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POSEIDON NICKEL LIMITED

ABN 60 060 525 206

## NOTICE OF 2014 ANNUAL GENERAL MEETING

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TIME: 11:00am (AWST)

DATE: Wednesday, 26 November 2014

PLACE: Conference Room  
Exchange Plaza  
Level 8  
2 The Esplanade  
PERTH WA 6000

**The Annual Report is now available on the Company's website via the following link:**

<http://www.poseidon-nickel.com.au/>

This is an important document. If you are in any doubt as to how to act, you should consult your financial or legal adviser as soon as possible.

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## **TIME AND PLACE OF MEETING AND HOW TO VOTE**

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### **VENUE**

The 2014 Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at

- 11.00am (AWST) on Wednesday, 26 November 2014
- Conference Room  
Exchange Plaza  
Level 8  
2 The Esplanade  
PERTH WA 6000

### **YOUR VOTE IS IMPORTANT**

The business of the Annual General Meeting affects your shareholding and your vote is important.

### **VOTING IN PERSON**

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### **VOTING BY PROXY**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form:

- post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001;
- send by facsimile to Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

so that it is received not later than 11.00am (AWST) on Monday, 24 November 2014.

**Proxy Forms received later than this time will be invalid.**

### **VOTING ELIGIBILITY**

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5.00pm (AWST) on Monday, 24 November 2014

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## NOTICE OF 2014 ANNUAL GENERAL MEETING

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Notice is given that the 2014 Annual General Meeting of Poseidon Nickel Limited will be held at 11.00 am (AWST) on Wednesday, 26 November 2014 at Conference Room, Exchange Plaza, Level 8, 2 The Esplanade, Perth, WA.

The Explanatory Memorandum to this Notice of Meeting forms part of the Notice and provides additional information on matters to be considered at the Annual General Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary.

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## AGENDA

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### Adoption of Annual Financial Report

To receive the Annual Financial Report, including Directors' Declaration and accompanying Reports of the Directors and Auditors for the Financial Year ending 30 June 2014.

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## NON-BINDING Resolution

### 1. Adoption of Remuneration Report

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2014."*

**VOTING EXCLUSION STATEMENT:** In accordance with Section 250R of the Corporations Act, a vote on Resolution 1 must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

However, a vote may be cast by such person if:

- (a) That person is acting as proxy, the proxy form specifies how the proxy is to vote and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) The person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel

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## ORDINARY Resolutions

### 2. Election of Mr Robert Dennis as Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, in accordance with clause 13.4 of the Company's Constitution and for all other purposes, Mr Robert Dennis, a Director who was appointed to the Board on 24 February 2014, retires and being eligible, is elected as a Director of the Company."*

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### 3. Re-election of Mr Geoffrey Brayshaw as Director

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, in accordance with clause 13.2 of the Company’s Constitution and for all other purposes, Mr Geoffrey Brayshaw, who retires by rotation in accordance with the Company’s Constitution, offers himself for re-election and is hereby re-elected as a director of the Company.”*

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### 4. Approval of Director Share Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company approve the Poseidon Nickel Limited Director Share Plan and to issue securities under that plan on the terms and conditions summarised in the Explanatory Memorandum accompanying this Notice.”*

**VOTING EXCLUSION STATEMENT FOR RESOLUTION 4:** The Company will disregard any votes cast on Resolution 4 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast:

- as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- by the chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, pursuant to the Corporations Act, the Company’s KMP or Closely Related Person are not permitted to cast a vote as a Proxy for a person permitted to vote, unless the Proxy Form either:

- expressly authorises and directs the way the proxy is to vote on Resolution 4; or
  - expressly authorises the Chairman of the Meeting to exercise the undirected proxy vote
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### 5. Approval for the issue of Shares under Director Share Plan to Mr Robert Dennis in Lieu of Director Fees for the 2014 Financial Year

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Company is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company up to the value of \$21,839 (pro rated) to Mr Robert Dennis (or his nominee) in lieu of director’s fees from 24 February 2014 to 30 June 2014 on the terms set out in the Explanatory Memorandum accompanying this Notice.”*

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### 6. Approval for issue of Shares under Director Share Plan to Mr Robert Dennis in Lieu of Director Fees for the 2015 Financial Year

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Company is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company up to the value of \$62,831 to Mr Robert Dennis (or his nominee) in lieu of director’s fees for the 2015 financial year on the terms set out in the Explanatory Memorandum accompanying this Notice.”*

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**7. Approval for issue of Shares under Director Share Plan to Mr Geoffrey Brayshaw in Lieu of Director Fees for the 2015 Financial Year**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Company is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company up to the value of \$72,831.00 to Mr Geoffrey Brayshaw (or his nominee) in lieu of director’s fees for the 2015 financial year on the terms set out in the Explanatory Memorandum accompanying this Notice.”*

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**8. Approval for issue of Shares under Director Share Plan to Mr Christopher Indermaur in Lieu of Director Fees for the 2015 Financial Year**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Company is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company up to the value of \$93,500.00 to Mr Christopher Indermaur (or his nominee) in lieu of director’s fees for the 2015 financial year on the terms set out in the Explanatory Memorandum accompanying this Notice.”*

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**VOTING EXCLUSION STATEMENT FOR RESOLUTIONS 5 to 8**

The Company will disregard any votes cast on Resolutions 5 to 8 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast:

- as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- by the chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, pursuant to the Corporations Act, the Company’s KMP or Closely Related Person are not permitted to cast a vote as a Proxy for a person permitted to vote, unless the Proxy Form either:

- expressly authorises and directs the way the proxy is to vote on Resolutions 5 to 8; or
- expressly authorises the Chairman of the Meeting to exercise the undirected proxy vote

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**SPECIAL Resolution**

**9. Approval of 10% Placement Capacity**

To consider, and if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

*“That, pursuant to and in accordance with Rule 7.1A of the Listing Rule of ASX Limited and for all other purposes, approval is given for the Company to allot and issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Rule 7.1A.2 of the Listing Rules for the purposes and on the terms set out in the Explanatory Memorandum accompanying this Notice.”*

**VOTING EXCLUSION STATEMENT:** The Company will disregard any votes cast on this Resolution by any person (and any associates of such a person) who may participate in the 10% Placement Capacity and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company need not disregard a vote if:

- (a) It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) It is cast by the Chairman as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**General Business**

To consider any other business that may be brought forward in accordance with the Constitution of the Company or the Corporation Act.

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**By Order of the Board**

A handwritten signature in black ink, appearing to read "R. Kestel", written over a horizontal line.

**Ross Kestel**  
**Company Secretary**  
30 September 2014

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## **EXPLANATORY MEMORANDUM**

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This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the 2014 Annual General Meeting of Shareholders to be held on Wednesday, 26 November 2014 at 11.00am (AWST).

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company, which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice and is a brief explanation of the matters for which Shareholder approval is sought in each Resolution.

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## **ANNUAL FINANCIAL REPORT**

The first agenda item is to receive the annual report of the Company for the year ended 30 June 2014.

Section 317 of the Corporations Act requires the directors to lay before the Annual General Meeting the financial report, the directors' report (including the Remuneration Report) and the auditor's report for the last financial year that ended 30 June 2014. Those holders that elected to receive a printed copy of the annual report will have received a copy with this Notice.

In accordance with sections 250S and 250SA of the Corporations Act, shareholders present at the Annual General Meeting will be provided with a reasonable opportunity to

- (a) Ask questions or make comment to the Directors' present on the management of the Company and Remuneration Report; and
- (b) ask questions or make comment to the Auditor about the conduct of the audit and the preparation and content of the Auditor's Report.

But no formal resolution to adopt the annual report will be put to the shareholders at the Annual General Meeting.

Shareholders who are unable to attend the Annual General Meeting are able to submit written questions to the Chairman about:

- (a) The preparation and the content of the 2014 Auditor's Report;
- (b) The conduct of the 2014 audit;
- (c) Accounting policies adopted by the Company in relation to the preparation of the 2014 financial statements; and
- (d) The independence of the Auditor in relation to the conduct of the 2014 audit

The questions will need to be submitted no later than five (5) business days (no later than Tuesday, 18 November 2014) before the Annual General Meeting to the Company Secretary at the Company's Registered Office.

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## **RESOLUTION 1 – ADOPTION OF 2014 REMUNERATION REPORT**

In accordance with Section 250R(2) of the Corporations Act at a listed company's Annual General Meeting, the Board is required to table the Company's Remuneration Report to Shareholders for consideration and adoption.

The Directors' Report contains the Remuneration Report which sets out the remuneration policy of the Company and reports the current remuneration arrangements in place for the Non-Executive Directors, Managing Director and Senior Management.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the directors of the Company to the outcome passed. A failure of Shareholders to pass Resolution 1 will not require the directors to alter any of the arrangements in the Remuneration Report.

The Director and Executive Remuneration Act which came into effect on 1 July 2011 provides Shareholders with the opportunity to remove the Board under the two strike rules.

The Remuneration Reports for the last three (3) years **DID NOT** receive a “no” vote of 25% or more when they were tabled at the respective Annual General Meetings.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

**The Chairman intends to exercise all undirected proxies in favour of Resolution 1.** If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the shareholder is considered to have provided the Chairman with an express authorisation to vote the proxy in accordance with the Chairman’s intention.

**The Board of Directors unanimously recommends that Shareholders vote in favour of Resolution 1.**

### **Resolution 2 – Election of Mr Dennis**

In accordance with Clause 13.4 of the Constitution, the current directors may at any time appoint a person to be a director, either to fill a casual vacancy or as an addition to the existing directors. Any director so appointed holds office only until the next following general meeting and is then eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation (if any) at that meeting.

Mr Rob Dennis was appointed to the Board by the directors on 24 February 2014 to fill a vacancy following the resignation of one of the Company’s Non-Executive Director. In accordance with clause 13.4 of the Constitution, Mr Dennis, being eligible, offers himself for re-election as a director of the Company.

Mr Dennis is a mining engineer with over 35 years experience in the nickel, copper, gold and alumina industries. Mr Dennis joined the Company in June 2007 as the Chief Operating Officer and whilst working for Western Mining Corporation, he worked at the Windarra Nickel Project as underground mine manager from 1980-1986.

In his former role as Chief Operating Officer of Adita Birla Minerals Ltd he managed the expansion and development of the Nifty Copper Project in the North West of Western Australia and the Mt Gordon operation in North Queensland.

He has also held positions including General Manager Project Development for Lionore Australia, General Manager Operations for Great Central Mines and Chief Mining Engineer for Western Mining Corporation.

Following the annual review of the performance of Directors conducted by the Board, the Board (excluding Mr Dennis) recommends the re-election of Mr Dennis as a Director of the Company.

### **Resolution 3 – Re-Election of Mr Brayshaw**

In accordance with ASX Listing Rule 14.4 and Clause 13.2 of the Constitution, directors must retire after the third Annual General Meeting since they were last elected. In accordance with the Company’s Constitution at the Annual General Meeting, one-third of the directors must retire from office.

Poseidon Nickel Limited currently has three (3) Non-Executive Directors and accordingly, one (1) must retire but the director who retires by rotation under Clause 13.2 of the Constitution is eligible for re-election.

Mr Brayshaw retires as a Director and being eligible, seeks re-election in accordance with clause 13.2 of the Constitution as a Non-Executive Director.

Mr Brayshaw had over 35 years' experience as a Chartered Accountant in public practice before retiring in June 2005. He practiced primarily in audit and assurance and has gained wide experience in corporate and financial accounting for the exploration and mining industry, including iron ore and nickel.

He is a Fellow of the Institute of Chartered Accountants in Australia, and an associate member of the AICD. He was National President of the ICAA in 2002.

Mr Brayshaw has served on the Poseidon Board since February 2008.

Following the annual review of the performance of Directors conducted by the Board, the Board (excluding Mr Brayshaw) recommends the re-election of Mr Brayshaw as a Director of the Company.

#### **Resolution 4 – Adoption of Director Share Plan**

Resolution 4 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the issue of Shares under the Poseidon Nickel Limited Director Share Plan (**Share Plan**) to the Directors of the Company.

The purpose of the Share Plan is to provide Directors of the Company an opportunity, to subscribe for Shares in the Company in lieu of Director fees, allowing the Company to retain cash reserves.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of the approval of the Share Plan will be to allow the Company to issue Shares under the Plan over a period of the next three (3) years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1. Approval will be required pursuant to ASX Listing Rule 10.14 for each issue of Shares under the Director Share Plan.

The Director Share Plan was last approved at the 2011 Annual General Meeting, and as such the Company now seeks to obtain shareholder approval for the Plan.

A total of 7,908,011 Shares have been issued under the Plan since it was established in 2007 and a total of 5,239,072 Shares have been issued since the Plan was last approved at the 2011 Annual General Meeting as follows:

<b>Director Name</b>	<b>Shares issued since Plan Commencement in 2007</b>	<b>Shares issued since the date of last approval</b>	<b>Status of Director Position</b>
Mr Geoffrey Brayshaw	2,503,699	1,758,062	Current
Mr Chris Indermaur	2,634,138	1,942,212	Current
Mr Richard Monti	1,622,016	909,113	Resigned 28 September 2013
Mr Andrew Forrest	1,148,158	629,685	Resigned 27 September 2013
<b>TOTAL</b>	<b>7,908,011</b>	<b>5,239,072</b>	

A full copy of the Plan is available for inspection at the Company's registered office and will be available until the date of the Meeting.

The most pertinent Terms and Conditions are set out below:

#### **Participants in the Plan**

All Directors of the Company and any subsidiary will be able to participate in the Director Share Plan (Eligible Persons) in lieu of Director fees.

Upon receipt of such an offer, the Eligible Person may nominate an associate acceptable to the Board to be issued with the Shares.

### **Number of Shares**

The maximum number of Shares issued under the Plan (and any other plan of the Company) at any one time is 5% of the total number of Shares on issue in the Company.

### **Terms of Shares**

The Shares will be issued for nil cash consideration as they will be issued in lieu of Directors fees owing by the Company to the Directors. The Shares will be deemed to have an issue price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of each quarter of each year.

Shares issued will rank equally with other Ordinary Shares of the Company.

Quotation of the Shares on the ASX will be sought.

Shares will be issued on a quarterly basis on the basis of Director fees owing at that time.

### **Voting on the Resolution**

Votes of Shareholders who are Directors of the Company and their associates will be disregarded when determining the result of the Resolution approving the establishment of the Plan or any subsequent amendment to the Plan. Those persons should not vote.

### **Resolution 5 – Approval for Issue of Shares under Poseidon Nickel Limited Director Share Plan to Mr Robert Dennis in Lieu of Director Fees for the 2014 Financial Year**

Mr Robert Dennis was appointed to the Board on 24 February 2014 following the resignation of one of the Company's Non-Executive Director and Director fees for Mr Dennis commenced from the date of appointment.

As Mr Dennis joined the Board of Directors post the November 2013 Annual General Meeting; the approval provided by Shareholders that Director fees be paid in Shares did not extend to Mr Dennis and with no authority the Company was not able to issue Shares to Mr Dennis for the March and June 2014 quarters.

ASX Listing Rule 10.14 requires shareholder approval in order for a director to be issued equity securities in the Company under an employee incentive scheme.

It is proposed that Mr Dennis participate in the Poseidon Nickel Limited Director Share Plan (**Director Share Plan**) in respect of directors' fees which the Company has agreed to pay to him for the period from date of commencement of Directorship to 30 June 2014.

Under clause 3.1(a) of the Director Share Plan, the Company can make offers, subject to Shareholder approval, to Participating Directors to accept Shares in lieu of their director fees owing by the Company.

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders:

- (a) Shares will be offered under the Director Share Plan to Robert Dennis or his nominee;
- (b) The Directors' fee to be paid to Rob Dennis for the 2014 financial year totals \$21,839 and is represented by:
  - (i) \$6,115.00 from 24 February 2014 to the end of the March 2014 quarter; and
  - (ii) \$15,724.00 for the June 2014 quarter

- (c) The issue price that will be used to determine the Shares to be issued will be the 15 day VWAP up to and including the 31 March 2014 (\$0.0737) and 30 June 2014 (\$0.0904). It is Company policy to use the VWAP as the basis for Share issues to employees;
- (d) Whilst the Board can make offers to issue Shares to Participating Directors; allotment is not able to proceed until after Shareholder approval is obtained under ASX Listing Rule 10.14. Assuming Shareholder approval; the Shares will be issued to Mr Dennis immediately following the Annual General Meeting as they represent outstanding fees, owed since March 2014;
- (e) If Shareholders vote in favour of Resolution 5, this will entitle Mr Dennis to receive 256,828 fully paid Ordinary Shares in the Company. This is comprised of 82,940 Shares for the March 2014 quarter and 173,888 Shares for the June 2014 quarter;
- (f) Since joining Poseidon on 24 February 2014, no Shares have been issued or acquired on market by the Company for Mr Dennis;
- (g) Since Poseidon adopted the Director Share Plan in 2007, 7,908,011 Shares have been issued to the Directors as detailed in the table on page 9 of this Notice. Since Poseidon's November 2013 AGM, 5,239,072 Shares have been issued to satisfy Poseidon's obligations to Mr Indermaur, Poseidon's current Chairman, Mr Geoff Brayshaw, Poseidon's Non-Executive Director to Mr Richard Monti and Mr Andrew Forrest, Poseidon's former Non-Executive Director and Chairman respectively. The acquisition price for these shares was the VWAP for the quarter. Under the terms of the Director Share Plan, Mr Dennis was not required to pay any monies; and
- (h) No loan will be provided in respect of the issue of Shares to Mr Dennis as the Shares are being issued in consideration for directors' fees which the Company has agreed to pay to Mr Dennis for the period from date of Directorship, being 24 February 2014 to the end of the financial year ending 30 June 2014.

Mr Dennis declines to make a recommendation to Shareholders in relation to Resolution 5 due to his personal interest in the outcome of the Resolution.

The other Directors, who do not have a material interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5 as cash is preserved, the interests of Mr Dennis are aligned with those of the Shareholders and it is not believed that there are any significant opportunity costs forgone by the Company in issuing the Shares to Mr Dennis for outstanding Director fees.

### **Resolutions 6 to 8 – Approval for Issue of Shares under Poseidon Nickel Limited Director Share Plan in Lieu of Director Fees for the 2014-2015 Financial Year**

It is proposed that Messrs Geoffrey Brayshaw, Christopher Indermaur and Robert Dennis (**Participating Directors**) participate in the Poseidon Nickel Limited Director Share Plan (**Director Share Plan**) in respect of directors' fees which the Company has agreed to pay to the Participating Directors for the financial year commencing on 1 July 2014 and ending on 30 June 2015.

The current Director Share Plan allows Poseidon Nickel Limited the right to decide whether Participating Directors are offered Shares or cash to satisfy director fees.

Under clause 3.1(a) of the Director Share Plan, the Company can make offers, subject to Shareholder approval, to Participating Directors to accept Shares in lieu of their director fees owing by the Company. The decision as to whether Shares or cash is offered to the Participating Directors is at the total discretion of the current Board.

Whilst the Board can make offers to issue Shares to Participating Directors; allotment is not able to proceed until after Shareholder approval is obtained under ASX Listing Rule 10.14. ASX Listing Rule 10.14 provides that an entity must not permit a director of that entity to acquire securities under an employee incentive scheme without the approval of shareholders.

Shareholder approval under Chapter 2E of the Corporations Act – Related Parties is not required because the Shares are being issued in satisfaction of directors' fees owed by the Company to the Participating Directors on a quarterly basis. This issue of Shares constitutes reasonable remuneration in accordance with Section 211 of the Corporations Act that has been calculated on commercial terms, having regard to the circumstances of the Company.

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders:

(a) Shares may be offered under the Director Share Plan to Geoffrey Brayshaw, Christopher Indermaur and Robert Dennis (all Directors) or their nominees.

(b) The directors' fees for the 12 month period ending on 30 June 2015 will be as follows:

- \$72,831.00 to Geoffrey Brayshaw; and
- \$93,500.00 to Christopher Indermaur; and
- \$62,831.00 to Robert Dennis

(i) The above fees agreed to be paid to the Participating Directors reflect the additional responsibilities and work to be undertaken from their respective appointments to the following committees:

Mr Brayshaw is: Chairman of the Audit and Risk Management Committee; and

Member of the Remuneration, Nominations and Diversity Committee

Mr Indermaur is: Non-Executive Chairman of the Board, Chairman of the Remuneration, Nominations and Diversity Committee; and

Member of the Audit and Risk Management Committee

Mr Dennis is: Member of both Committees

(j) The maximum number of Shares which may be issued to the Participating Directors is determined by the directors' fees that the Company has agreed to pay to the Participating Directors for the financial year ending on 30 June 2015 (\$229,162.00) divided by the deemed issue price of the Shares calculated in accordance with paragraph (e) below. The number of Shares issued each quarter will be a function of the deemed issue price and the proportion of fees that the Company decides to satisfy through the issue of Shares;

(k) The Shares will be issued for nil cash consideration as they will be issued in satisfaction of all or part of the directors' fees agreed to be paid by the Company to the Participating Directors at quarterly intervals. The Board have resolved that the Shares will be deemed to have an issue price of the closing Share price as at the commencement of the new financial year, being as at 1 July 2014, subject to paragraph (d) above;

(l) For the 12 months ending 30 June 2015 the maximum number of Shares that may be issued to the Participating Directors assuming a deemed issue price of 8.6 cents per Share, being the closing Share price as at 1 July 2014, will be capped at 4,069,767 Shares;

(m) Shareholder approval was last sought under Listing Rule 10.14 to issue Shares to Participating Directors in satisfaction of their director fees on 28 November 2013 (last Annual General Meeting date). Between 28 November 2013 and 30 June 2014 a total of 1,634,110 Shares have been issued to the Participating Directors comprised as follows:

- (i) 766,302 Shares to Mr Brayshaw; and
- (ii) 867,808 Shares to Mr Indermaur

- *For the 12 months ending 30 June 2014, Mr Brayshaw and Mr Indermaur elected the offer of Shares in full satisfaction of the director fees owed to them, being \$69,185.00 and \$88,870.00 respectively. No cash was paid to the Participating Directors for director fees.*
  - *For the period from 24 February 2014 to 30 June 2014, Mr Dennis elected the offer of Shares in full satisfaction of the director fees owed to him, being \$21,839. No cash was paid to the Participating Director for director fees.*
- (n) The Director Share Plan was first approved by shareholders at the 2007 Annual General Meeting, re-approved at the 2011 Annual General Meeting and now at the 2014 Annual General Meeting. The maximum Shares issued to each of the Participating Directors since the Plan commenced in November 2007 is 5,137,836 Shares comprised as follows:
- (i) 2,503,698 Shares to Mr Brayshaw; and
  - (ii) 2,634,138 Shares to Mr Indermaur
- *Since the Director Share Plan was first approved in 2007 the Participating Directors have elected the offer to receive Shares in full satisfaction of the director fees owed to them. No cash has been paid to the Participating Directors for director fees.*
- (o) The Board may, from time to time at its absolute discretion, declare that any director of the Company or a subsidiary of the Company is eligible to be offered to subscribe for Shares under the Director Share Plan. The directors in office at the date of preparing this Notice of Meeting are Mr Brayshaw, Mr Indermaur, Mr Dennis and Mr Singleton who is the Company's Managing Director;
- (p) No loan will be provided in respect of the issue of Shares as they are being issued in consideration for directors' fees which the Company has agreed to pay the Participating Directors for the financial year ending 30 June 2015; and
- (q) The Shares will be issued to Participating Directors within 12 months from the date of the Annual General Meeting and will be issued on a quarterly basis according to the directors' fees owing to each of the Participating Directors at that time, except to the extent the Company elects to pay the director's fees in cash.

Messrs Brayshaw, Indermaur and Dennis decline to make a recommendation to Shareholders in relation to Resolutions 6 to 8 respectively due to their personal interest in the outcome of the Resolutions.

However, it is generally considered that Shareholders should vote in favour of Resolutions 6 to 8 as cash is preserved, the interests of Messrs Brayshaw, Indermaur and Dennis are aligned with those of the Shareholders and it is not believed that there are any significant opportunity costs forgone by the Company in issuing the Shares to Messrs Brayshaw, Indermaur and Dennis for outstanding Director fees.

## **Resolution 9 – Approval of 10% Placement Capacity**

### **ASX Listing Rule 7.1A**

Resolution 9 seeks shareholder approval in accordance with ASX Listing Rule 7.1A.

ASX Listing Rule 7.1A allows an "Eligible Entity" to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (10% Placement Capacity). The 10% Placement Capacity is in addition to the Company's 15% Placement Capacity under ASX Listing Rule 7.1.

The ability to issue Securities under Listing Rule 7.1A.2 must be sought by a Company each year at the Annual General Meeting. Like the 15% Placement Capacity under Listing Rule 7.1; the approval is not cumulative and must be refreshed through shareholder approval.

## Conditions of Approval

Approval under Listing Rule 7.1A is subject to the following terms:

1. Subject to shareholder approval by way of a special resolution (requires approval of 75% of the votes cast by Shareholders present and eligible to vote in person or by proxy) at an annual general meeting; and
2. The Company preparing the Resolution must qualify as an eligible entity. A Company is an eligible entity if it is outside the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

Poseidon Nickel Limited is an Eligible Entity and therefore can proceed with the Resolution.

## Equity Securities

Any Equity Security issued under Listing Rule 7.1A must be in the same class as an existing quoted class of equity securities of the Company.

As at the date of this Notice, Poseidon has one (1) class of quoted equity security – Ordinary Shares (ASX Code: POS), so in accordance with this requirement, Poseidon can only issue Ordinary Shares in accordance with Listing Rule 7.1A.

## Number of Shares that can be issued under 10% Placement Capacity

At the date of this Notice, the Company has on issue 513,904,288 Shares and therefore has a capacity to issue 51,390,429 Equity Securities under the Company's 10% Placement Capacity under Listing Rule 7.1A; subject to shareholder approval being sought under Resolution 9.

The 10% Placement Capacity approved by shareholders at the 2013 Annual General Meeting was utilised during the year and this is explained more fully below.

## Issue Price

The price at which the Equity Securities may be issued under Listing Rule 7.1A.3 must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the fifteen (15) Trading Days immediately before:

- (a) The date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) If the Equity Securities are not issued within five (5) Trading Days of the date mentioned in paragraph (a) above, the date on which the Equity Securities are issued.

## Date of Issue

The date by which the Equity Securities may be issued pursuant to ASX Listing 7.1A.1 is the earlier of:

- (a) 12 months after the date of the 2014 Annual General Meeting (26 November 2015); and
- (b) The date of approval by shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking)

If a Company plans on a 11.1.2 or 11.2 transaction then they are not able to seek approval under Listing Rule 7.1A – Poseidon is not planning on either transaction during the next twelve (12) months.

## Risks associated with an Issue under ASX Listing Rule 7.1A

Any issue of Equity Securities under ASX Listing Rule 7.1A will dilute the interests of shareholders who do not receive any of the issued Shares.

Listing Rule 7.3A.2 requires the Company to provide a table demonstrating the potential dilution effect based on three (3) different assumed prices of the Company's Shares and three (3) different numbers of Shares on issue in the Company.

If Resolution 9 is approved by shareholders and the Company issues the maximum number of Equity Securities available under ASX Listing Rule 7.1A, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2) on the basis of the current market price of Shares and the current number of Shares on issue.

The table also shows the affect if the current number of Shares on issue is increased by 50% and 100% and where the issue price has decreased by 50% and increased by 100% as against the current market price.

Shares on Issue		Dilution		
		\$0.10 50% decrease in Issue Price	\$0.20 Current Share Price	\$0.40 100% increase in Issue Price
<b>Current</b> 513,904,288 Shares	<b>10% Voting Dilution</b>	51,390,429 Shares	51,390,429 Shares	51,390,429 Shares
	<b>Funds raised</b>	\$5,139,043	\$10,278,086	\$20,556,172
<b>50% increase</b> 770,856,432 Shares	<b>10% Voting Dilution</b>	77,085,643 Shares	77,085,643 Shares	77,085,643 Shares
	<b>Funds raised</b>	\$7,708,564	\$15,417,129	\$30,834,257
<b>100% increase</b> 1,027,808,576 Shares*	<b>10% Voting Dilution</b>	102,780,086 Shares	102,780,086 Shares	102,780,086 Shares
	<b>Funds raised</b>	\$10,278,086	\$20,556,017	\$41,112,034

\* The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro rata rights issue or shares issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1

The following assumptions were made when preparing the above table:

1. There are currently 513,904,288 Shares on issue as at the date of this Notice of Meeting;
2. The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity;
3. The Company has not issued any Shares in the 12 months prior to this Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1;
4. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
5. The table does not show the dilution affect that may be caused to a particular Shareholder;
6. The table only shows the effect of issues of Equity Securities under Listing Rule 7.1A not under the 15% Placement Capacity under Listing Rule 7.1;
7. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculation the voting dilution effect on existing Shareholders; and
8. The issue price of \$0.20 is the closing price of the Shares on the ASX as at 26 September 2014.

Shareholders should note that there is a risk that:

- (a) The market price for the Company's Shares may be significantly lower on the date of the issue than on the date of the Meeting; and
- (b) The Shares may be issued at a price that is at a discount to the market price for the Shares on the date of issue.

#### **Purpose of Issue under ASX Listing Rule 7.1A**

The Company may issue Equity Securities under ASX Listing Rule 7.1A for the following purposes:

1. Continued exploration on its current Mt Windarra Nickel Project near Kalgoorlie WA; with activities which could include:
  - (a) Water extraction system techniques
  - (b) Mine refurbishment;
  - (c) Continued exploration including further underground drilling

2. Exploration and development activities on the Black Swan and Lake Johnson Nickel projects as well as any new mineral projects acquired by the Company during the period ahead;
3. Potential acquisition of new resource assets and investments by either or both of the following:
  - (a) Cash consideration; and
  - (b) Non-cash consideration, if this was the purpose; the Company would provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.
4. For ongoing future working capital purposes

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

#### **Company's Allocation Policy under ASX Listing Rule 7.1A**

The Company's allocation policy for issues under Listing Rule 7.1A may include a placement to select existing Shareholders, a corner stone investor or several "new" professional/sophisticated investors not currently on the Company's register and this will be dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity.

The identity of the allottees of the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) The purpose of the issue;
- (b) The methods of raising funds that are available to the Company including but not limited to, rights issue or other issue in which existing Shareholders can participate;
- (c) The effect of the issue of the Equity Securities on the control of the Company;
- (d) The financial situation and solvency of the Company; and
- (e) Advice from corporate, financial and broking advisors

The allottees under the 10% Placement Capacity are not known as at the date of this Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

If the Company is successful in acquiring new resource assets or investments, it is likely that the allottees under the 10% Placement Capacity will be the vendors of the new resource assets or investments.

A Voting Exclusion Statement applies in relation to Resolution 9. As at the date of this Notice, the Company has not approached any particular existing Shareholder or an identifiable class of existing shareholder to participate in the issue of the Equity Securities. No existing shareholder's votes will therefore be excluded under the Voting Exclusion in the Notice.

#### **Previous Approval under ASX Listing Rule 7.1A**

Poseidon previously obtained approval from its Shareholders pursuant to ASX Listing 7.1A at its Annual General Meeting held on 28 November 2013.

A total of 41,031,162 Shares have been issued pursuant to this previous approval.

During the 12 month preceding the date of this Annual General Meeting, being on and from 28 November 2013, Poseidon also issued a further 63,256,218 Shares which represents approximately 15% of the total diluted number of Equity Securities on issue in the Company on 28 November 2013, which was 409,616,908.

Further details of the issues of Equity Securities by Poseidon during the 12 month period preceding the date of the Annual General Meeting are set out in Schedule 1.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 9 because of the flexibility it will provide to offer Equity Securities for capital raising purposes in the next 12 months.

The Chairman intends to exercise all available proxies in favour of Resolution 9.

**SCHEDULE 1 – ISSUE OF EQUITY SECURITIES SINCE 28 NOVEMBER 2013**

Date of Issue	Number of Securities Issued	Security Class	Issue Price	Discount to Market Price	Form of Consideration	Persons Receiving Securities
<b>ISSUE 1</b>						
17 Dec 2013	367,979	Ordinary Shares	No Issue price	Nil	Non-Cash	Mr M Rodriguez
<b>Purpose of Issue:</b> Shares to senior employee in lieu of outstanding salary as approved by Shareholders at the Company's 2014 General Meeting held on 25 June 2014. <b>Current Value:</b> \$75,436 (367,979 Shares at current price of \$0.2050)						
<b>ISSUE 2</b>						
14 Jan 2014	340,428	Ordinary Shares	No Issue price	Nil	Non-Cash	Mr Geoffrey Brayshaw Mr Chris Indermaur
<b>Purpose of Issue:</b> Shares to directors in lieu of fees for the September 2013 quarter as approved by Shareholders at the Company's 2013 Annual General Meeting held on 28 November 2013. <b>Current Value:</b> \$69,788 (340,428 Shares at current price of \$0.2050)						
<b>ISSUE 3</b>						
14 Jan 2014	361,551	Ordinary Shares	No Issue price	Nil	Non-Cash	Mr Geoffrey Brayshaw Mr Chris Indermaur
<b>Purpose of Issue:</b> Shares to directors in lieu of fees for the December 2013 quarter as approved by Shareholders at the Company's 2013 Annual General Meeting held on 28 November 2013. <b>Current Value:</b> \$74,118 (361,551 Shares at current price of \$0.2050)						
<b>ISSUE 4</b>						
20 Jan 2014	434,419	Ordinary Shares	No Issue price	Nil	Non-Cash	Mr M Rodriguez
<b>Purpose of Issue:</b> Shares to senior employee in lieu of outstanding salary as approved by Shareholders at the Company's 2014 General Meeting held on 25 June 2014. <b>Current value:</b> \$89,056 (434,419 Shares at current price of \$0.2050)						
<b>ISSUE 5</b>						
27 Feb 2014	48,928,587	Ordinary Shares	\$0.07	Nil	Cash	Petra Capital Ltd; Braziliant Pty Ltd
<b>Purpose of Issue:</b> Completion of essential activities at Mt Windarra Nickel Project prior to potential production start-up including updating the current resource and reserve model to fully reflect all recent drilling. Also the updating of capital and operating studies. <b>Amount Raised = \$3,425,000</b> <b>Amount Spent = \$3,425,000</b> <b>Use of Funds</b> – Evaluation and development of nickel projects, including Black Swan, mine refurbishment and dewatering processes at Mt Windarra, pursuing new project generation opportunities and providing working capital to the Company.						
<b>ISSUE 6</b>						
20 Jan 2014	857,142	Ordinary Shares	No Issue price	Nil	Non-Cash	Braziliant Pty Ltd
<b>Purpose of Issue:</b> Shares for corporate advisory and ongoing promotion activities. <b>Current Value:</b> \$175,714 (857,142 Shares at current price of \$0.2050)						
<b>ISSUE 7</b>						
17 Mar 2014	5,357,143	Ordinary Shares	\$0.07	Nil	Cash	Braziliant Pty Ltd
<b>Purpose of Issue:</b> Remaining allotment of Issue 5. Completion of essential activities at Mt Windarra Nickel Project prior to potential production start-up including updating the current resource and reserve model to fully reflect all recent drilling. Also the updating of capital and operating studies.						

<b>Amount Raised =</b>	<b>\$375,000</b>
<b>Amount Spent =</b>	<b>\$375,000</b>
<b>Use of Funds – Pre-production start-up activities for the Mt Windarra Nickel Project.</b>	

<b>Date of Issue</b>	<b>Number of Securities Issued</b>	<b>Security Class</b>	<b>Issue Price</b>	<b>Discount to Market Price</b>	<b>Form of Consideration</b>	<b>Persons Receiving Securities</b>
<b>ISSUE 8</b>						
09 Apr 2014	495,158	Ordinary Shares	No Issue price	Nil	Non-Cash	Mr Geoffrey Brayshaw Mr Chris Indermaur
<b>Purpose of Issue:</b> Shares to directors in lieu of fees for the March 2014 quarter as approved by Shareholders at the Company's 2013 Annual General Meeting held on 28 November 2013.						
<b>Current Value:</b> \$101,499 (361,551 Shares at current price of \$0.2050)						
<b>ISSUE 9</b>						
12 May 2014	46,708,000	Ordinary Shares	\$0.08	Nil	Cash	Poseidon; Patersons Securities Pty Ltd; Braziliant Pty Ltd; Petra Capital Pty Ltd
<b>Purpose of Issue:</b> Completion of mine refurbishment at Mt Windarra Nickel Project together with dewatering processes means Company can look to bring the mine into early production.						
<b>Amount Raised = \$3,736,640</b>						
<b>Amount Spent = \$1,736,640</b>						
<b>Amount Remaining = \$2,000,000</b>						
<b>Proposed Use of Remaining Funds –</b> Evaluation and development of nickel projects, including Black Swan, mine refurbishment and dewatering processes at Mt Windarra, pursuing new project generation opportunities and providing working capital to the Company.						
<b>ISSUE10</b>						
09 Apr 2014	436,973	Ordinary Shares	No Issue price	Nil	Non-Cash	Mr Geoffrey Brayshaw Mr Chris Indermaur
<b>Purpose of Issue:</b> Shares to directors in lieu of fees for the June 2014 quarter as approved by Shareholders at the Company's 2013 Annual General Meeting held on 28 November 2013.						
<b>Current Value:</b> \$89,579 (361,551 Shares at current price of \$0.2050)						

### **Notes**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Class means fully paid Ordinary Shares in the capital of Poseidon, ASX Code: POS (terms are set out in the Constitution).
3. In respect to the current value of quoted Equity Securities the value is based on the closing price of the Shares as the context requires on the ASX on the trading day prior to the date of this Notice of Meeting.
4. The Proposed Use of Remaining Funds is a statement of current intentions as at the date of this Notice. As with any budget, outside events and new circumstances can arise that the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied.

## **GLOSSARY**

**\$** means Australian dollars

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice of Meeting.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**AWST** means Western Standard Time as observed in Perth, Western Australia.

**Board** means the current board of directors of the Company.

**Business Days** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Company** means Poseidon Nickel Limited (ABN 60 060 525 206).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director means** Executive Director and Non-Executive Directors

**Director Share Plan** means the director share plan as approved by Shareholders at the Annual General Meeting held on 22 November 2011.

**Equity Securities** has the same meaning as in the ASX Listing Rules but includes:

- (a) a share;
- (b) a unit;
- (c) a right to a share or unit or option;
- (d) an option over an issued or unissued security;
- (e) a convertible security;
- (f) any security that ASX decides to classify as an equity security

(g) BUT not a debt security

**Executives** means all those senior employees who have been invited to participate in the Company's management of day to day administrative and operational matters

**Explanatory Memorandum** means the Explanatory Memorandum accompanying the Notice of Meeting.

**Key Management Personnel** is defined by AASB 124 Related Party disclosures as all directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Memorandum.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

**Resolutions** means the resolutions set out in the Notice of Meeting or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**VWAP** means the volume weighted average price.

**Poseidon Nickel Limited  
ACN 060 525 206**

**Corporate Representative Form**

**Please return this Appointment Form of Corporate Representative to the following address**

*Computershare Investor Services Pty Limited  
GPO Box 242 MELBOURNE VIC 3001*

*Or*

*Facsimile on 1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)*

**Shareholder Details**

This is to certify that by a resolution of the directors of:

\_\_\_\_\_ ACN \_\_\_\_\_  
(Insert Company Name)

\_\_\_\_\_  
(Insert Address)

The Company has appointed:

\_\_\_\_\_  
(Insert Name of Corporate Representative)

In accordance with the provisions of Section 250D of the Corporations Act to act as the Corporate Representative of the company to exercise all or any of the powers the company may exercise at the Annual General Meeting of shareholders of Poseidon Nickel Limited ACN 060 525 206 to be held on Wednesday, 26 November 2014 at 11.00am and at any adjournment or postponement of the Annual General Meeting, or any meeting arising from the Annual General Meeting.

Dated this      day of              2014

Executed by

ACN  
in accordance with section 127 of the *Corporations Act*  
2001:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Secretary

\_\_\_\_\_  
Name of Authorised Representative

\_\_\_\_\_  
Signed by Authorised Representative