

POSEIDON NICKEL LIMITED

ABN 60 060 525 206

Notice of 2016 Annual General Meeting

TIME: 11:00am (AWST)

DATE: Wednesday, 12 October 2016

PLACE: KPMG Building
Boardroom 1
Level 8
235 St Georges Terrace
PERTH WA 6000

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The 2016 Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at

- 11.00am (AWST) on Wednesday, 12 October 2016
- KPMG Building
Boardroom 1
Level 8
235 St Georges Terrace
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, please arrive 20 minutes prior to the start of the Annual General Meeting on the date and at the venue set out above, to facilitate the registration process.

VOTING by CORPORATE REPRESENTATIVE

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 2001 (Cth) ("Corporations Act"). The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the meeting. This form may be obtained from the Company's share registry.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form, returning by the time and at an address given below:

- Online** At www.investorvote.com.au
- By mail** Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001
- By fax** 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)
- By mobile** Scan the QR Code on your proxy form and follow the prompts
- Custodian voting** For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

so that it is received not later than 11.00am (AWST) on Monday, 10 October 2016.

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, 10 October 2016.

NOTICE OF 2016 ANNUAL GENERAL MEETING

Notice is given that the 2016 Annual General Meeting of Poseidon Nickel Limited will be held at 11.00 am (AWST) on Wednesday, 12 October 2016 at KPMG Building, Boardroom 1, Level 8, 235 St Georges Terrace, 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.

AGENDA

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 2016.

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 2016."

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

ORDINARY Resolutions

2. Re-Election of Directors Retiring by Rotation

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

2.1 Re-election of Mr Geoffrey Brayshaw

"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."

2.2 Re-election of Mr David Singleton

"That, in accordance with clause 13.2 of the Company's Constitution and for all other purposes, Mr David Singleton, 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."

3. Reset of 15% threshold through the ratification of prior issue of 15,572,738 Shares to Jefferies LLC

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, Shareholders approve the previous issue of 15,572,738 Shares in the capital of the Company to Jefferies LLC as described 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 proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, 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.*

4. Reset of 15% threshold through the ratification of the prior issue of 4,326,923 Shares for Services Rendered

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, Shareholders approve the previous issue of 4,326,923 Shares in the capital of the Company as described in the Explanatory Memorandum”.

Voting Exclusion: *The Company will disregard any votes cast on this Resolution by Topdrive Drillers Australia Pty Ltd and any associates of Topdrive Drillers Australia Pty Ltd. However, the Company need not disregard a vote if 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, 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.*

5. Reset of 15% threshold through the ratification of prior issue of 76,200,000 Shares to Pershing Australia Nominees Pty Ltd

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, Shareholders approve the previous issue of 76,200,000 Shares in the capital of the Company to professional and sophisticated investor clients of Pershing Australia Nominees Pty Ltd, as described 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 any associates of those persons. However, the Company need not disregard a vote if 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, 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.*

6. Approval for the issue of Performance Rights under the Director Fees Performance Rights Plan to Mr David Singleton in Satisfaction of Director Fees for the Financial Year ending 30 June 2016

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

“That, for all purposes including the purposes of ASX Listing Rule 10.14 and section 195(4) of the Corporations Act, approval be given to grant Performance Rights in the Company up to the value of \$21,540.00 to Mr David Singleton (or his nominee) in lieu of director’s fees from 01 February 2016 to 30 June 2016 as described in the Explanatory Memorandum.”

7. Approval for the issue of Performance Rights under the Director Fees Performance Rights Plan to Mr Christopher Indermaur in Satisfaction of Fees for

Additional Part Time Duties in the Absence of a CEO for the Financial Year ending 30 June 2016

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

“That, for all purposes including the purposes of ASX Listing Rule 10.14 and section 195(4) of the Corporations Act, approval be given to grant Performance Rights in the Company up to the value of \$81,081.00 to Mr Christopher Indermaur (or his nominee) in lieu of fees for additional part time duties in the absence of a CEO from 01 February 2016 to 30 June 2016 as described in the Explanatory Memorandum.”

8. Approval for the issue of Performance Rights under the Director Fees Performance Rights Plan to Mr David Singleton in Satisfaction of Director Fees for the Financial Year ending 30 June 2017

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

“That, for all purposes including the purposes of ASX Listing Rule 10.14 and section 195(4) of the Corporations Act, approval be given to grant Performance Rights in the Company up to the value of \$62,831.00 to Mr David Singleton in satisfaction of director’s fees for the financial year ending 30 June 2017 as described in the Explanatory Memorandum accompanying this Notice.”

9. Approval for the issue of Performance Rights under the Director Fees Performance Rights Plan to Mr Robert Dennis in Satisfaction of Director Fees for the Financial Year ending 30 June 2017

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

“That, for all purposes including the purposes of ASX Listing Rule 10.14 and section 195(4) of the Corporations Act, approval be given to grant Performance Rights in the Company up to the value of \$62,831.00 to Mr Robert Dennis (or his nominee) in satisfaction of director’s fees for the financial year ending on 30 June 2017 as described in the Explanatory Memorandum accompanying this Notice.”

10. Approval for the issue of Performance Rights under the Director Fees Performance Rights Plan to Mr Geoffrey Brayshaw in Satisfaction of Director Fees for the Financial Year ending 30 June 2017

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

“That, for all purposes including the purposes of ASX Listing Rule 10.14 and section 195(4) of the Corporations Act, approval be given to grant Performance Rights in the Company up to the value of \$72,831.00 to Mr Geoffrey Brayshaw (or his nominee) in satisfaction of director’s fees for the financial year ending on 30 June 2017 as described in the Explanatory Memorandum accompanying this Notice.”

11. Approval for the issue of Performance Rights under the Director Fees Performance Rights Plan to Mr Christopher Indermaur in Satisfaction of Director Fees and Additional Part Time Duties for the Financial Year ending 30 June 2017

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

“That, for all purposes including the purposes of ASX Listing Rule 10.14 and section 195(4) of the Corporations Act, approval be given to grant Performance Rights in the Company up to the value of \$318,314.00 to Mr Christopher Indermaur (or his nominee) in satisfaction of director’s fees and additional part time duties in the absence of a CEO for the financial year ending on 30 June 2017 as described in the Explanatory Memorandum accompanying this Notice.”

VOTING EXCLUSION STATEMENT FOR RESOLUTIONS 6 to 11

The Company will disregard any votes cast on Resolutions 6 to 11 by any Director, including their associates. 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 by the Chair 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.

Pursuant to the Corporations Act, the Company’s Key Management Personnel or Closely Related Person are not permitted to cast a vote as a Proxy for a person permitted to vote, unless the Proxy Form:

- authorises the Chair to exercise the proxy vote; and
 - expressly authorises the Chair to exercise the proxy vote even though Resolutions 8 to 10 are connected directory or indirectly with remuneration of a member of the Key Management Personnel
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SPECIAL Resolution

12. Approval of 10% Placement Capacity

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

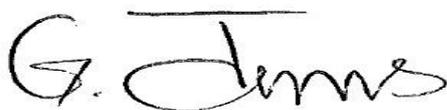
“That, approval is provided for the Company to have the additional capacity (up to a further 10%) to issue Equity Securities under ASX Listing Rule 7.1A, for the period specified in Listing Rule 7.1A.1 and in accordance with the formula prescribed in Listing Rule 7.1A.2.”

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 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.

General Business

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

By Order of the Board



Gareth Jones
Company Secretary
22 August 2016

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the 2016 Annual General Meeting of Shareholders to be held on Wednesday, 12 October 2016 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.

2016 ANNUAL FINANCIAL REPORT

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 2016.

Neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders on the reports or statements.

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.

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 2016 Auditor's Report;
- (b) The conduct of the 2016 audit;
- (c) Accounting policies adopted by the Company in relation to the preparation of the 2016 financial statements; and
- (d) The independence of the Auditor in relation to the conduct of the 2016 audit

The questions will need to be submitted no later than five (5) business days (no later than Tuesday, 4 October 2016) before the Annual General Meeting to the Company Secretary at the Company's Registered Office.

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

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

RESOLUTION 1 – ADOPTION OF 2016 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 present the Company's Remuneration Report so that Shareholders can adopt the Company's Remuneration Report.

The Remuneration Report is incorporated into the Directors' Report as set out on pages 10 to 20 of the 2016 Annual Report and is also available from the Company's website (www.poseidon-nickel.com.au)

In accordance with Section 300A of the Corporations Act, the Report contains the information that needs to be included in the Remuneration Report of the Company's annual report.

The Remuneration Report:

- Outlines the key developments that impacted on Poseidon' remuneration strategy during 2016;
- Explains the Board's policies in relation to the objectives and structure of remuneration;
- Highlights the links between the Company's performance and the remuneration received by Directors and key management personnel ("KMP");
- Explains the components of remuneration for Directors and KMP, including relevant performance conditions; and
- Sets out the remuneration details for the Directors and other KMP of the Group.

The Directors believe that the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate for the size of the Company, its business and objectives.

In accordance with Section 250SA of the Corporations Act, Shareholders will be given an opportunity to ask questions of the Directors in relation to the Remuneration Report.

The Remuneration Report is for consideration and adoption by way of a non-binding resolution. The vote on this Resolution 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 Reports and the Board will take into account the outcomes of the votes when considering the future remuneration arrangements of the Company.

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 five (5) years **DID NOT** receive a "no" vote of 25% or more when they were tabled at the respective Annual General Meetings.

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.

Recommendation of Board

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

RESOLUTION 2 – RE-ELECTION OF DIRECTORS

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 four (4) Non-Executive Directors and accordingly, two (2) must retire but the directors who retire by rotation under Clause 13.2 of the Constitution are eligible for re-election.

Mr Geoffrey Brayshaw
Non-Executive Director

Qualifications

Bachelor of Commerce;
Member of Institute of Chartered Accountants of Australia

Experience and expertise

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 was formerly an audit partner with a major accounting firm in Perth, having been in practice for some 35 years. He has also held a number of positions in commerce and professional bodies including national president of the Institute of Chartered Accountants of Australia in 2002.

He was previously an independent Director and Audit Committee Chairman of both Fortescue Metals Group Limited and AVEA Insurance Limited. He was previously a member of the Board of the Small Business Development Corporation.

Recommendation of Board

The Board (excluding Mr Brayshaw) recommends the re-election of Mr Brayshaw as a Director of the Company.

Mr David Singleton
Non-Executive Director

Qualifications

Bachelor of Engineering (Honours) (Mechanical)

Experience and expertise

Mr Singleton 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 Singleton commenced his career with the UK Ministry of Defence and worked in research, development and manufacturing as well as senior management roles in Royal Ordnance, which by then was part of BAE Systems. He has also served as a member of the National Defence Industries Council in the UK, and as a Board member and Vice President (Defence) of Intellect, a leading trade association for the UK technology industry.

In the intervening years, Mr Singleton was BAE System's Managing Director of Asset Management, before spending three years in Rome as the Chief Executive Officer of Alenia Marconi Systems (AMS).

Mr Singleton has held numerous senior roles with BAE Systems, one of the world's largest defence companies, including Group Head of Strategy and Mergers & Acquisitions in London from 1997 to 1998 and again in 2003.

Recommendation of Board

The Board (excluding Mr Singleton) recommends the re-election of Mr Singleton as a Director of the Company.

RESOLUTIONS 3 to 5 – RATIFICATION OF PREVIOUS ISSUE OF SHARES

Securities issued by the Company in the previous 12 months

In the previous 12 months Poseidon has issued 96,099,661 Shares, the subject of Resolutions 3 to 5 without Shareholder approval. The issue of these Shares was within the 15% Share issue limit set out in Listing Rule 7.1 and accordingly did not require shareholder approval at the time of issue.

Nevertheless, the Company is seeking shareholder ratification for the issue of these 96,099,661 Shares pursuant to Listing Rule 7.4 to ensure that its Share issue capacity is not reduced.

Listing Rule 7.4 – Ratification of issue of Securities

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new shares equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It 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

In this instance Shareholder approval is being obtained after the Shares were issued.

If Resolutions 3 to 5 are not approved, the Placements will remain valid and effective, however, without ratification, the Company will be restricted in its ability to issue Shares without shareholder approval during the next 12 month period. Poseidon is likely to issue further Shares within the next 12 months to raise additional capital and so the Company seeks ratification of these Share issues under the Placements in order to provide future flexibility to place Shares.

RESOLUTION 3 - RESET of 15% THRESHOLD THROUGH THE RATIFICATION OF PRIOR ISSUE OF 15,572,738 SHARES TO JEFFERIES LLC

In accordance with the terms and conditions of the Convertible Note Deed with Jefferies LLC, interest is payable on the Convertible Notes at 5% per annum quarterly in arrears which can be paid in cash or through the issue of fully paid Ordinary Shares in the capital of Poseidon.

Poseidon in consultation and agreement with Jefferies LLC resolved to satisfy the December 2015 quarter interest payments through the issue of fully paid Ordinary Shares, thereby preserving the Company's cash balances.

During January 2016, following Shareholder approval on 20 January 2016, Poseidon and Jefferies mutually agreed to terminate the existing convertible notes (Old Notes) held by Jefferies and issue to Jefferies a new convertible note with a face value of US\$17.5 million (New Note).

In consultation and agreement with Jefferies, it was resolved to satisfy the interest payment to the date of cancellation of the Old Notes through the issue of fully paid Ordinary Shares in the Company and ultimately preserving the Company's cash balances.

Outlined below is the information required to be provided to shareholders for the purpose of obtaining shareholder approval pursuant to Listing Rule 7.4

No. of Securities Issued:

- (A) 11,739,812 fully paid ordinary shares representing December 2015 quarter convertible note interest payment for Existing Notes; and
- (B) 3,832,926 fully paid ordinary shares representing convertible note interest payment to the date of cancellation of Existing Notes.

Issue Price:

- (A) Deemed issue price of \$0.0463 being the five (5) day VWAP to and including 31 December 2015. Total interest payable of A\$543,553; and
- (B) Deemed issue price of \$0.03580 being the five (5) day VWAP to and including 22 January 2016. Total interest payable of A\$137,219.

Issue Date:

- (A) 04 January 2016; and
- (B) 22 January 2016

Reason for Issue:

The payment of interest due on convertible notes.

Terms of Securities:

All shares were issued as fully paid ordinary shares ranking equally with existing shares. Quotation on the ASX was sought and obtained.

Allottee:

The Shares were issued to Jefferies LLC, being the convertible note holder.

Recommendation of Board

The Board believes that the ratification of these issues is beneficial for the Company.

The Board unanimously recommends Shareholders vote in favour of Resolution 3, as it allows the Company to ratify the above issues of Shares and retain the flexibility to issue the maximum number of equity securities permitted under Listing Rule 7.1 without shareholder approval.

Furthermore, the Company was able to preserve its cash reserves as a result of being able to offer Shares in payment of quarterly interest payments.

RESOLUTION 4 - Reset of 15% threshold through the ratification of the prior issue of 4,326,923 Shares for Services Rendered

On 15 January and 4 April 2016, Poseidon issued 3,605,769 and 721,154 (total being 4,326,923) fully paid ordinary shares to Topdrive Drillers Australia Pty Ltd, at a deemed issue price of \$0.0416 per share for drilling services rendered at Emily Ann and to preserve the cash reserves of the Company.

Outlined below is the information required to be provided to shareholders for the purpose of obtaining shareholder approval pursuant to Listing Rule 7.4

No. of Securities Issued:

(A) 3,605,769 fully paid ordinary shares; and

(B) 721,154 fully paid ordinary shares.

Issue Price:

Deemed issue price of \$0.0416 being the ten (10) day VWAP up to and including 14 January 2016 for total drilling services of \$180,000.

Issue Date:

(A) 15 January 2016; and

(B) 04 April 2016

Reason for Issue:

For drilling services rendered at Emily Ann.

Terms of Securities:

All Shares were issued as fully paid ordinary shares ranking equally with existing shares. Quotation on the ASX was sought and obtained.

Allottee:

The Shares were issued to Topdrive Drillers Australia Pty Ltd.

Recommendation of Board

The Board believes that the ratification of these issues is beneficial for the Company.

The Board unanimously recommends Shareholders vote in favour of Resolution 4, as it allows the Company to ratify the above issues of Shares and retain the flexibility to issue the maximum number of equity securities permitted under Listing Rule 7.1 without shareholder approval.

Furthermore, the Company was able to preserve its cash reserves as a result of being able to offer Shares in payment of quarterly interest payments.

RESOLUTION 5 - Reset of 15% threshold through the ratification of prior issue of 76,200,000 Shares to Pershing Australia Nominees Pty Ltd

During January to August 2016, Poseidon periodically announced the placement of 76,200,000 fully paid ordinary shares to institutional and professional investors of Pershing Australia Nominees Pty Ltd.

The Shares have been issued to Pershing Australia Nominees Pty Ltd who act as an intermediary and in turn then select from their network of unrelated investors to issue the shares to.

Outlined below is the information required to be provided to shareholders for the purpose of obtaining shareholder approval pursuant to Listing Rule 7.4

No. of Securities Issued:

- (A) 16,200,000 fully paid ordinary shares;
- (B) 20,000,000 fully paid ordinary shares;
- (C) 15,000,000 fully paid ordinary shares;
- (D) 10,000,000 fully paid ordinary shares; and
- (E) 15,000,000 fully paid ordinary shares

Issue Price:

- (A) \$0.0463 being the five (5) day VWAP up to and including 30 December 2015;
- (B) \$0.0528 being the five (5) day VWAP up to and including 11 March 2016;
- (C) \$0.0766 being the five (5) day VWAP up to and including 09 June 2016;
- (D) \$0.0639 being the five (5) day VWAP up to and including 08 July 2016;
- (E) \$0.0636 being the five (5) day VWAP up to and including 08 August 2016;

Issue Date:

- (A) 08 January 2016;
- (B) 04 April 2016
- (C) 09 June 2016;
- (D) 12 July 2016
- (E) 09 August 2016

Reason for Issue:

Working capital placement to raise short-term funds for immediate use to be applied to care and maintenance programs, progress lithium exploration programs and the Siler Swan feasibility study

Terms of Securities:

All shares were issued as fully paid ordinary shares ranking equally with existing shares. Quotation on the ASX was sought and obtained.

Allottee:

The Shares were issued to Pershing Australia Nominees Pty Ltd.

Recommendation of Board

The Board believes that the ratification of these issues is beneficial for the Company.

The Board unanimously recommends Shareholders vote in favour of Resolution 5, as it allows the Company to ratify the above issues of Shares and retain the flexibility to issue the maximum number of equity securities permitted under Listing Rule 7.1 without shareholder approval.

RESOLUTION 6 - Approval for the issue of Performance Rights under the Director Fees Performance Rights Plan to Mr David Singleton in Satisfaction of Director Fees for the Financial Year ending 30 June 2016

As at 31 January 2016, Mr David Singleton, stepped down from the position of CEO and Managing Director of Poseidon. Mr Singleton remains on the Board as a Non-Executive Director, consequently, Director fees for Mr Singleton commenced from 1 February 2016.

As Mr Singleton joined the Board of Directors post the November 2015 Annual General Meeting; the approval provided by Shareholders allowing for Director fees be paid in Performance Rights did not extend to Mr Singleton and with no authority the Company was not able to issue Performance Rights to Mr Singleton for the March and June 2016 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 Singleton participate in the Poseidon Nickel Limited Director Fee Performance Rights Plan (**DFPRP**) in respect of directors' fees which the Company has agreed to pay to him for the period from date of commencement as a Non-Executive Director to 30 June 2016.

Clause 3.1(a) of the DFPRP permits the Company to make offers, subject to Shareholder approval, to Participating Directors to accept Performance Rights in lieu of their director fees owing by the Company. An offer was made to Mr Singleton in accordance with clause 3.1(a) and he accepted the offer to preserve the cash reserves of the Company. Alternatively, the fees for director fees can be paid in cash.

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

- (a) Performance Rights have been offered under the DFPRP to David Singleton or his nominee;
- (b) The directors' fee to be paid, the issue price and the resulting Performance Rights received are detailed **below**. In summary, if Shareholders vote in favour of Resolution 6, this will entitle Mr Singleton to receive 424,778 Performance Rights in the Company. This is comprised of 199,689 for the March 2016 quarter and 225,089 for the June 2016 quarter.

	1 February to 31 March 2016 (59 days)	June 2016 Quarter	Total
Non-Executive Director fee ¹	\$8,148.00	\$13,392.00	\$21,540
Issue Price being VWAP based	\$0.0408	\$0.0595	-
Performance Rights entitlement	199,689	225,089	424,778

¹ Based on an annual director fee of \$62,831 which is the base fee payable

- (c) Whilst the Board can make offers to issue Performance Rights to Participating Directors; the issue of the Performance Rights is not able to proceed until after Shareholder approval is obtained under ASX Listing Rule 10.14. Assuming Shareholder approval; the Rights will be issued to Mr Singleton immediately following the Annual General Meeting as they represent outstanding fees, owed since February 2016;
- (d) Since accepting the role of Non-Executive Director effective 1 February 2016, no Rights have been issued by the Company to Mr Singleton;

- (e) Since Poseidon adopted the DFPRP at the 2015 Annual General Meeting, 3,409,327 Performance Rights have been issued to satisfy Poseidon's obligations to Mr Indermaur, Poseidon's current Chairman, Mr Geoff Brayshaw and Mr Rob Dennis, Poseidon's Non-Executive Director. Under the terms of the DFPRP, Mr Singleton is not required to pay any monies for the Rights; and
- (f) No loan will be provided in respect of the issue of Performance Rights to Mr Singleton as the Performance Rights are being issued in consideration for directors' fees which the Company has agreed to pay to Mr Singleton for the period from date of Non-Executive Directorship, being 01February 2016 to the end of the financial year ending 30 June 2016.

Mr Singleton declines to make a recommendation to Shareholders in relation to Resolution 6 due to his personal interest in the outcome of the Resolution.

Recommendation of Board

The other Directors, who do not have a material interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6 as cash is preserved, the interests of Mr Singleton 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 Rights to Mr Singleton for outstanding Non-Executive Director fees.

RESOLUTION 7 - Approval for the issue of Performance Rights under the Director Fees Performance Rights Plan to Mr Christopher Indermaur in Satisfaction of Fees for Additional Part Time Duties in the Absence of a CEO for the Financial Year ending 30 June 2016

As announced on 11 January 2016 and explained in Resolution 6 above, Poseidon's Chief Executive Officer and Managing Director, Mr David Singleton resigned effective 31 January 2016 and at that time, the Board resolved not to make an immediate replacement appointment.

It was further resolved that some of the duties associated with the Chief Executive and Managing Director roles would be undertaken by Mr Indermaur on a part time basis in conjunction with his role of Chairman of the Board.

Mr Indermaur, is therefore entitled to additional fees for assuming the part-time responsibilities and taking on an increased workload following the resignation of Mr Singleton, effective 1 February to 30 June 2016.

It is recognised that additional remuneration will be paid where the circumstances justify it, and only to those non-executive Directors who assume the additional responsibilities, as determined by the Board. In this instance the Board has determined that Mr Indermaur is entitled to additional remuneration, which will be taken as Performance Rights subject to Shareholder approval.

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 Indermaur participate in the Poseidon Nickel Limited Director Fee Performance Rights Plan (**DFPRP**) in respect of additional directors' fees which the Company has agreed to pay to him for the period commencing from the date of resignation of the Chief Executive Officer and Managing Director.

Clause 3.1(a) of the DFPRP permits the Company to make offers, subject to Shareholder approval, to Participating Directors to accept Performance Rights in lieu of their director fees owing by the Company. An offer was made to Mr Indermaur in accordance with clause 3.1(a) and he accepted the offer to preserve the cash reserves of the Company. Alternatively, the fees for additional duties can be paid in cash.

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

- (a) Performance Rights have been offered under the DFPRP to Mr Indermaur or his nominee in respect of additional responsibilities and an increased workload after accepting the combined role of Chief Executive Officer and Managing Director;
- (b) The directors' fee to be paid, the issue price and the resulting Performance Rights received are detailed below. In summary, if Shareholders vote in favour of Resolution 7, this will entitle Mr Indermaur to receive 1,872,079 Performance Rights in the Company.

	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	Total
Non-Executive Director fee ¹	\$6,880.00	\$14,251.00	\$15,233.00	\$14,742.00	\$15,233.00	\$14,742.00	\$81,081.00
Issue Price being VWAP based	\$0.0350	\$0.0355	\$0.0454	\$0.0391	\$0.0428	\$0.0717	-
Performance Rights entitlement	196,560	401,424	335,537	377,032	355,920	205,606	1,872,079

¹ The annual fee for additional duties of \$179,852 is based on 40% of the CEO remuneration, reduced by a further 20% as a voluntary reduction in line with executives and director and pro rata for the period in question.

- (c) Whilst the Board can make offers to issue Performance Rights to Participating Directors; the issue of the Performance Rights is not able to proceed until after Shareholder approval is obtained under ASX Listing Rule 10.14. Assuming Shareholder approval; the Rights will be issued to Mr Indermaur immediately following the Annual General Meeting as they represent outstanding fees, owed since the end of January 2016 for additional responsibilities and increased workload;
- (d) Since accepting the combined role of Chief Executive Officer and managing Director as at 31 January 2016, Mr Indermaur has received 1,391,045 Rights in satisfaction of 2016 financial year director fees and as approved by Shareholders at the November 2015 Annual General Meeting;
- (e) Since Poseidon adopted the DFPRP at the 2015 Annual General Meeting, 3,409,327 Performance Rights have been issued to satisfy Poseidon's obligations to Mr Indermaur, Poseidon's current Chairman, Mr Geoff Brayshaw and Mr Rob Dennis, Poseidon's Non-Executive Director. Under the terms of the DFPRP, Mr Indermaur is not required to pay any monies for the Rights; and
- (f) No loan will be provided in respect of the issue of Performance Rights to Mr Indermaur as the Performance Rights are being issued in consideration for directors' fees which the Company has agreed to pay to Mr Indermaur in recognition of additional duties and increased workload for accepting the combined role of Chief executive Officer and Managing Director following the resignation of Mr Singleton effective 31 January 2016 to the financial year ending 30 June 2016.

Mr Indermaur declines to make a recommendation to Shareholders in relation to Resolution 7 due to his personal interest in the outcome of the Resolution.

Recommendation of Board

The other Directors, who do not have a material interest in the outcome of Resolution 7, recommend that Shareholders vote in favour of Resolution 7 as cash is preserved, the interests of Mr Indermaur Singleton 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 Rights to Mr Indermaur for outstanding fees associated with additional responsibilities and an increased workload.

Resolutions 8 to 11 – Approval for Issue of Performance Rights under Director Fees Performance Rights Plan in Satisfaction of Director Fees for the financial year ending 30 June 2017

It is proposed that Messrs Geoffrey Brayshaw, Christopher Indermaur, Robert Dennis and David Singleton (**Participating Directors**) participate in the Director Fees Rights 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 2016 and ending on 30 June 2017.

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

Shareholder approval under Chapter 2E of the Corporations Act – Related Parties is not required because the Performance Rights 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) Performance Rights may be offered under the Director Fees Rights Plan to Geoffrey Brayshaw, Christopher Indermaur, Robert Dennis and David Singleton (all Non-Executive Directors) or their nominees (together the **Participating Directors**).
- (b) The directors' fees for the financial year ending 30 June 2017 total \$291,993 and will be paid as follows:
 - \$72,831.00 (1,324,200 Performance Rights¹) to Geoffrey Brayshaw;
 - \$93,500.00 (1,700,000 Performance Rights¹) to Christopher Indermaur;
 - \$62,831.00 (1,142,382 Performance Rights¹) to Robert Dennis; and
 - \$62,831.00 (1,142,382 Performance Rights¹) to David Singleton

¹ The number of Performance Rights has been calculated in accordance with paragraph (h) below

- (c) The above fees agreed to be paid to the Participating Directors also takes into account the review, responsibilities and discussions to be completed from their respective appointments to the following committees:
 - Mr Brayshaw
Chairman of the Audit and Risk Management Committee; and
Member of the Remuneration, Nominations and Diversity Committee
 - Mr Indermaur
Non-Executive Chairman of the Board,
Chairman of the Remuneration, Nominations and Diversity Committee;
Member of the Audit and Risk Management Committee

- Mr Dennis
Member of the Remuneration, Nominations and Diversity Committee; and
Member of the Audit and Risk Management Committee
 - Mr Singleton
Member of the Remuneration, Nominations and Diversity Committee; and
Member of the Audit and Risk Management Committee
- (d) The further fee for the financial year ending 30 June 2017 that will be paid to Mr Indermaur in recognition of the additional part time duties and increased workload in the absence of a Chief Executive Officer will be \$224,814. The fee is based on 40% of the CEO salary;
- (e) The maximum number of Performance Rights 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 2017 (\$291,993) divided by the deemed issue price of the Performance Rights calculated in accordance with paragraph (h) below. The number of Performance Rights 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 Rights;
- (f) The maximum number of Performance Rights which may be issued to Mr Indermaur in recognition of the additional responsibilities and extra workload for assuming the combined role of Chief Executive Officer and Managing Director is determined by the further fee for the financial year ending on 30 June 2017 (\$224,814) divided by the monthly deemed issue price, which is no less than the volume weighted average (VWAP) sale price of Shares sold on ASX for the month, obtained as at close of trade on the last day of the month;
- (g) All Performance Rights 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 Performance Rights will be deemed to have an issue price of no less than the volume weighted average (VWAP) sale price of Shares sold on ASX for the quarter prior to the expiry of each relevant quarter of the 2016/2017 financial year, subject to paragraph (h) below;
- (h) For the financial year ending 30 June 2017 the maximum number of Performance Rights that may be issued to the Participating Directors assuming a deemed issue price of \$0.055 per Right, being the closing Share price as at 01 July 2016, being the commencement of the new financial year will be capped at 5,308,964 Shares;
- (i) The Performance Rights issued under the DFPRP in satisfaction of Director fees for the 2015/2016 financial year, as approved by Shareholders at the November 2015 Annual General Meeting is as follows:
- 1,083,533 Performance Rights to Geoffrey Brayshaw;
 - 1,391,045 Performance Rights to Christopher Indermaur; and
 - 934,749 Performance Rights to Robert Dennis
- (j) All of the Directors of the Company are eligible to participate in the Director Fees Rights Plan.
- (k) No loan will be provided in respect of the issue of Performance Rights 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 2017; and
- (l) The Performance Rights 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, Dennis and Singleton decline to make a recommendation to Shareholders in relation to Resolutions 8 to 11 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 8 to 11 as cash is preserved, the interests of Messrs Brayshaw, Indermaur, Dennis and Singleton 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 Performance Rights to Messrs Brayshaw, Indermaur, Dennis and Singleton for outstanding Director fees.

Resolution 12- Approval of 10% Placement Capacity

General

Under Listing Rule 7.1, subject to certain exceptions, a listed entity must not, without the approval of holders of ordinary securities, issue or agree to issue more Equity Securities than the number calculated according to the formula set out in that rule. The formula generally has the effect that, every listed entity has the ability (15% Placement Capacity) over any 12 month period to issue Equity Securities equal to 15% of its issued capital at the commencement of the 12 month period.

Under Listing Rule 7.1A, an "Eligible Entity" may also seek the approval of the holders of its ordinary securities by special resolution passed at an AGM to have an additional capacity (10% Placement Capacity) to issue Equity Securities under rule 7.1A. The exact formula for the 10% Placement Capacity is set out in Listing Rule 7.1A.2 and the approval period (10% Placement Period) to which it relates (generally 12 months) is set out in Listing Rule 7.1A.1 (refer below).

The ability to issue securities under Listing Rule 7.1A is in addition and separate to each listed entity's ability to issue securities under Listing Rule 7.1.

Poseidon is now seeking Shareholder approval to have the 10% Placement Capacity.

An "Eligible Entity" for the purposes of Listing Rule 7.1A is an entity which, as at the date of the relevant special resolution passed for the purposes of rule 7.1A, (excluding restricted securities and securities quoted on a deferred settlement basis) is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. Poseidon is an Eligible Entity.

There are a number of other rules and conditions applicable to the approval and issue of equity securities under Listing Rule 7.1A, including:

- (a) that any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company;
- (b) a limitation on the discount to prevailing market price at which they may be issued; and
- (c) additional disclosure requirements.

As at the date of the Notice, Poseidon has on issue five (5) classes of Equity Securities, being:

1. listed Shares;
2. two classes of unlisted Options,
3. convertible notes,
4. performance rights; and
5. incentive rights.

To date the total listed Shares are 829,720,562 fully paid ordinary Shares. Assuming the Company's Shares on issue do not change, the Company will have the capacity over the course of the next 12 months to issue:

- 124,458,084 Equity Securities under its 15% Placement Capacity; and

- 82,972,056 Equity Securities under its 10% Placement Capacity,

without requiring further shareholder approval.

The Directors of the Company believe that Resolution 12 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. In particular, the ability of the Company to issue Shares under the 10% Placement Capacity will enable the Company to issue Shares at a discount to the then market price in circumstances where it might otherwise be subjected to the cost, delay and uncertainty of having to go back to Shareholders for approval. The additional flexibility and speed to conduct capital raising will better position the Company to pursue its interests in the prevailing difficult market conditions.

Formula for calculating the 10% Placement Capacity under Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 10% Placement Period, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4 (which does not include the 10% Placement Capacity);
- less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% Placement Capacity.

D is 10%;

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

10% Placement Period under Listing Rule 7.1A.1

Listing Rule 7.1A.1 provides that an approval under Listing Rule 7.1A must be for a period commencing on the date of the AGM at which the approval is obtained and expiring on the first to occur of the following:

- (a) the date that is 12 months after the date of that AGM; or
- (b) the date of the approval by holders of the Eligible Entity's ordinary securities of a transaction under rule 11.1.2 (proposed significant change to the nature or scale of its activities where ASX has required the entity to seek such approval) or rule 11.2 (disposal of main undertaking).

Special Resolution

Resolution 12 will only be effective if it is passed as a special resolution which requires (amongst other matters) that it be passed by at least 75% of votes cast by members entitled to vote on the resolution

Specific information required by Listing Rule 7.3A.

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Capacity as follows:

- (a) If the 10% Placement Capacity is used, Equity Securities may only be issued in reliance on the 10% Placement Capacity at an issue price of not less than 75% of the volume weighted average

price for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 12 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power and economic interests in the Company could potentially be diluted as shown in the below table. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, or the Equity Securities may be issued as part of the consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows:

- (i) the potential dilution of existing Shareholders assuming a share issue at the current market price of Shares and assuming the current number of ordinary securities for variable "A".
- (ii) two further examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities included in variable "A" may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (iii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Shares on Issue		Dilution Table		
		\$0.030 50% decrease in Issue Price	\$0.060 Current Share Price	\$0.120 100% increase in Issue Price
<i>Variable A in Listing Rule 7.1A.2</i>				
Current Issued Shares 829,720,562	10% Voting Dilution	82,972,056 Shares	82,972,056 Shares	82,972,056 Shares
	Funds raised	\$2,489,162	\$4,978,323	\$9,956,647
50% increase in Issued Shares 1,244,580,843 Shares	10% Voting Dilution	124,458,084 Shares	124,458,084 Shares	124,458,084 Shares
	Funds raised	\$3,733,742	\$7,467,485	\$14,934,970
100% increase in Issued Shares 1,659,441,124 Shares*	10% Voting Dilution	165,944,112 Shares	165,944,112 Shares	165,944,112 Shares
	Funds raised	\$4,978,323	\$9,956,647	\$19,913,293

* 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 dilution table:

1. There are currently **829,720,562** 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. None of the Unlisted Options are exercised into Shares before the date of the issue of the Equity Securities;
4. 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;
5. 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%;
6. The table does not show the dilution affect that may be caused to a particular Shareholder;
7. 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;
8. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares; and
9. The issue price of \$0.061 is the closing price of the Shares on the ASX as at 22 August 2016.

(c) The Company will only issue the Equity Securities under the 10% Placement Facility approved (if approved) at the 2016 AGM during the 10% Placement Period. The approval under Resolution 12 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(d) The Company may seek to issue Shares 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. Care and maintenance programs, progress lithium exploration programs and the Siler Swan feasibility study
4. 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.
5. For ongoing future working capital purposes

The cash issue price or the value of any non-cash consideration will comply with the the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Equity Securities under the 10% Placement Facility.

(e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity but may include a placement to selected existing Shareholders, a corner stone investor or several "new" professional/sophisticated investors not currently on the Company's register

The identity of the subscribers under the 10% Placement will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- The purpose of the issue;
- 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;
- The effect of the issue of the Equity Securities on the control of the Company;
- The financial situation and solvency of the Company; and
- Advice from corporate, financial and broking advisors

The subscribers under the 10% Placement are not known as at the date of finalisation of this Notice of Meeting but may include existing substantial shareholders and/or new shareholders who are not related parties or Associates of a related party of the Company. Further, if the Company is successful in acquiring new resource assets or investments, it is likely that the subscribers under the 10% Placement will be the vendors of the new resource assets or investments.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2015 Annual General Meeting and in accordance with Listing Rule 7.3A.6, Poseidon confirms that no Equity Securities were issued under the 10% Placement Capacity between 26 November 2015 and the date of finalisation of this Notice of Meeting. The number of Shares issued under Listing Rule 7.1 in the past 12 months are set out in Schedule 1.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities utilising this 10% Placement Facility following the 2016 Annual General Meeting. No existing Shareholder's votes will therefore be excluded under the voting at the Meeting.
- (h) The Chairman intends to vote all available proxies in favour of Resolution 12 as approval of Resolution 12 will provide the Company with the flexibility to raise capital quickly if advantageous terms are available.

SCHEDULE 1 – EQUITY ISSUES SINCE 26 NOVEMBER 2015 7.1A APPROVAL

CASH ISSUES

Date of Issue	Number of Securities Issued	Security Class	Issue Price	Discount to Market Price	Form of Consideration	Persons Receiving Securities
ISSUE 1						
06 Jan 2016	16,200,000	Ordinary Shares	\$0.0385	Nil	Cash	Pershing Nominees Australia Pty Ltd
<p>Purpose of Issue: Placement of Shares from 15% placement capacity to provide working capital for current exploration programs and maintenance of its existing nickel assets.</p> <p>Funds raised and spent = \$621,185.14</p> <p>Use of Funds – Care and maintenance associated with mine refurbishment and providing working capital to the Company.</p>						
ISSUE 2						
04 Apr 2016	20,000,000	Ordinary Shares	\$0.0394	Nil	Cash	Pershing Nominees Australia Pty Ltd
<p>Purpose of Issue: Placement of Shares from 15% placement capacity to provide working capital for current exploration programs and maintenance of its existing nickel assets.</p> <p>Funds raised and spent = \$787,609.99</p> <p>Use of Funds – Care and maintenance associated with mine refurbishment and providing working capital to the Company.</p>						
ISSUE 3						
09 Jun 2016	15,000,000	Ordinary Shares	\$0.0723	Nil	Cash	Pershing Nominees Australia Pty Ltd
<p>Purpose of Issue: Placement of Shares from 15% placement capacity to provide working capital for current exploration programs and maintenance of its existing nickel assets.</p> <p>Funds raised and spent = \$1,085,148.92</p> <p>Use of Funds – Progress Lithium exploration activities and cash payment of the June 2016 quarter interest on New Convertible Notes.</p>						
ISSUE 4						
12 July 2016	10,000,000	Ordinary Shares	\$0.0597	Nil	Cash	Pershing Nominees Australia Pty Ltd
<p>Purpose of Issue: Placement of Shares from 15% placement capacity to provide working capital for current exploration programs and maintenance of its existing nickel assets.</p> <p>Funds raised and spent = \$597,059.56</p> <p>Use of Funds – Progress Lithium exploration activities and Silver Swan feasibility study.</p>						
ISSUE 5						
09 Aug 2016	15,000,000	Ordinary Shares	\$0.0636	Nil	Cash	Pershing Nominees Australia Pty Ltd
<p>Purpose of Issue: Placement of Shares from 15% placement capacity to provide working capital for current exploration programs and maintenance of its existing nickel assets.</p> <p>Estimated funds to be raised = \$954,000 Amount Remaining = \$954,000</p> <p>Proposed Use of Remaining Funds - Silver Swan studies as well as the care & maintenance program.</p>						

NON-CASH ISSUES

Date of Issue	Number of Securities Issued	Security Class	Issue Price	Discount to Market Price	Form of Consideration	Persons Receiving Securities
ISSUE 1						
14 Dec 2015	609,964	Unlisted Performance Rights	Nil	Nil	Non-Cash	Mr Geoff Brayshaw Mr Chris Indermaur Mr Robert Dennis
<p>Purpose of Issue: Unlisted Performance Rights to directors in satisfaction of fees for the September 2015 quarter as approved by Shareholders at the Company's 2015 Annual General Meeting held on 26 November 2015.</p> <p>Market value of non-cash consideration as at 22 August 2016: Nil</p>						
ISSUE 2						
16 Dec 2015	9,466,637	Unlisted Incentive Performance Rights	Nil	Nil	Non-Cash	Senior Management and employees
<p>Purpose of Issue: Unlisted Incentive Performance Rights issued as part of the Company's 2015 annual short and long term incentive plan.</p> <p>Market value of non-cash consideration as at 22 August 2016: Nil</p>						
ISSUE 3						
04 Jan 2016	11,739,812	Ordinary Shares	\$0.060	Nil	Non-Cash	Jefferies LLC
<p>Purpose of Issue: Shares from 15% placement capacity in satisfaction of the December 2015 quarter interest payment on Existing Convertible Note.</p> <p>Market value of non-cash consideration as at 22 August 2016: \$704,389</p>						
ISSUE 4						
08 Jan 2016	855,082	Unlisted Performance Rights	Nil	Nil	Non-Cash	Mr Geoff Brayshaw Mr Chris Indermaur; Mr Robert Dennis
<p>Purpose of Issue: Unlisted Performance Rights to directors in satisfaction of fees for the December 2015 quarter as approved by Shareholders at the Company's 2015 Annual General Meeting held on 26 November 2015.</p> <p>Market value of non-cash consideration as at 22 August 2016: Nil</p>						
ISSUE 5						
15 Jan 2016	3,605,769	Ordinary Shares	\$0.060	Nil	Non-Cash	Topdrive Drillers Australia Pty Ltd
<p>Purpose of Issue: Shares from 15% placement capacity in satisfaction of a cash payment for drilling services rendered at Emily Ann site.</p> <p>Market value of non-cash consideration as at 22 August 2016: \$216,346</p>						
ISSUE 6						
2 Jan 2016	3,832,926	Ordinary Shares	\$0.060	Nil	Non-Cash	Jefferies LLC
<p>Purpose of Issue: Shares from 15% placement capacity in satisfaction of a cash payment for the final interest payment up to the date of cancellation of Existing Convertible Notes.</p> <p>Market value of non-cash consideration as at 22 August 2016: \$229,976</p>						

Date of Issue	Number of Securities Issued	Security Class	Issue Price	Discount to Market Price	Form of Consideration	Persons Receiving Securities
ISSUE 7						
25 Jan 2016	1	Unsecured Convertible Note	Nil	Nil	Non-Cash	Jefferies LLC
<p>Purpose of Issue: Issue of the new Unsecured Convertible Note that will be used to repay the Existing Convertible Notes as approved by Shareholders at the Company's 2016 General Meeting held on 20 January 2016.</p> <p>Market value of non-cash consideration as at 22 August 2016: Nil</p>						
ISSUE 8						
04 Apr 2016	721,154	Ordinary Shares	\$0.060	Nil	Non-Cash	Topdrive Drillers Australia Pty Ltd
<p>Purpose of Issue: Shares from 15% placement capacity in satisfaction of a cash payment for drilling services rendered at Emily Ann site.</p> <p>Market value of non-cash consideration as at 22 August 2016: \$43,269</p>						
ISSUE 9						
04 Apr 2016	1,123,343	Unlisted Performance Rights	Nil	Nil	Non-Cash	Mr Geoff Brayshaw Mr Chris Indermaur; Mr Robert Dennis
<p>Purpose of Issue: Unlisted Performance Rights to directors in satisfaction of fees for the March 2016 quarter as approved by Shareholders at the Company's 2015 Annual General Meeting held on 26 November 2015.</p> <p>Market value of non-cash consideration as at 22 August 2016: Nil</p>						
ISSUE 10						
13 Apr 2016	1,056,084	Ordinary Shares	\$0.060	Nil	Non-Cash	Mr Chris Indermaur
<p>Purpose of Issue: Shares upon the vesting of Unlisted Performance Rights in accordance with the conversion terms of Director Fee Performance Rights Plan.</p> <p>Market value of non-cash consideration as at 22 August 2016: \$63,365</p>						
ISSUE 11						
05 July 2016	820,938	Unlisted Performance Rights	Nil	Nil	Non-Cash	Mr Geoff Brayshaw Mr Chris Indermaur; Mr Robert Dennis
<p>Purpose of Issue: Unlisted Performance Rights to directors in satisfaction of fees for the June 2016 quarter as approved by Shareholders at the Company's 2015 Annual General Meeting held on 26 November 2015.</p> <p>Market value of non-cash consideration as at 22 August 2016: Nil</p>						
ISSUE 12						
12 July 2016	532,544	Ordinary Shares	\$0.060	Nil	Non-Cash	Employee
<p>Purpose of Issue: Exercise of Short Term Incentive Performance Rights by an employee pursuant to the terms of Poseidon Nickel Limited Incentive Performance Rights Plan.</p> <p>Market value of non-cash consideration as at 22 August 2016: \$31,953</p>						
ISSUE 13						
09 Aug 2016	21,015	Ordinary Shares	\$0.060	Nil	Non-Cash	Employee (Lisa Carswell)
<p>Purpose of Issue: Exercise of Short Term Incentive Performance Rights by an employee pursuant to the terms of Poseidon Nickel Limited Incentive Performance Rights Plan.</p> <p>Market value of non-cash consideration as at 22 August 2016: \$1,260</p>						

Notes

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises) as at 22 August 2016. 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 Non-Executive Directors

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

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.

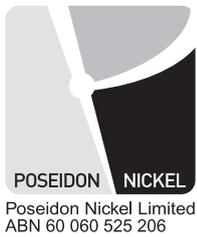
Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016.

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.



Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 138779

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 11:00am (AWST) Monday, 10 October 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/we being a member/s of Poseidon Nickel Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Poseidon Nickel Limited to be held at KPMG Building, Boardroom 1, Level 8, 235 St Georges Terrace, Perth, Western Australia on Wednesday, 12 October 2016 at 11:00am (AWST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 6 - 11 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6 - 11 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 6 - 11 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain		For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Issue of Performance Rights to Mr David Singleton for 2016 Year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-Election of Directors Retiring by Rotation:				Resolution 7 Issue of Additional Performance Rights to Mr Christopher Indermaur for 2016 Year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.1 Mr Geoffrey Brayshaw	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8 Issue of Performance Rights to Mr David Singleton for 2017 Year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.2 Mr David Singleton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9 Issue of Performance Rights to Mr Robert Dennis for 2017 Year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Reset of 15% threshold through ratification of prior issue of 15,572,738 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10 Issue of Performance Rights to Mr Geoffrey Brayshaw for 2017 Year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Reset of 15% threshold through ratification of prior issue of 4,326,923 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11 Issue of Performance Rights to Mr Christopher Indermaur for 2017 Year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Reset of 15% threshold through ratification of prior issue of 76,200,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /