



# Australia's 'New' Nickel

David Singleton, MD & CEO  
September 2014

**POSEIDON**NICKEL

**1 Overview**

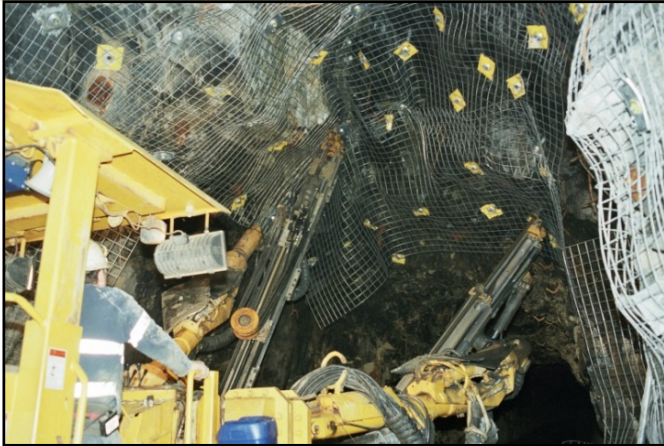
**2 Windarra**

**3 Black Swan**

**4 Lake Johnston**

**5 Nickel Market**

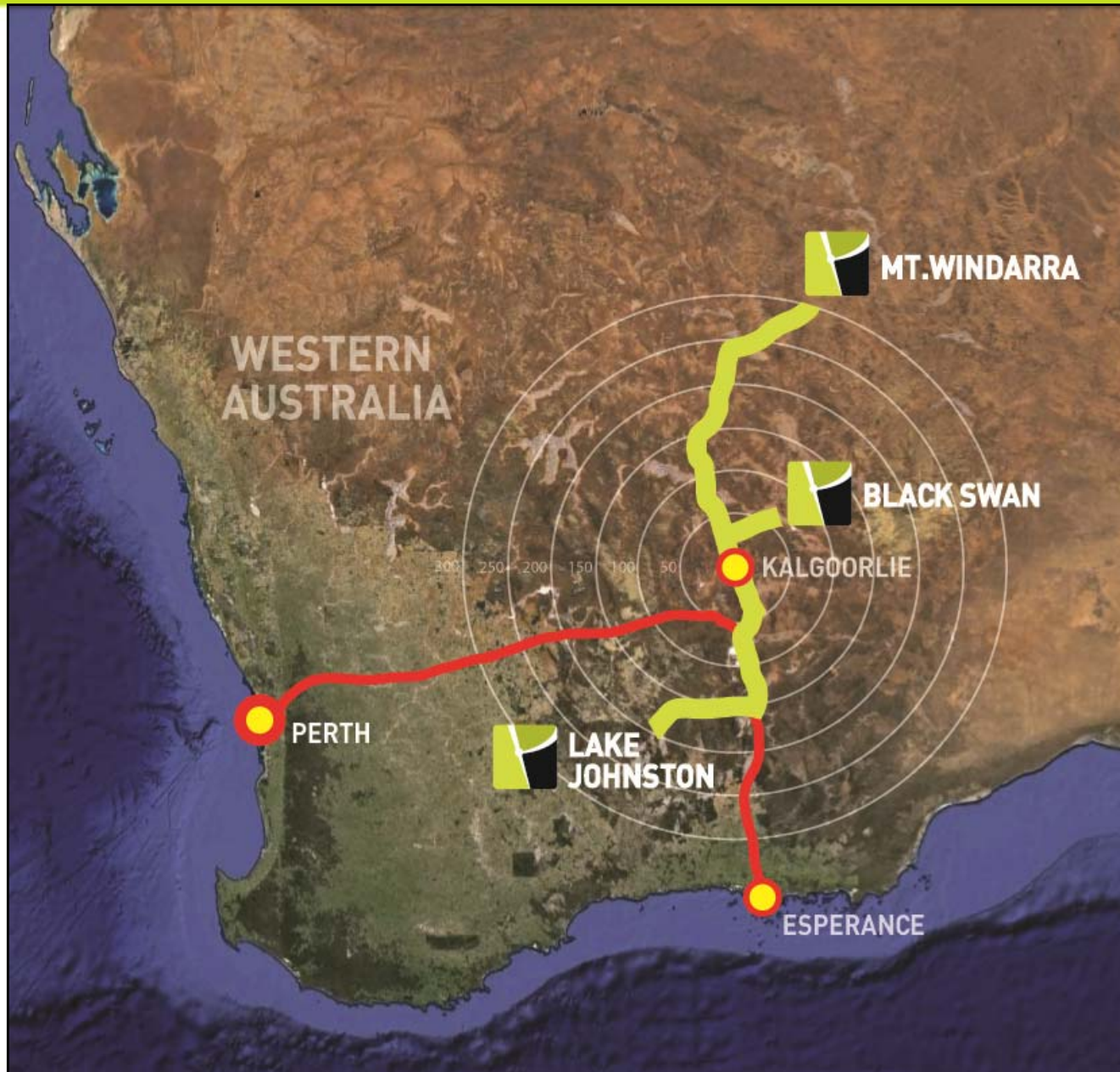
# 3 Production ready nickel projects in Western Australia



- Windarra Nickel Project
- Black Swan Nickel Project
- Lake Johnston Nickel Project

# Projects within 300kms centred around Australia's Major Nickel Region

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# One of the Largest Nickel Sulphide Resources in Australia

Windarra Nickel Project Sulphides	Cut Off Grade	Mineral Resource Category (JORC 2004)								
		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%	1,217,000	1.39	17,100	3,553,000	1.78	63,100	4,770,000	1.68	80,200
South Windarra	0.80%	772,000	0.98	7,500	-	-	-	772,000	0.98	7,500
Cerberus	0.75%	2,773,000	1.25	34,600	1,778,000	1.91	34,000	4,551,000	1.51	68,600
<b>Total Windarra</b>		<b>4,762,000</b>	<b>1.24</b>	<b>59,200</b>	<b>5,331,000</b>	<b>1.82</b>	<b>97,100</b>	<b>10,093,000</b>	<b>1.55</b>	<b>156,300</b>

**10m tonnes @ 1.55% for 156,300 tonnes nickel**

Black Swan Nickel Project Sulphides	Cut Off Grade	Mineral Resource Category (JORC 2004)								
		Measured & Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Black Swan	0.40%	5,400,000	0.69	37,800	20,900,000	0.70	148,000	26,300,000	0.70	185,800
<b>Total Black Swan</b>		<b>5,400,000</b>	<b>0.69</b>	<b>37,800</b>	<b>20,900,000</b>	<b>0.70</b>	<b>148,000</b>	<b>26,300,000</b>	<b>0.70</b>	<b>185,800</b>

**26m tonnes @ 0.7% for 185,800 tonnes nickel**

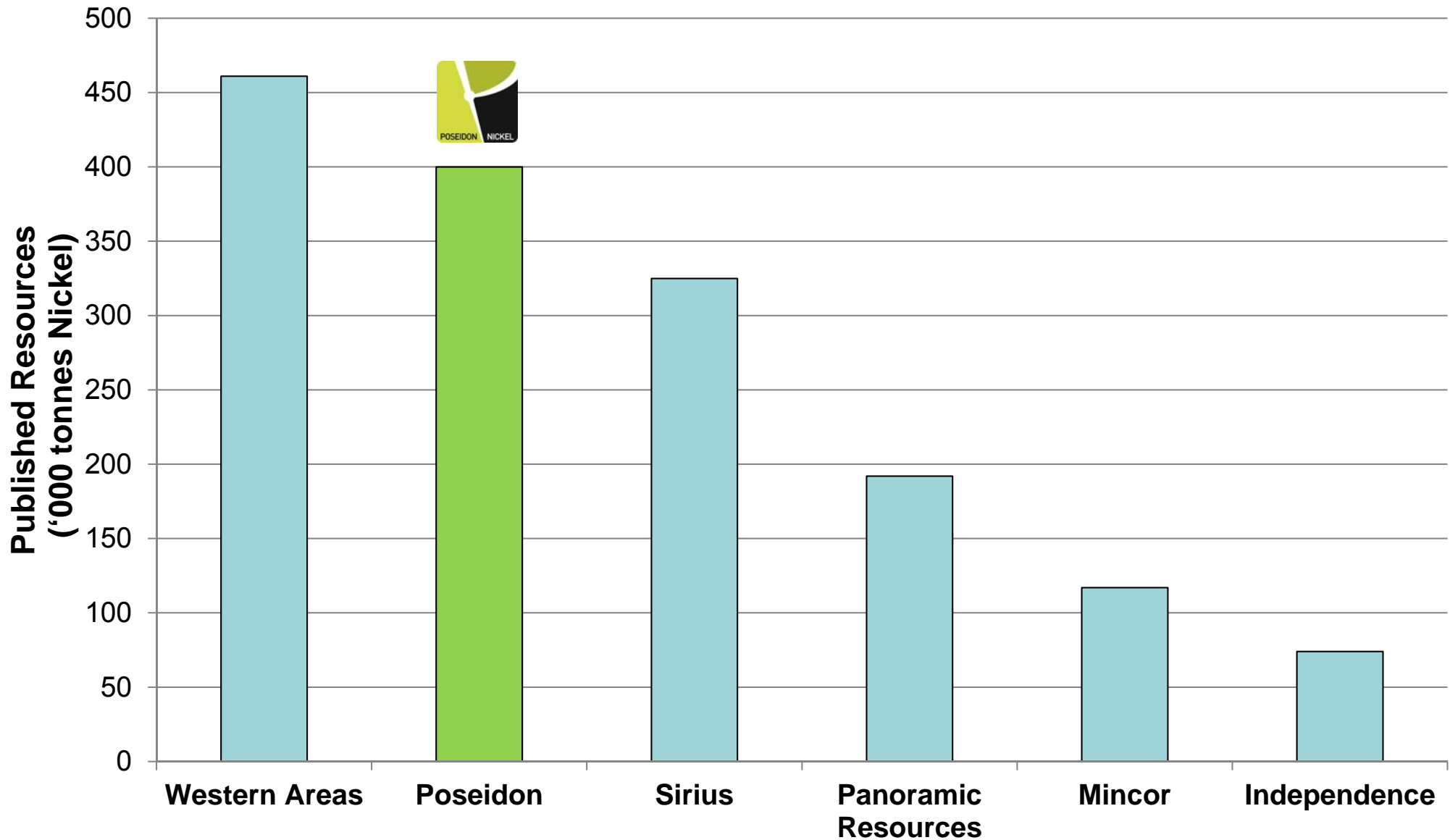
Lake Johnston Nickel Project Sulphides	Cut Off Grade	Mineral Resource Category (JORC 2004)								
		Measured & Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Lake J										
<b>Total LJ</b>										

**JORC code prevents publication of these numbers until reassessment to JORC 2012 for actual numbers.**

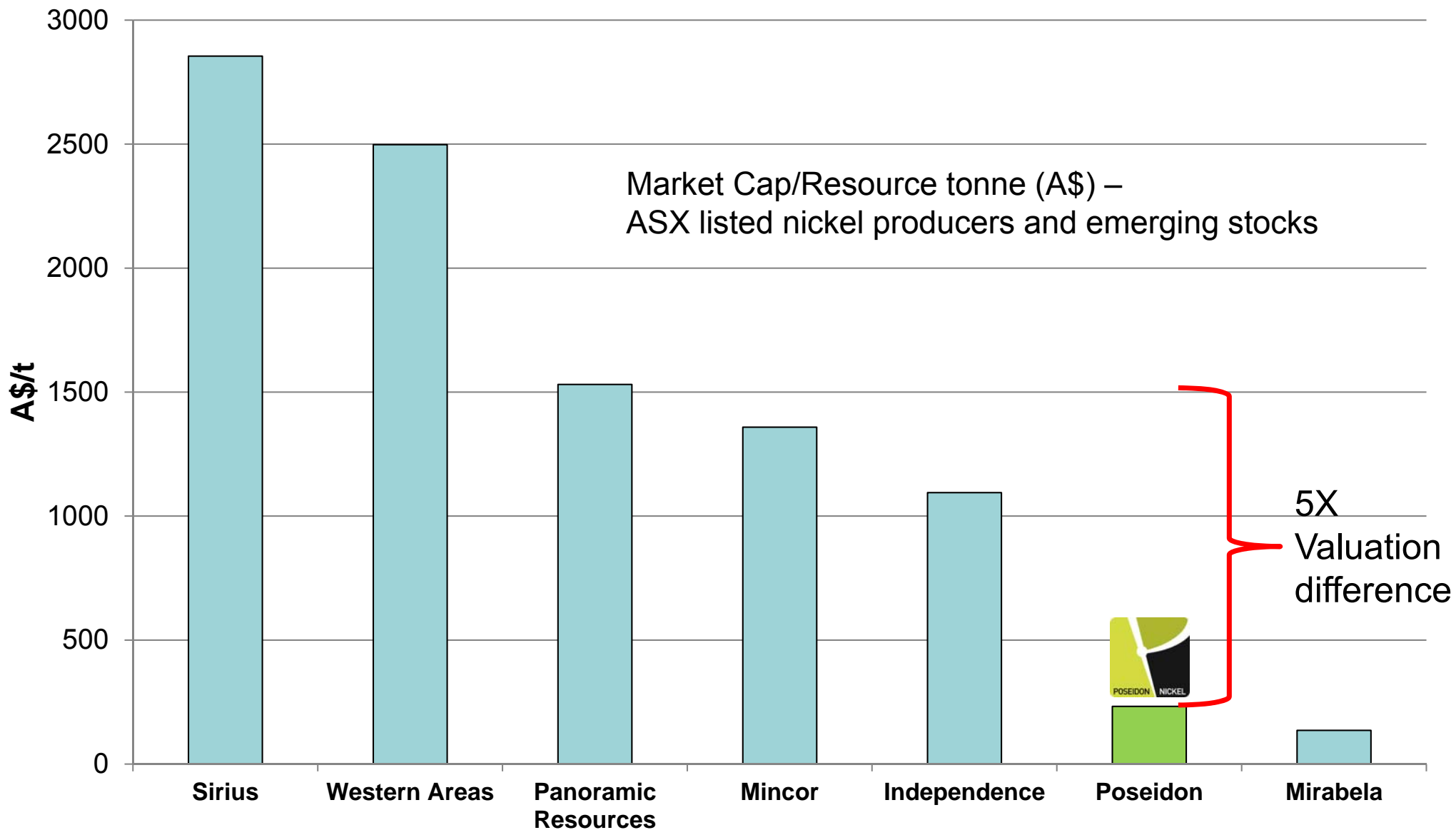
**See previous announcement on Lake Johnston**

**Total = 400,000 tonnes nickel**

# Poseidon has the second largest published nickel sulphide resource in Australia\*



# Poseidon has a low valuation based on resource size compared to peers\*



## Board of Directors

### Chris Indermaur – Chairman

Appointed Chairman in February 2014 having been a Director since April 2009. Mechanical Engineer with over 30 years engineering experience. Ex contracts manager QNI Nickel Refinery Yabulu, former GM Strategy at Alinta.

### David Singleton – MD and CEO

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

### Geoff Brayshaw – Non Exec Director

Appointed Feb 2008. Over 35 years of corporate finance and banking experience in the exploration and mining industry, including iron ore and nickel. Former Non Exec Director of Fortescue Metals & AVEA Insurance.

### Rob Dennis – Non Exec Director

Underground Manager of Mt Windarra Mine from 1983 – 1986  
Mining engineer with over 35 years' construction and operations 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

## Company Data

ASX Code	POS
Market Capitalisation (Sep 2014)	\$118M
Enterprise Value (Sep 2014)	\$161M
Shares on issue	513.9M
Options (ex @ 22c 2016)	7.2M
Conv. Notes (ex @ 40c March 2017)	36.5M shares
Conv. Notes (ex @ 30c March 2017)	64.9M shares
Cash & Receivable (Aug 2014)	\$4.0M
Debt (Sep 2014)	\$8.0M

## Top Shareholders

Andrew Forrest	25.3%
Board / Management	4.5%
Jefferies Fund	3.9%

## Company Information

Auditors	KPMG
Lawyers	Steinpreis Paganin (Perth)



**2 Windarra**

## Windarra ready for production

- \$100m spent on drilling & refurbishment
- First ore 6 months from financing
- Capex \$11m + working capital

## Two processing options

- Ore tolling and offtake agreement (under negotiation)
- Process at Black Swan
  - Truck to Black Swan for processing
  - Blend with 500,000t Black Swan ore
  - Throughput 1.1mt p.a. ore

# Mt Windarra - Operational Site

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**3 Black Swan**

# Black Swan is a major nickel plant and ore body

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- Purchasing from Norilsk Nickel for \$1.5m
- Australia's largest nickel concentrator outside BHP
- Near new condition facilities commissioned in 2007
- Closed in 2009 during financial crisis
  - Care & maintenance since then by Norilsk
- Open pit ore body with more than 10 years potential life



# Key Engineering Study Outcomes (Black Swan & Windarra)

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- **Restart Capex A\$12.8m\* (saving \$240m on previous plan)**
- **Operating cost at 50% utilisation US\$4.05/lb\*\***
- **Nickel production 9,600 tonnes p.a. rising to 14,000 t.p.a. (at full utilisation)**
- **Smeltable grade concentrate 12% nickel, 5:1 Fe:MgO, 1000ppm As**
- **Start up time 6 months**

\*For breakdown see Poseidon ASX announcement on Black Swan, August 2014

\*\*Cash cost

# The Black Swan Process Plant and open pit resource was bought by Poseidon from Norilsk in July 2014



**4 Lake Johnston**



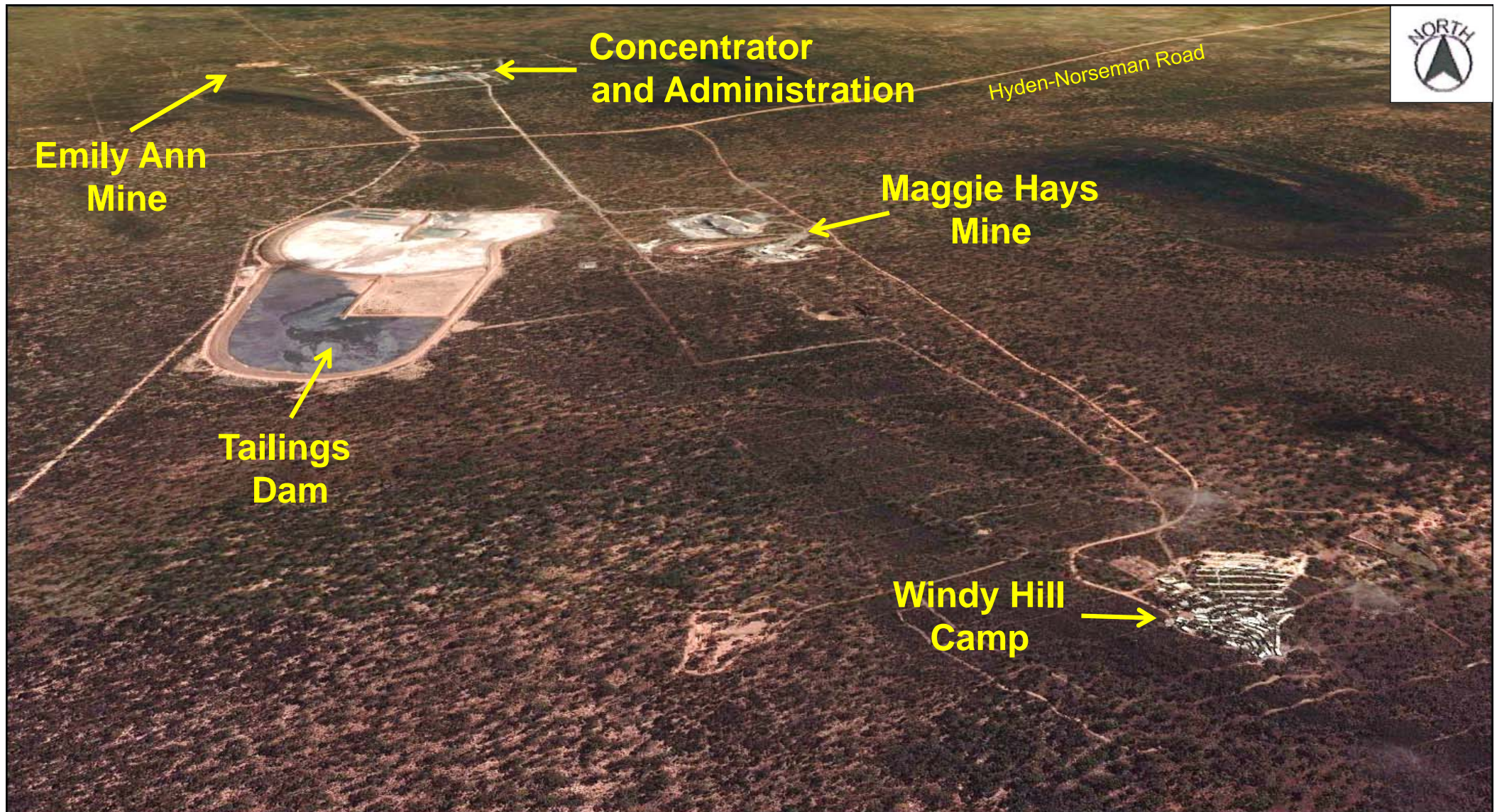
# Lake Johnston Nickel Project

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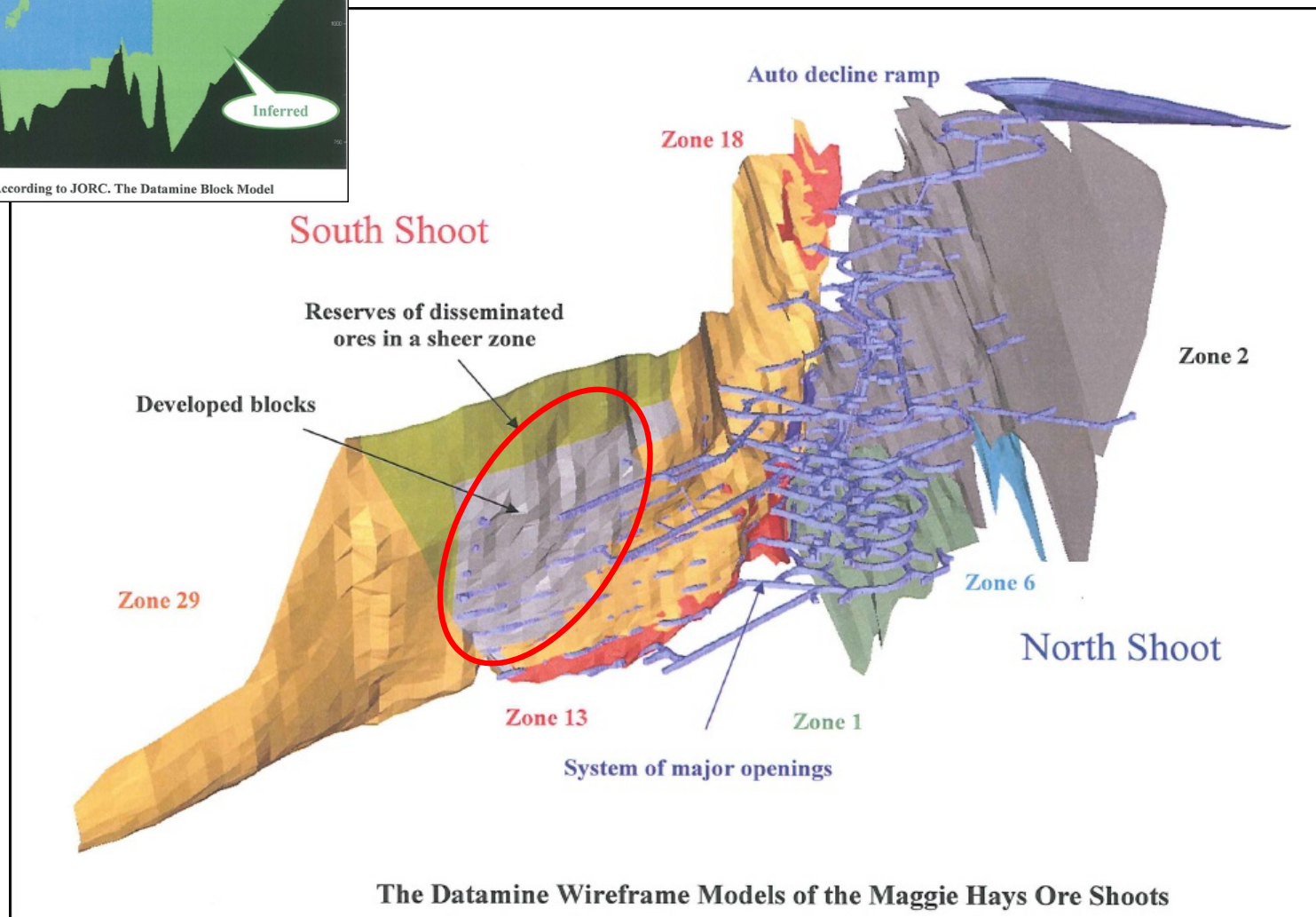
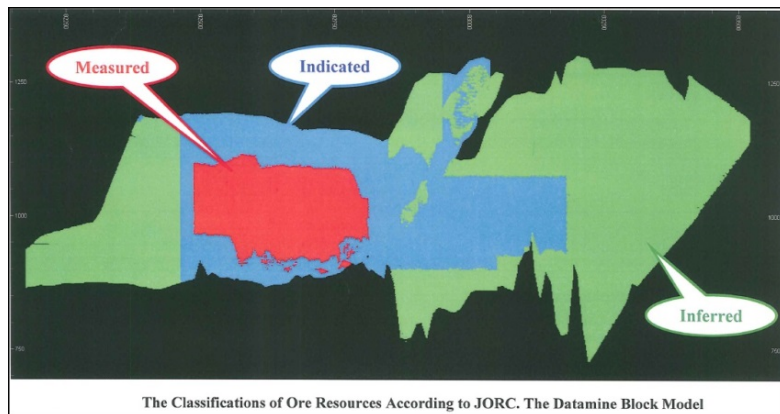
- Purchasing from Norilsk Nickel for \$1m
- Operationally ready for restart
  - High quality 1.5mt p.a. plant recently refurbished
- Up to 3 years initial mine life
- Rapid site recommissioning time
  - Site in excellent condition
- Operations were previously profitable at similar nickel price\*
- Smeltable grade concentrate typically 13% nickel, 6:1 FeMgO, 100 ppm As
- Historical nickel production 10,000 – 12,000 tonnes nickel p.a.

# Lake Johnston includes 2 mines, a concentrator and camp in operational ready condition

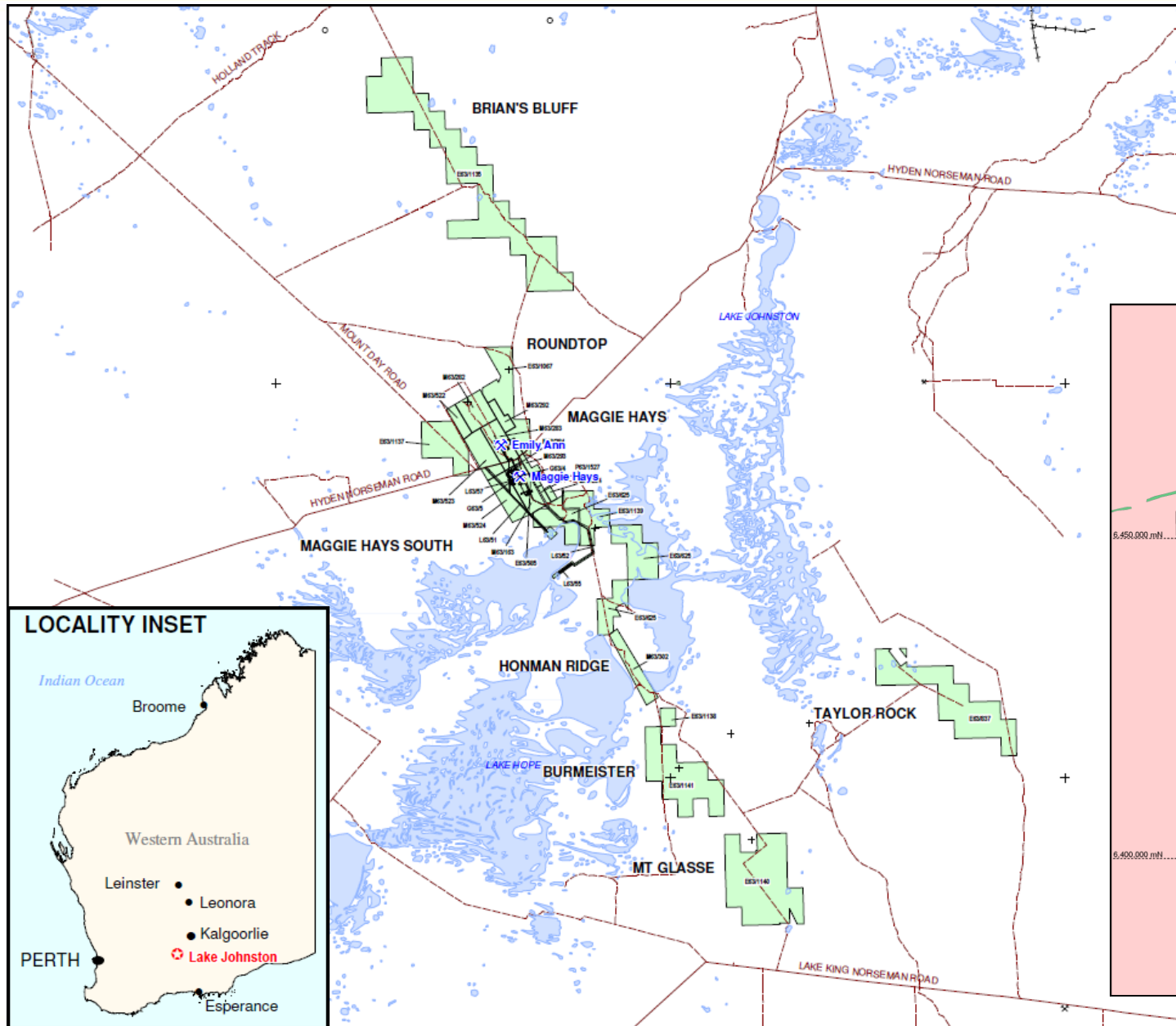
POSEIDON NICKEL



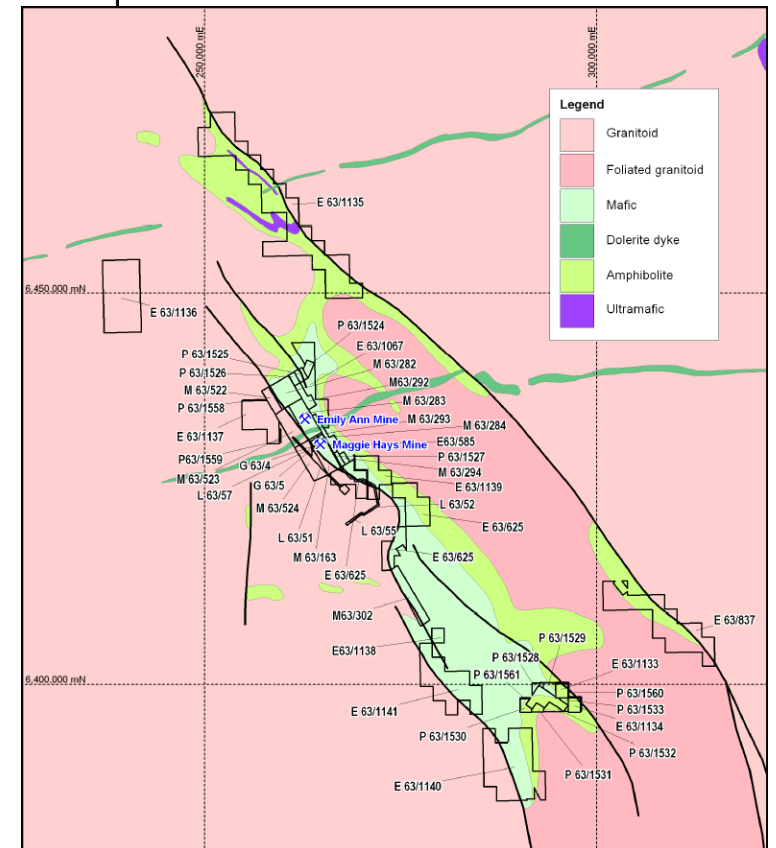
# Maggie Hays Mine is developed and ready for production



# Major exploration prospects to further extend life



- 302km<sup>2</sup> Tenement Package
- 2 Ultramafic Belts
  - Maggie Hay-Mt Glasse
  - Brians Bluff-Taylor Rock

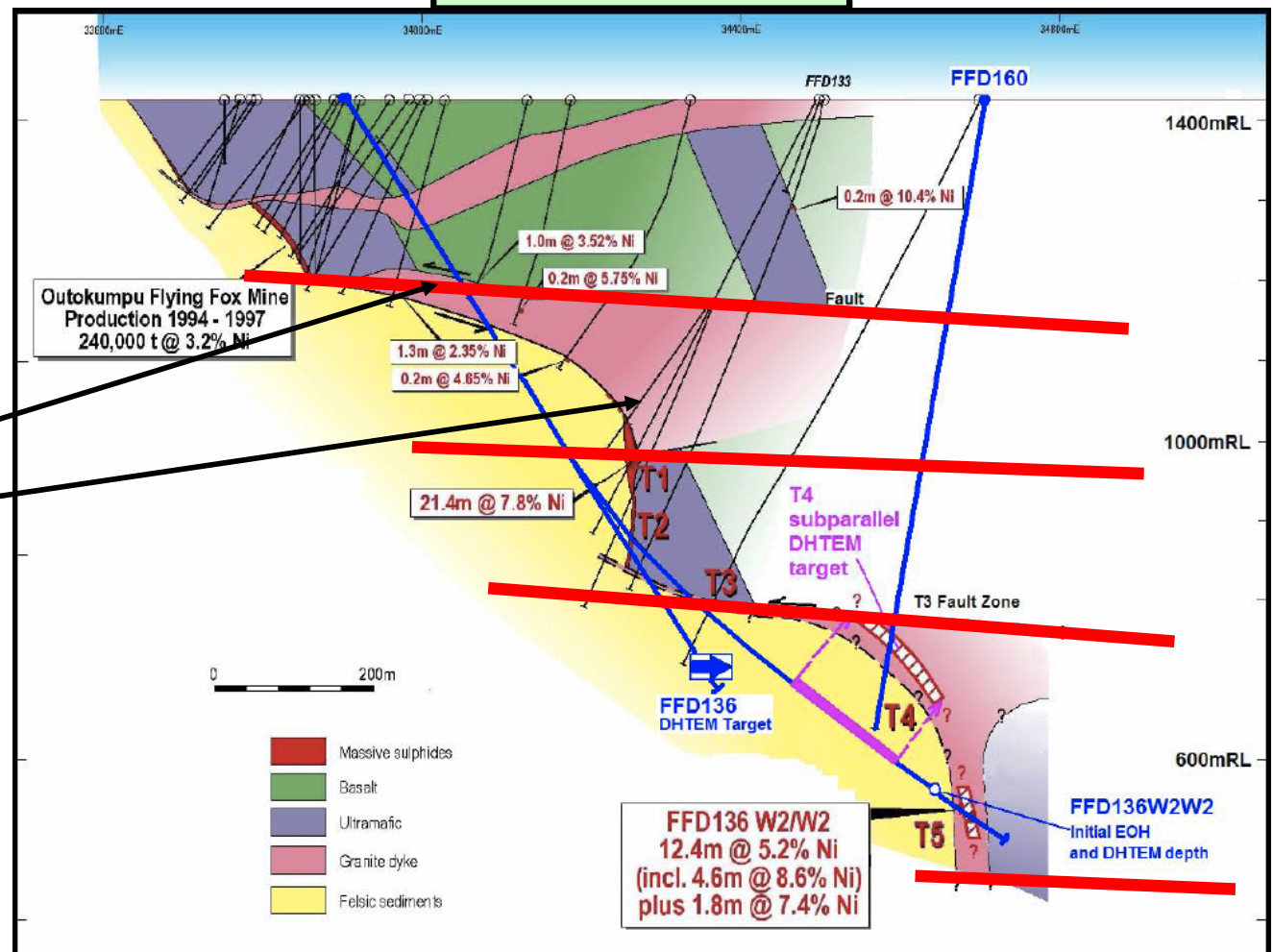


# New Geological concepts unravelled Western Areas Mine

## Western Areas- Flying Fox Mine

- 80km to WSW of Lake Johnson
- Similar komatiite hosted Kambalda style nickel mineralisation
- Structural & geological similarities
- Large faults offset mineralisation
- Granite “hides” mineralisation
- Ore body is vertically orientated hence depth

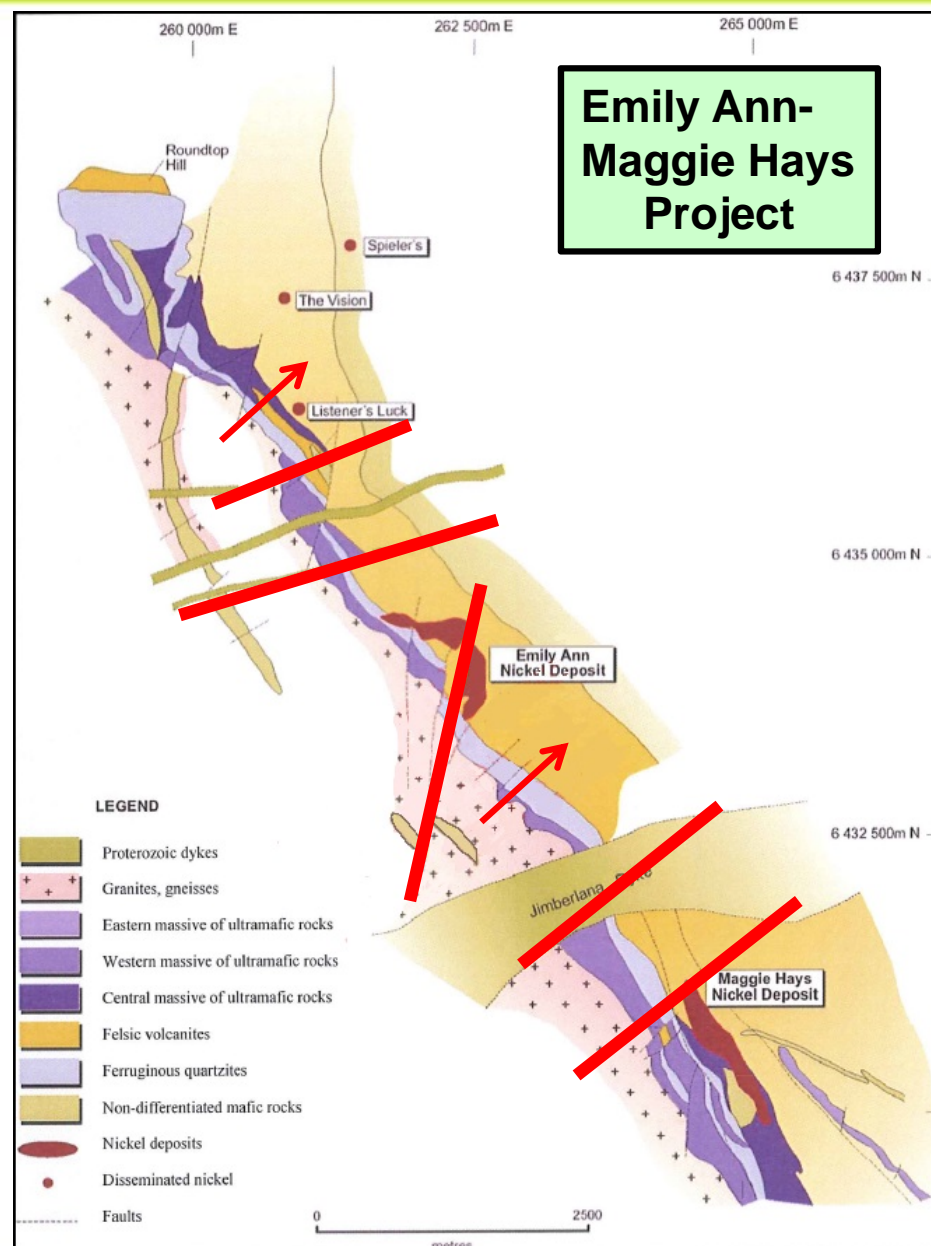
## Western Areas Flying Fox Project



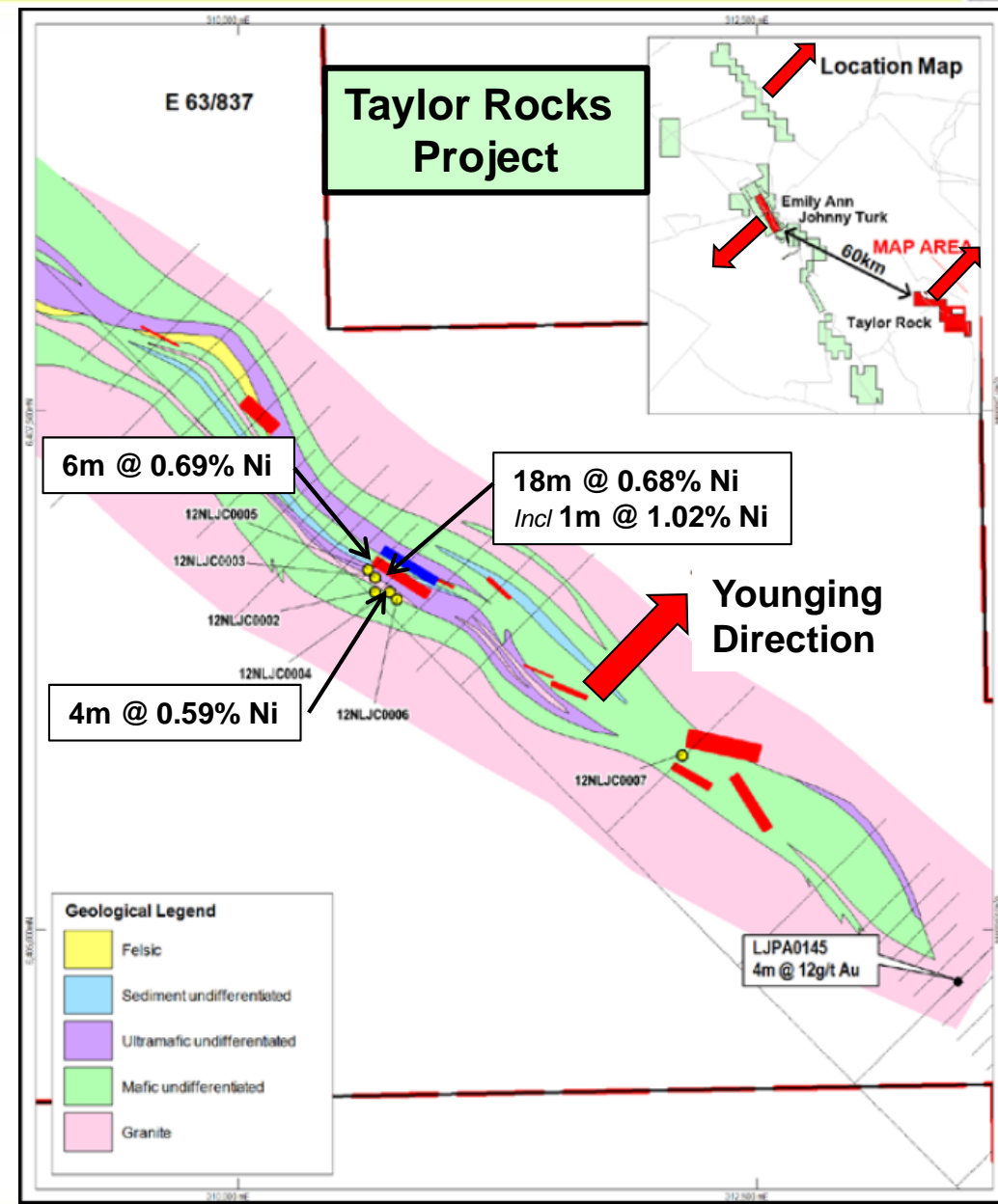
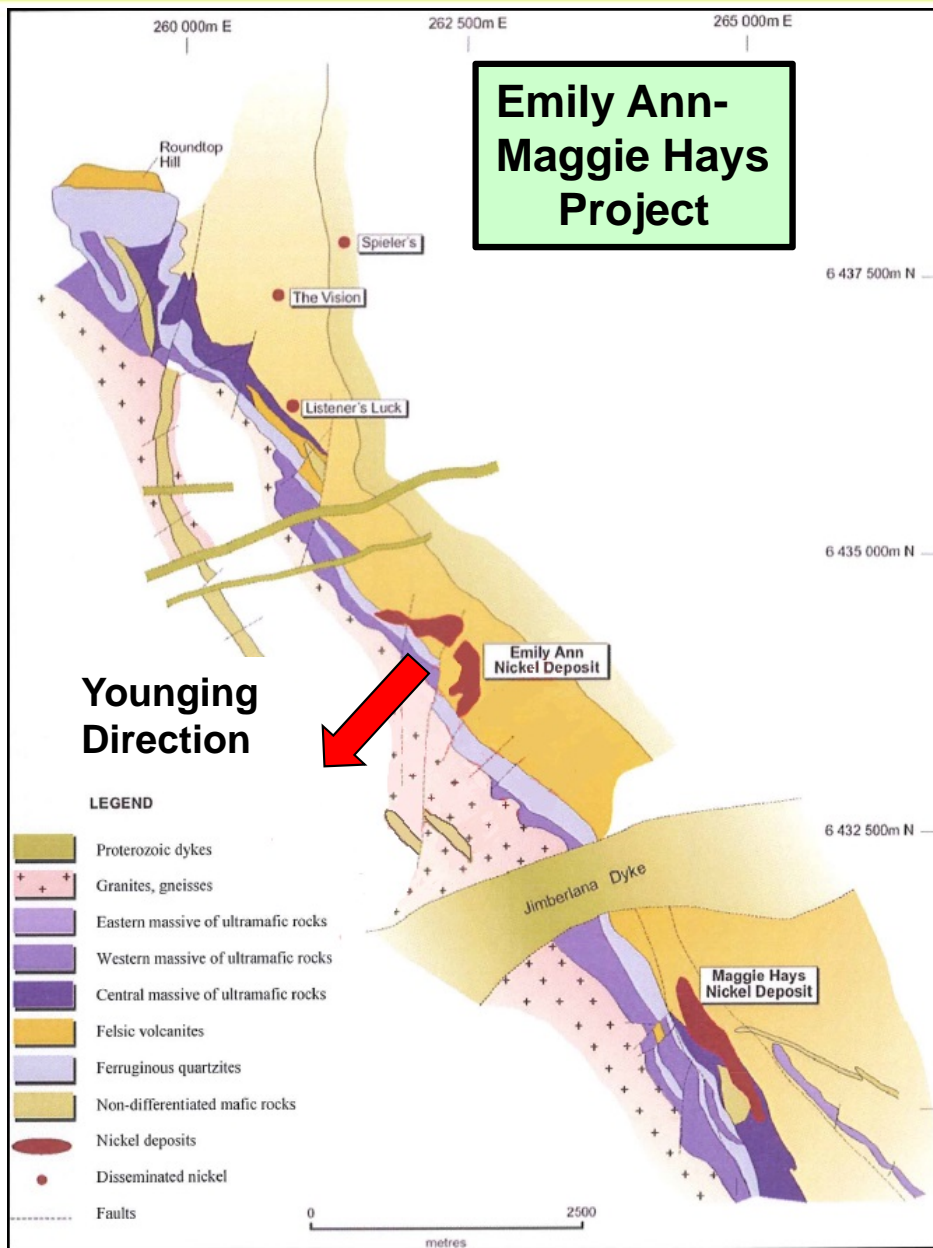
# Lake Johnston geologically similar to Flying Fox with offsetting faults but ore body horizontal not vertical

## Lake Johnson Mines

- Large faults also offset and terminate mineralisation
- Granite also thrust over the ultramafic host potentially “hiding” mineralisation
- Potential for offset blocks of ultramafic under the granites to the west
- Ore body horizontal so cheaper to mine and explore
- ≈ 4% nickel ore bodies already discovered



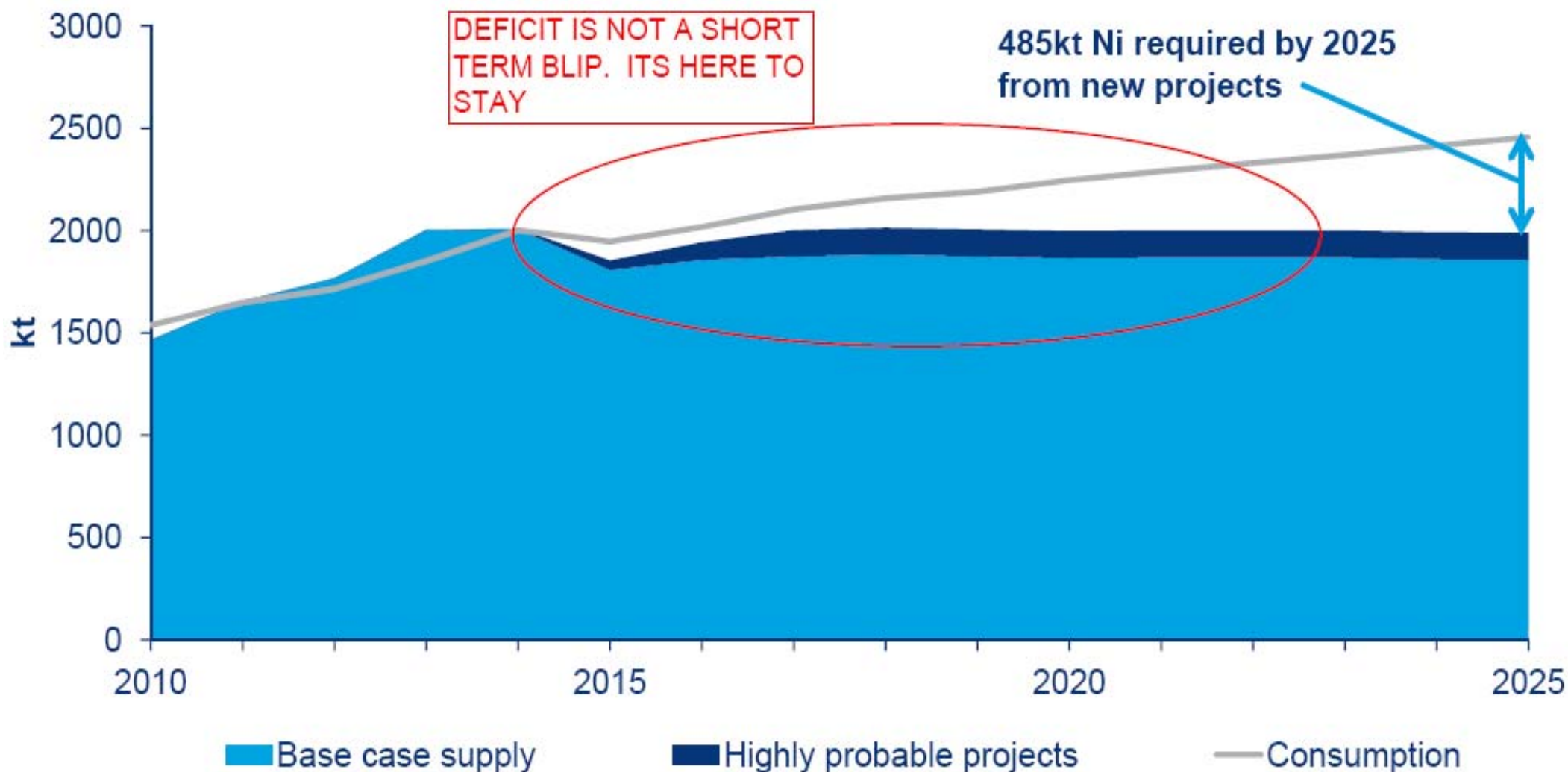
# Taylor Rocks is a second similar parallel system which has nickel sulphide hits & lightly tested EM plates



## 5 Nickel Market

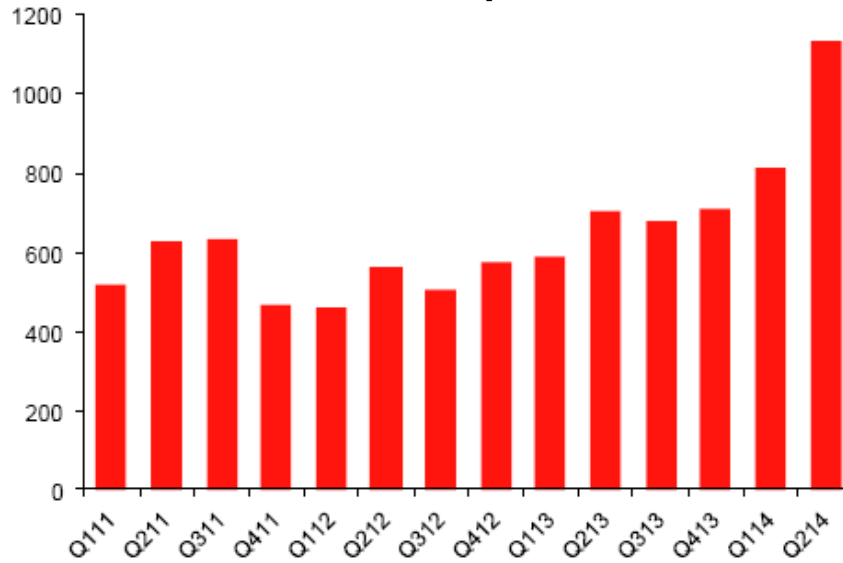


# Wood Mackenzie forecast that nickel can stay in deficit to 2025, irrespective of Indonesian outcomes



# Stainless Steel demand growth well ahead of expectation (12.4% v's 5% in models)

'000t **Chinese stainless exports soar in 2014**

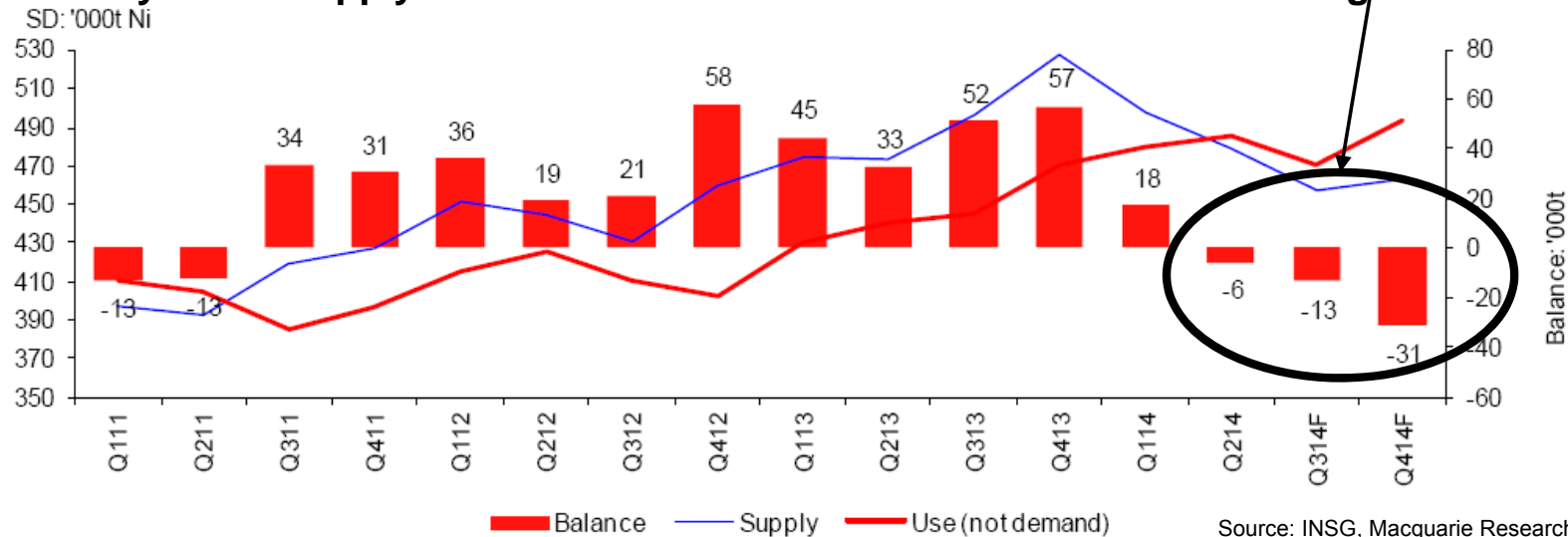


18% YOY Chinese stainless steel growth far ahead of expectation

Q4 2012 into deficit!

Source: China Metals, Macquarie Research, August 2014

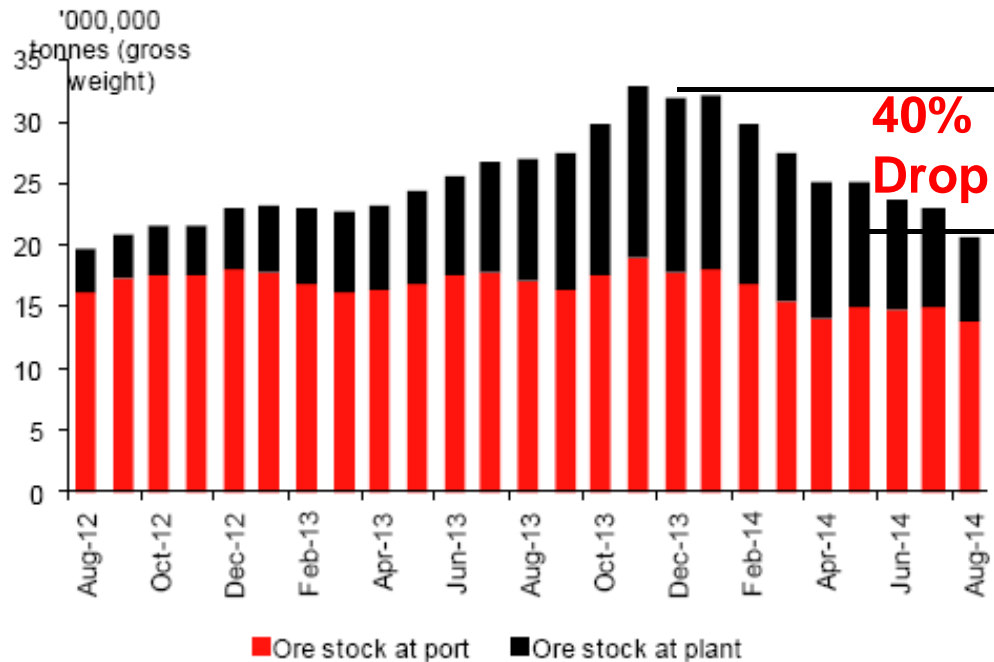
**Quarterly nickel supply/demand balance – Q4 2014 sees the start of the big deficits**



Source: INSG, Macquarie Research, August 2014

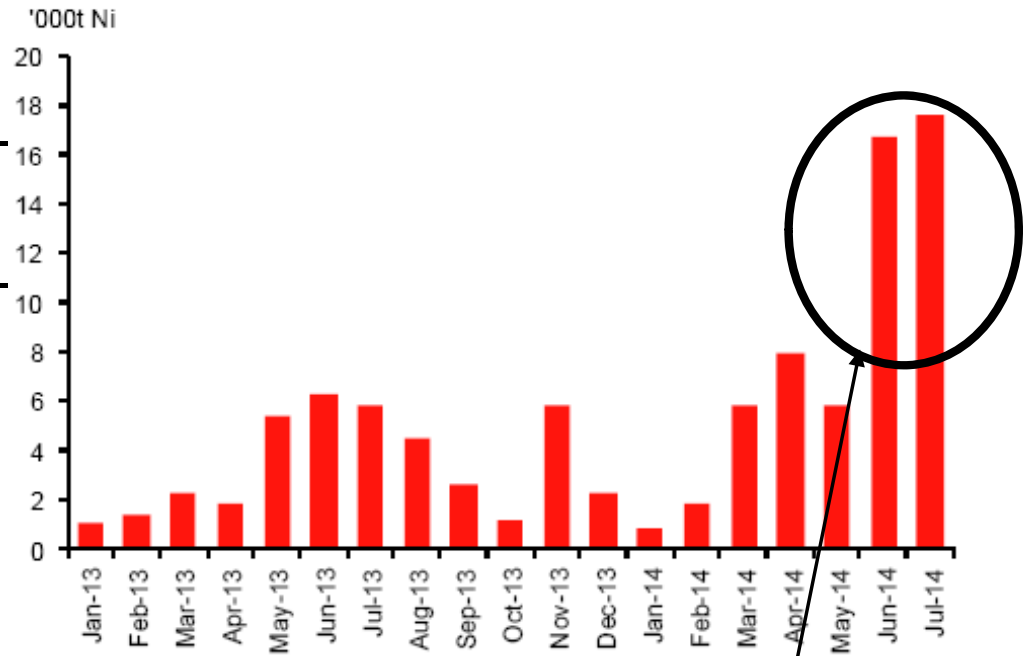
# Chinese stockpiles down 40% in 7 months

### Nickel port and plant stocks fall delayed



Source: Umetal, Macquarie Research estimates, August 2014

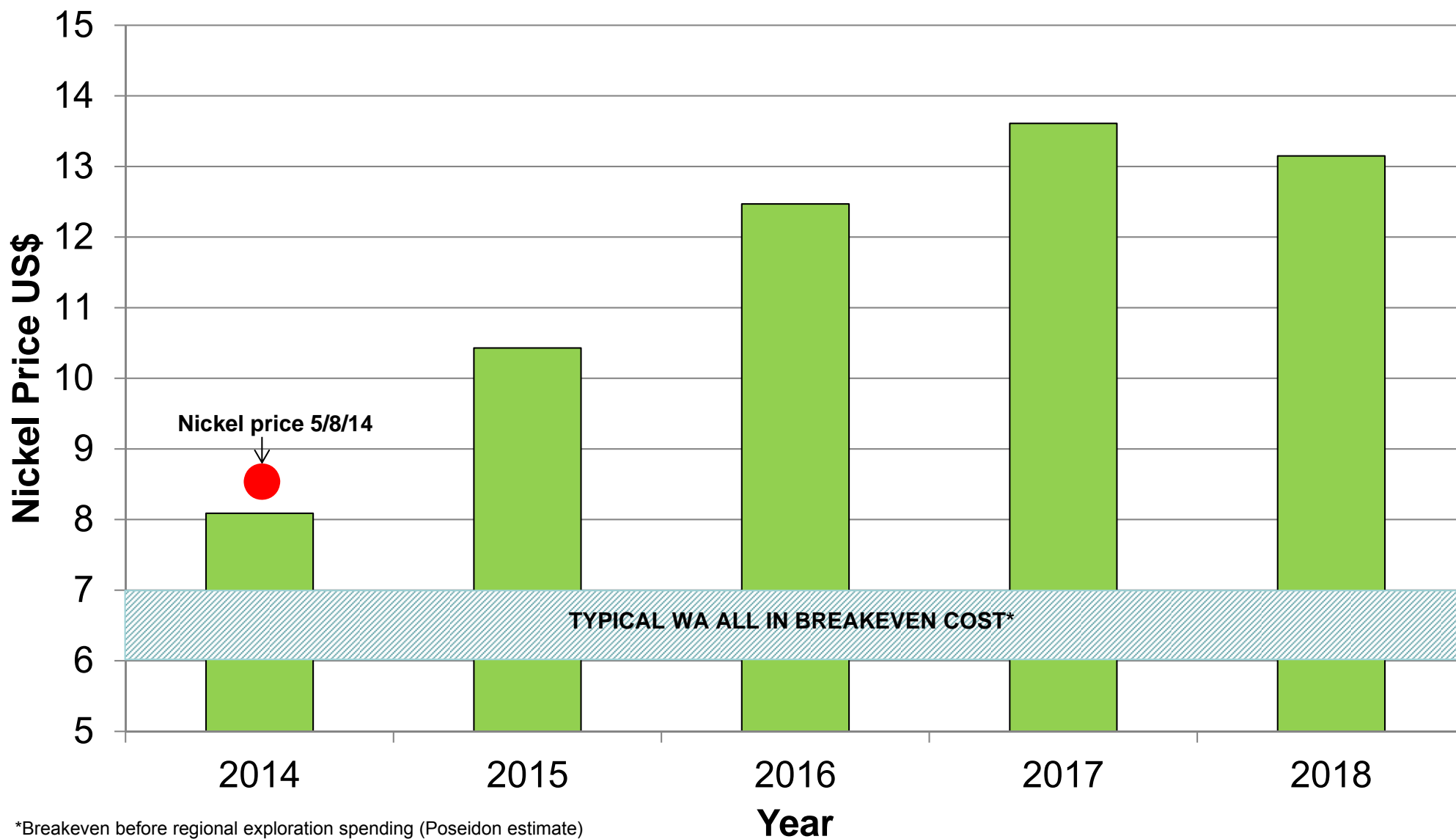
### Chinese exports of nickel metal soar – to LME?



Source: Chinese Customs, Macquarie Research, August 2014

Dominated by unusual Chinese exports to LME (i.e. not new nickel) driven by arbitrage and asset finance scandal

# Macquarie Nickel Price Forecast



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