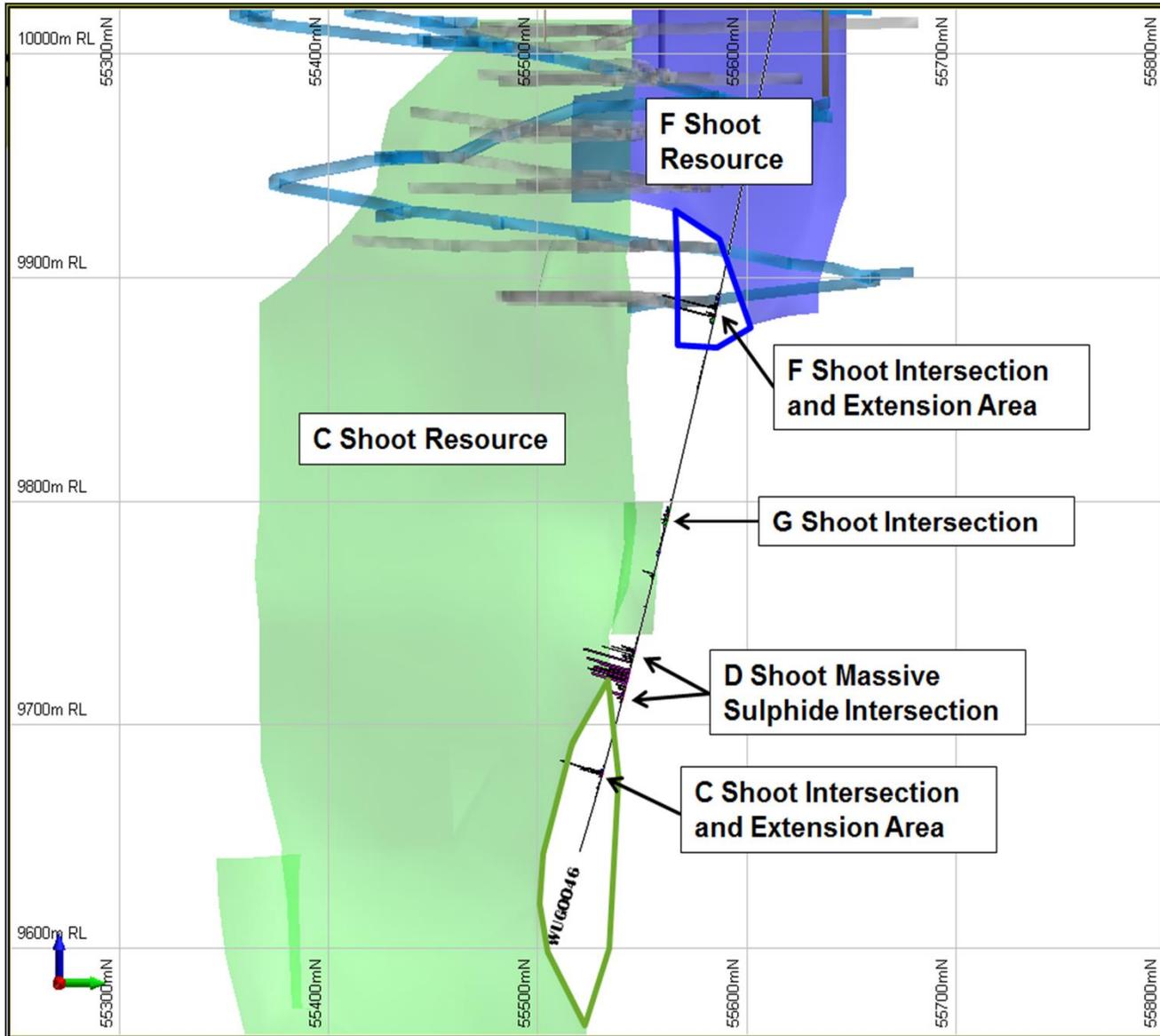
High Operational Flexibility

- Excess mining and processing capacity allows Poseidon to:
 - Source additional source of mill feed from Cerberus . 0.3Mtpa over 10 years
 - Potentially develop nickel tailings as a potential fourth revenue stream with an extensive life currently circa 13 years

Strong Market Position

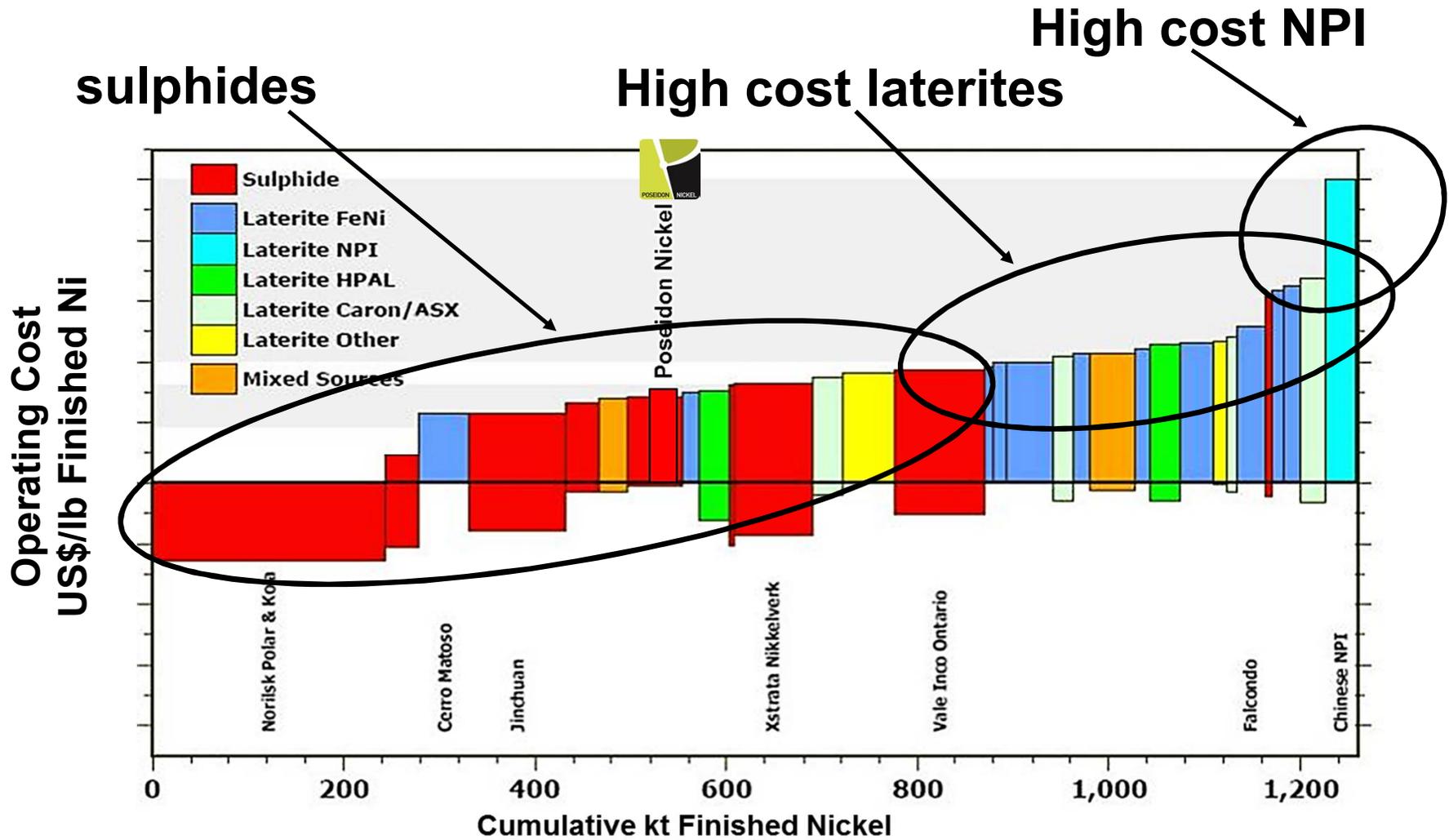
- Capital intensity of under US\$10/lb, c.f global numbers of up to US\$50/lb for HPAL laterite projects⁽¹⁾
 - Existing onsite, local and regional infrastructure
- Poseidon a low second quartile producer (36th percentile)⁽²⁾
- Produces a high quality, low impurity concentrate that has a long history (16 years) in the market and is in demand from traders and end users

Thick, high grade intercept - 28.5m @ 3.52% Ni (WUG0046)



- Potential resource increase of 35Kt for 1,500 TNM at C & F Shoots
- D Shoot not remodeled yet
- D & G Shoot Drilling to commence next

Nickel sulphides capital intensity is <50% vs. laterites





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