



# The Windarra Nickel Project

The Australian Nickel Conference - Perth  
14<sup>th</sup> October 2010

David Singleton  
Managing Director & CEO

**POSEIDONNICKEL**

# Disclaimer

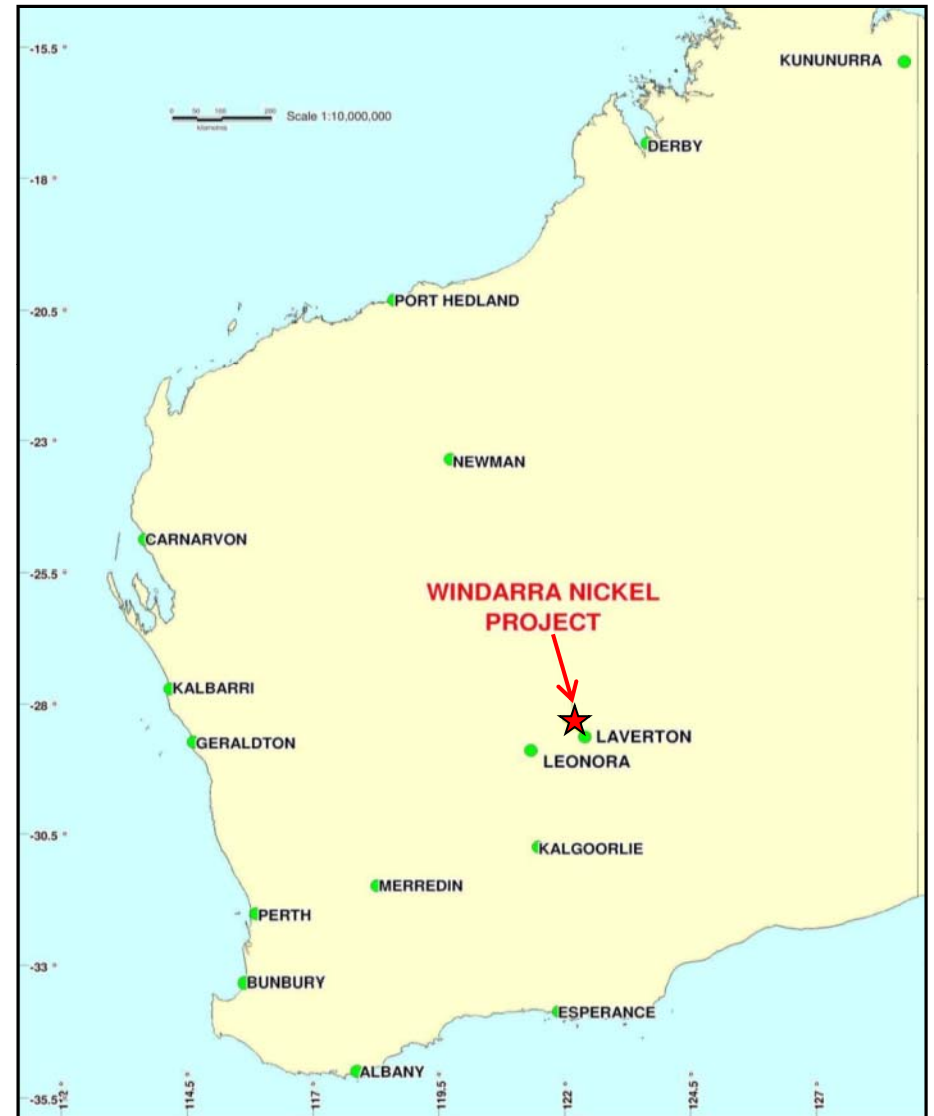
This presentation has been prepared for the purpose of providing general information about Poseidon Nickel Limited ("Poseidon"). It should not be considered as an offer or invitation to subscribe for or purchase any securities in Poseidon or as an inducement to make an offer or invitation with respect to those securities. It is not recommended that any person makes an investment decision in relation to Poseidon in reliance on this presentation material.

This presentation contains forecasts and forward looking statements. Such statements are predictions only based on available data which maybe unreliable and is subject to inherent risks and uncertainties which could cause actual values, results, performances or achievements to differ materially from those expressed, implied or projected in this presentation.

This overview does not purport to be all-inclusive or to contain all information which its recipients may require in order to make an informed assessment of the projects prospects. Each of Poseidon, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission there from. Poseidon accepts no responsibility to update any person regarding any inaccuracy, omission or change in information in this presentation.

# Poseidon Rising

- Re-commission Windarra
- Develop Cerberus
- Maintain Discovery Momentum



# Poseidon Rising

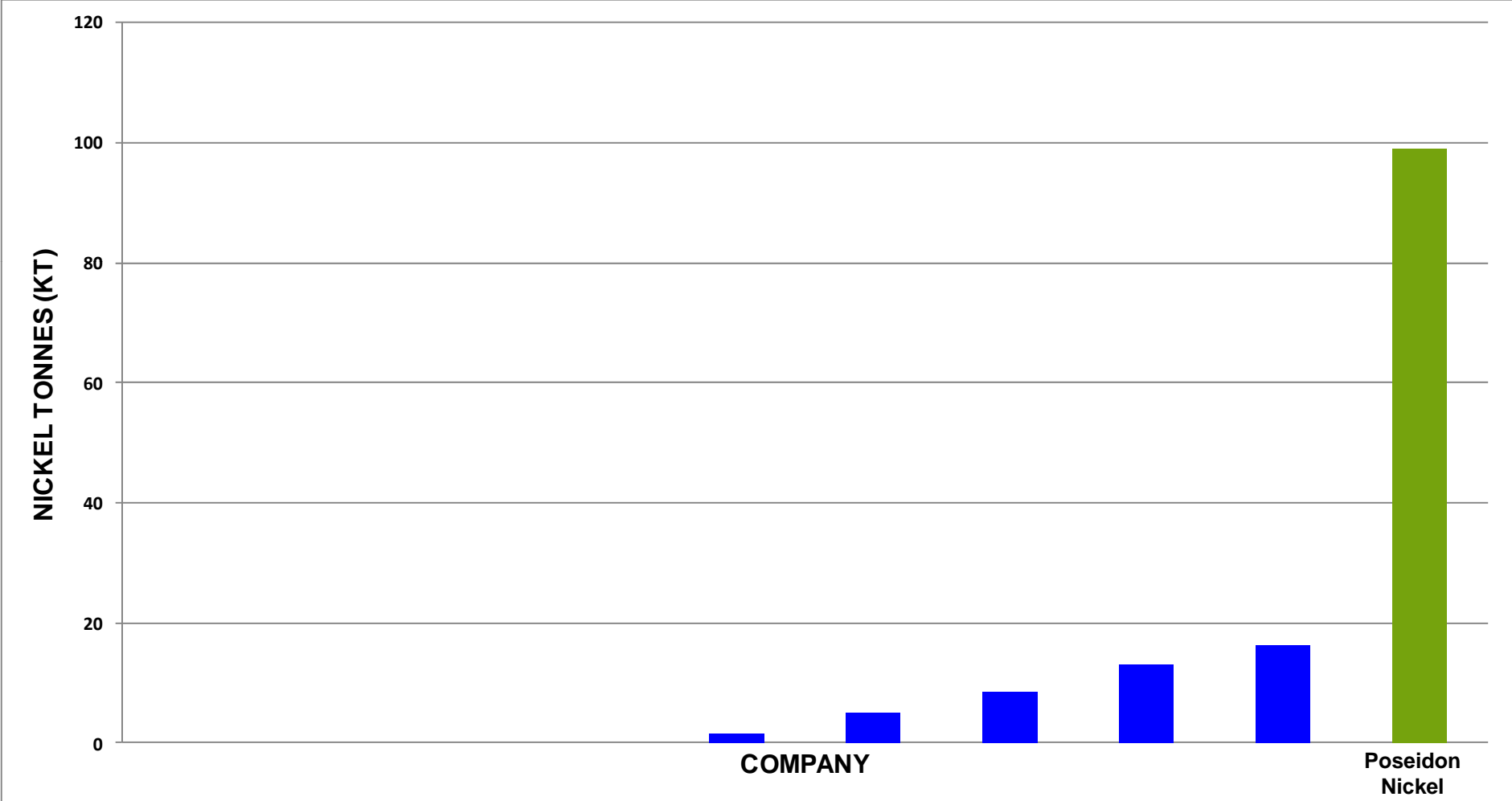
- Key features
  - Low execution risk: Experienced management team
  - Low market risk: Strong demand and price outlook
  - Low resource risk: JORC resource and significant scope to expand
  - Low development risk: Existing proven mines with existing infrastructure
  - Low opex risk: Known operating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



# Windarra Rises

- Significant JORC resource base
  - Main mine expansion: 61,000 tonnes nickel
  - Cerberus: 25,000 tonnes nickel
  - South Windarra: 10,000 tonnes nickel

# 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: 61,000 tonnes nickel
  - Cerberus: 25,000 tonnes nickel
  - South Windarra: 10,000 tonnes nickel
- 7 year mine life initially and scope for considerable extension
- 10,000 nickel tonne p.a. target
- First concentrate in 24 months
- Low cash cost of circa US\$3.20/lb at full output
- Low initial capex of \$55m through existing infrastructure and low cost concentrator facility
- Offtake & working capital offer

# Significant JORC Resource Now

## WINDARRA NICKEL PROJECT: SULPHIDE RESOURCE STATEMENT

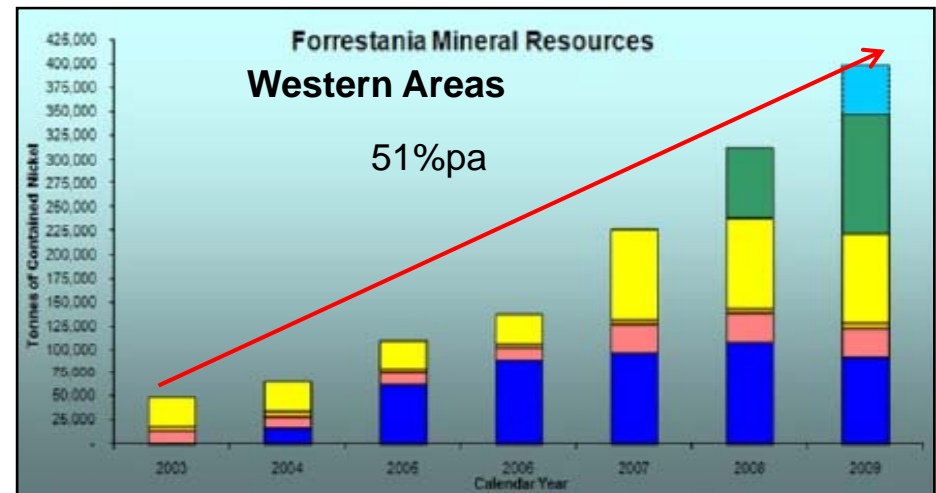
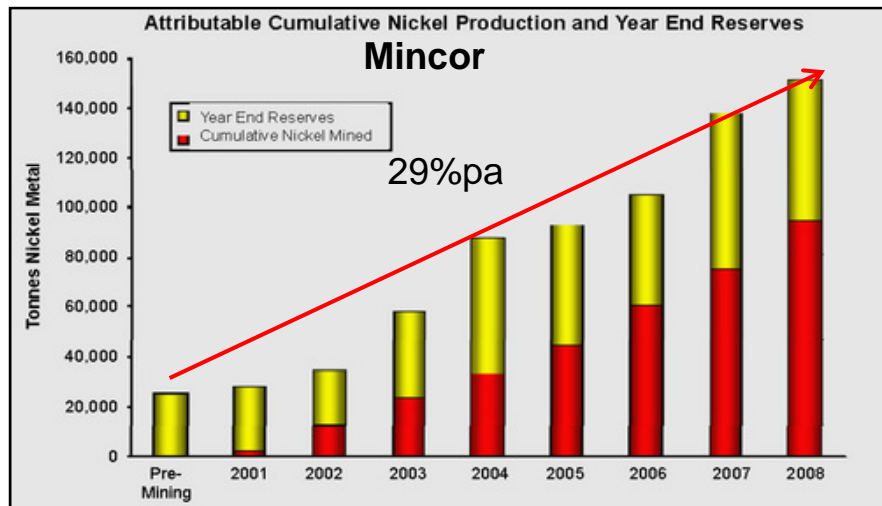
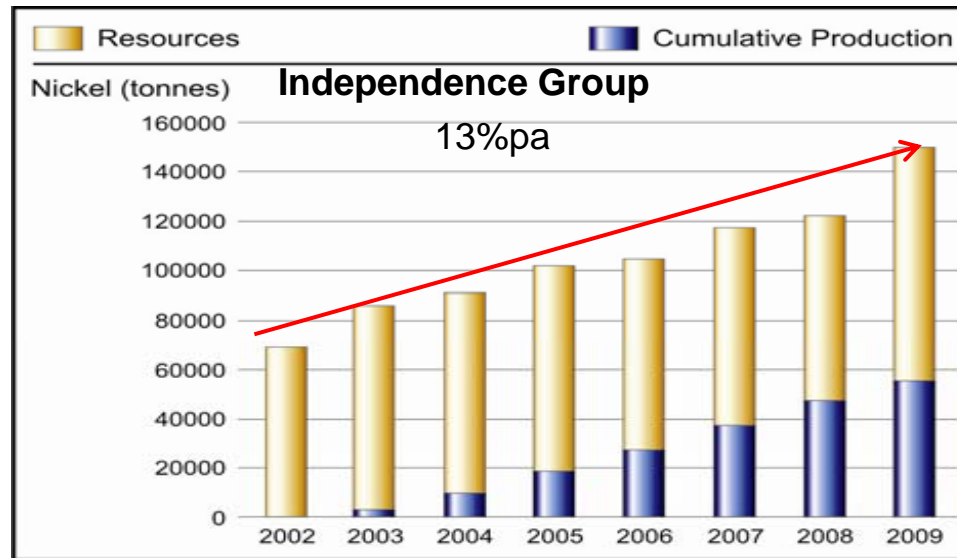
	Cut Off Grade	Resource Category								
		Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
<b>Mt Windarra</b>	0.75%	1,017,429	1.24	12,578	2,751,087	1.79	49,185	3,768,516	1.64	61,764
<b>Sth Windarra</b>	0.90%	820,326	1.15	9,434	82,404	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.*



# Initial Resource base is comparable with successful Australian start ups



# Ready To Go

- Key Infrastructure in place
- Key licences and approvals in place – State Agreement
- Decline and vertical shaft ore lift gear partially refurbished
- Mining equipment on site to complete refurbishment and commence operations
- Underground refurbishment will take 9-12 months to complete



# Airstrip re-commissioned August 2010



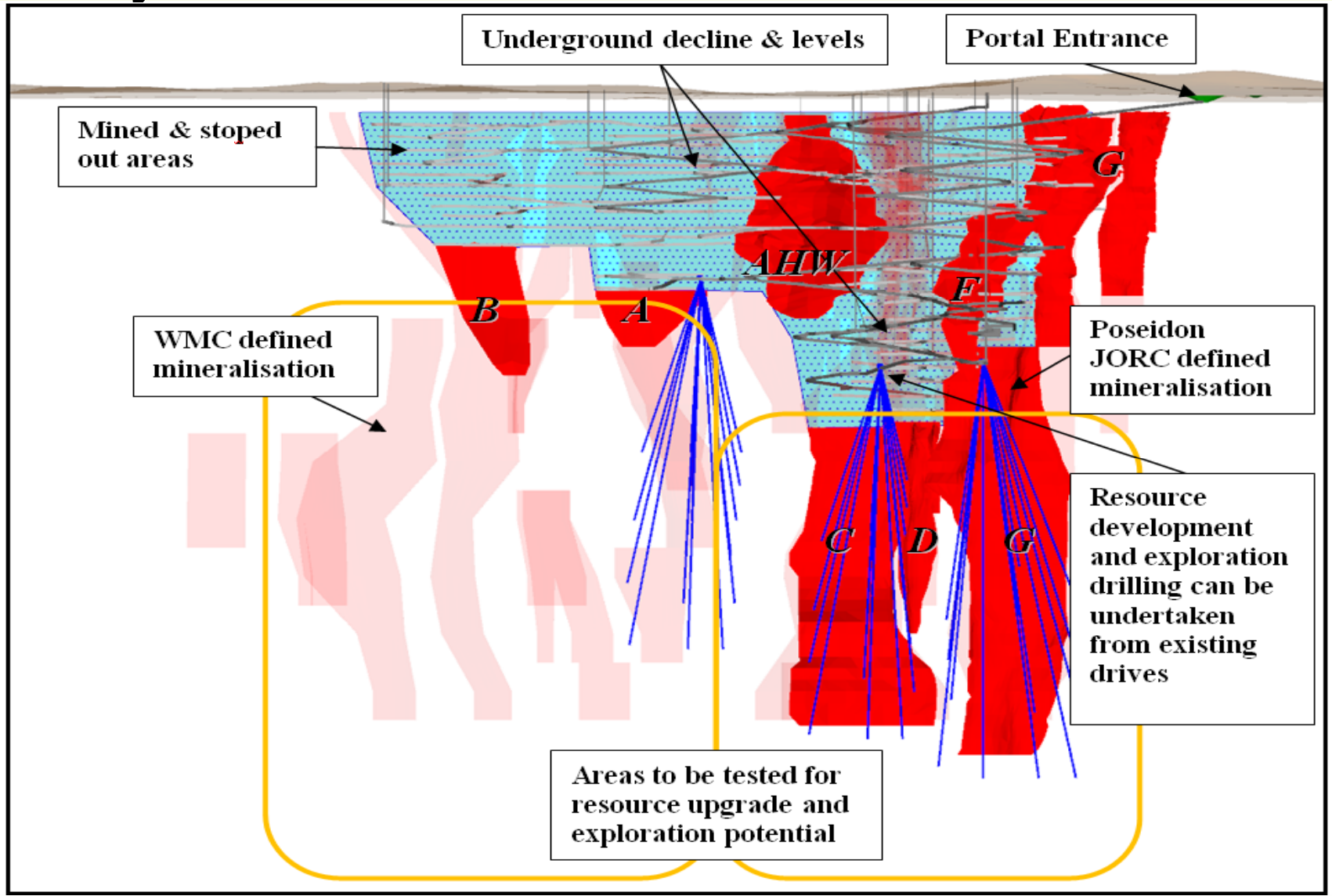


# Mining Equipment on Site

POSEIDON NICKEL

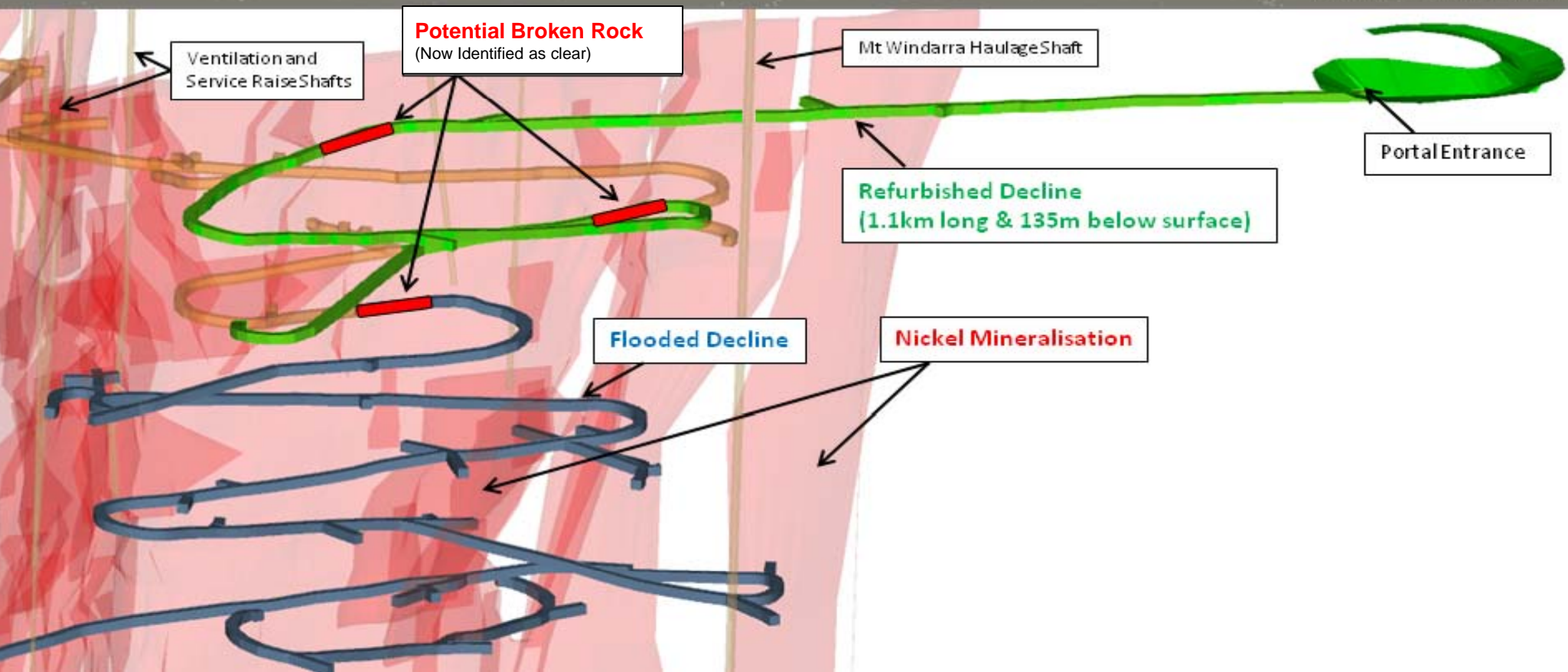


# Mt Windarra mined to 550m with ore body continuity to at least 900m



# Refurbishment to Date Shows Viability

Approximate Surface Position

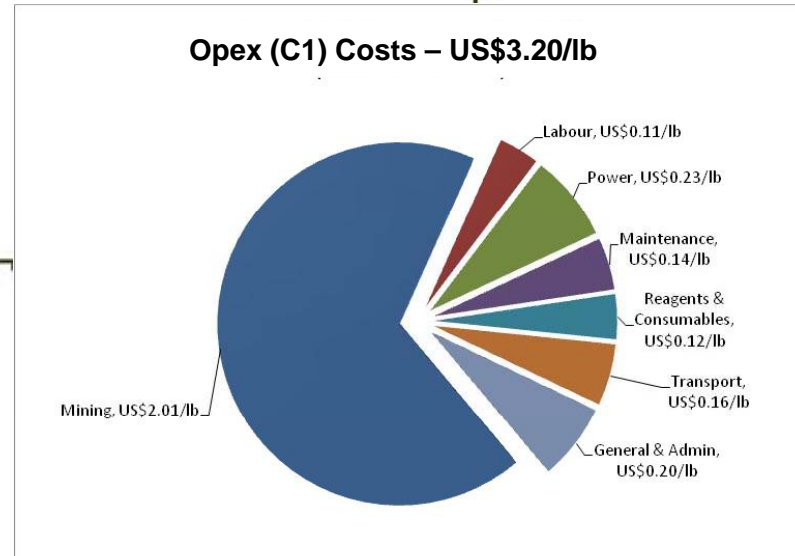
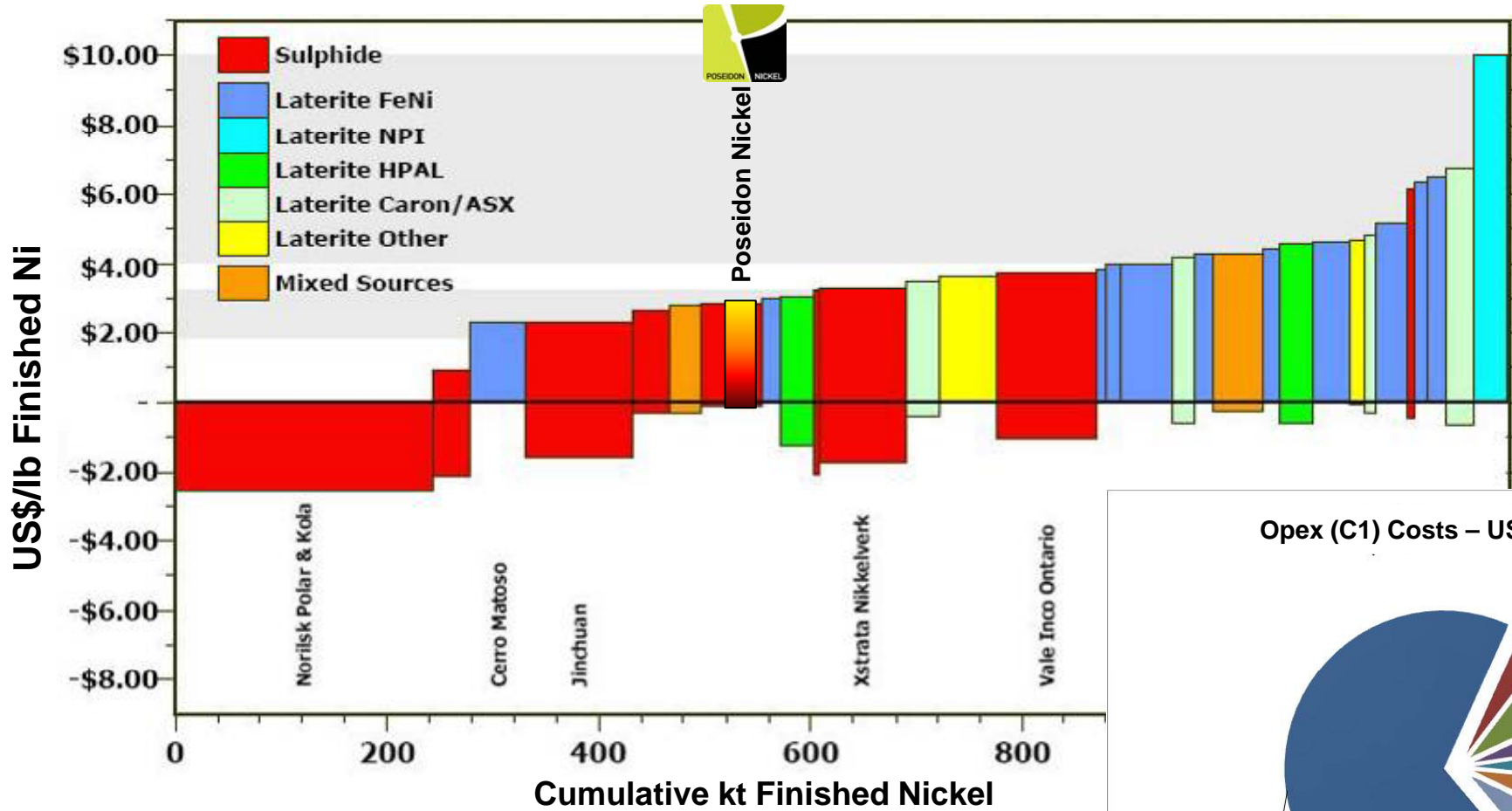




# New Build Concentrator

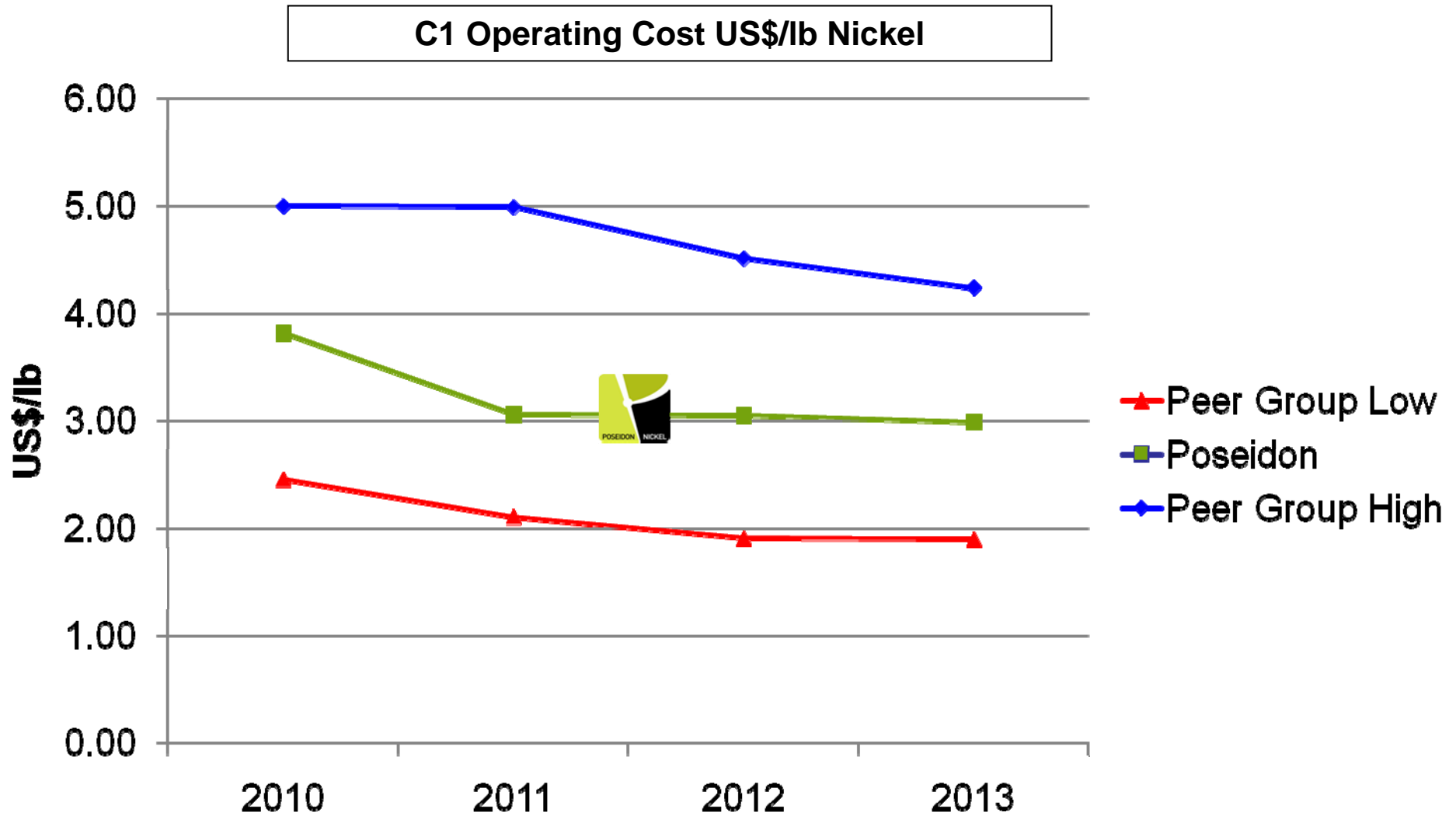
- Option of an asset backed debt financing for the concentrator plant
- Initial stage 350,000 tonnes
  - US\$30m
- Capacity expansion to 700,000 tonne
- Plant low risk & well understood

# Low Cash Cost Producer – US\$3.20/lb



*\*based on full output. See assumptions book not in presentation  
Cash cost is average over life of project*

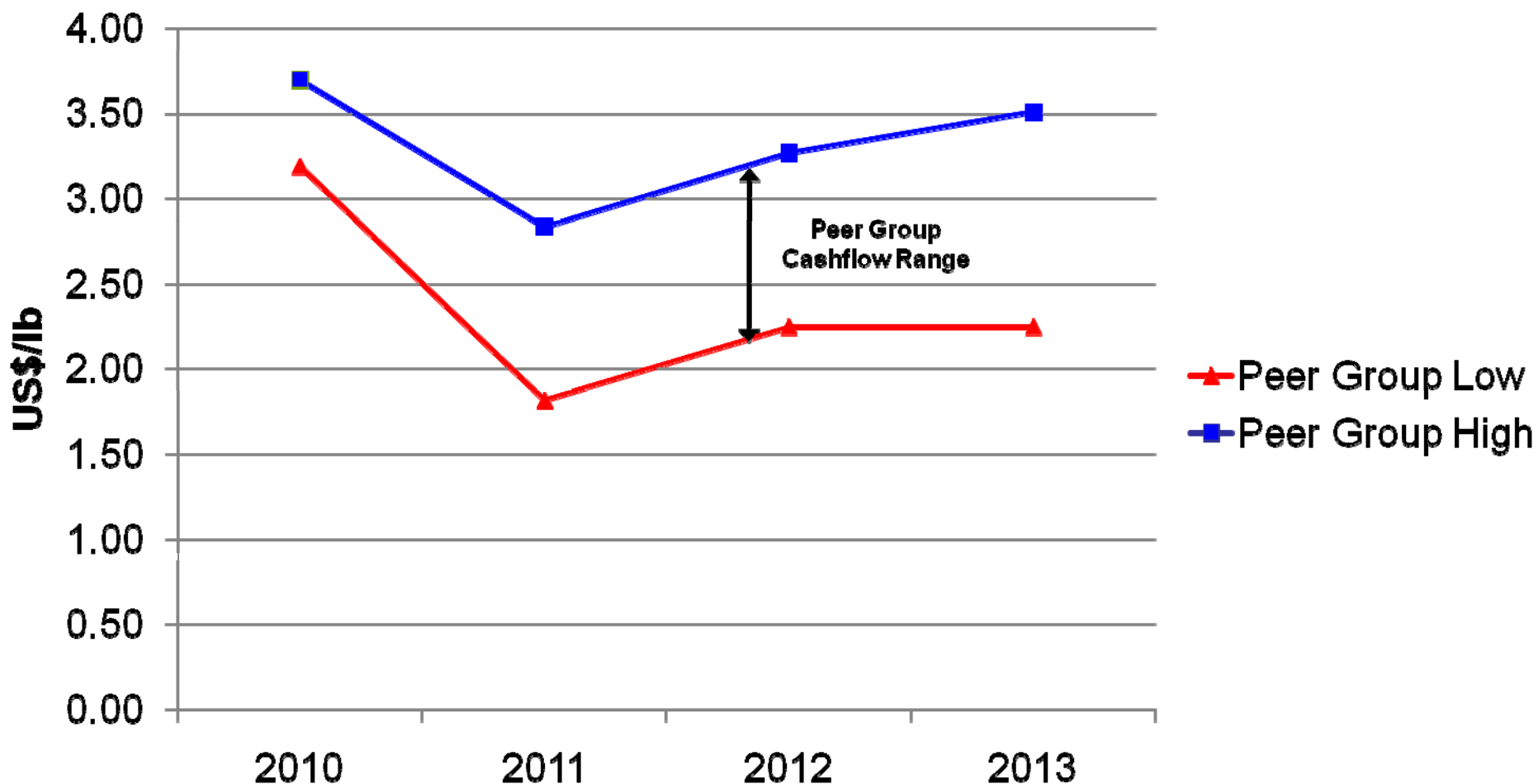
# Poseidon's Operating Cost relates well to its Australian Peer Group



Data Source: RBC Capital Markets August 2010

# Peer Group indicates likely Poseidon cashflow range

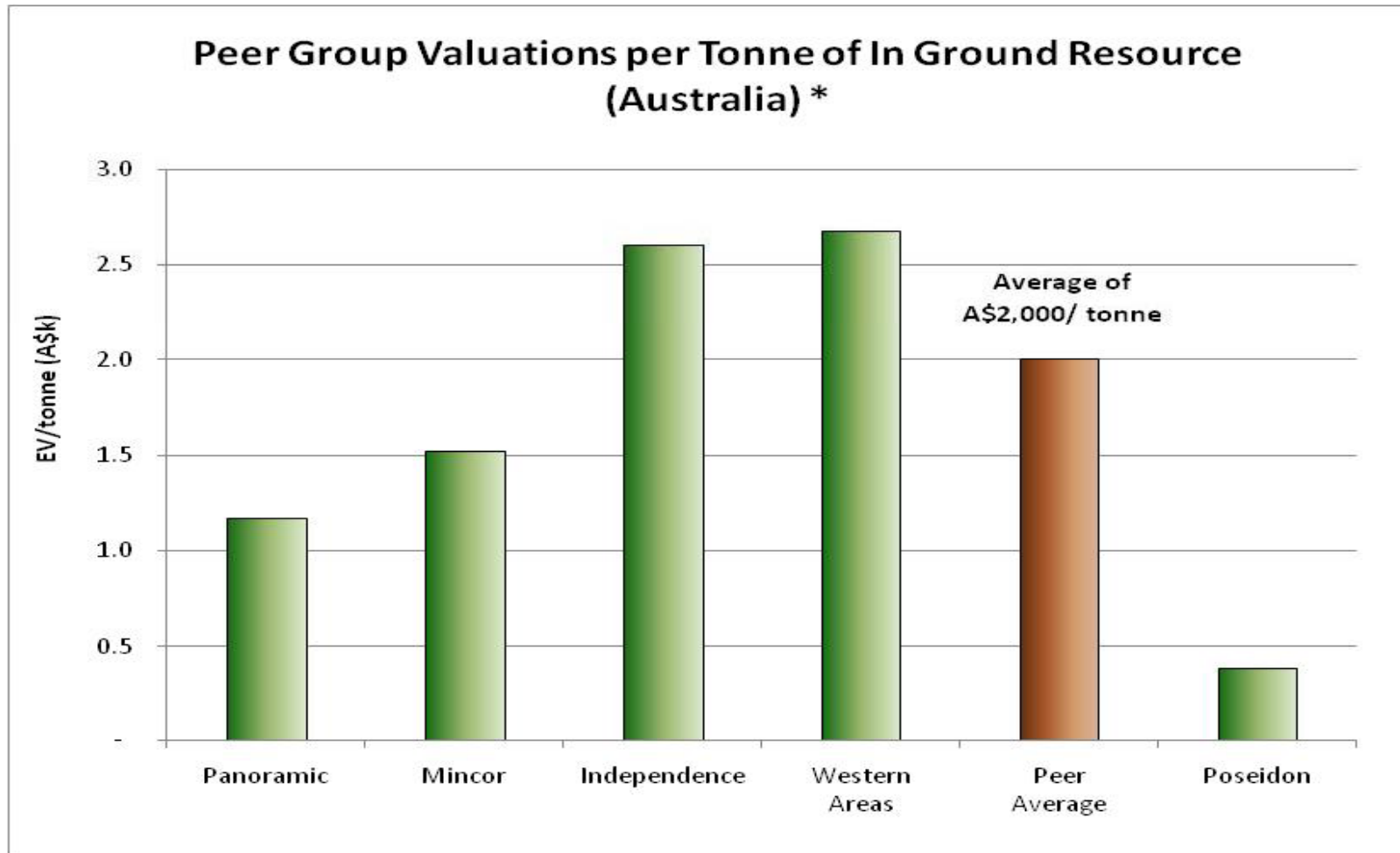
Operating cashflow per/lb in concentrate (US\$/lb)



Data Source: RBC Capital Markets August 2010

# Trading at 20% of its Nickel producer Peer Group

POSEIDON NICKEL



## Assumptions

- Utilises average Peer group EV / tonne of in-ground resource of A\$2,000 / tonne

\*Data Source: RBC Capital Markets – Australian Nickel Sector Comps (June 2010)

\*\*POS estimated share price based on an undiluted number of shares



# Work Required to Progress Project

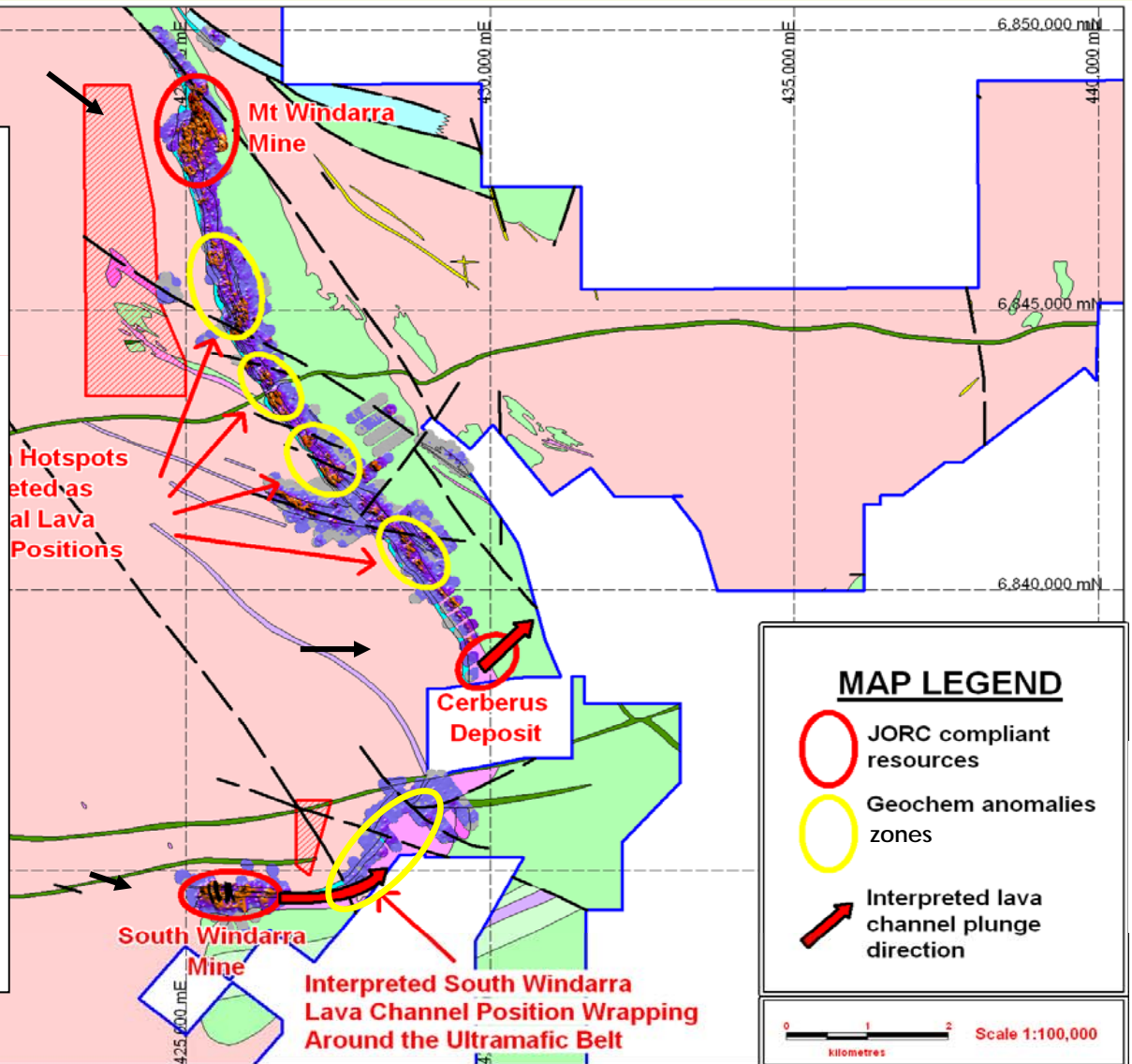


	<u>Cost</u> <u>US\$m</u>	<u>Time</u> <u>(months)</u>
<ul style="list-style-type: none"> <li>Complete de-water &amp; refurbishment of Mt Windarra nickel mine</li> </ul>	8	10
<ul style="list-style-type: none"> <li>Drill Mt Windarra, Cerberus and South Windarra to increase resources and reserves</li> </ul>	7	12
<ul style="list-style-type: none"> <li>Complete Full Feasibility Study</li> </ul>	3	4
<ul style="list-style-type: none"> <li>Construct facility concentrator</li> </ul>	27	12-18
<ul style="list-style-type: none"> <li>Restart working capital &amp; other costs</li> </ul>	10	6
<b><u>TOTAL</u></b>	55m	18-24



# Low Resource Risk

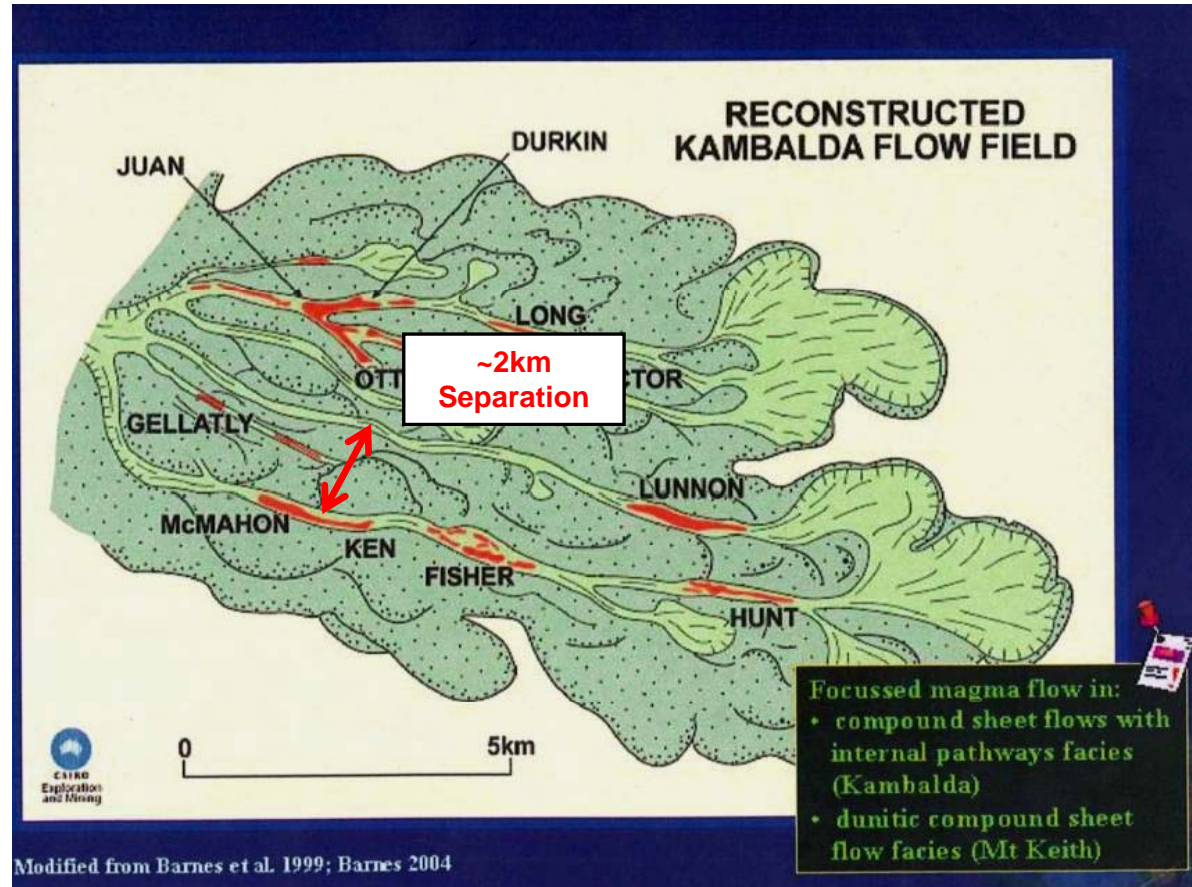
- 24km strike length
- 2 long life mines at northern & southern ends
- 100,00 tonne Nickel Resource
- New high grade discovery at Cerberus
- 7 anomalous lava channels recently discovered



# WNP Tenements have Significant Exploration Potential

POSEIDON NICKEL

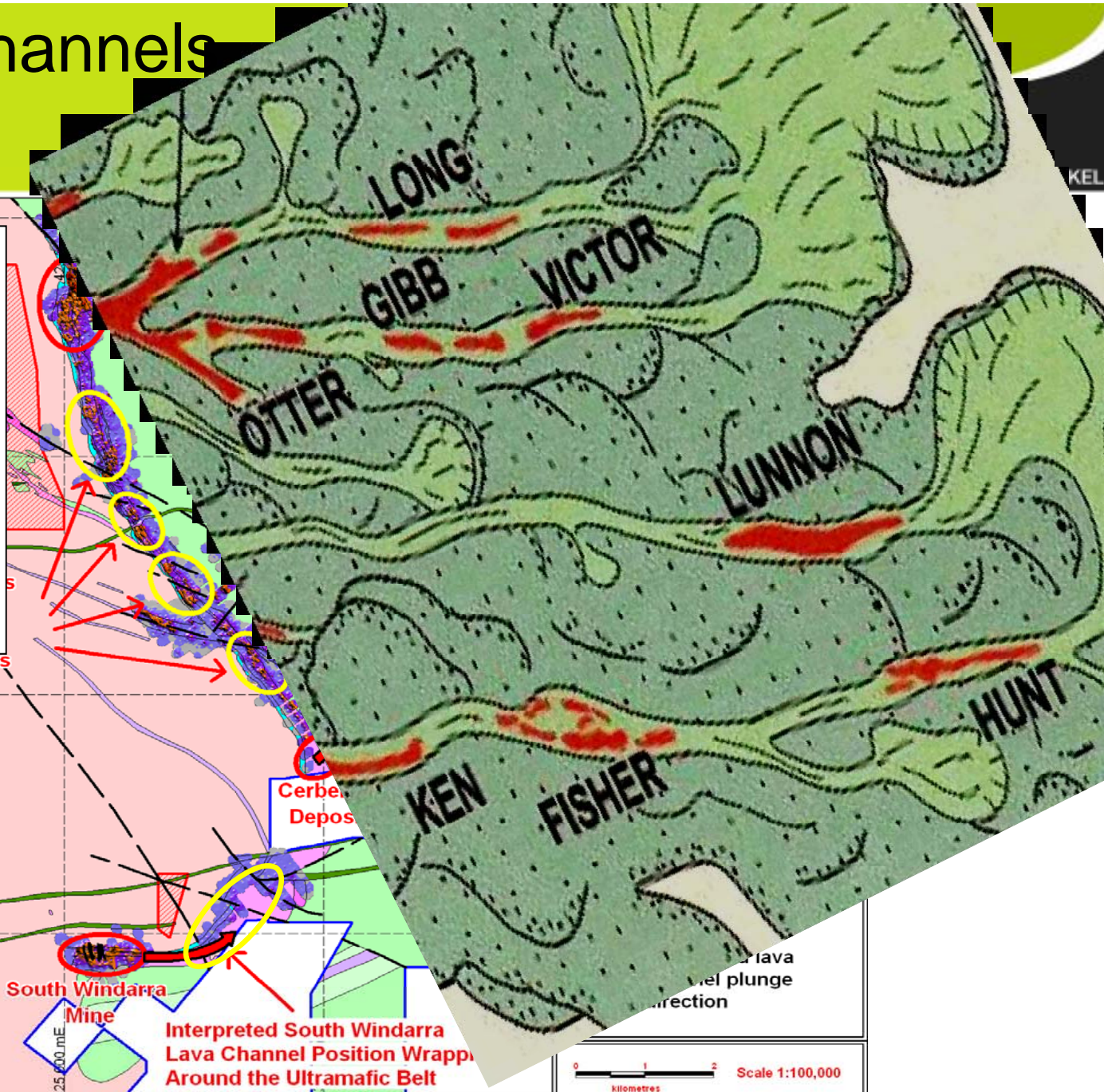
- Recognition of Lava Channels is the key to success
- Of 2 anomalous zones drilled both have intersected high grade nickel. 1 is likely to be economic (Cerberus)
- Poseidon are confident that more blind deposits are yet to be discovered



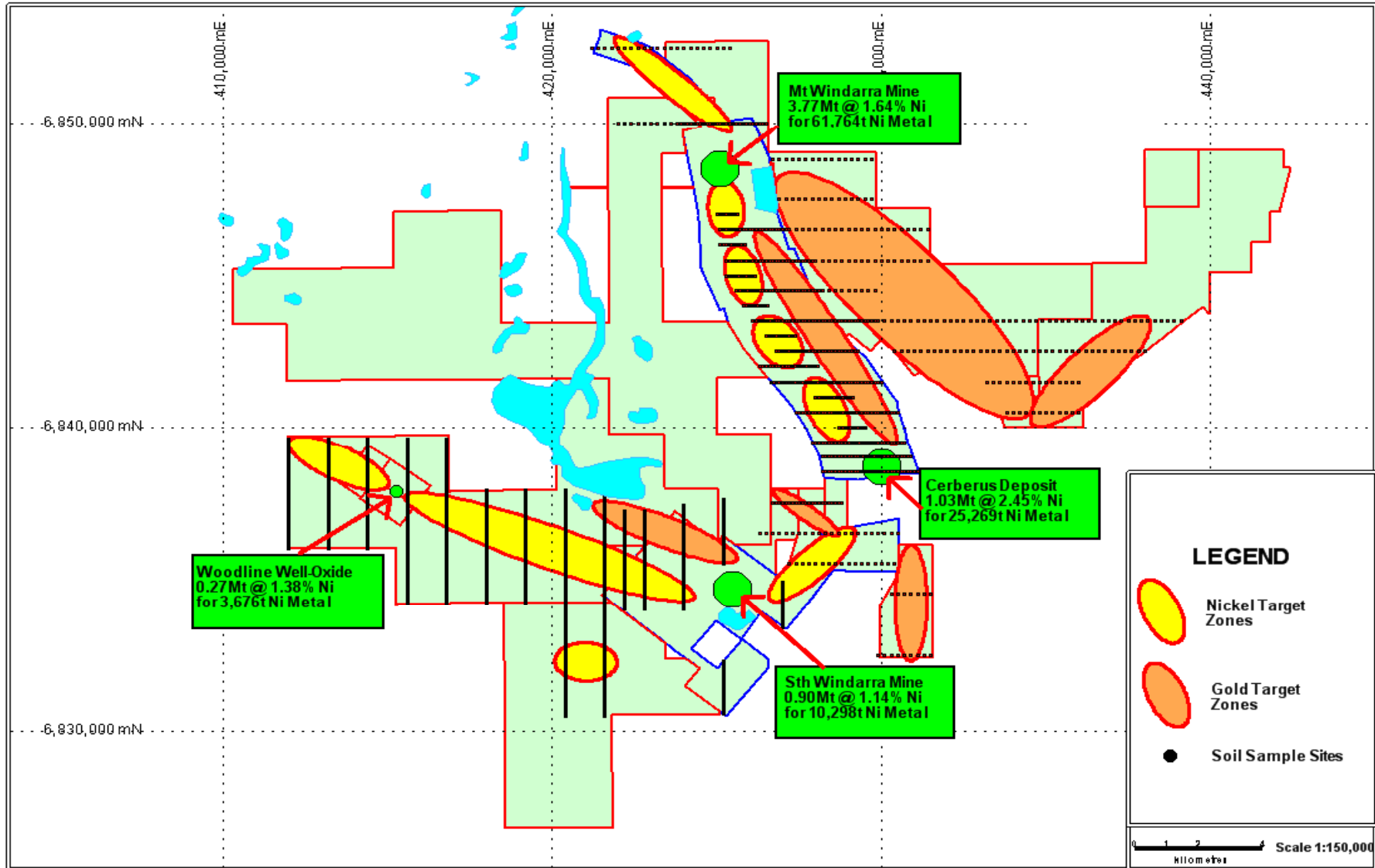


# Five New Lava Channels Identified

- 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



# Geochemical Signature identified 7 target zones

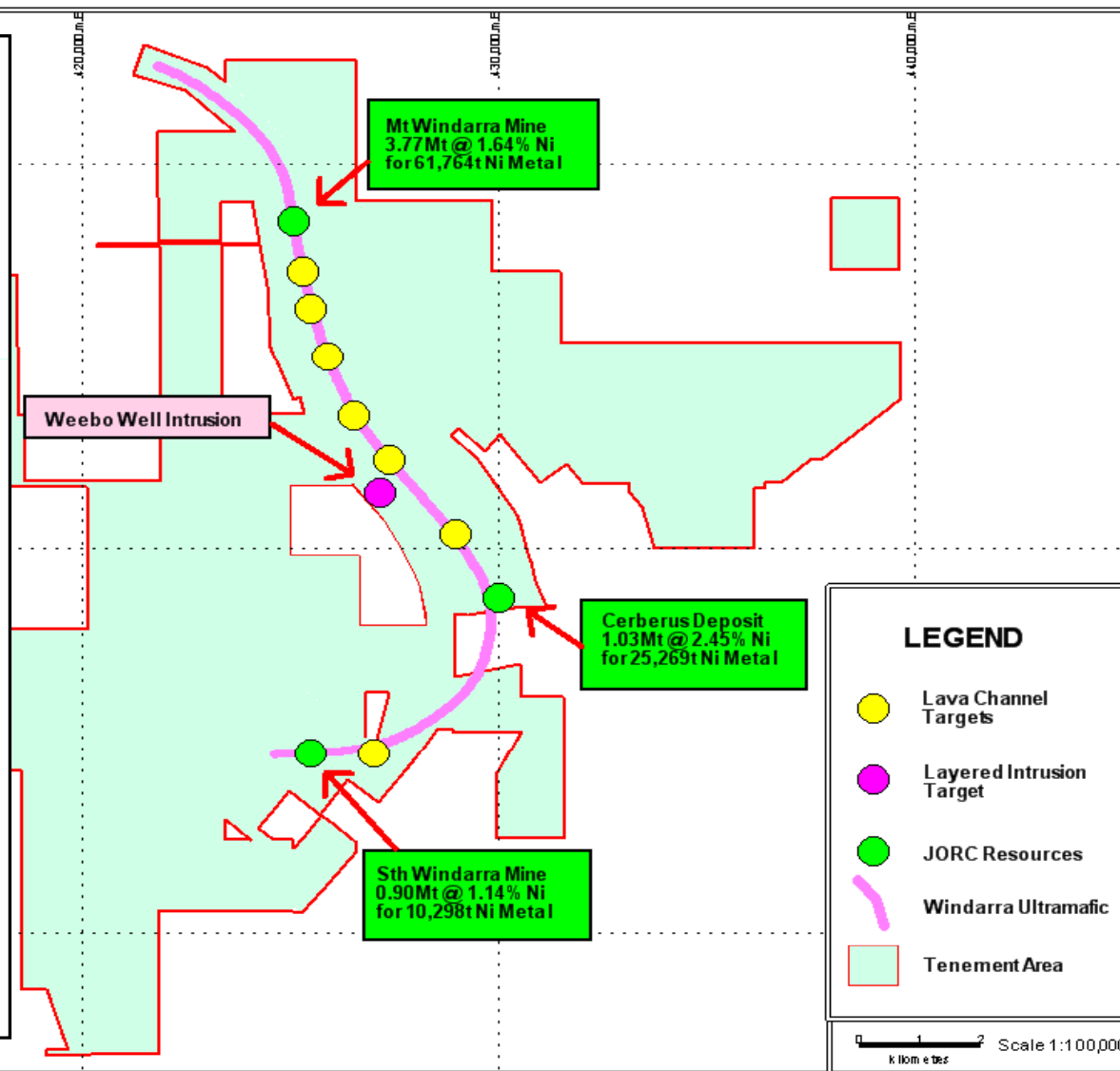


# Two Mines, One Discovery and Seven Nickel Prospects

- Signature of channels using Ni-Cu, MgO and TiO ratios

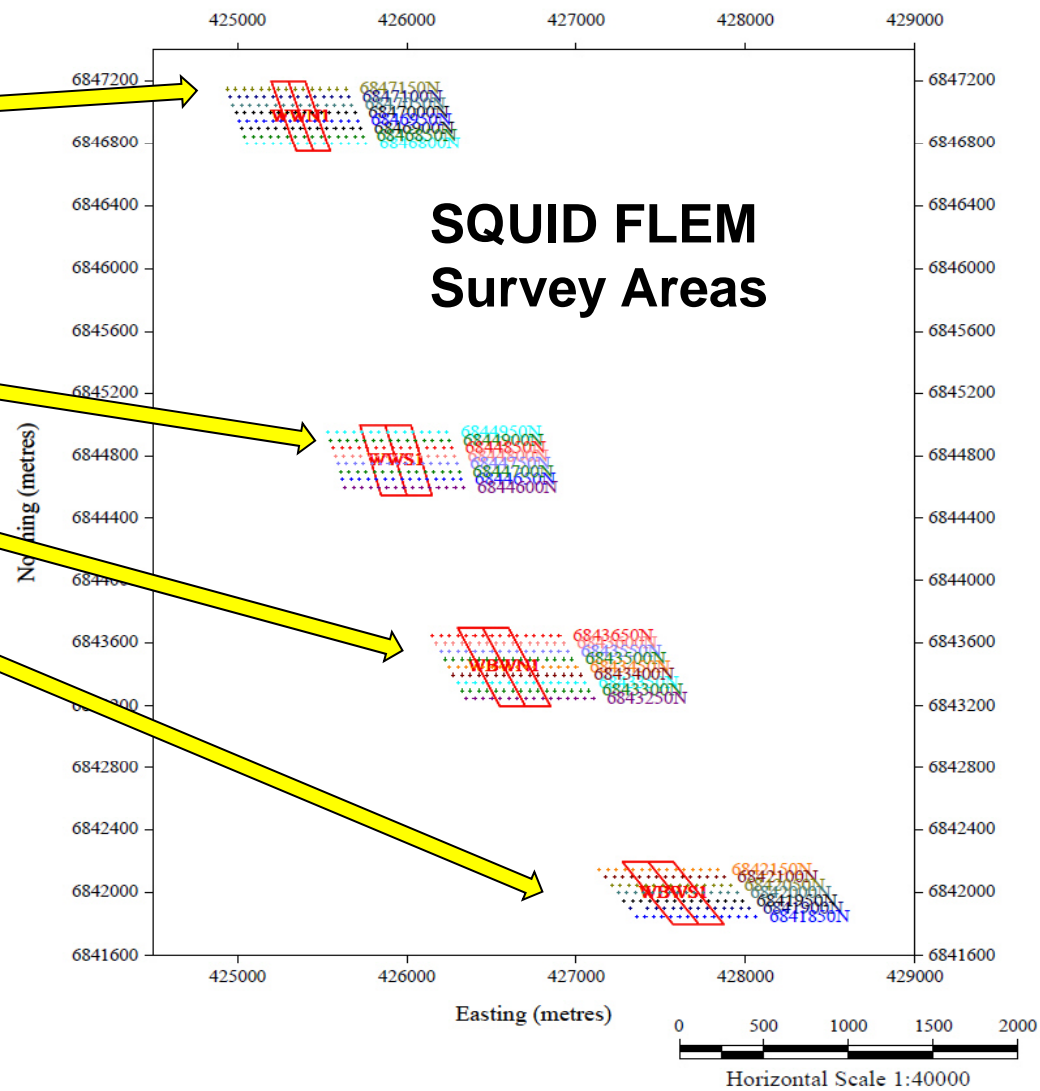
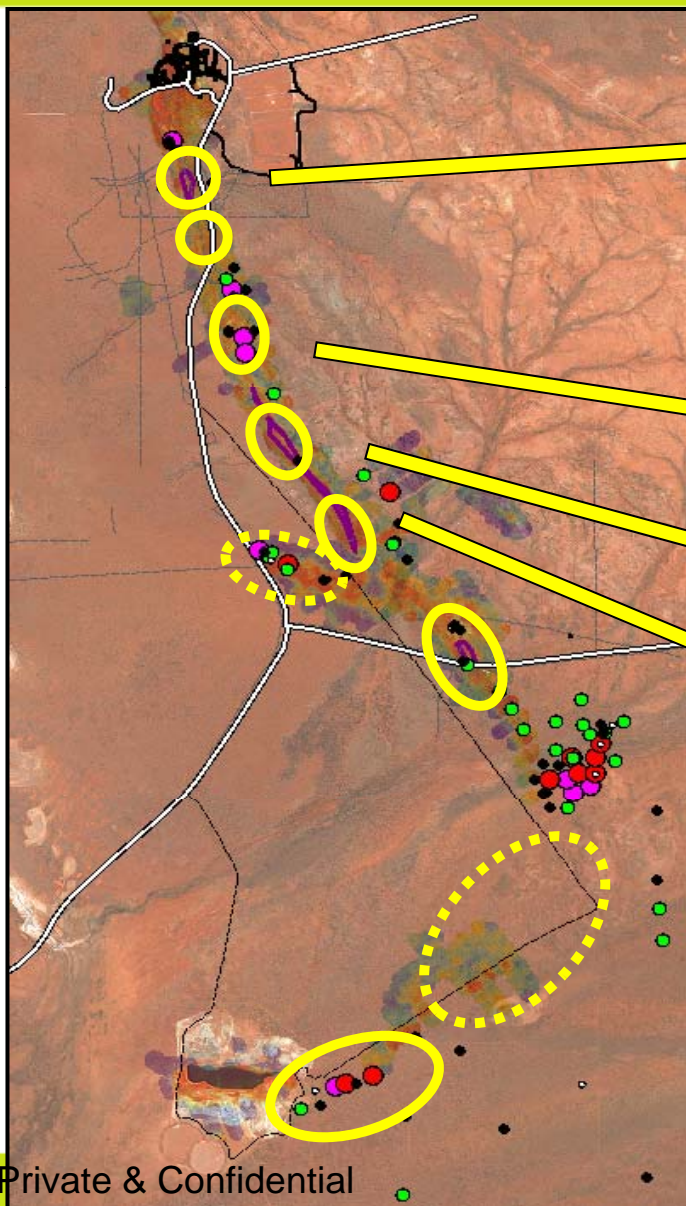
- Channels Mapped

- XRF Niton confirms



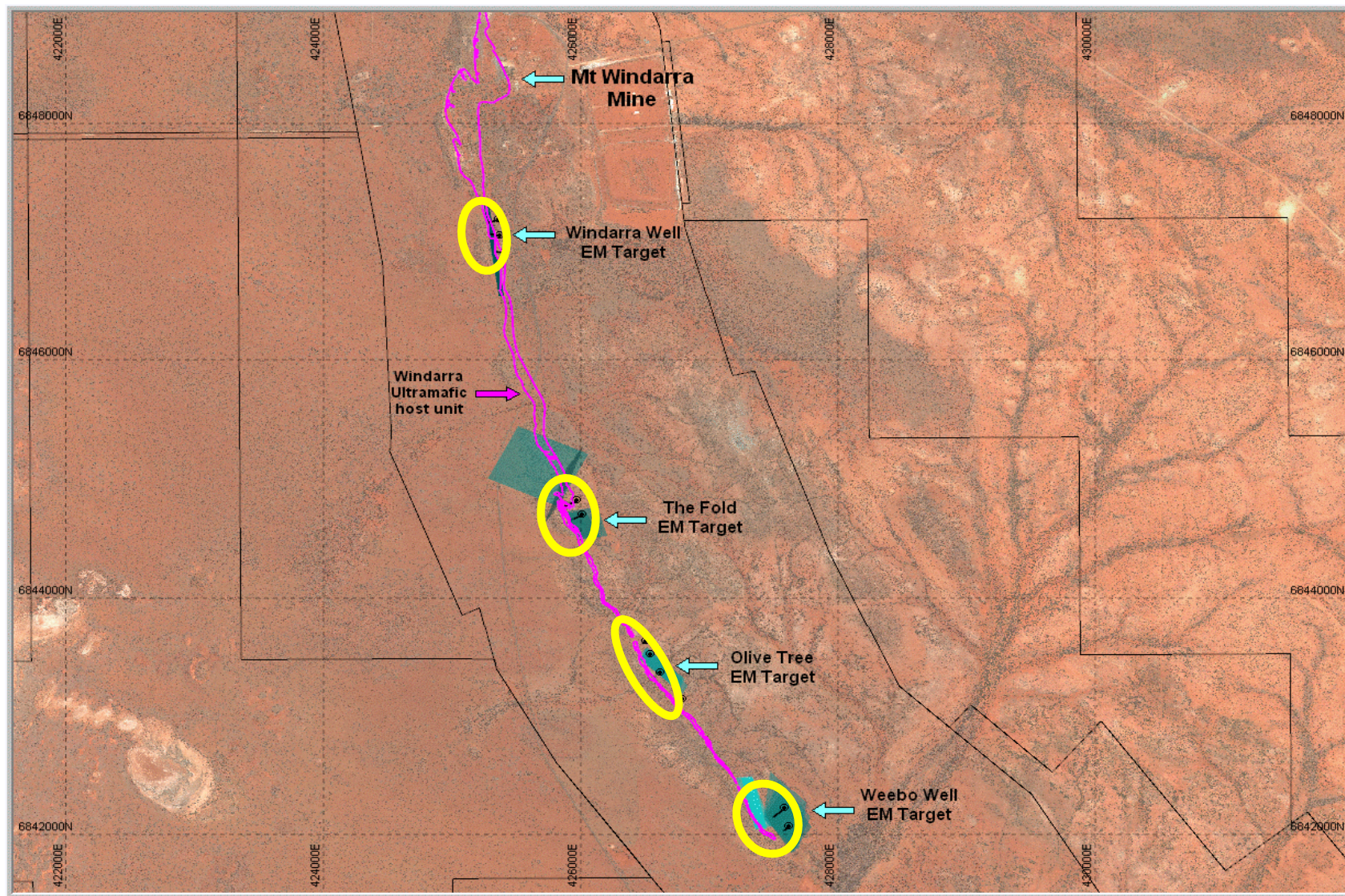


# Surface EM used to prioritise 4 targets



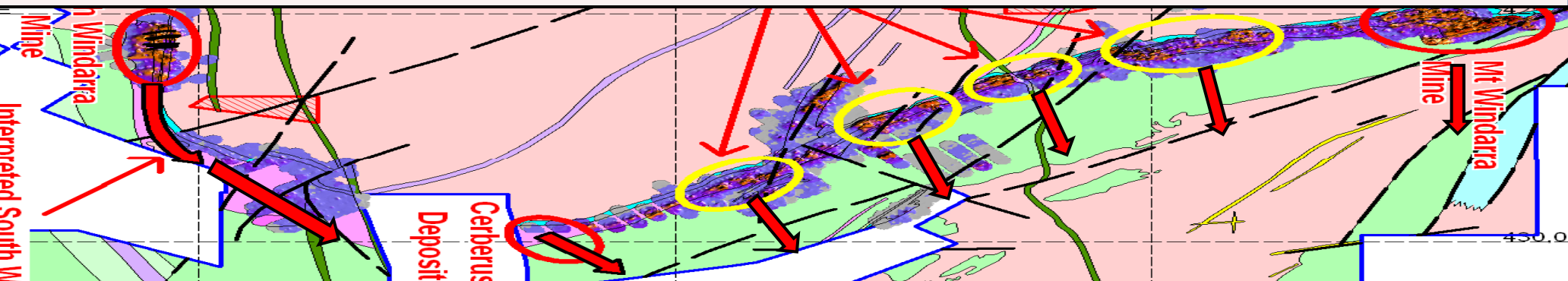
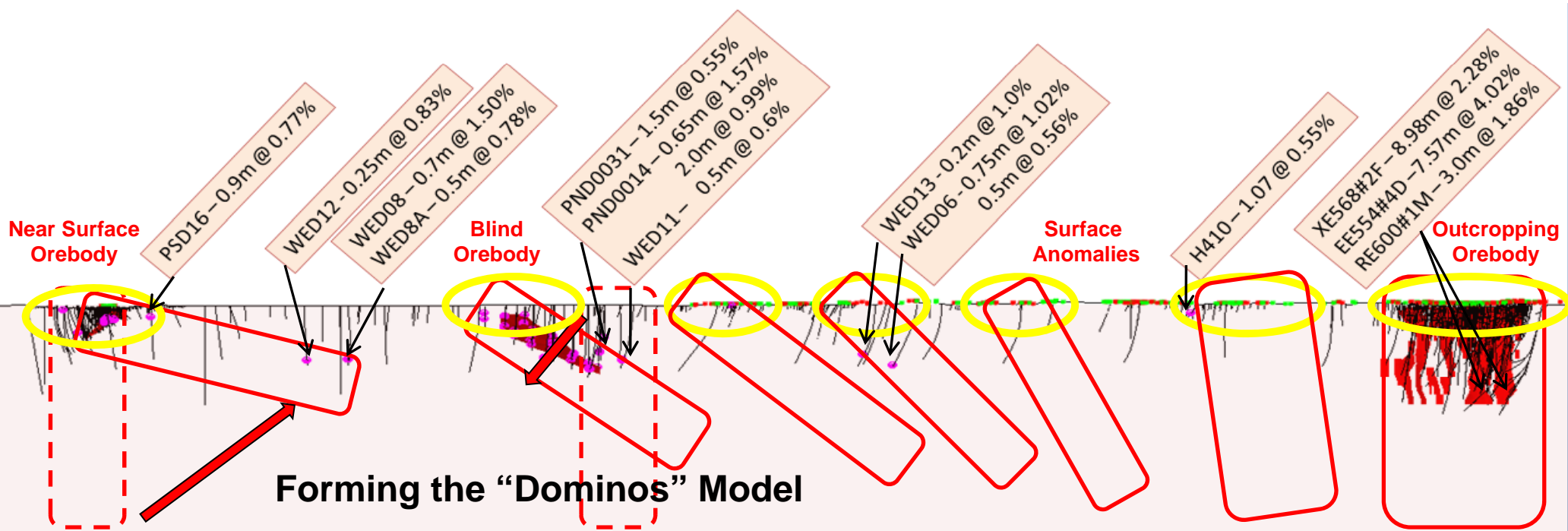


# 4 Priority Zones with Drill Hole Locations

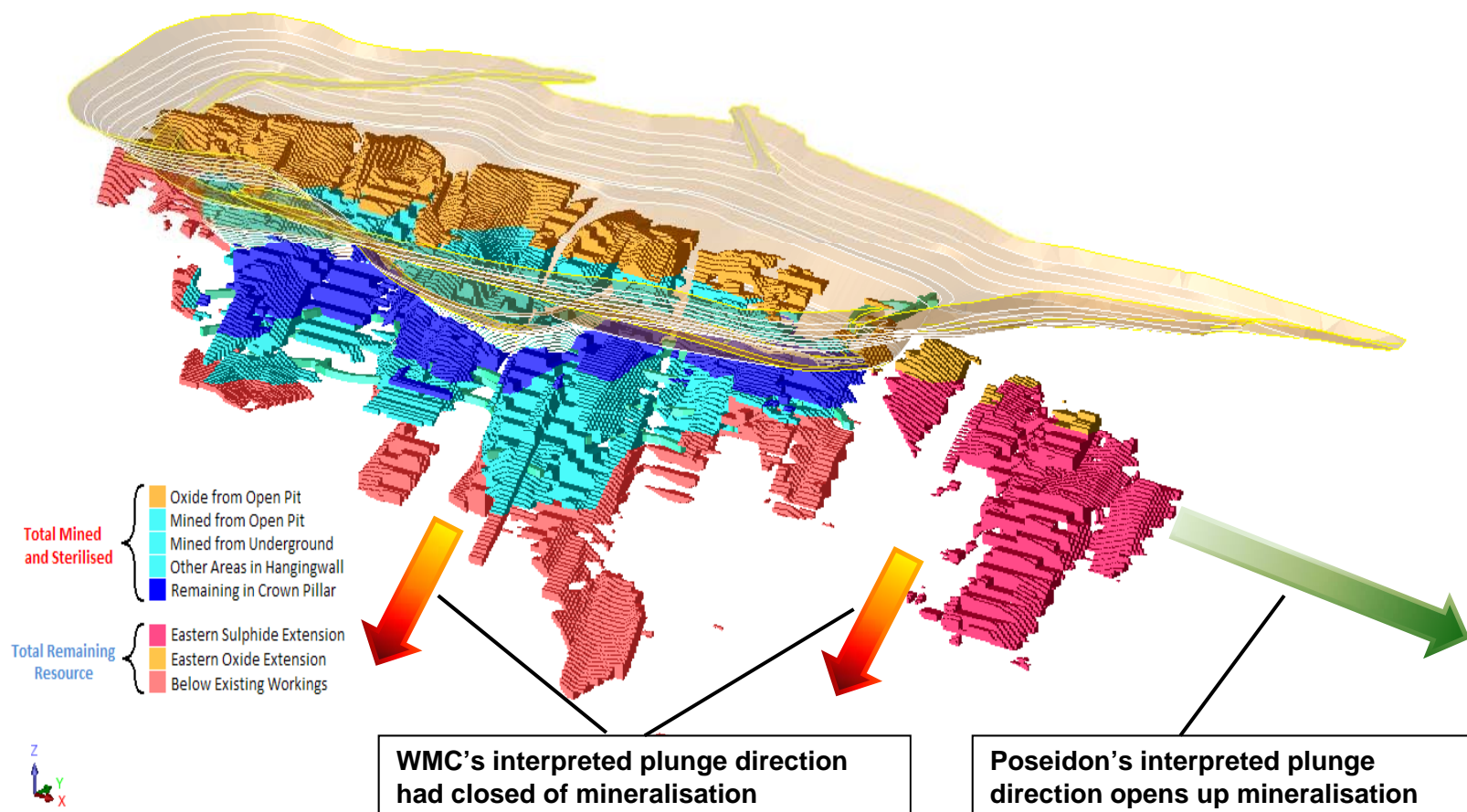




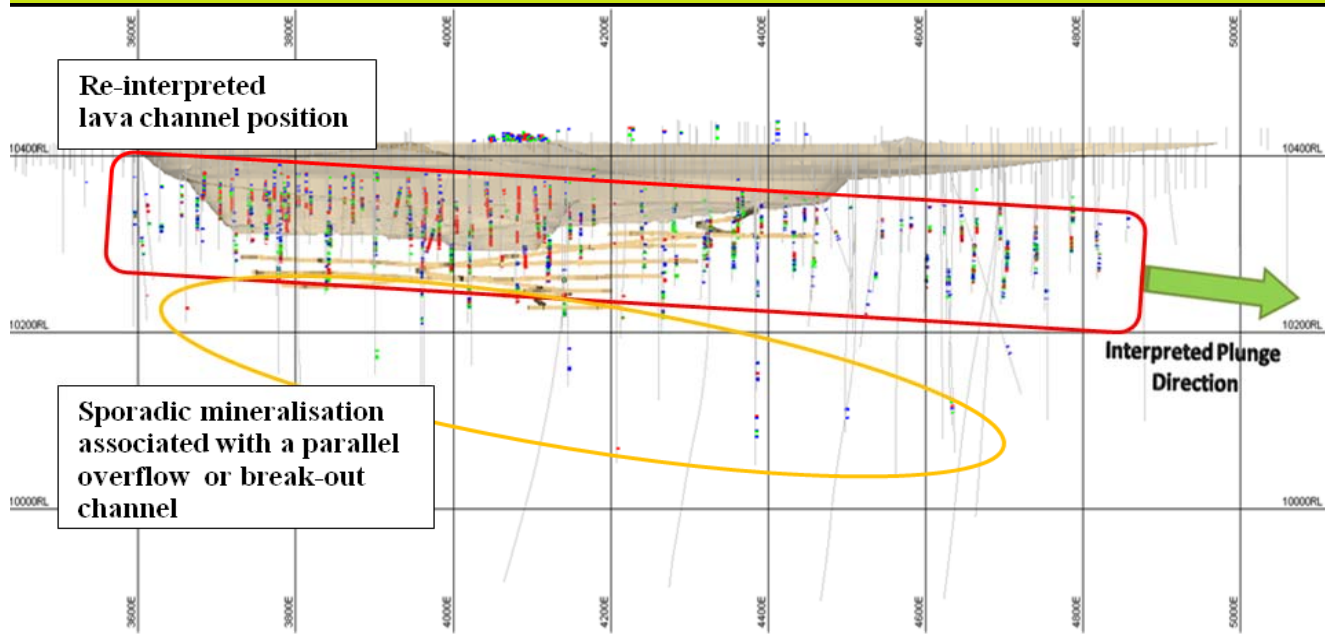
# Interpreted Lava Channel Positions – “Dominos Model”



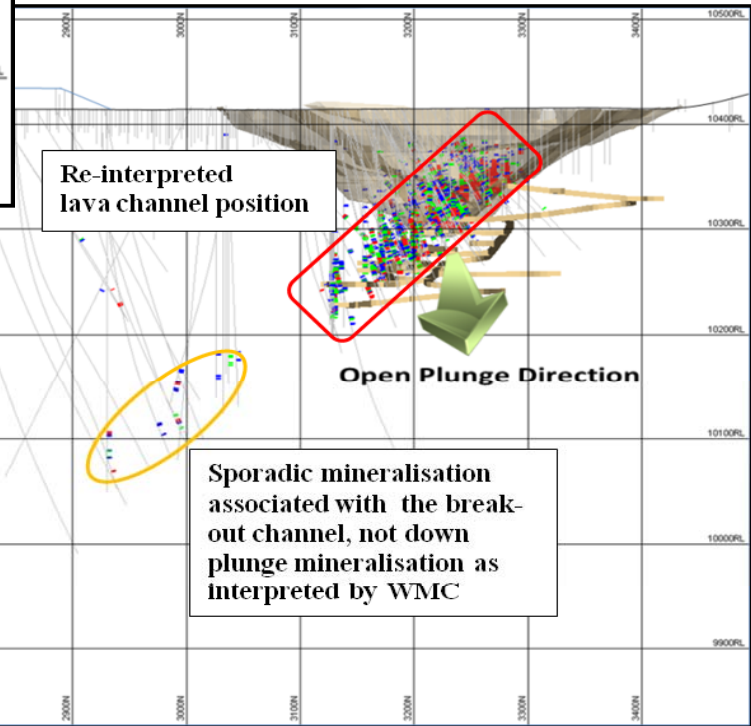
# Reinterpretation of South Windarra Identified Opportunity for Extension



# South Windarra



Long Section  
Looking North

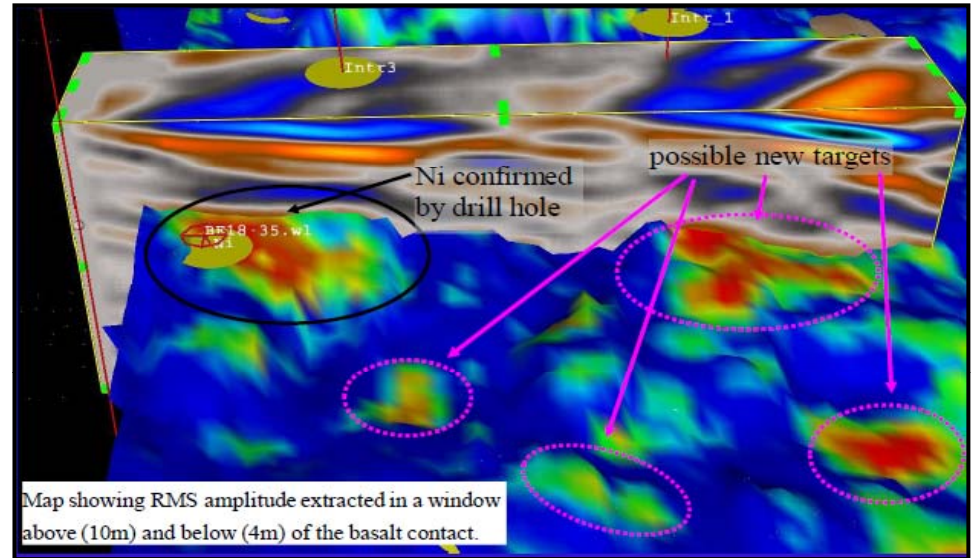


Cross Section  
Looking West

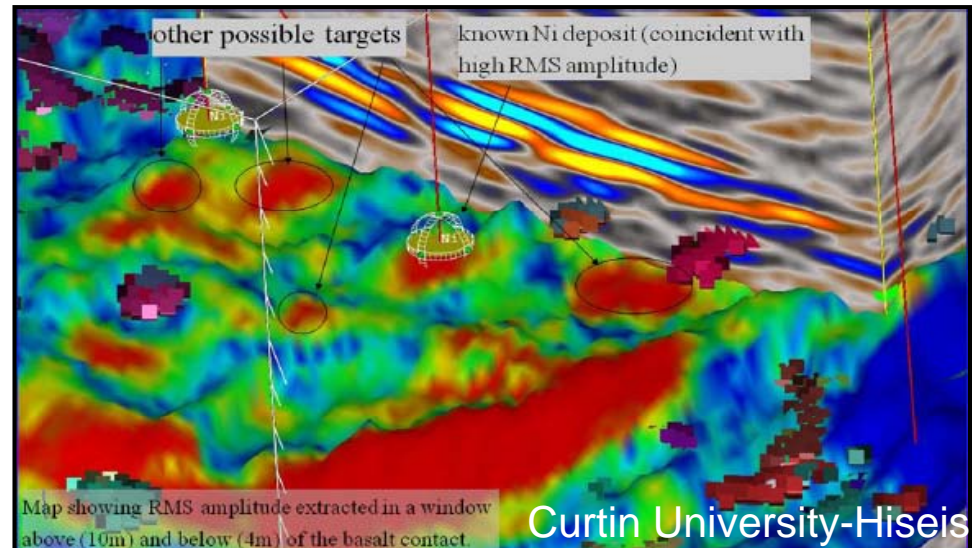
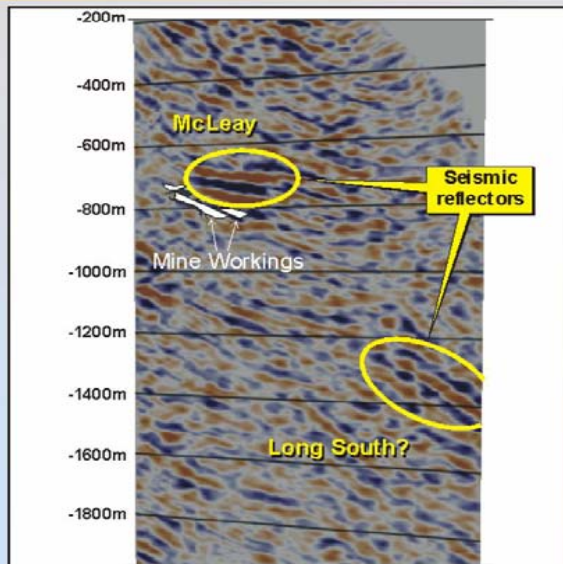


# Seismic Survey to confirm South Windarra Channel Position

POSEIDON NICKEL

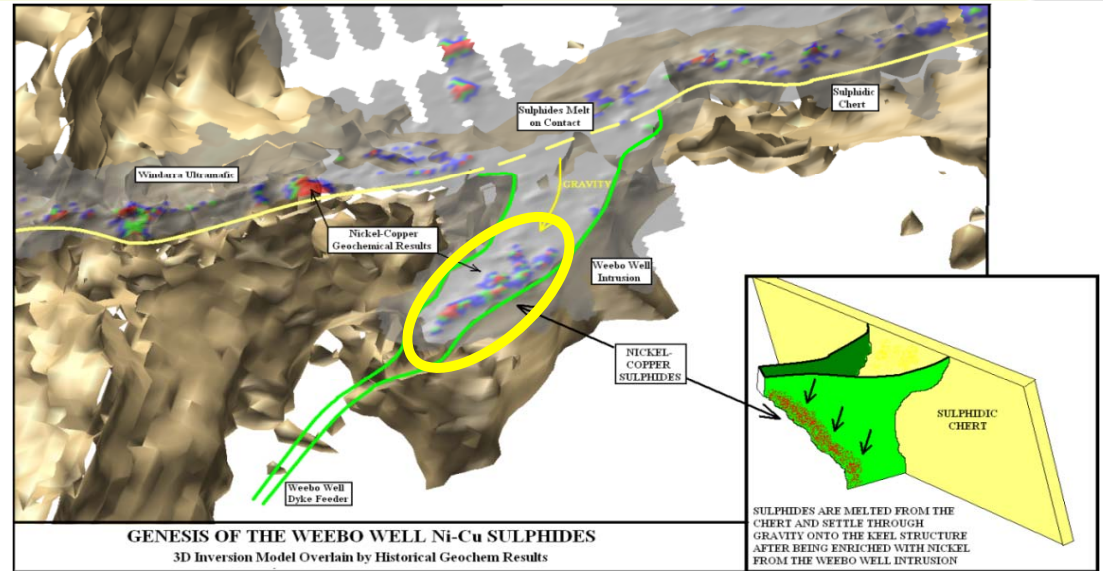
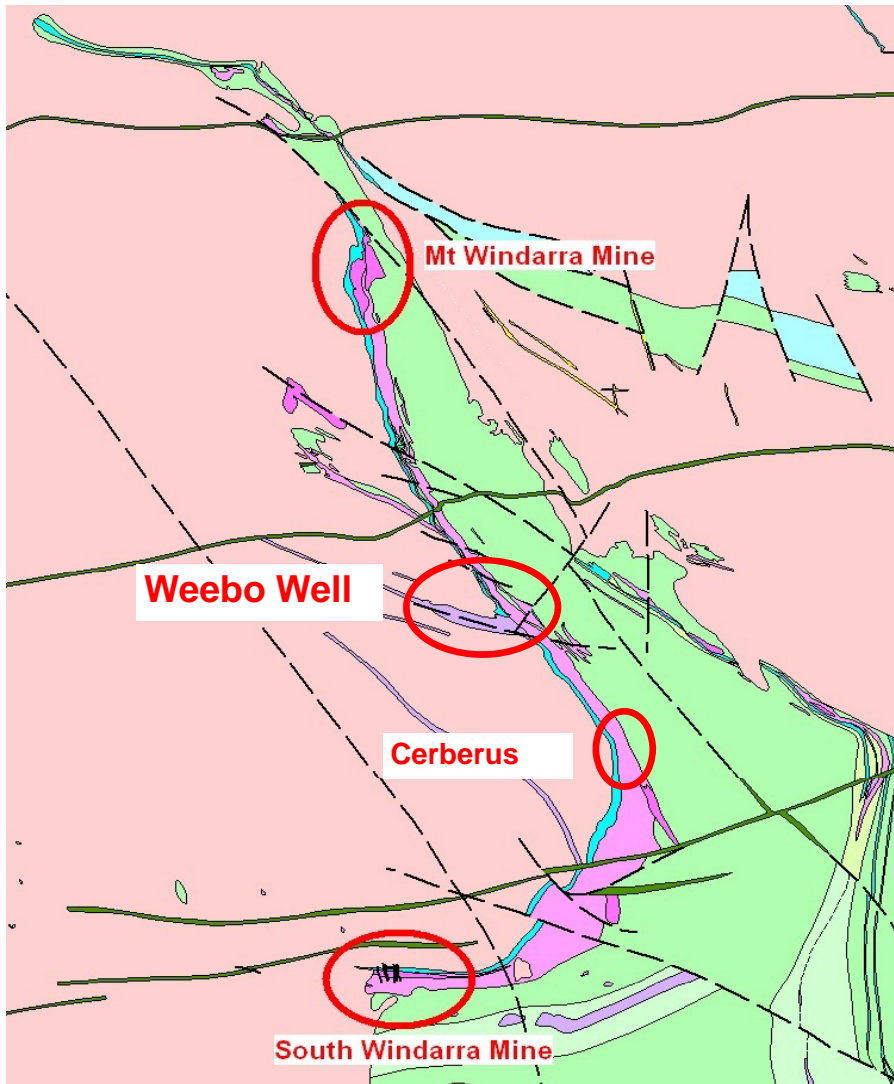


## McLEAY AND LONG SOUTH SEISMIC SECTION

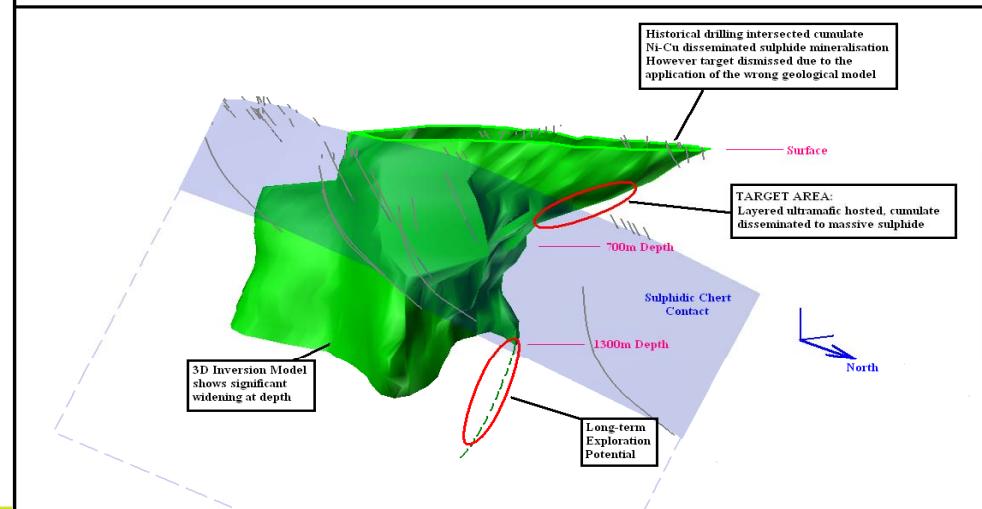


Curtin University-Hiseis

# Weebo Well Intrusion



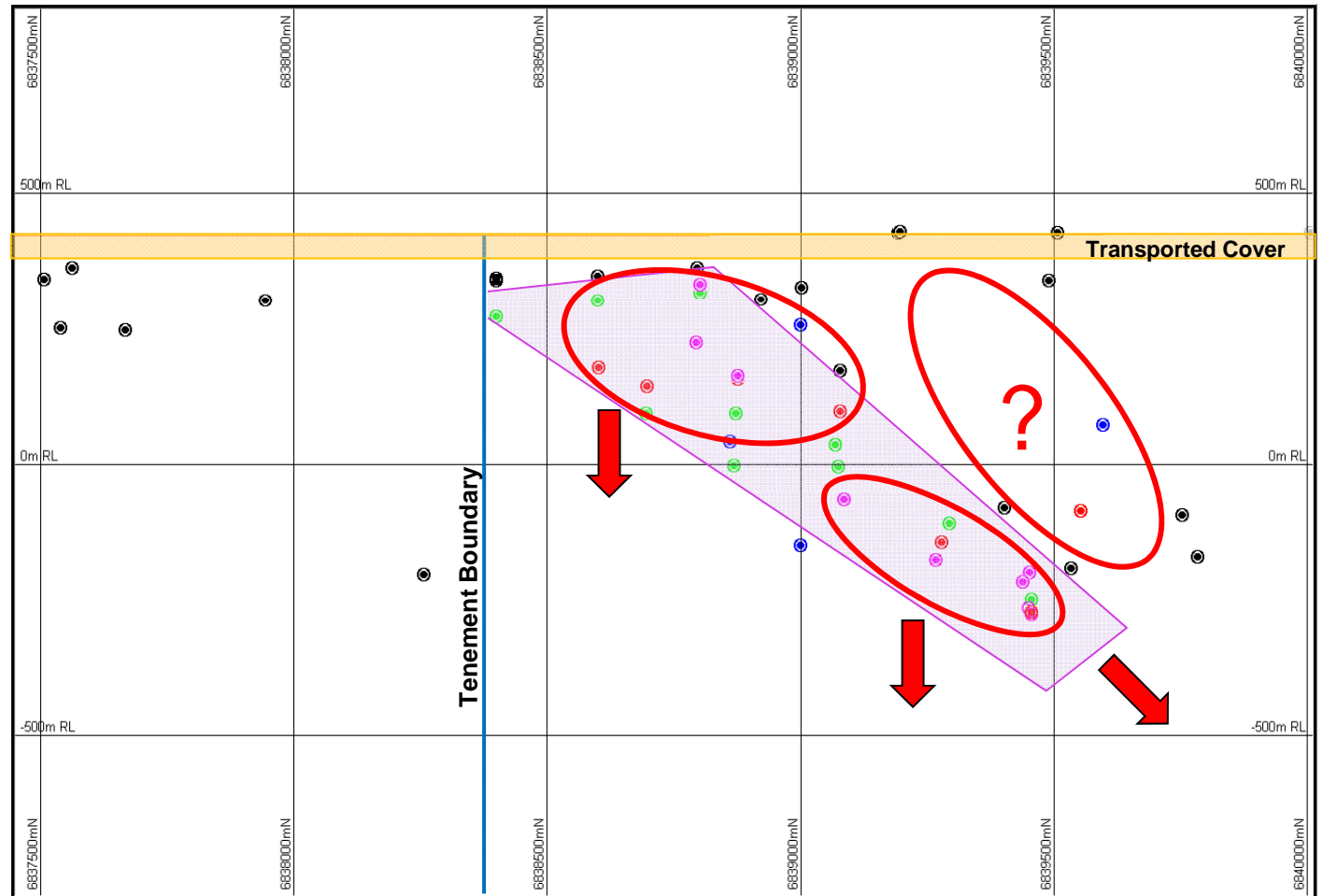
## Weebo Well Layered Intrusive - Ni-Cu Target Areas





# Drilling Cerberus to increase resource size

- Open in 3 directions
- Grade increases with depth
- Additional drilling intersected nickel sulphides



# Exploration Summary

- Geochem has identified 7 lava channels
- Surface electromagnetics has prioritised channels
- Drilling underway today
- South Windarra & Weebo Well Seismic this year
- Weebo Well intrusion – EIS grant
- Cerberus growing

# Project Summary

- 100,000 tonne Nickel Resource in situ
- Cerberus new discovery
- Drilling new targets
- Financing options underway
- First production 24 months



# The Windarra Nickel Project

The Australian Nickel Conference - Perth  
14<sup>th</sup> October 2010

David Singleton  
Managing Director & CEO

**POSEIDONNICKEL**