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POSEIDON NICKEL LIMITED

ABN 60 060 525 206

## NOTICE OF GENERAL MEETING

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**TIME:** 11.45am (WST)

**DAY:** Wednesday

**DATE:** 26 November 2014

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

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

- 11.45am (WST) 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 General Meeting affects your shareholding and your vote is important.

### **VOTING IN PERSON**

To vote in person, attend the 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 11.45am (WST) 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 GENERAL MEETING

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Notice is given that the General Meeting of Poseidon Nickel Limited will be held at 11.45am (WST) 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 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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### ORDINARY Resolutions

#### 1. Ratification of 74,640,733 Shares Already Issued

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 7.4 and for all other purposes, approval is provided for the issue of 74,640,733 fully paid ordinary Shares by way of private placement to professional and sophisticated investors, on the terms and conditions set out in the Explanatory Memorandum”*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by any person who participated in the issue and a person who has obtained a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person chairing 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.*

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#### 2. Approval to Issue Shares

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 7.1 and for all other purposes, approval is given for the Company to issue up to 81,666,667 Shares, on the terms and conditions set out in the Explanatory Memorandum”*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.*

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#### 3. Ratification of 2,120,666 Shares Already Issued

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 7.4 and for all other purposes, approval is provided for the issue of 2,120,666 fully paid ordinary Shares to satisfy the payment of quarterly Convertible Note interest to Jefferies LLC, on the terms and conditions set out in the Explanatory Memorandum”.*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by Jefferies LLC and any associates of Jefferies LLC. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the*

person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form.

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**4. Approval for the issue of Bonus Scheme Shares to Mr David Singleton under the Employee Bonus Scheme**

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 10.11 and for all other purposes, approval is given for the Company to issue 2,230,000 fully paid Ordinary Shares in the Company to Mr David Singleton (or his nominee) for the purposes and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by Mr David Singleton and any associates of Mr David Singleton. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing 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.*

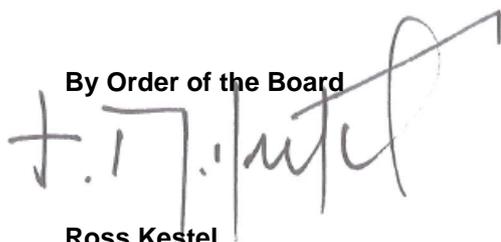
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**General Business**

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

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By Order of the Board



**Ross Kestel**  
**Company Secretary**  
16 October 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 General Meeting of Poseidon Nickel Limited to be held on Wednesday, 26 November 2014 at 11.45am (WST).

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 four (4) Resolutions in the accompanying Notice of General Meeting.

This Explanatory Memorandum is provided to the Shareholders of Poseidon Nickel Limited pursuant to and in satisfaction of Sections 7.4 and 7.5 of the ASX Listing Rules. The Explanatory Memorandum is intended to be read in conjunction with this Notice of General Meeting.

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### **RESOLUTION 1 RATIFICATION OF 74,640,733 SHARES ALREADY ISSUED**

On 10 October 2014, the Company announced the issue of 166,666,667 Shares at an issue price of \$0.18 per Share to raise \$30,000,000 to a number of professional and sophisticated investor clients of Petra Capital Limited.

Of the total Shares issued, 74,640,733 fully paid Ordinary Shares were issued under the Company's current 15% placement capacity and in accordance with ASX Listing Rule 7.1. At the time of issue, 74,964,978 fully paid Ordinary Shares were available under the placement capacity.

Resolution 1 now seeks ratification by Shareholders for the issue of these 74,640,733 Shares, which have already been issued by the Company.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

#### **Information required to be disclosed by ASX Listing Rule 7.5**

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders so that they can assess the merits of the Resolutions:

- a) 74,640,733 fully paid Ordinary Shares were issued;
- b) The issue price was \$0.18 cents for total placement funds of \$13,435,332;
- c) Shares issued were all fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as the Company's existing Shares;
- d) The allottees under the placement were professional and sophisticated investor clients procured by Petra Capital Limited. None of the investors are a related party/entity of Poseidon;
- e) The Shares were issued on the 16 October 2014;
- f) Funds raised from the Placement will be applied to complete the remaining refurbishment activities at Mt Windarra, to commence capital works at Lake Johnston, repay the Minderoo debt and for normal operating expenses; and
- g) At the time of issue, the 74,640,733 Shares comprised approximately 12.64% of the Company's Share Capital

The Board considers that the approval of the issue of the Shares described above is beneficial for the Company as it provides the flexibility to issue up to the maximum number of shares permitted under ASX Listing Rule 7.1 in the next 12 months (without further shareholder approval), should it be required.

If Resolution 1 is not passed, the Shares the subject of Resolution 1 will be counted towards the 15% limit under ASX Listing Rule 7.1 for a period of 12 months from the date of issue.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1 and the Directors themselves will be voting in favour of Resolution 1.

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## **Resolution 2 – APPROVAL TO ISSUE SHARES**

As announced on 10 October, the Company completed a 166,666,667 Share placement. The issue is comprised as follows:

- 74,640,733 Shares have been issued under the Company's 15% placement capacity (the subject of Resolution 1);
- 10,359,267 Shares have been issued under the Company's remaining 10% placement capacity; and
- 81,666,667 Shares are to be issued following Shareholder approval (the subject of Resolution 2)

Poseidon has had to complete the issue of the total 166,666,667 fully paid Ordinary Shares in two (2) tranches. The first tranche has been able to be completed immediately because the Company had sufficient ability under the combined 15% and 10% placement capacities but as there was no further placement capacity the issue of the remaining Shares is now subject to Shareholder approval.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, 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.

The effect of Resolution 2 will be to allow the Directors to issue the remaining 81,666,667 placement Shares immediately after the General Meeting but in any event within a period of three (3) months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **Technical Information Required by ASX Listing Rule 7.3**

In accordance with ASX Listing Rule 7.3 the following information is provided to Shareholders to assess the merits of the Resolution:

- a) The maximum number of Shares to be issued is 81,666,667 representing the remaining number of placement Shares as outlined above;
- b) The Shares will be issued as soon as practicable following the General Meeting, assuming Shareholder approval but in any event no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- c) The issue price will be \$0.18;
- d) The Directors have determined that the Shares will be issued to professional and sophisticated investors/clients associated with Petra Capital Limited. None of these investors is a related party/entity of Poseidon;
- e) The Shares issued will be fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as the Company's existing Shares; and
- f) Funds raised from the Placement will be applied to complete the remaining refurbishment activities at Mt Windarra, to commence capital works at Lake Johnston, repay the Minderoo debt and for normal operating expenses

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 2 and the Directors themselves will be voting in favour of Resolution 2.

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### **RESOLUTION 3 RATIFICATION OF 2,120,666 SHARES ALREADY ISSUED**

On 1 October 2014, the Company announced that it had issued 2,120,666 Shares in lieu of a cash payment for the quarterly interest due and payable on the Convertible Note facility.

In accordance with the terms and conditions of the Convertible Note Deed, interest is payable to Jefferies LLC, the Convertible Note Holder at 5% per annum quarterly in arrears. The interest due can be paid by cash or the issue of Shares and Poseidon in consultation with Jefferies LLC can elect either method of payment to satisfy the interest due.

Poseidon resolved to satisfy the September 2014 interest payment through the issue of fully paid Ordinary Shares.

Resolution 3 seeks Shareholder ratification for the issue of these 2,120,666 fully paid Ordinary Shares in lieu of cash for the September 2014 interest payment.

ASX Listing Rule 7.1 imposes a limit on the number of securities (shares or options to subscribe for shares) which a company can issue without shareholder approval. In general terms the limit is that a company may not, without shareholder approval issue in any 12 month period, more than 15% of the Company's issued share capital.

Shareholder approval can be obtained either before or after the securities are issued.

At the time of the issue, Poseidon had sufficient ability under its 15% placement capacity to issue the Shares to Jefferies LLC in satisfaction of the September 2014 quarter interest payment.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Under Resolution 3, the Company seeks approval from Shareholders for the ratification of this previous issue of 2,120,666 Shares in lieu of cash for the September 2014 quarter Convertible Note interest payment. The Company further confirms that the issue did not breach the Company's 15% placement capacity at the time of interest.

#### **Information required to be disclosed by ASX Listing Rule 7.5**

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders so that they can assess the merits of the Resolutions:

- a) 2,120,666 fully paid Ordinary Shares were issued;
- b) The issue price was \$0.2105; representing the average of the volume weighted average price of the Company Shares, as quoted on ASX, for five (5) consecutive trading days up to but not including the interest payment date being 29 September 2014 as per the terms of the Convertible Note Deed;
- c) Shares issued were all fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as the Company's existing;
- d) The Shares were issued to Jefferies LLC. Jefferies LLC is not a related party of Poseidon
- e) The Shares were issued on the 2 October 2014;
- f) No funds were raised from the Placement as the issue was for payment of interest due and payable on the Convertible Notes for the September 2014 quarter;
- g) At the time of issue, the 2,120,666 Shares comprised approximately 0.004% of the Company's Share Capital

The Board considers that the approval of the issue of the Shares described above is beneficial for the Company as it preserved the Company's cash balance at a time when there were demands on the cash resources and it aligns Jefferies LLC interests as a Shareholder and possibly provide leverage for further capital raising opportunities in the future.

If Resolution 3 is not approved by Shareholders, the Shares the subject of Resolution 3 will be counted towards the 15% limit under ASX Listing Rule 7.1 for a period of 12 months from the date of issue.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3 and the Directors themselves will be voting in favour of Resolution 3.

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#### **RESOLUTION 4 APPROVAL FOR THE ISSUE OF BONUS SCHEME SHARES TO MR DAVID SINGLETON UNDER THE EMPLOYEE BONUS SCHEME**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 2,230,000 Shares to Mr David Singleton, the Company's Managing Director on the terms and conditions set out below.

The proposed Share issue is in recognition of the significant achievement by Mr Singleton in delivering a number of key objectives for the Company that have added to overall Shareholder growth and value. These achievements are as follows:

- a) Acquisition of Black Swan Nickel Project from Norilsk Nickel;
- b) Acquisition of Lake Johnson Nickel Project form Norilsk Nickel;
- c) Execution of a nickel offtake agreement with Nickel West; and
- d) Completion of a capital raising to provide the funding required to prepare the projects for the recommencement of operations.

The Share issue allows the Company to adequately compensate Mr Singleton for his commitment to the Company, to incentivise him to retain his position with the Company and to continue to contribute to the Company's development and growth.

In accordance with the terms of the offer, Mr Singleton could take the bonus for achieving these indicators in cash or Shares. Mr Singleton has elected to receive the bonus as Shares.

The number of Shares to be issued has been determined as being 50% of Mr Singleton's annual salary including superannuation for the previous financial year (\$535,273) to which an uplift factor of 150% has then been applied.

The price applied was \$0.18 per Share, being the issue price of the recent capital raising.

The Scheme permits an up lift in the bonus where it is taken as Shares instead of cash as an incentive to preserve the Company's cash resources.

The proposed Shares will be subject to a three (3) year holding lock from the date of issue.

The Poseidon Board have formed the view that it would be appropriate to issue the Bonus Shares subject to Shareholder approval, because it considers that the issue would be reasonable in the circumstances having regard to the present circumstances of the Company and the following considerations:

- Issuing the Bonus Shares is a cost-effective mechanism for the Company to reward Mr Singleton for achieving the significant milestone events and encourages Mr Singleton to remain involved in the Company's affairs going forward;
- In the Company's current circumstances, it would benefit the Company to provide additional remuneration to Mr Singleton by way of scrip rather than having to increase its costs by increasing the amount of remuneration received by him in cash;
- The Shares provide a way for the Company to provide additional remuneration to Mr Singleton while strengthening the alignment between his interests and the interests of the Company; and

- There does not appear to be any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed.

Shareholder approval for the proposed issue is a statutory requirement; because a financial benefit is being given to a related party of the Company.

### **Approval Requirements**

#### Corporations Act

The giving of a financial benefit to a related party of the Company requires Shareholder approval pursuant to section 208 of the Corporations Act.

Chapter 2E of the Corporations Act prohibits a listed company from giving a financial benefit to a related party of the company except where:

- (a) the giving of the financial benefit falls within one of the exceptions set out in Chapter 2E (in this case the applicable exception is section 211 as described below); or
- (b) Shareholder approval is obtained before giving the financial benefit.

As a Director of the Company, Mr Singleton is a related party of the Company for the purposes of Chapter 2E of the Corporations Act and the proposed issue of Shares is considered a financial benefit.

Section 211 of the Corporations Act provides that one of the exceptions to obtain Shareholder approval for giving a financial benefit to a related party is where the benefit is given to the related party as an officer of the Company and to give the remuneration would be reasonable given the circumstances of the Company and the related party's circumstances (including the responsibilities involved in the office or employment).

The members of the Board considers the proposed issue of Shares to Mr Singleton, the subject of Resolution 4 to be reasonable remuneration and as such falls within the exception set out in section 211 of the Corporations Act. In reaching this view, the Board had regard to the responsibilities of Mr Singleton, the terms of the Bonus Share issue, the present circumstances of the Company and the other considerations relating to the issue of the Shares.

#### ASX Listing Rules

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval prior to the issue of securities to a related party. As a Director of the Company, Mr Singleton is considered a related party of the Company. Accordingly, Shareholder approval is required.

In accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares:

- (a) The related party is Mr David Singleton, and he is a related party by virtue of being a Director;
- (b) The maximum number of Shares (being the nature of the financial benefit being provided) to be issued to Mr Singleton is 2,230,000 fully paid ordinary;
- (c) The Shares will be issued to Mr Singleton no later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Shares will be issued on one date;
- (d) The Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) The value of the Shares proposed to be issued to Mr Singleton is \$401,400 being 2,230,000 Shares at an issue price of \$0.18 which was the recent issue price for the capital raising;
- (f) The Shares will be fully paid Ordinary Shares, issued on the same terms and conditions as the Company's existing Shares on issue and will be subject to the terms of the Poseidon Employee Bonus Scheme as set out in Schedule 1 of this Notice of Meeting

- (g) Mr Singleton presently holds a relevant interest in the Company as set out below:

<b>Securities</b>	<b>Number</b>
Shares	6,740,000
Options: - Unlisted Options (exercisable at \$0.25 on or before 23 November 2016)	3,000,000

- (h) Mr Singleton's annual salary including Superannuation for the current 2015 financial year is \$562,036;
- (i) If the Shares proposed to be issued under Resolution 4 are approved, a total of 2,230,000 Shares would be issued. This will increase the number of Shares on issue from 682,691,621 to 684,921,621 (assuming that Resolutions 1 and 2 are approved) with the effect that the shareholding of existing Shareholders would be diluted by 0.33%
- (j) The trading history of the Shares on ASX in the 12 months before the date of this Notice of Annual General Meeting is set out below:

	<b>Price</b>	<b>Date</b>
Highest	\$0.2650	12 September 2014
Lowest	\$0.07	11 June 2014
Last	\$0.20	10 October 2014

- (k) The purpose of the proposed issue of Shares under this Resolution is to recognise the additional workload taken on by Mr Singleton in delivering the significant achievements that have added Shareholder value and growth; and
- (l) A voting exclusion statement is included in Resolution 4 in the Notice

#### Corporations Act - Section 195

Section 195 of the Corporations Act essentially prohibits a Director of a public company from attending or voting during Board meetings when matters in which that Director has a material personal interest are being considered.

Mr Singleton may have a personal interest in Resolution 4. In the absence of Shareholder approval for the purposes of section 195(4) of the Corporations Act, the Directors may not be able to properly form a quorum for the Board to carry out the matters contemplated by the resolution. The Board therefore considers it would be prudent to obtain this approval.

The Board is not aware of any other information that might be reasonably required by Shareholders in order to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.

#### **Recommendation of Directors**

Mr David Singleton declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution.

The other Directors, being Mr Geoffrey Brayshaw, Mr Christopher Indermaur and Mr Rob Dennis recommends that Shareholders vote in favour of Resolution 4 for the following reasons:

- (a) the issue of Shares to Mr Singleton is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a

greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Singleton;

- (b) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to Mr Singleton as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Singleton will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

## GLOSSARY

**\$** means Australian dollars

**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.

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

**Bonus Scheme Shares** means the fully paid Ordinary Shares issued under the Employee Bonus Scheme.

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

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

**Director** means Executive Director, Managing Director and Non-Executive Directors.

**Employee Bonus Scheme** means the scheme first adopted in November 2008 and then subsequently approved in 2013, which allows the issue of Shares to eligible employees (being a full time employee or director of the Company or a subsidiary of the Company) for their contribution to the Company in achieving milestone events;

**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.

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

**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.

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

## **SCHEDULE 1 – POSEIDON NICKEL LIMITED EMPLOYEE BONUS SCHEME**

The Poseidon Nickel Limited Employee Bonus Scheme (**Scheme**) will operate on the following terms:

### **Objectives of the Scheme**

The objectives of the Scheme are to reward Eligible Employees for their contribution to the Company and enable them to share in the success of the Company.

### **Committee**

The Scheme will be administered by a committee chaired by the Chief Executive Officer of the Company.

### **Bonus Offer**

The committee may in its absolute discretion:

- (a) determine which Eligible Employees are entitled to participate in the Scheme from time to time;
- (b) make an Offer to selected Eligible Employees;
- (c) determine the Bonus Band that will apply to an Offer to selected Eligible Employees; and
- (d) determine the amount of the Bonus to be offered to selected Eligible Employees.

The bonus band means the maximum bonus that may be paid to an employee, expressed as a percentage of the employee's annual salary.

### **Payment of Bonus**

Payment of the Bonus is conditional on the Participant continuing to be a full time employee of the Company on the date the Bonus is paid in cash or the date of issue of the Bonus Shares.

#### **Bonus Paid in Cash**

If the Participant elects to take the Bonus in cash (where an option is provided), or where the Committee determines that the Bonus is to be paid in cash, the Company will pay the Bonus to the nominated bank account of the Participant after finalisation of the financial year. The Bonus will be treated as normal income and will be subject to tax.

#### **Bonus Paid in Shares**

If the Participant elects to take the Bonus in Shares (where an option is provided), or where the Committee determines that the Bonus is to be taken in Shares, the Company will, after finalisation of the financial year and receipt of the Acceptance Notice:

- (a) allot and issue the number of Bonus Shares as determined to the Participant; and
- (b) deliver a Holding Statement to the Participant for the Bonus Shares allotted and issued.

### **Salary Sacrifice Agreement**

Prior to earning the bonus for a particular year, in order for the employee to receive Shares as his or her bonus, the employee must enter into a salary sacrifice agreement with the Company pursuant to which the employee agrees to receive part of his or gross salary as a benefit satisfied by way of Shares.

## **Bonus Shares**

If the Participant elects to take the Bonus in Shares (where an option is provided), or where the Committee determines that the Bonus is to be taken in Shares, then the Participant will be entitled to:

- (a) the amount of the Bonus in Shares, determined by dividing the Bonus by the Market Value; plus
- (b) an additional number of Shares equivalent to 50% of the amount of the Bonus, determined by dividing 50% of the Bonus by the Market Value.

(The Shares issued under this Rule are collectively, the Bonus Shares.)

- (c) Bonus Shares will upon allotment rank pari passu in all respects with other Shares, except as otherwise set out below.
- (d) Bonus Shares will be subject to a vesting period until such time as the employee is able to demonstrate to the Company that the following conditions have been satisfied:
- (e) the Bonus Shares have been held by the trustee for a minimum period of 3 years from the date of issue; and
- (f) the employee continues to be a full time employee of the Company,  
  
(together, the Conditions)
- (g) The trustee appointed by the Company to hold the Bonus Shares will hold the Bonus Shares in a trust and will not transfer the Bonus Shares to the employee until the employee demonstrates that the Conditions have been satisfied.
- (h) If the conditions are not satisfied then the employee will be deemed to forfeit the Bonus Shares and the Bonus Shares will be retained in the trust to be re-issued by the Company pursuant to the Scheme.
- (i) Whilst the Bonus Shares are held in the trust, if the employee commits any fraudulent, dishonest or gross negligent acts as determined by the committee acting reasonably, then the Bonus Shares will be forfeited and the Bonus Shares will be retained in the trust to be re-issued by the Company pursuant to the Scheme.
- (j) Upon transfer of the Bonus Shares to the employee, the Company will apply for quotation of the Bonus Shares on ASX.

## **Prescribed Event**

- (a) The Company shall authorise the release of the Holding Lock in respect of Bonus Shares immediately in the event that:
  - (i) the Shares in the Company are subject to a takeover bid under the provisions of Chapter 6 of the Corporations Act and the bid proceeds to compulsory acquisition under Part 6A.1 of the Corporations Act; or
  - (ii) an order is made under Part 5.1 of the Corporations Act which is binding on all Shareholders for the transfer of Shares in the Company under a merger by way of scheme of arrangement.
- (b) In the event the Company authorises the release of the Holding Lock under this Rule, the Conditions shall be deemed to have been satisfied.

**Variation**

The Scheme rules have been drafted on the basis of current draft tax legislation relating to employee share schemes. The committee may amend the Scheme rules as it sees fit if, and to the extent that, the legislation allows.

**GENERAL MEETING PROXY FORM**

**Member Details**

Name: .....

Address: .....

Contact Telephone No: .....

I/We being a Member/s of Poseidon Nickel Limited and entitled to attend and vote hereby appoint

	Chairman of the Meeting	<b>OR</b>	Insert Name of Appointed Proxy Below
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Or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Poseidon Nickel Limited to be held at The Boardroom, at the Conference Room, Exchange Plaza, Level 8, 2 The Esplanade, Perth WA 6000 on Wednesday, 26 November 2014 at 11.45am (AWST)

**Chairman to vote undirected proxies in favour: I/we acknowledge that the Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1 to 4.**

	FOR	AGAINST	ABSTAIN
<b>Ordinary Resolutions</b>			
Resolution 1. Ratification of 74,640,733 Shares Already Issued	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2. Approval to Issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3. Ratification of 2,120,666 Shares Already Issued	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4. Approval for the Issue of Bonus Scheme Shares to Mr David Singleton under the Employee Bonus Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the Abstain box for Resolutions 1 to 4, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll. If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this Form.

If two (2) proxies are being appointed, the proportion of voting rights this voting represents is %

**PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be valid**

Individual or Member 1 <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div> Sole Director and Sole Company Secretary	Member 2 <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div> Director	Member 3 <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div> Director/Company Secretary
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# Voting

## Voting entitlements

In accordance with the Corporations Act, the Company has determined that the shareholding of each person for the purpose of determining entitlements to attend and vote at the meeting will be the entitlement of that person set out in the Company's share register as at 5.00pm (WST) on Monday, 24 November 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting exclusions apply to all both of the Resolutions contained in the Notice of Meeting.

## Voting in person

A shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the attached proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the meeting to facilitate this registration process.

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting.

## Voting by proxy

Shareholders should complete the proxy form if they do not wish to attend the meeting and wish to appoint a proxy to attend and vote on their behalf. If you intend to attend the meeting, you do not need to complete the proxy form. However, please bring the proxy form with you to the meeting to assist with your registration.

You may still attend the meeting even if you have appointed a proxy. However, your proxy's authority is suspended in relation to any resolutions on which you choose to vote personally.

## Appointing a second proxy

You may appoint up to 2 persons to act as your proxy to attend and vote on your behalf. If you wish to do this you must use a separate proxy form in respect of each proxy and indicate the percentage of your voting rights or the number of shares that each proxy is appointed in respect of each proxy form. You should photocopy the enclosed proxy form or request an additional proxy form to be sent to you.

## Directing your proxy how to vote

If you wish to direct your proxy how to vote on any or all of the resolutions, place a mark "X" in the "For", "Against" or "Abstain" box. If you do not direct your proxy how to vote, your proxy may vote as he, she or it sees fit. If you mark the abstain box, you are directing your proxy not to vote on your behalf in respect of that resolution and your votes will not be included on a show of hands or on a poll.

If you appoint the Chairman of the meeting as your proxy, but do not give directions on how to vote on a particular resolution, the Chairman will vote in favour of that resolution even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

## Signing instructions

Individuals	The individual, who is the shareholder, or his or her attorney, must sign the form.
Joint holding	Each person who is a joint shareholder, or their attorneys, must sign the form.
Companies	The company that is the shareholder must sign the form in accordance with section 127 of the Corporations Act either by a director jointly with either another director or a

company secretary, or where the company has a sole director who is also the sole company secretary (or there is no company secretary), by that director.

Power of attorney Any shareholder signing under a power of attorney must attach a certified photocopy of the power of attorney document to this form.

### **Lodging your proxy form**

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at the address given below no later than 12.00pm (WST) on Monday, 24 November 2014. Any proxy form received after that time will not be valid for the scheduled meeting.

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

### **Lodging your corporate representative form**

To be valid, your corporate representative form (and any power of attorney under which it is signed) must be received no later than 11.45am (WST) on Monday, 24 November 2014 at any one of the above addresses.

