



Australia's 'New' Nickel

David Singleton
Managing Director & CEO

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POSEIDONNICKEL

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Poseidon Nickel Highlights

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Low risk project, low complexity, 2 mines - Brownfield + Greenfield on existing infrastructure



Fast start project. Short construction, commissioning and ramp-up – DFS completed, all required approvals in place



Strong competitive position. 2nd quartile cash cost position and low capital intensity



Large resource size. Significant resource extension potential



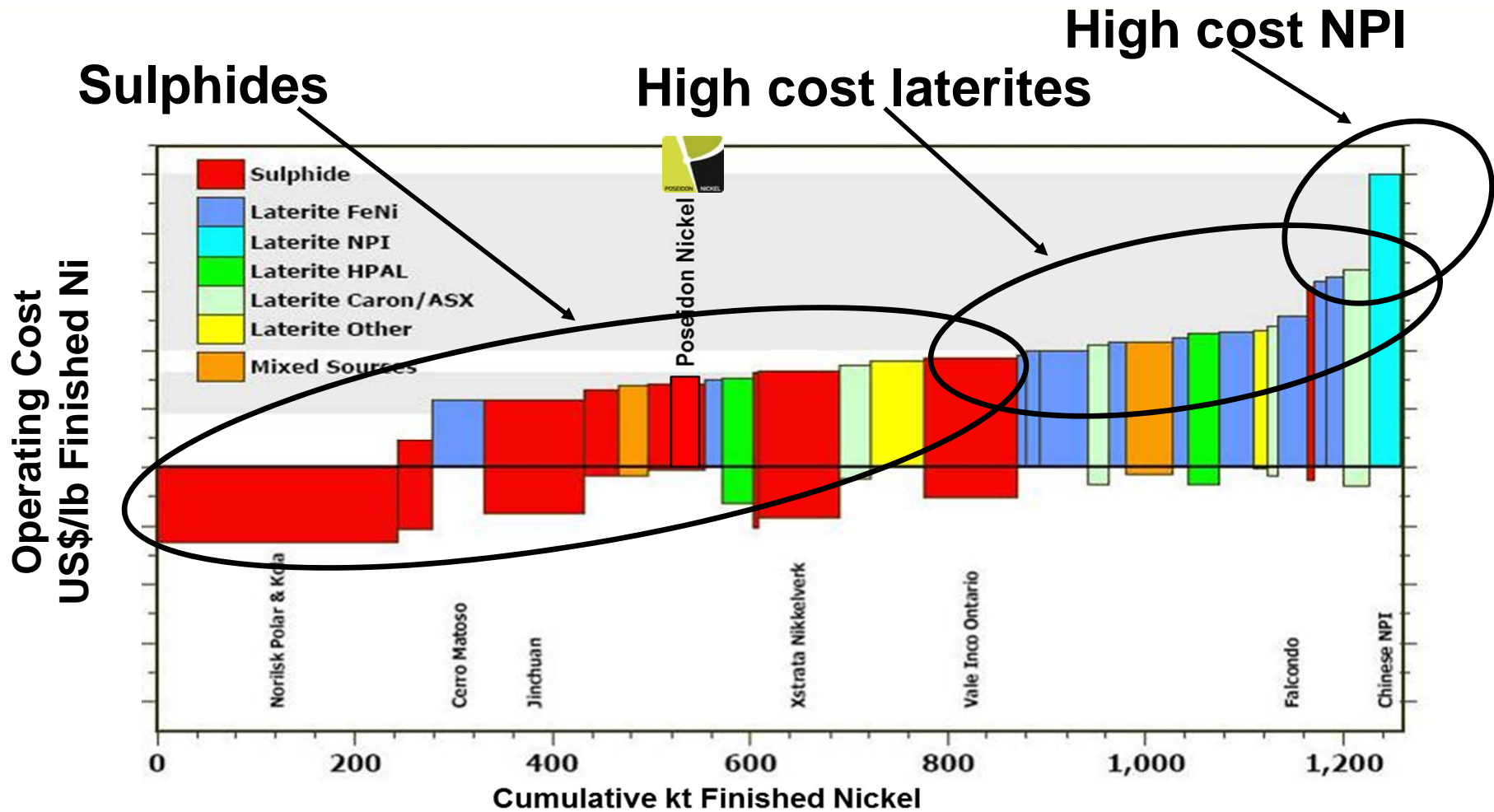
Leading Management Team. Andrew Forrest (FMG) worked together for 5 years to bring project to fruition.



Poseidon will be the only 'new' nickel sulphide producer ready to meet supply shortfalls in 2014/2015

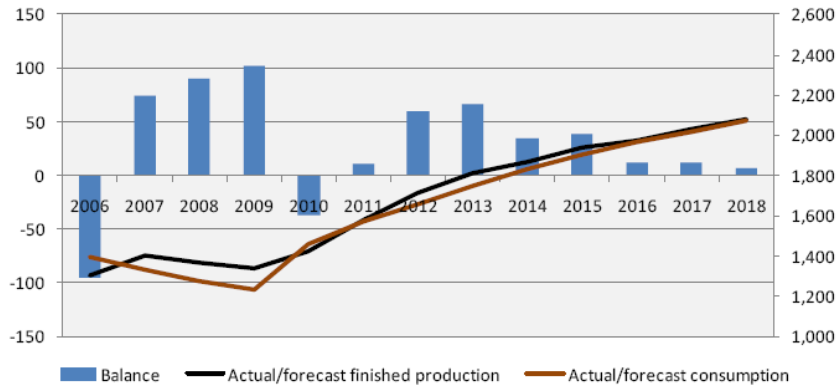
The Nickel Market

Nickel Sulphides have a capital intensity of less than 50% of laterites and are generally lower in operating cost



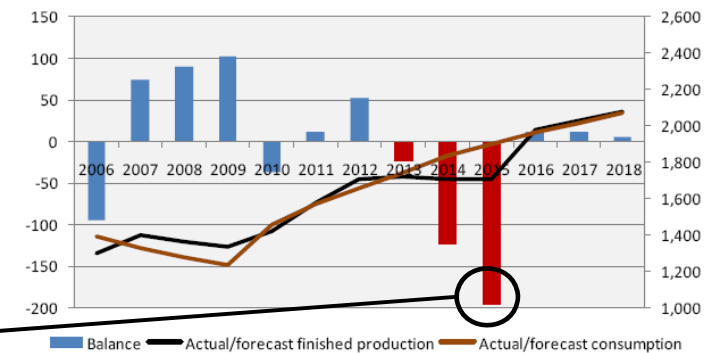
AME Group predict a supply shortage in 2014/2015 leading to sharp commodity price rises

From start of 2012 – forecast oversupply



Now – huge under supply in 2015

Finished Nickel Market Balance, 2006 – 2018e



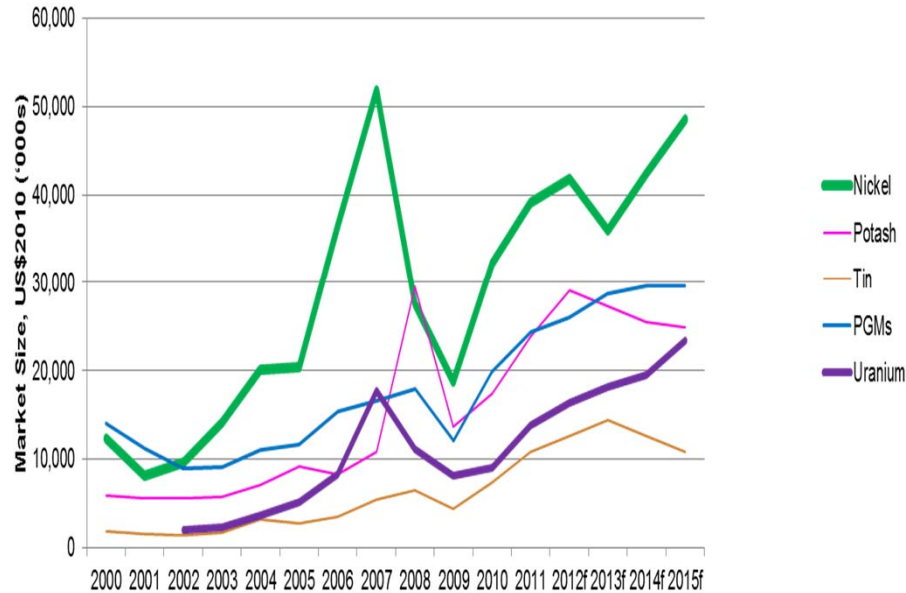
Deficit represents circa 10% of demand

Source: AME

- Majority of new nickel production in the world is from high cost laterite ores or nickel pig iron (NPI) in China. This is presenting a supply risk.
 - World needs between 60-80,000 tonnes new nickel p.a. (i.e. 1 or 2, \$3Bn - \$5Bn nickel laterite plants p.a.)
 - New High Grade (Over 1%) sulphide mines are rare (world average 0.36%*) and leading to a smelter feed shortage and improving payables
 - NPI in China has been the gap filler albeit at high operating costs. However Indonesian supply has been restricted under the new Mining Act and fell by 65% in May and July
 - Laterite nickel plants are invariably late and over cost (Onca Puma, Goro, Ramu, Ambatovy, Ravensthorpe, Murrin, etc) as a result new supply is at risk and realistic plans for new HPAL are rare

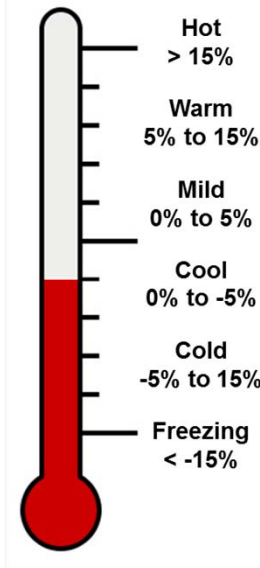
CRU predicts a strong outlook for nickel

Focus on Commodities under \$50Bn



Nickel to rise in relative price

CRU expects to see diverging prices trends, some significant rises while others languish



Palladium, Tin, Zinc, Uranium, Alumina, Aluminium, Platinum, Lead, **Nickel, Met Coke**

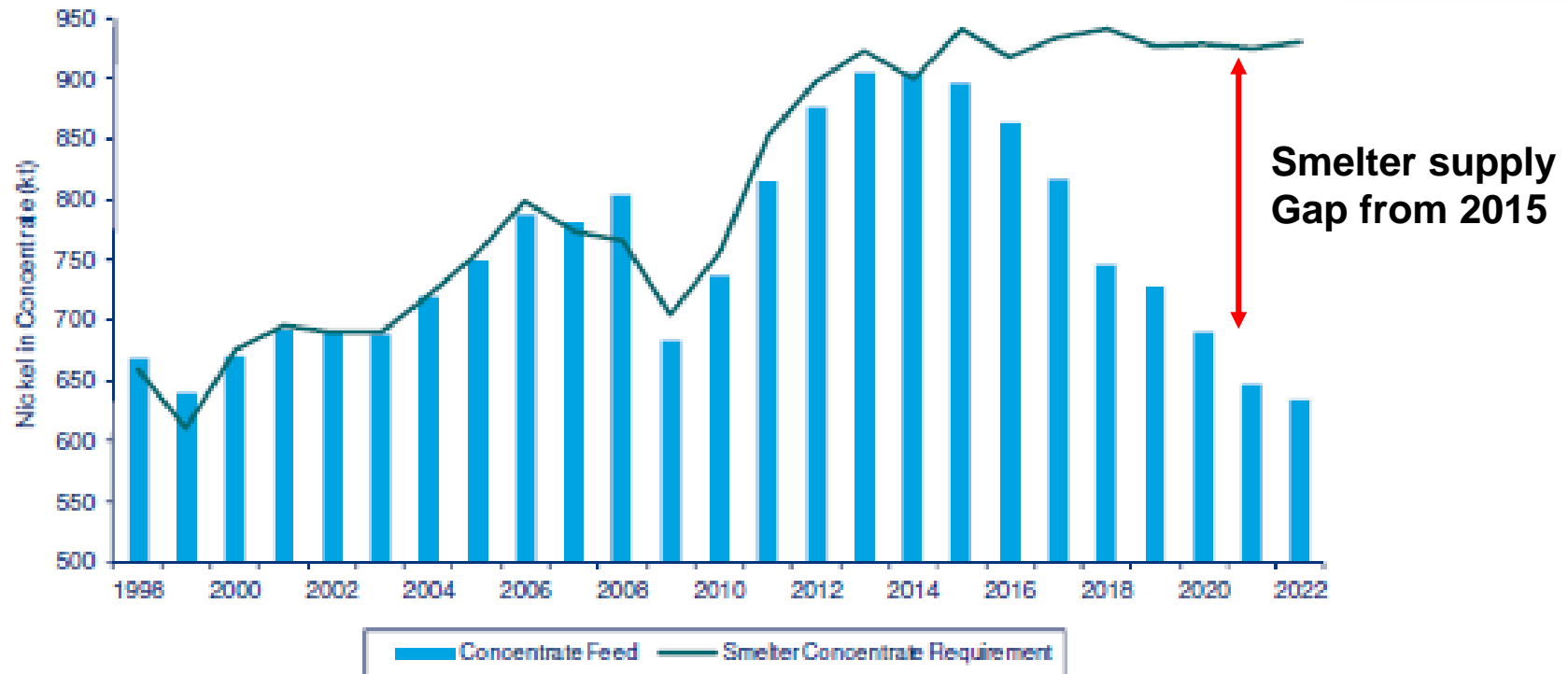
Vanadium, Phosphate DAP, Cobalt

Iron Ore, Manganese, Gold, Copper, Coking Coal

Potash, Ammonia, Urea, Silver, Sulphuric Acid, Sulphur

Brook Hunt predicting material supply gap from 2015 for nickel smelters which could lead to concentrate offtake terms improving

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Source: Brook Hunt - A Wood Mackenzie Company

- Brook Hunt predict an incentive price from new nickel projects of US\$12-US\$14 (2012 terms)*
 - Brook Hunt long term nickel price at US\$13/lb (2012 terms)*
- Demand for quality smelter grade concentrate remains high
 - Smelter costs highly leveraged to being fully loaded
- **Poseidon has seen payables rise from circa 65% to over 70% of LME in 5 years**

Windarra Nickel Project

Unique, Low Risk, High Growth Prospect Nickel Sulphide Project

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Unique, Low Risk

- Rare 'new' nickel sulphide company worldwide
- 20 year operating history – Mt Windarra produced for Western Mining Corporation and is well understood
 - Low capital intensity
 - 2nd Quartile cash producer
- Mining low risk
- Standard configuration plant producing smelter grade product

Diversification and Resource Growth Potential

- Two operating mines and gold production
- New Cerberus orebody demonstrates the potential for further deposits along the 24km belt
 - Discovered in 2008 using modern underground electromagnetic technology
 - Reserve announcement made
 - Similar flotation and processing characteristics to Mt Windarra
- Resource growth significant and expected to continue

Plant Capacity

- 900,000 tonne concentrator plant supporting 700,000 tonne initial throughput
 - Design of plant, camp, power, water, tailings disposal complete
 - Fixed price contract
 - 12 month build programme

Gold Production

- Ramp up cashflows supported by gold retreatment circuit
 - Retreatment of gold tailings from Lancefield and other local mines
 - Expected output will be 51,000 total ounces in the first 3 years

Current Status

Background

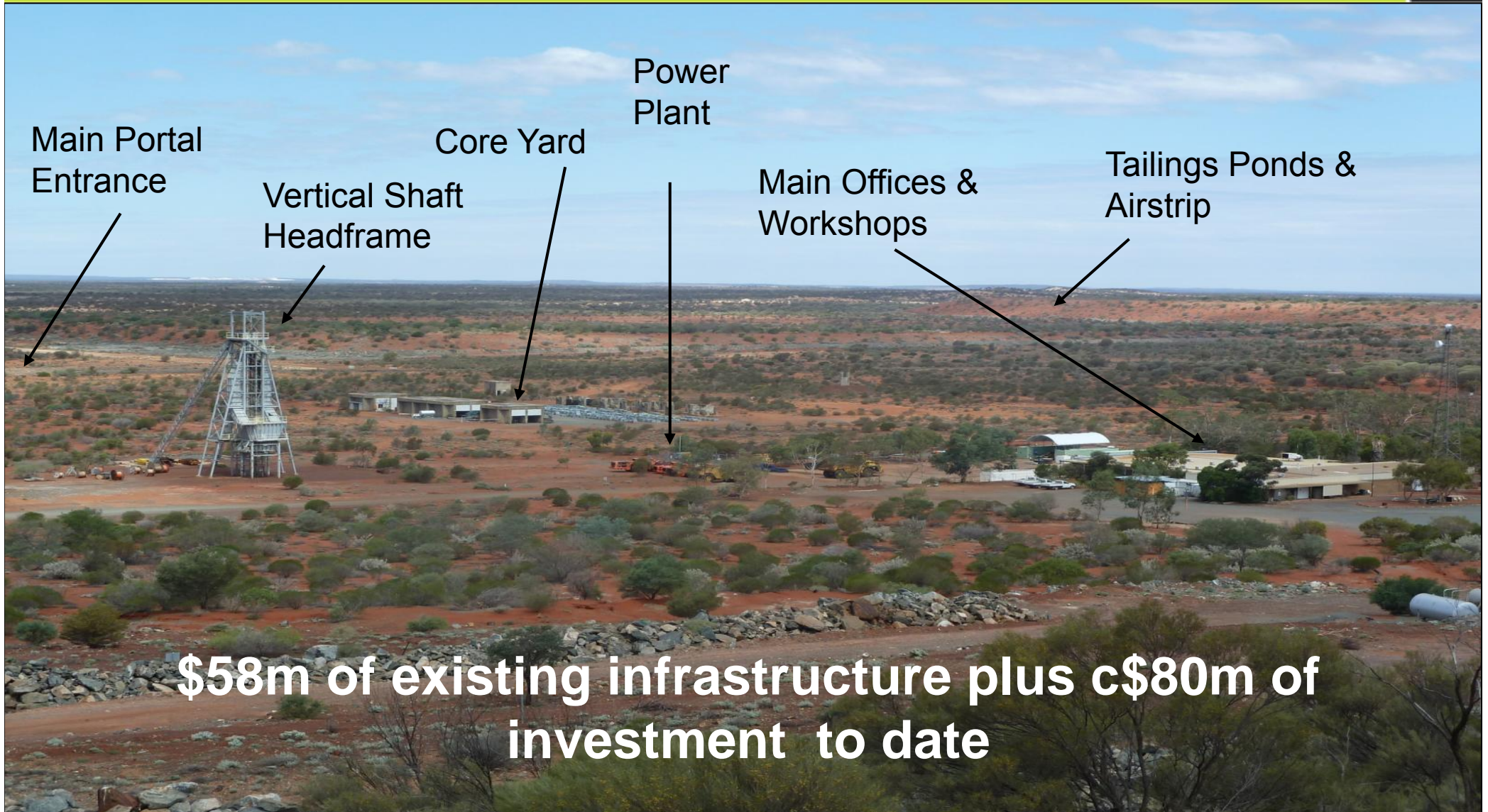
- Initial DFS completed in February. Past 8 months used to optimise mine plan and production schedule

November 2012

- DFS review completed by Independent Technical Expert (early December)
- Moody's & S&P private debt rating underway
- DFS findings released so far
 - Initial life of circa 10 years
 - Output increase in year 3 from 10,000 (22m lbs) to circa 15,000 tonnes (33m lbs) nickel in concentrate
 - C1 cash cost of US\$3.57/lb after co-products
- State Government approvals received
 - Includes all environmental and construction licences
 - Subject only to final financing (State Agreement requirement)

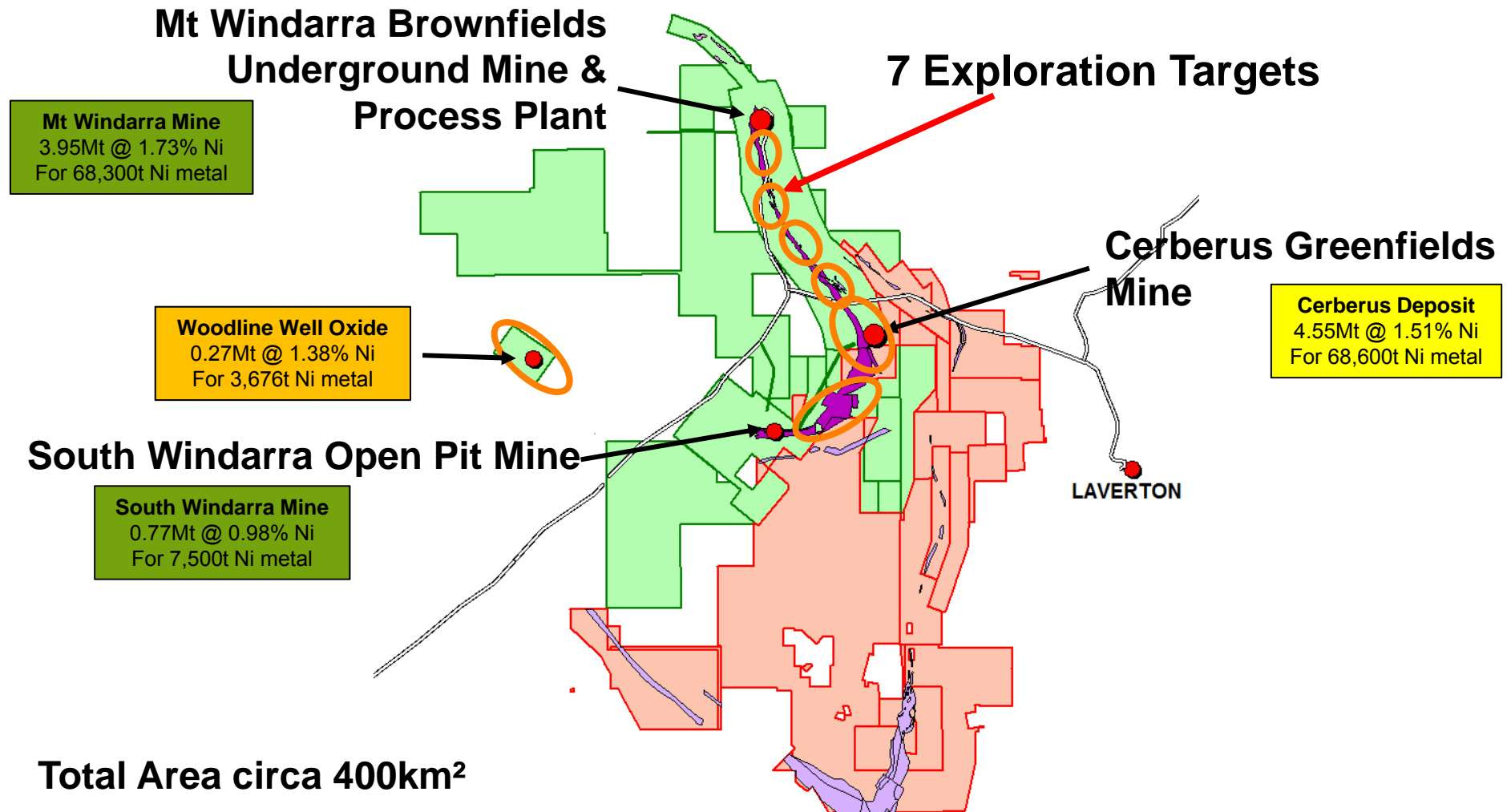
Mt Windarra Mine Site includes significant existing infrastructure

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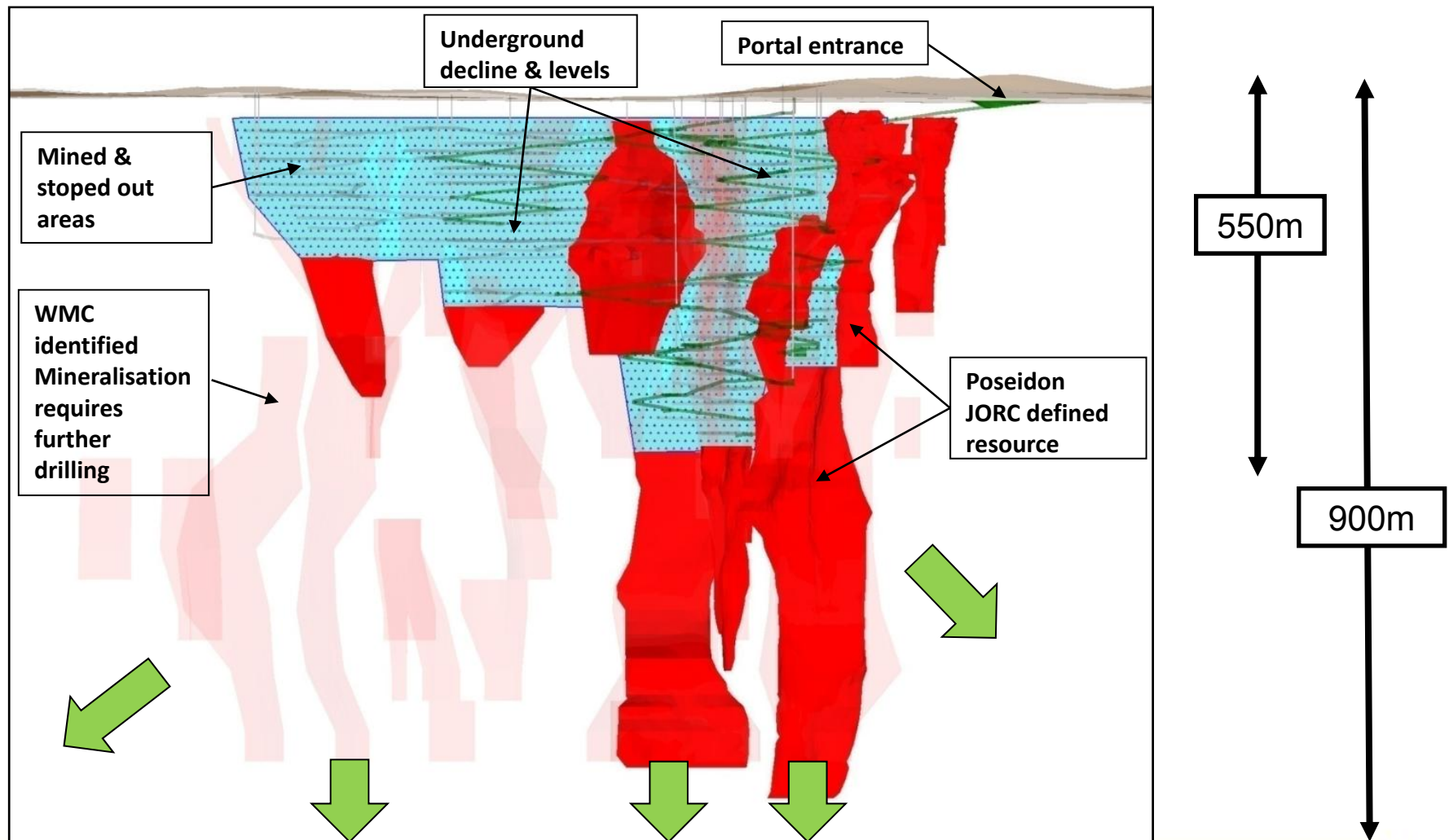
Well Understood, Attractive Geological Setting

Initial production from Mt Windarra (Brownfield) and Cerberus (Greenfield) mines



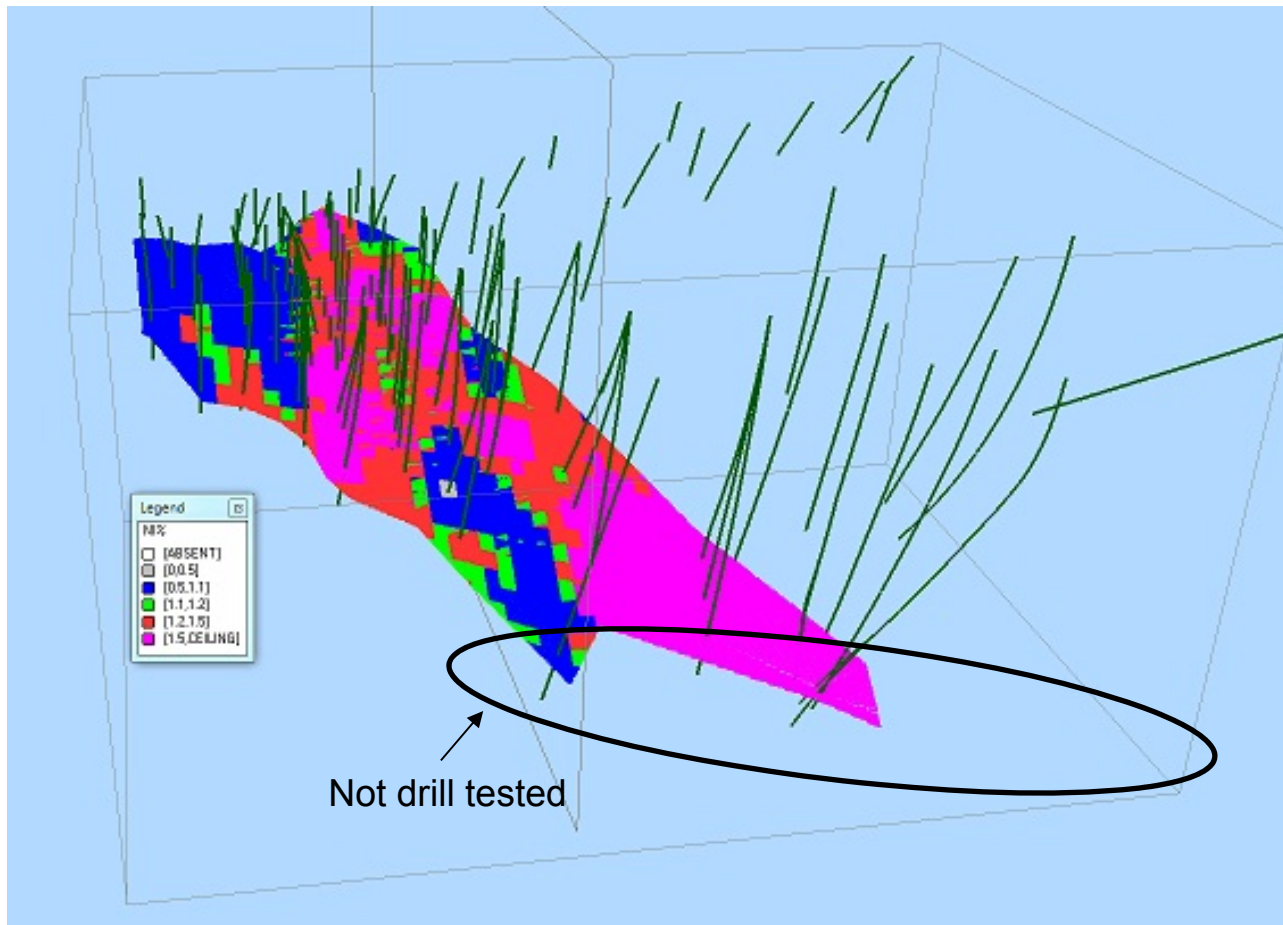
Mt Windarra Brownfield proven mine with many years of further life & expansion potential

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



Cerberus Greenfield mine discovered in 2008 and has led to further potential ore body locations

Cerberus is one of the few new discoveries in Australia in recent years

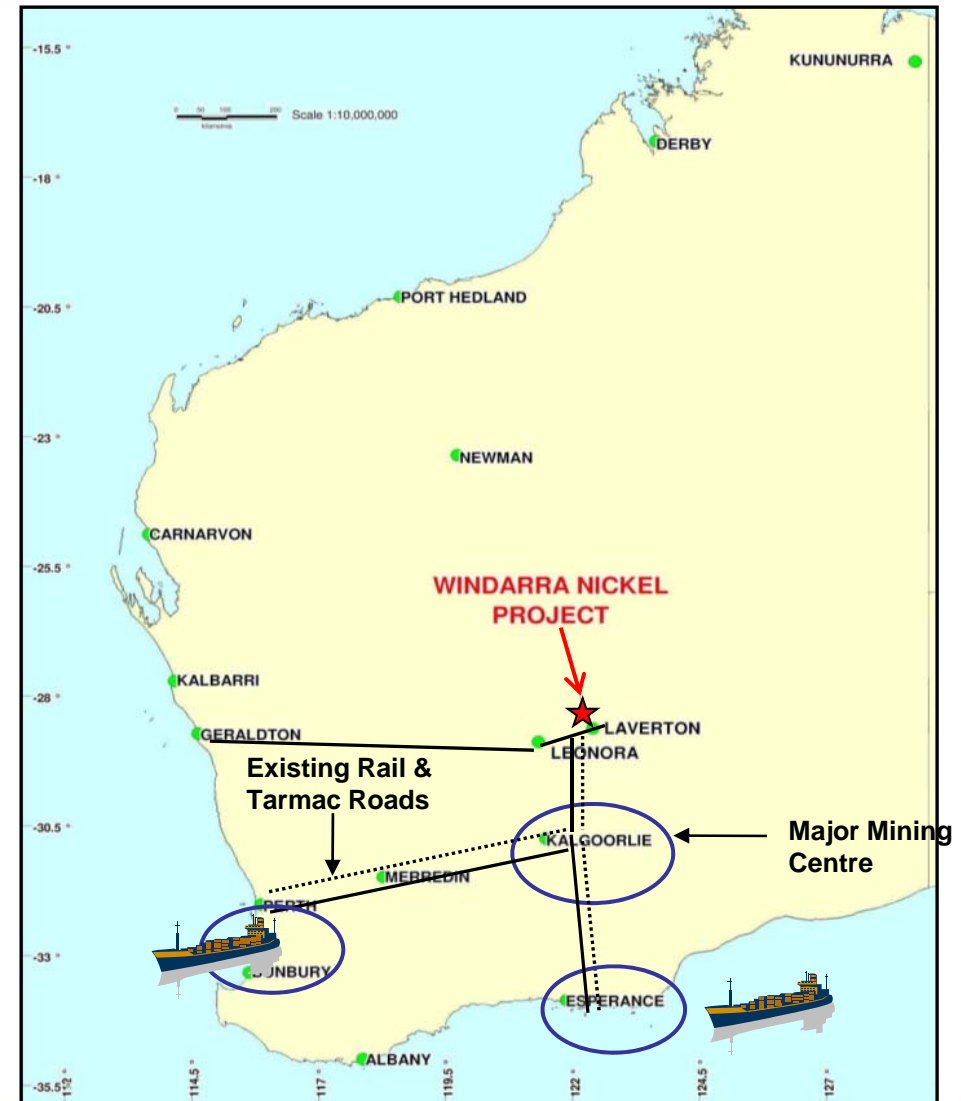


- Discovered during Poseidon's first regional drilling campaign
- Underground deposit commencing 64m from surface
- Mine is high grade, continuous and extends over 1.4km to a known depth of 700m & 400m wide
- Drilling indicates significant resource expansion likely
- 110 drill holes for 32km completed
- ~50% of deposit in Indicated JORC category
- 15 drill holes for 14km required to complete resource/reserve drilling at depth
- Mineralisation open in several directions

Clean concentrate ideal for ‘hungry’ smelter market

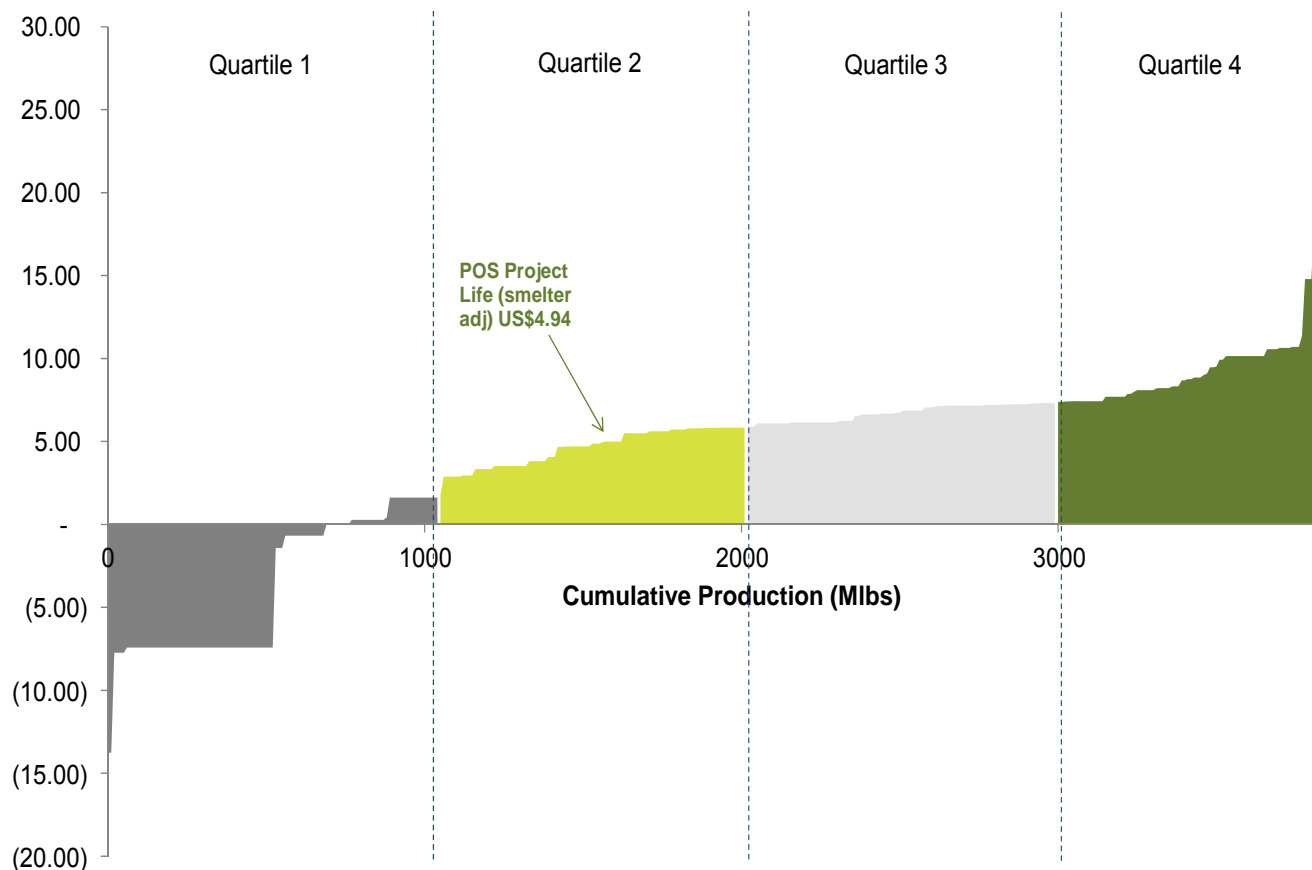
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- **Clean concentrate:**
 - 82% Nickel Recovery
 - 12% smeltable concentrate
 - Low impurities inc. MgO & Arsenic
- **Offtake offers:** Received from multiple parties
 - Right of refusal to BHP on similar terms
- **Multiple export markets and routes**
 - Laverton site connected by main roads and 80km from rail
 - Geraldton bulk using Rotobox system
 - Esperance bulka bags
 - Fremantle by container



Poseidon will be a 2nd Quartile producer

C1 Cash Cost (US\$/lb)



- Poseidon cash cost US\$3.57/lb* (circa US\$4.94 with smelter adjustment)
 - CRU /AME long term average nickel price US\$10.50/lb
 - Brook Hunt long term average US\$13/lb
- Production planned output circa 22 million nickel pounds per annum rising to 33 million pounds
- Chinese nickel pig iron production costs predicted by AME to be US\$8.75 to US\$9.50/lb

*Based on full output. See assumptions book not in presentation
Poseidon cash cost is average over life of project

Poseidon has mirrored its peers with an annualised growth rate of 26% indicating potential to extend current 10 year mine life



First Saleable Concentrate by mid-2014

Approvals obtained, DFS complete, independent technical report underway

Financing

✓	Bridge loan (\$8m)	Mar 2012
✓	Fully underwritten rights issue (\$20m)	Jun 2012
□	Secure remaining project financing	H1 2013

Approvals

✓	DSD mining and infrastructure approval	Nov 2012
□	Approval subject to financing and offtake	H1 2013

Feasibility, contracts and pre-award

✓	Definitive Feasibility Study complete	Feb 2012
✓	Updated Definitive Feasibility Study complete	Nov 2012
✓	EPC LSTK Contract in negotiation	Dec 2012
✓	Cerberus box cut contract tendered	Sep 2012
✓	Cerberus contract tendered	Dec 2012
✓	Independent Technical Expert report draft completed	Dec 2012

Project development

✓	Acquired Windarra Nickel Project	2006
✓	Cerberus discovery	2008
□	Dewatering, refurbish decline and infra.	H1 2013
□	Increase Mt Windarra reserve	H1 2013
□	Plant construction complete	H1 2014
□	First saleable concentrate	H2 2014

Poseidon Nickel – Overview

Description	<ul style="list-style-type: none"> ASX-listed nickel development and production company that owns 100% of the Windarra Nickel Project – a large, high grade nickel asset
Share price	<ul style="list-style-type: none"> \$0.125 (14 Nov 12)
Shares	<ul style="list-style-type: none"> 407.7m
Market cap	<ul style="list-style-type: none"> \$71.2m (USD 75m)
Capital	<ul style="list-style-type: none"> Cash A\$17.5m Convertible notes US\$35m @ 34c (avg.) Unsecured loan (A.Forrest) A\$8m
Resources / Reserves	<ul style="list-style-type: none"> 144,400 tonnes Ni metal resources 15,880 tonnes Ni metal reserves
Target production	<ul style="list-style-type: none"> c.10,000 tonnes Ni p.a. – 15,000 tonnes
Project life	<ul style="list-style-type: none"> 10+ years
Expected capex	<ul style="list-style-type: none"> c.A\$210m pre-production capital

Poseidon Board / Management



Andrew Forrest
Chairman



David Singleton
CEO



Rob Dennis
COO



Michael Rodriguez
Group Technology
Manager

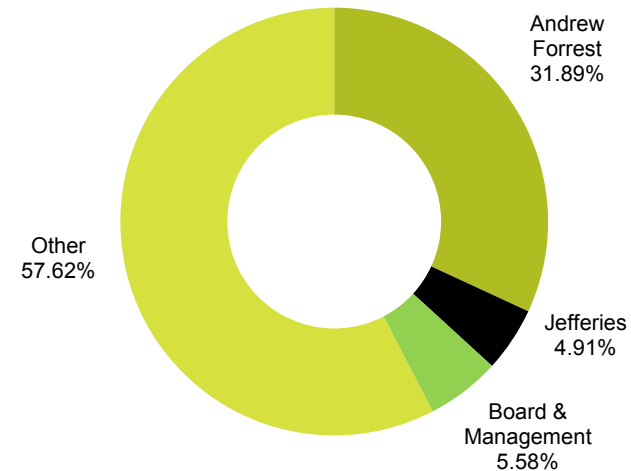


Neil Hutchison
General
Manager –
Geology



Gareth Jones
Financial
Controller

Shareholders



Poseidon Nickel Highlights

- ✓ Low risk project, low complexity, 2 mines - Brownfield + Greenfield on existing infrastructure
- ✓ Fast start project. Short construction, commissioning and ramp-up – DFS completed, all required approvals in place
- ✓ Strong competitive position. 2nd quartile cash cost position and low capital intensity
- ✓ Large resource size. Significant resource extension potential
- ✓ Leading Management Team. Andrew Forrest (FMG) worked together for 5 years to bring project to fruition.
- ✓ Poseidon will be the only 'new' nickel sulphide producer ready to meet supply shortfalls in 2014/2015

Resource Table

Cerberus Nickel Project	Reserve Category - Nickel Sulphides		
	Probable		
	Tonnes	Ni% Grade	Ni Metal t
Total	1,221,000	1.30	15,880

Windarra Nickel Project Sulphides	Cut Off Grade	Resource Category - Nickel Sulphides								
		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%	974,000	1.25	12,400	2,977,000	1.88	55,900	3,951,000	1.73	68,300
South Windarra	0.80%	772,00	0.98	7,500	-	-	-	772,00	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
Total Sulphide		4,519,000	1.21	54,500	4,755,000	1.89	89,900	9,274,000	1.56	144,400

Resource Table (cont'd)

Windarra Gold Tailings Project	Resource Category - Gold Tailings		
	Indicated		
	Tonnes	Grade (g/t)	Au (oz)
Total Gold Tailings	10,993,000	0.52	182,500

Windarra Nickel Tailings & Oxide Project	Cut Off Grade	Resource Category – Nickel Oxide & Tailings								
		Indicated			Inferred			TOTAL		
		Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t	Tonnes	Ni% Grade	Ni Metal t
Woodline Well	0.50%				344,000	1.25	4,300	344,000	1.25	4,300
Sth Windarra Dumps	0.00%	2,976,000	0.41	12,200				2,976,000	0.41	12,200
Central Tailings Dam	0.00%	9,602,000	0.34	32,600				9,602,000	0.34	32,600
Total Oxide		12,578,000	0.36	44,800	344,000	1.25	4,300	12,922,000	0.38	49,100

Note: The information in this report relates to Exploration Results, Mineral Resources and Ore Reserves 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, 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 and Mr D Grubic, Technical Services Manager at Rock Team Pty Ltd. Mr Hutchison and Mr Glacken 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 Grubic is a full time employee of Rock Team Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting Ore Reserves."

Mr Hutchison, Mr Glacken and Mr Grubic 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 Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.