

28 July 2010

Company Announcements Officer  
ASX Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

**Re: INVESTOR PRESENTATION**

Please find attached copy of the latest company presentation.

Yours faithfully



**David P.A. Singleton**  
MANAGING DIRECTOR &  
CHIEF EXECUTIVE OFFICER

Enc

#### **CORPORATE DIRECTORY**

##### **Director / Senior Management**

David Singleton	Managing Director & Chief Executive Officer
Andrew Forrest	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Richard Monti	Non-Executive Director
Chris Indermaur	Non-Executive Director
Ross Kestel	Company Secretary

##### **Corporate Enquiries**

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E: [admin@poseidon-nickel.com.au](mailto:admin@poseidon-nickel.com.au)

##### **Shareholder Enquiries**

Enquiries concerning shareholdings should be addressed to:

Computershare Investor Securities  
GPO Box D182, Perth WA 6840  
P: 61 8 9323 2000

##### **Principal Office**

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##### **Registered Office**

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##### **Media Enquiries**

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FD Third Person  
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E: [paul.downie@fdthirdperson.com.au](mailto:paul.downie@fdthirdperson.com.au)

##### **Home Exchange**

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



# Poseidon Rising

Investor Presentation – Sydney  
July 2010

David Singleton  
Managing Director & CEO

Private & Confidential

**POSEIDONNICKEL**

# Disclaimer

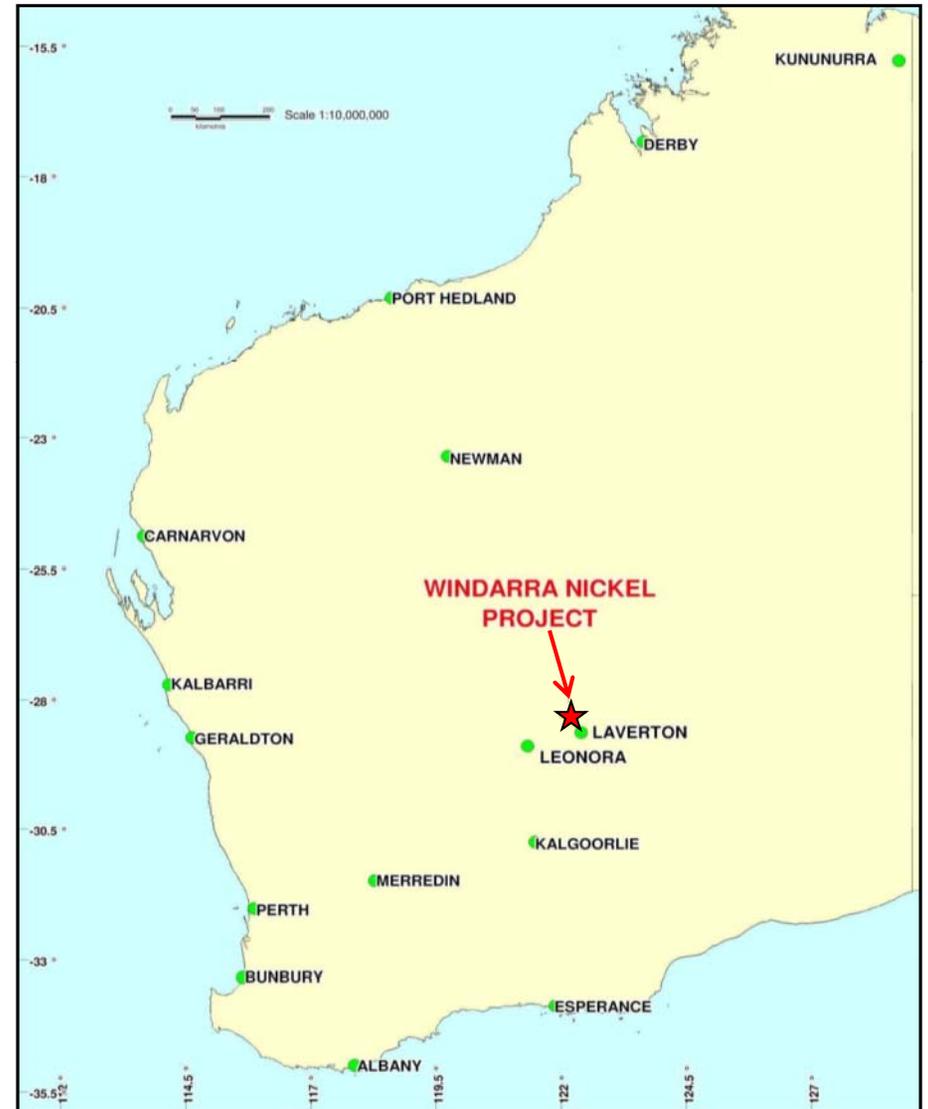
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# Poseidon Rising

- **Strategy to re-commission Windarra and expand resource base and mine life**
- **Find new deposits at Windarra**



# Poseidon Rising

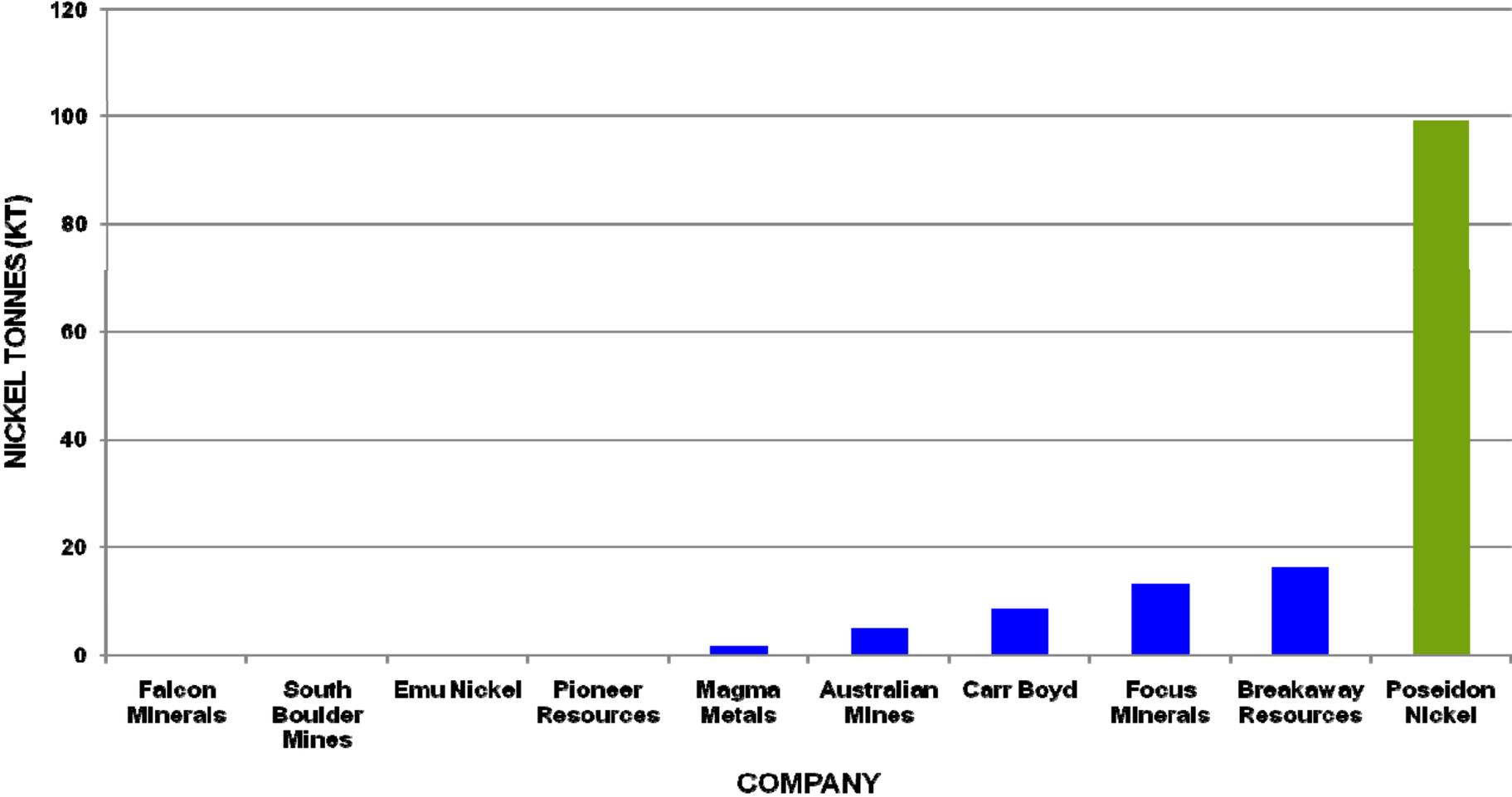
- Key features
  - Low execution risk: Experienced management team
  - Low market risk: Strong demand and price outlook
  - Low resource risk: JORC resource and significant scope to expand
  - Low development risk: Existing proven mines with existing infrastructure
  - Low opex risk: Known operating environment and cost
  - Significant resource upside



# Windarra Rises

- Significant JORC resource base
  - Main mine expansion: 3.8mt @ 1.64% nickel
  - Discovery on the tenements: 1.0mt @ 2.45% nickel (expand at Cerberus)

# Largest Undeveloped Nickel Sulphide Resource in Australia



*\*includes only listed companies classed as nickel developers or explorers with average grades over 0.5% Ni sulphide. Producers excluded. List maybe incomplete.*

# Windarra Rises

- Significant JORC resource base
  - Main mine expansion: 3.8mt @ 1.64% nickel
  - Discovery on the tenements: 1.0mt @ 2.45% nickel (expand at Cerberus)
  - 7 additional and similar discovery zones have been identified
  - 6-7 year mine life initially and scope for considerable extension
- 10,000 nickel tonne p.a. Target
- Low initial capex of \$55m through existing infrastructure and low cost concentrator facility

# Experienced Board and Management

POSEIDON NICKEL

- Board

- Chairman: Andrew Forrest CEO, Fortescue Metals
- MD & CEO: David Singleton ex CEO Clough, CEO Alenia Marconi Systems, Director Strategy & M.A. for BAE Systems
- Director: Richard Monti ex Anaconda, RZ, North, Normandy & Ashton Gold
- Director: Geoff Brayshaw Director Fortescue Metals and Fortron Insurance, ex audit partner BDO Kendalls
- Director: Chris Indermaur ex QNI, QAL and Alinta



# Experienced Board and Management

POSEIDON NICKEL

- Senior management

- COO: Rob Dennis ex COO Aditya Birla, WMC & Windarra
- GM Tech: Michael Rodriguez ex Murrin Murrin nickel operations
- GM Geology: Neil Hutchison ex Jubilee Nickel Mines
- CFO: Gareth Jones ex British Gas



# Capital Structure

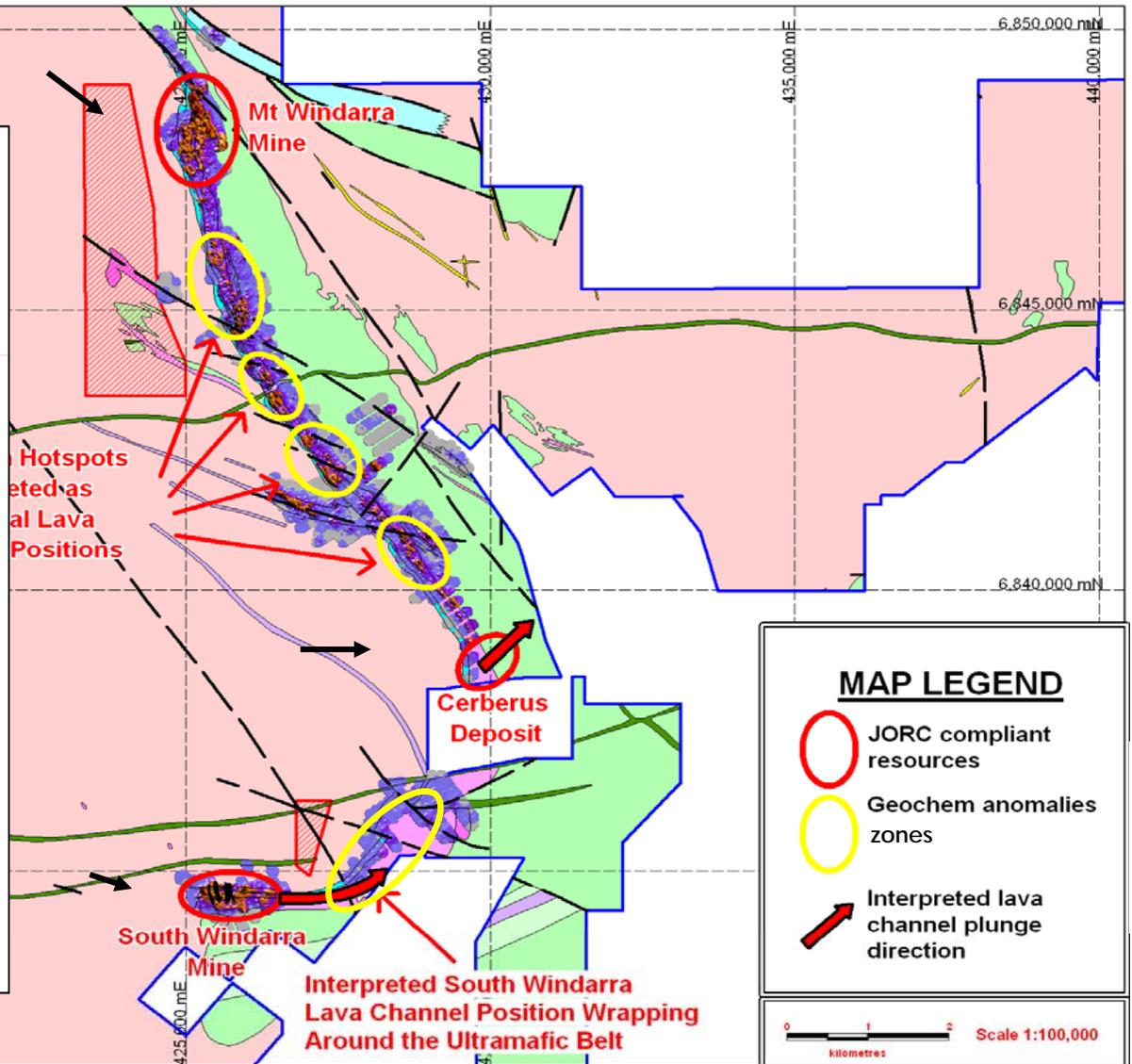


\*Post July Capital Raising (Tranche 1)

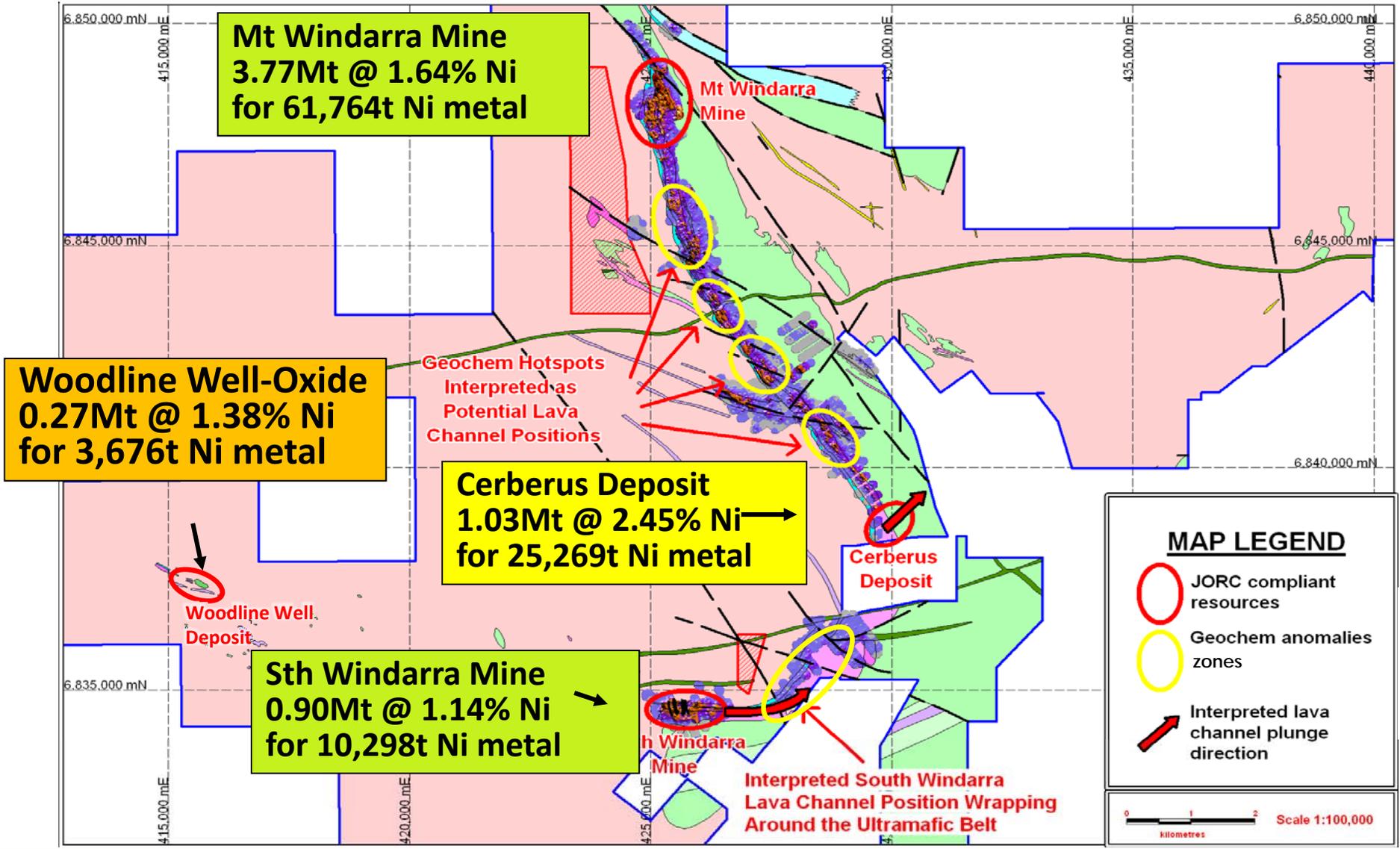
\*June 2010 data

# Low Resource Risk

- 24km strike length
- 2 long life mines at northern & southern ends
- 100,00 tonne Nickel Resource
- New high grade discovery at Cerberus
- 7 anomalous lava channels recently discovered



# Low Resource Risk



# Significant JORC Resource Now

## WINDARRA NICKEL PROJECT: SULPHIDE RESOURCE STATEMENT

	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
<b>Mt Windarra</b>	0.75%	1,017,429	1.24	12,578	2,751,087	1.79	49,185	3,768,516	1.64	61,764
<b>Sth Windarra</b>	0.90%	820,326	1.15	9,434	82,404	1.05	864	902,730	1.14	10,298
<b>Cerberus</b>	1.50%				1,033,328	2.45	25,269	1,033,328	2.45	25,269
<b>Total</b>		<b>1,837,755</b>	<b>1.20</b>	<b>22,012</b>	<b>3,866,819</b>	<b>1.95</b>	<b>75,318</b>	<b>5,704,574</b>	<b>1.71</b>	<b>97,331</b>

**In addition 577,694 tonnes @ 1.06%Ni for 6,115 tonnes nickel metal in oxide**

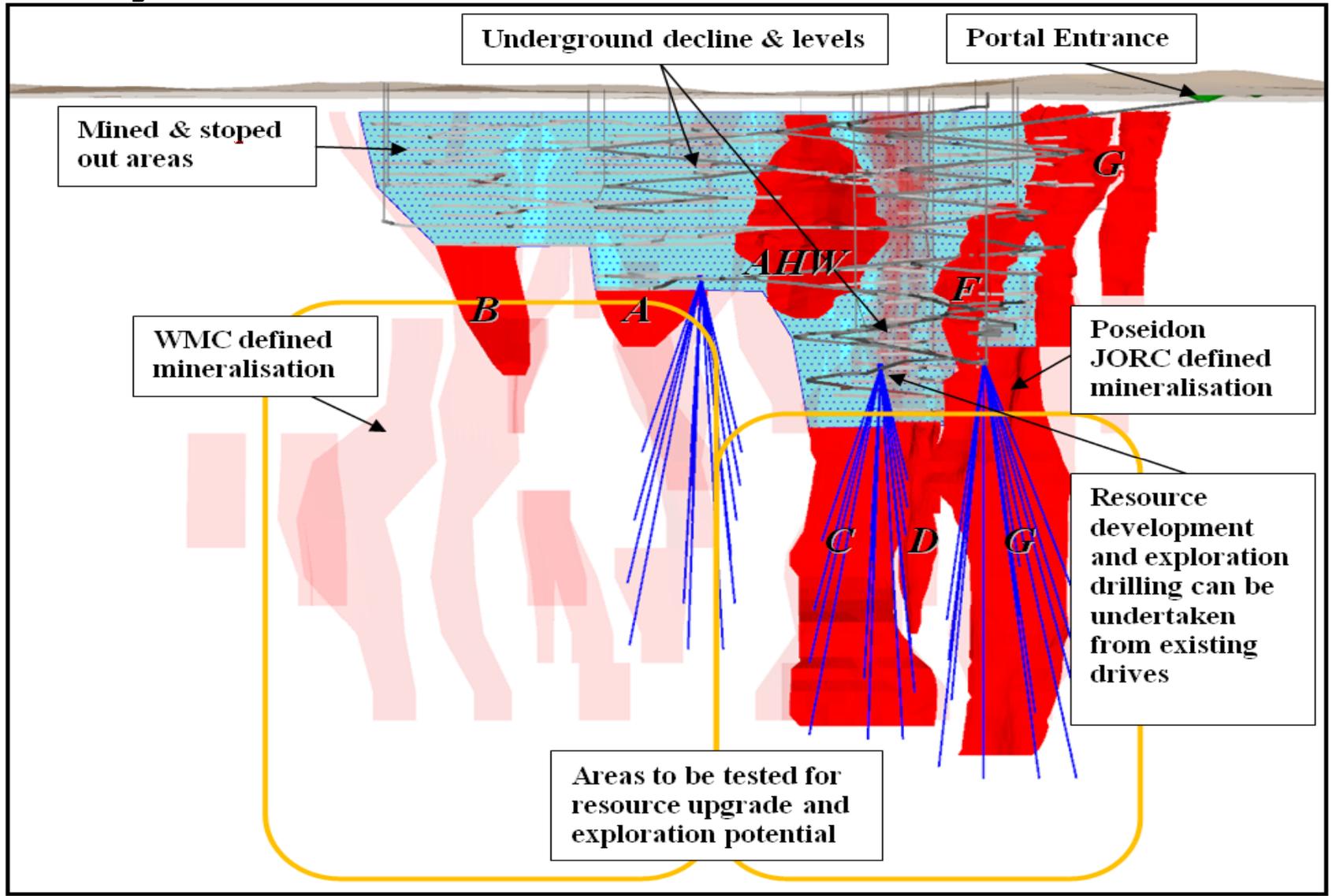
*Note: The information in this Presentation relates to Exploration Results and Mineral Resources based on information compiled by Mr N Hutchison who is a Member of The Australian Institute of Geoscientists. Mr Hutchison has sufficient experience which is relevant to the style of mineralisation and type 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

- On care & maintenance
- Infrastructure in place
- All licences and approvals in place
- Decline and vertical shaft ore lift gear partially refurbished
- Mining equipment on site to complete refurbishment and commence operations
- Refurbishment will take 9-12 months to complete prior to restarting mining

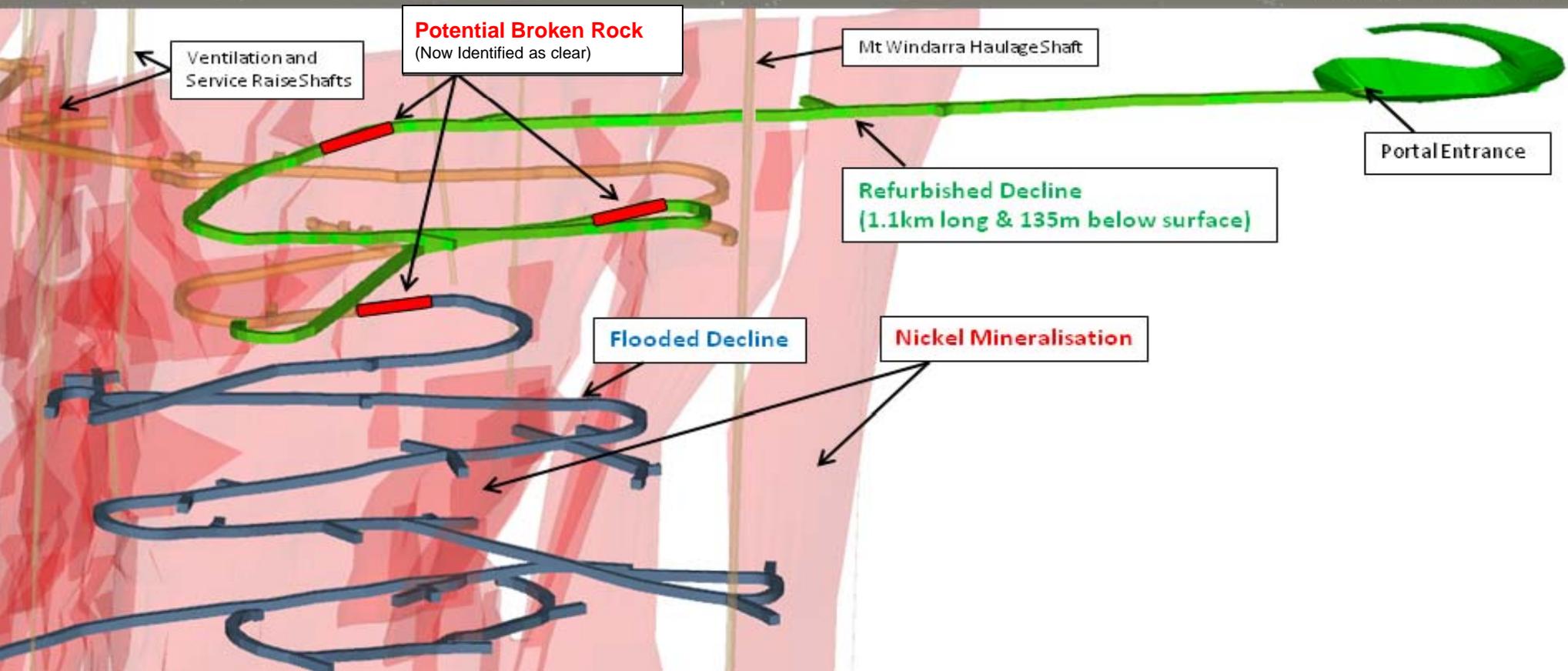


# Mt Windarra mined to 550m with ore body continuity to at least 900m

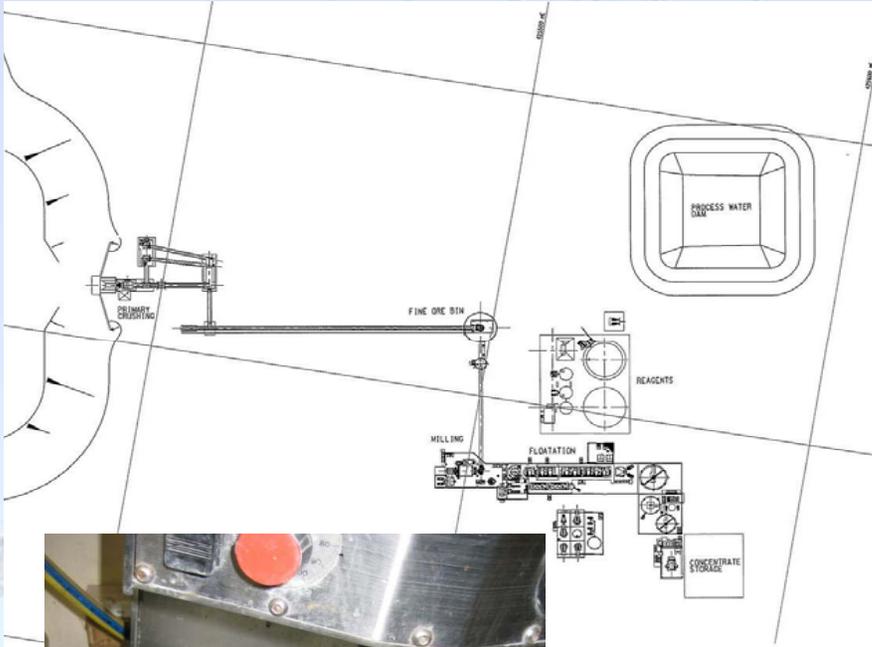


# Refurbishment to Date Shows Viability

Approximate Surface Position



# New Build Concentrator



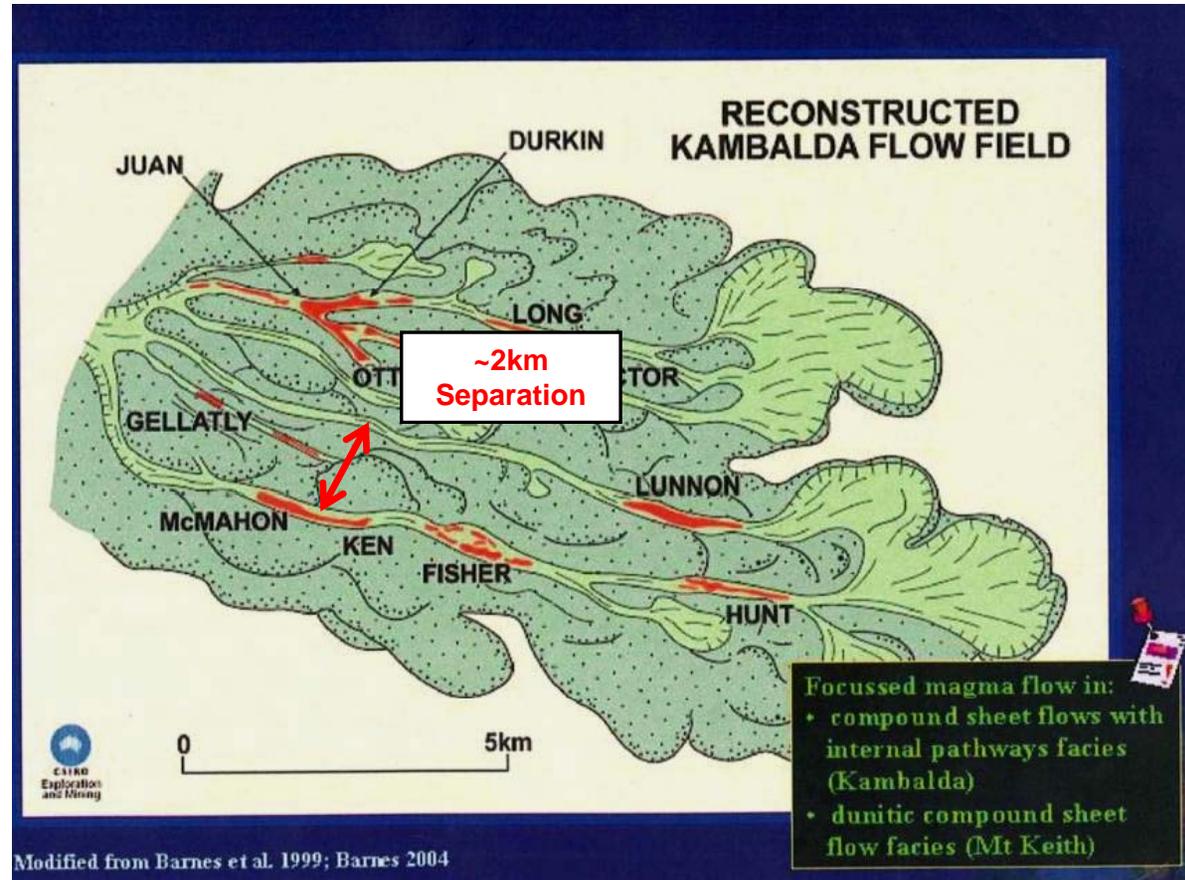
- Initial stage 350,000 tonne p.a. concentrator
  - US\$30m
- Potential capacity expansion to 700,000 tonne
- Plant low risk & well understood

# “Cabbage Leaf Model”

WNP Tenements have Significant Exploration Potential

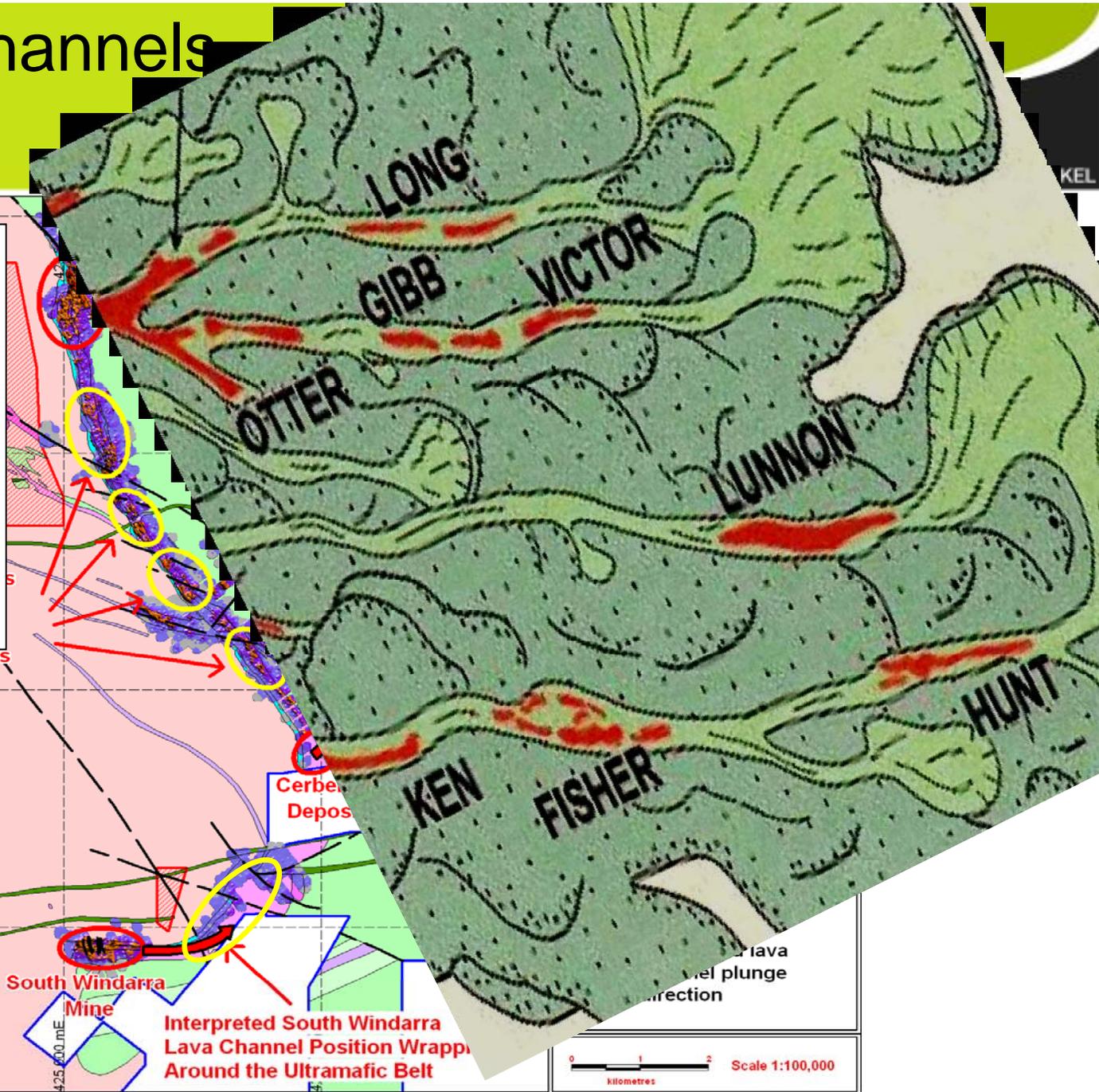
POSEIDON NICKEL

- Recognition of Lava Channels is the key to success
- Of 2 anomalous zones drilled both have intersected high grade nickel. 1 is likely to be economic (Cerberus)
- Poseidon are confident that more blind deposits are yet to be discovered



# Five New Lava Channels Identified

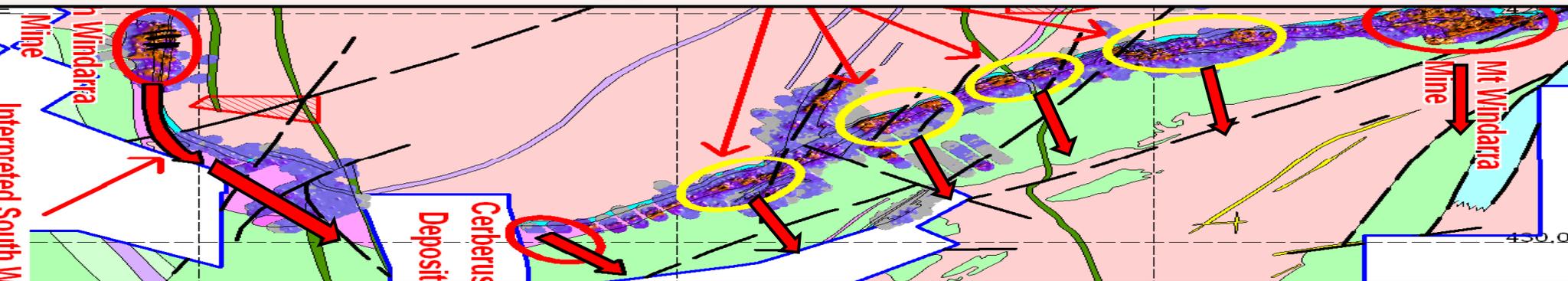
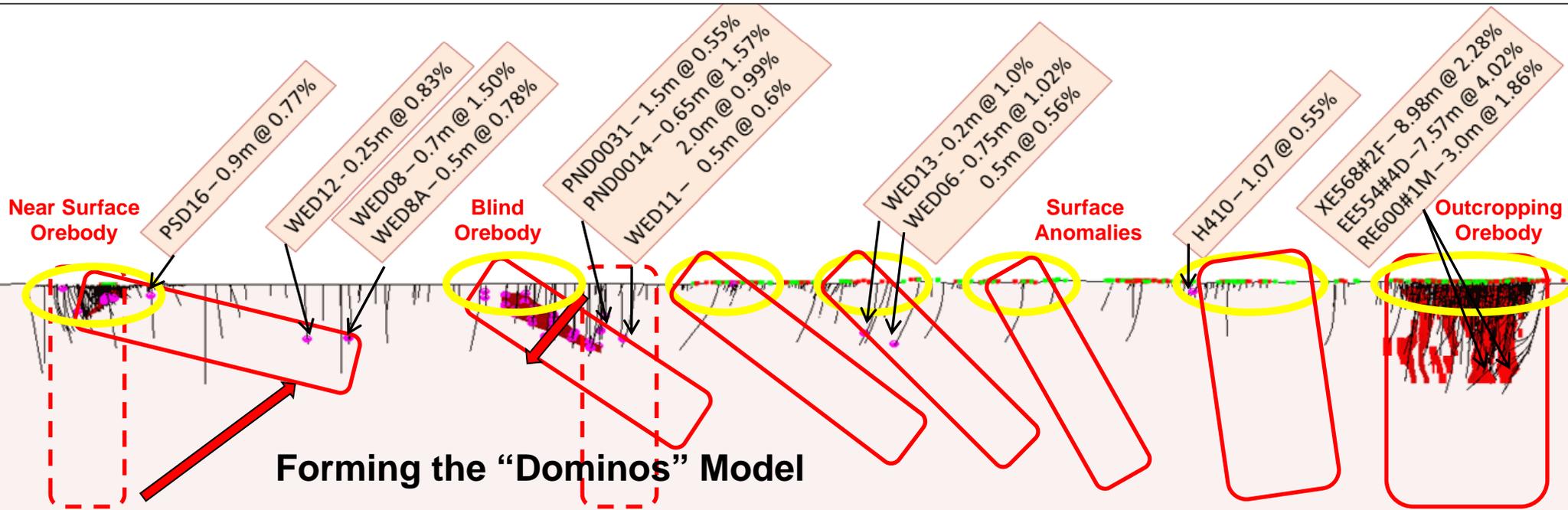
- The Geological model has a strong correlation with the Geochemical drilling evidence on the ground
- Supporting the belief that there are more new discoveries to be found



# Interpreted Lava Channel Positions

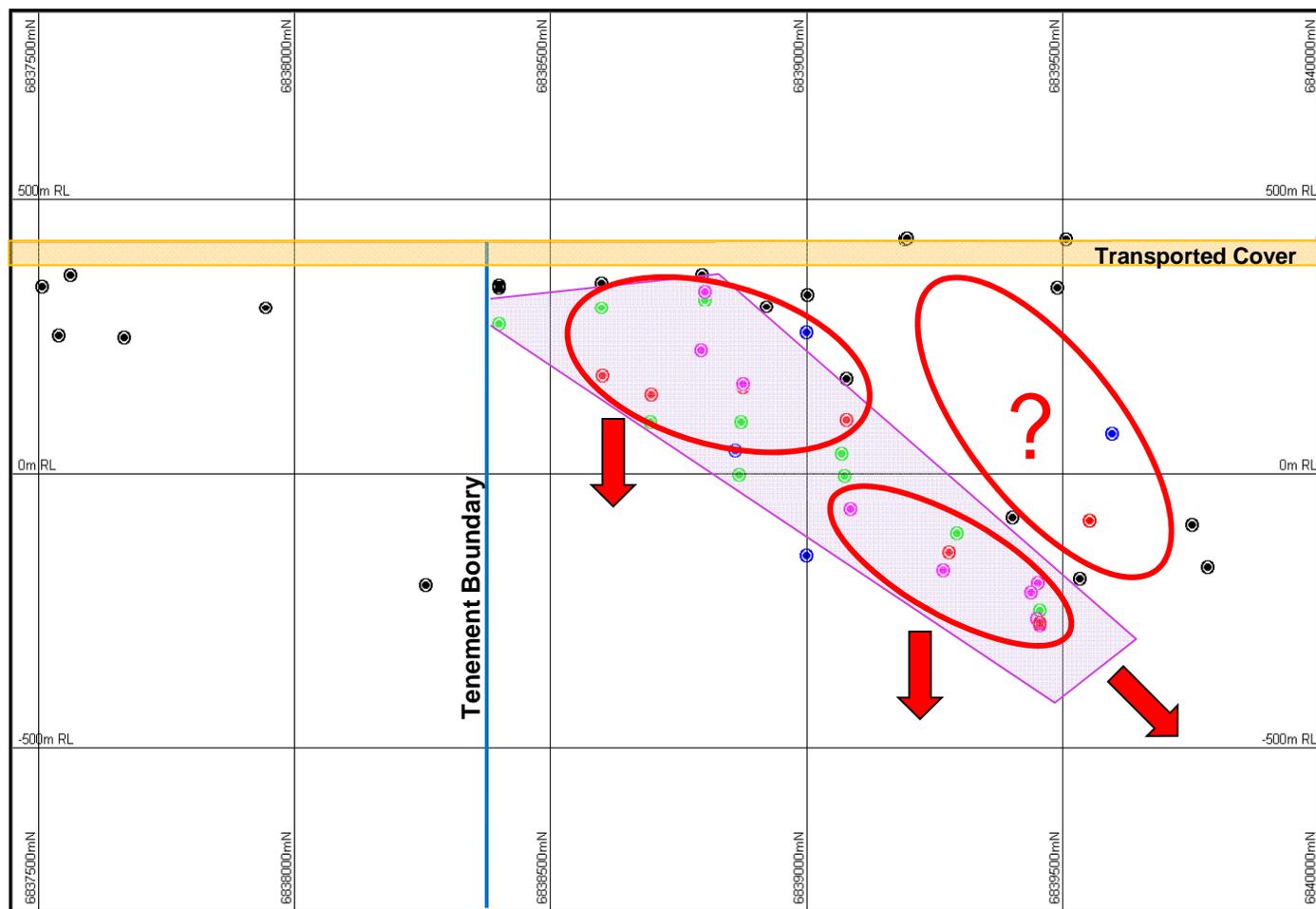
## Windarra Flow Field : "Dominos Model"

Long-section through the Windarra Ultramafic Belt showing the anomalous surface geochemistry (red dots) and drill intersections (pink dots) within the interpreted lava channel positions. The lava channels rotate from almost flat lying in the south to sub-vertical in the north due to the deformation of the belt caused by the intrusion of the granite dome to the west, forming the Mt Margaret Anticline.



# Potential exists to increase resource size & quality

- Open in 3 directions
- 2 higher grade “puddles” exist
- Grade increases with depth
- Requires infilling drilling to 80 x 80m then staggered infill to 50m
- Potential exists to increase resource size & quality



# Next Steps - Exploration

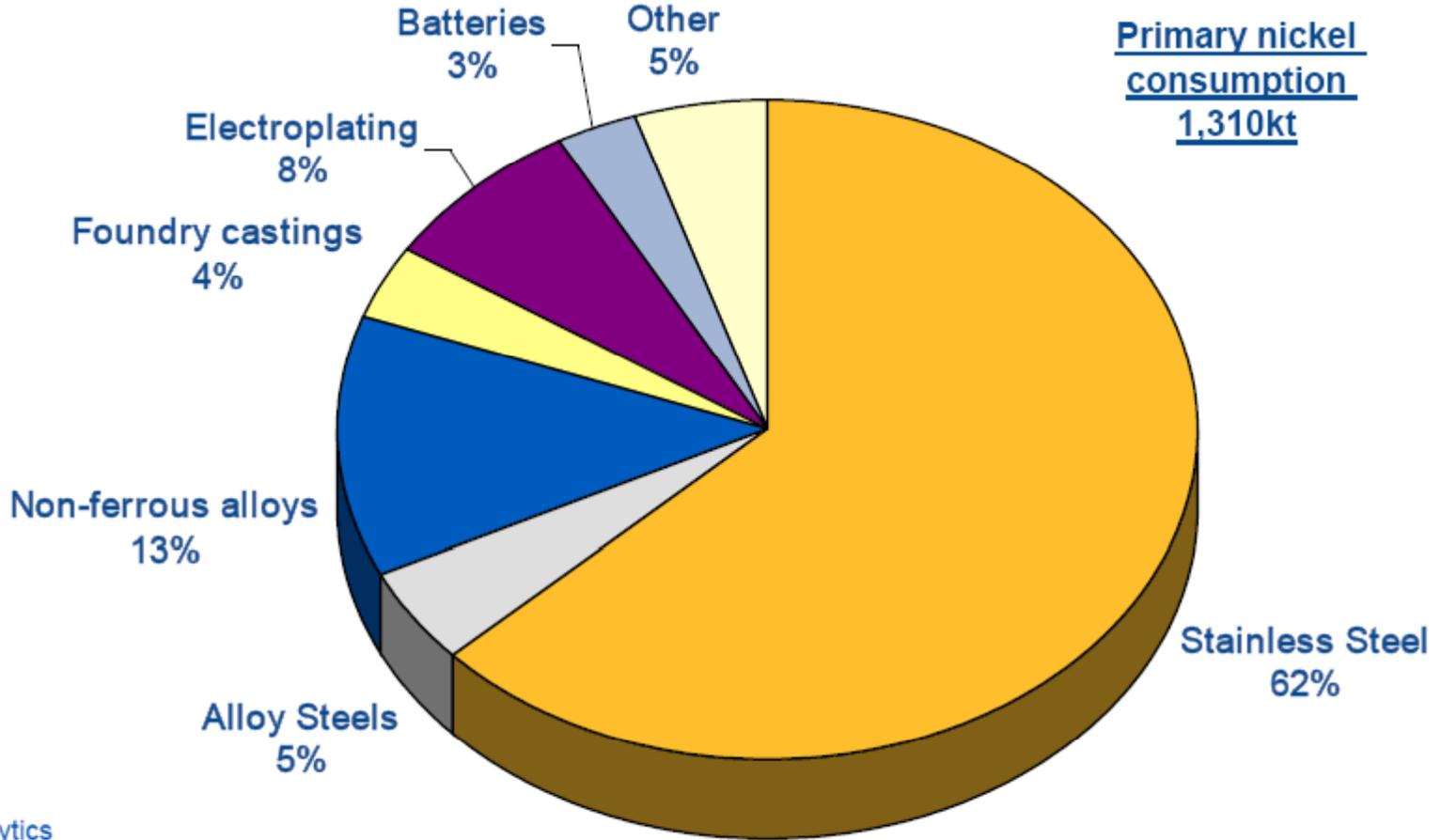
- Surface squid electromagnetics **underway** to further refine target selection
- Results being received now
- Diamond and RC drilling commences early August
- Initial budget 4,000m drilling potential to extend
- Results in approximately 10 weeks

# Summary

- 100,000 tonne Nickel Resource
- Refurbishment of Mount Windarra mine underway
- Cerberus discovered in 2008 using new technology and techniques
- 7 Additional drill anomalous lava channel zones identified earlier this year
- Drilling programme commences in August 2010

# Stainless steel dominates global nickel demand

World primary nickel consumption by first use, 2009



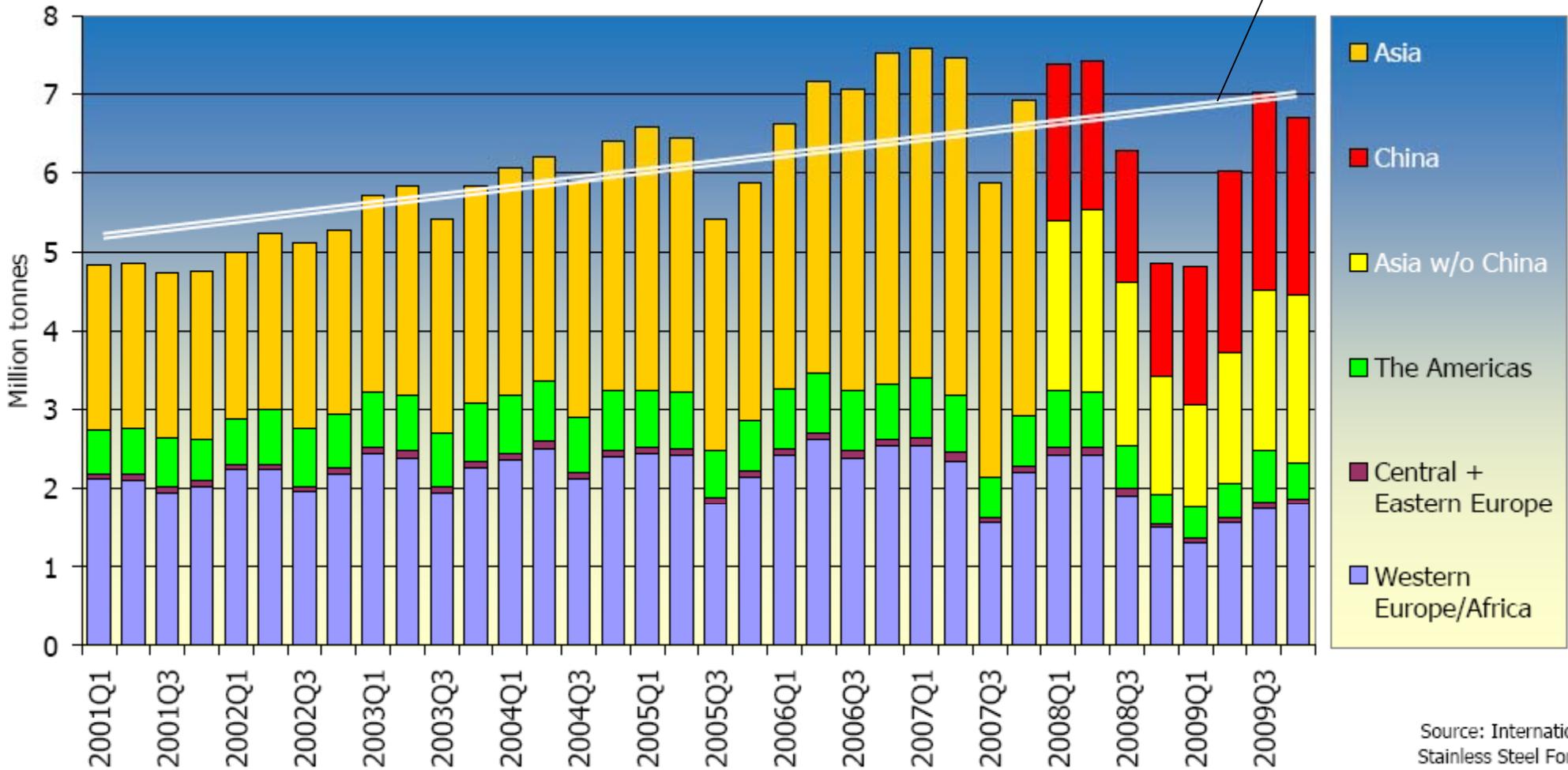
Source: Metalytics

# Stainless steel production is back on track

## Stainless and Heat Resisting Steel Crude Steel Quarterly Production

(Ingot/Slab Equivalent)

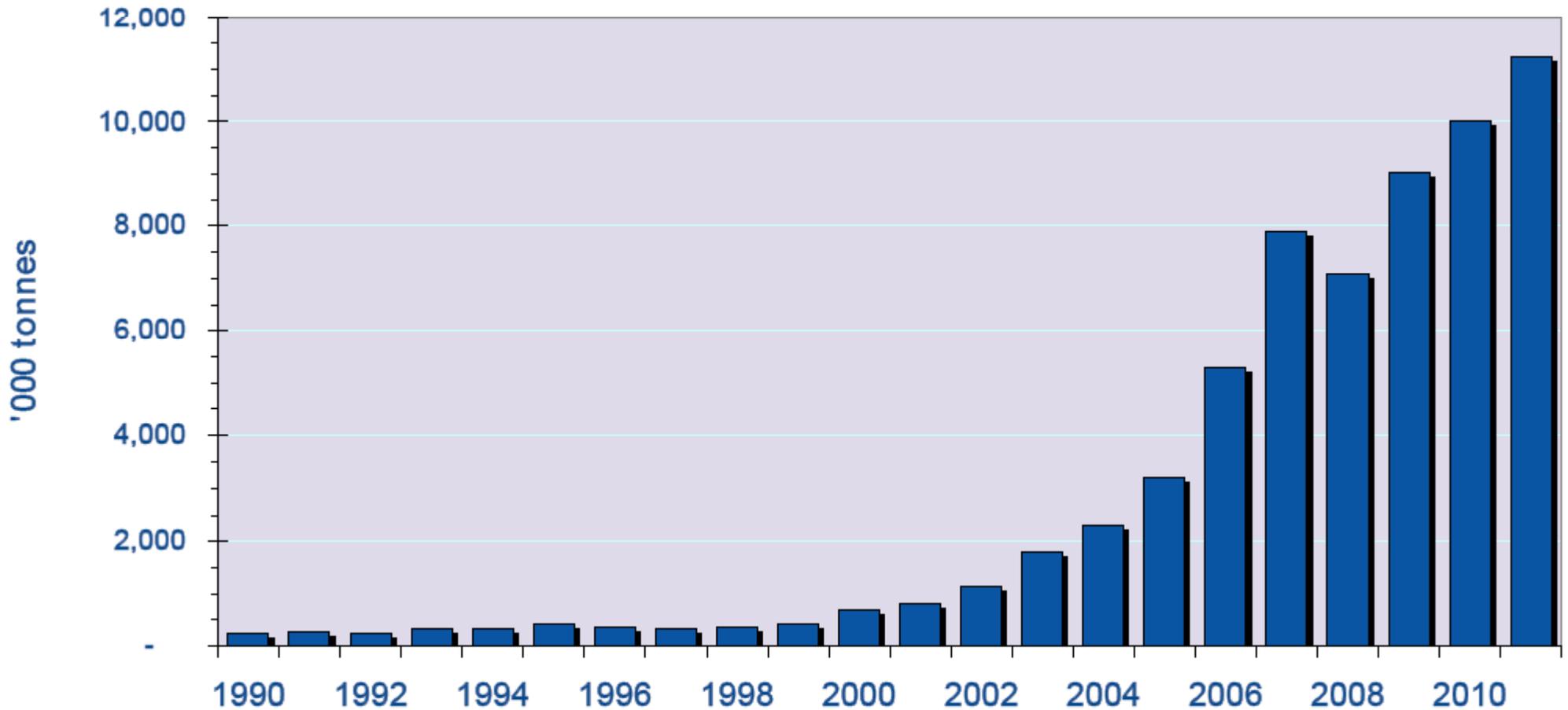
5% p.a.



Source: International Stainless Steel Forum

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

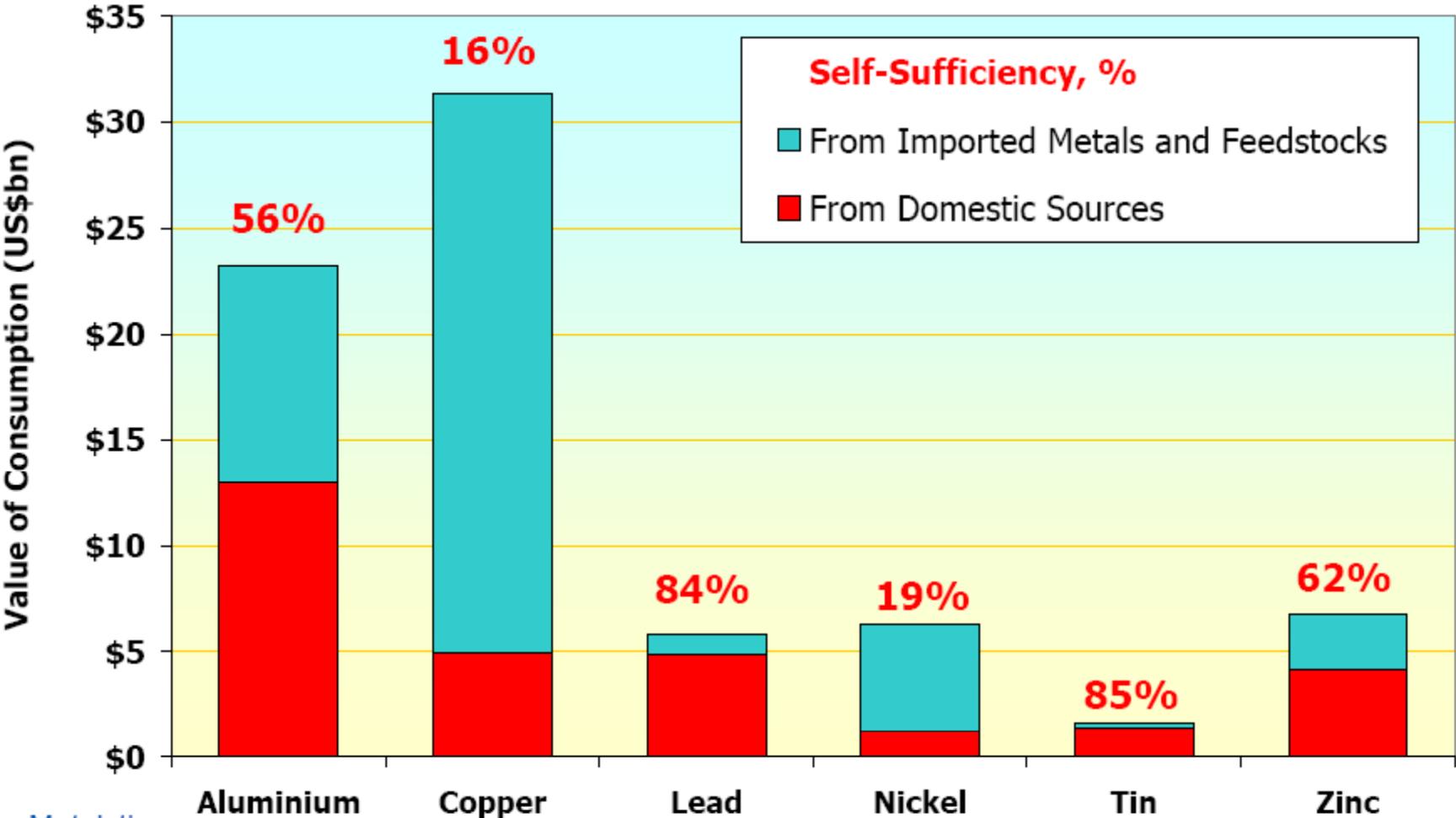
### China's Stainless Steel Production



Source: Metalystics

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

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

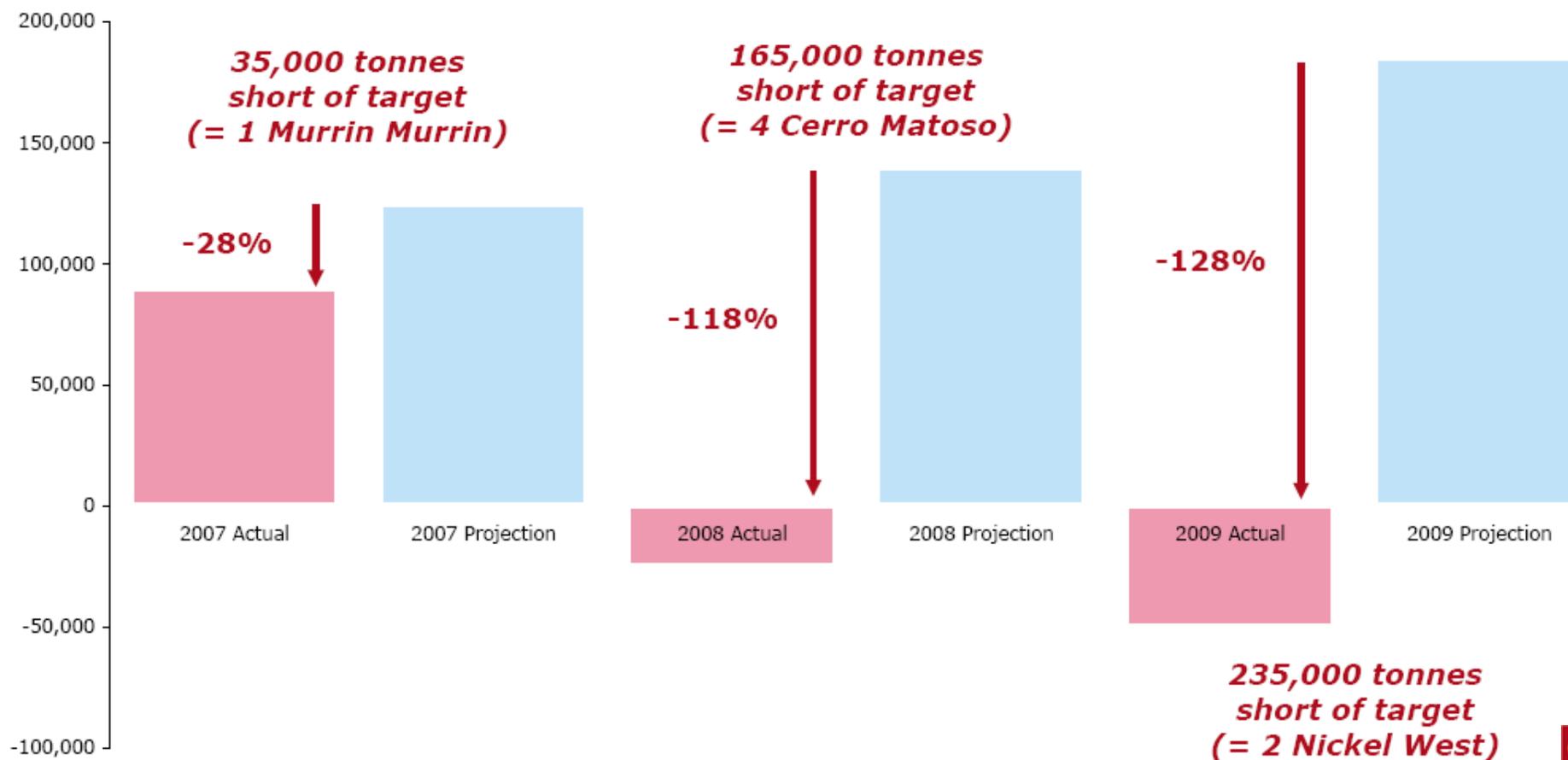


Source: Metalytics

# Is History Repeating Itself?

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

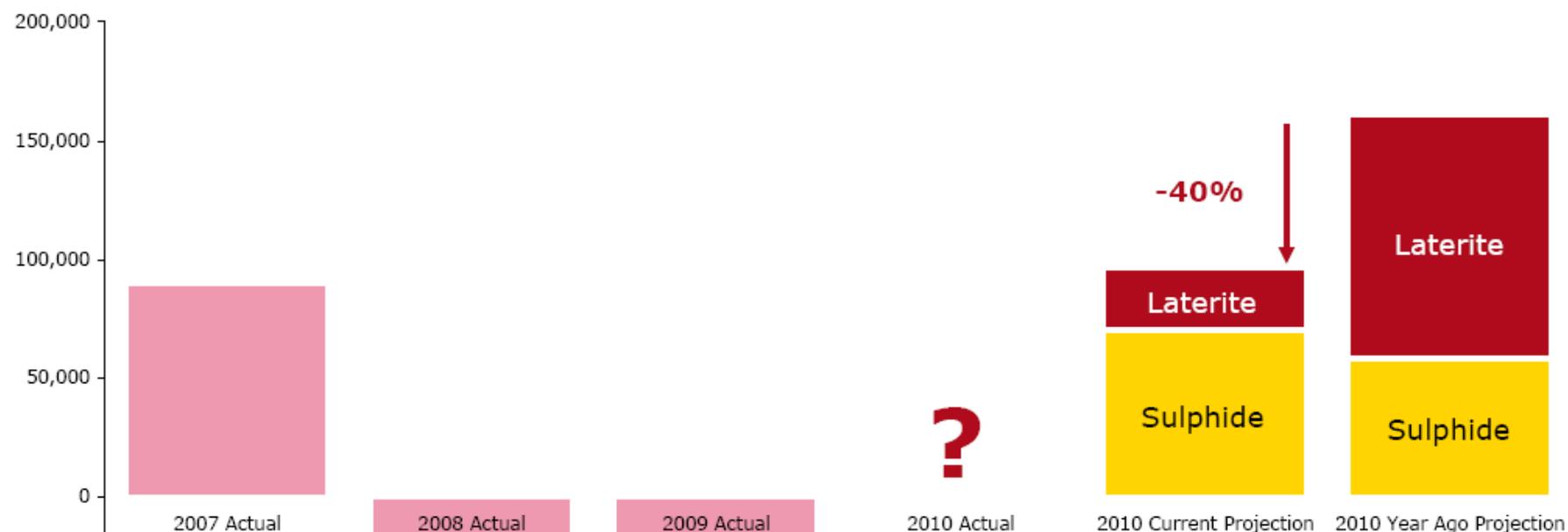
**Net Annual Change in Global Nickel Mining Production** (million tonnes nickel metal)



# 2010 Seems to Be Following the Trend

- 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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