
POSEIDON NICKEL LIMITED

ABN 60 060 525 206

NOTICE OF 2011 ANNUAL GENERAL MEETING

TIME: 11:00am (AWST)

DATE: Tuesday, 22 November 2011

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

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

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

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.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

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

- 11.00am (AWST) on Tuesday, 22 November 2011
- ASX Limited Conference Room
Exchange Plaza
Level 8
2 The Esplanade
PERTH WA

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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

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

so that it is received not later than 11.00am (AWST) on Sunday, 20 November 2011.

Proxy Forms received later than this time will be invalid.

UNDIRECTED PROXIES

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 2, 3, 10 and 11.

The Chairman of the Meeting also intends to vote undirected proxies in favour of resolutions 4 to 9 but **only** if the Proxy Form expressly authorises the Chairman of the Meeting to do so.

The Company encourages all Shareholders who submit a Proxy Form to provide the Proxy with voting instructions for all eleven (11) Resolutions.

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 Sunday 20th November 2011.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Poseidon Nickel Limited Shareholders will be held at 11.00am (AWST) on Tuesday, 22 November 2011 at ASX Limited Conference Room, Exchange Plaza, Level 8, 2 The Esplanade, Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

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

AGENDA

ORDINARY BUSINESS

Adoption of Annual Financial Report

To receive the Annual Financial Report, including the declaration of Directors and accompanying reports of the Directors and auditors for the financial year ending 30 June 2011.

1. Adoption of Remuneration Report

“That, for the purposes 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 2011.”

VOTING EXCLUSION STATEMENT: *New legislation has been introduced effective for the 2011 reporting season, which prohibits any votes being cast on Resolution 1 by a person that is disclosed in the Company’s Remuneration Report as a member of the Key Management Personnel (KMP); including Directors and Chairman or a Closely Related Person of that KMP.*

*A KMP or a Closely Related Person may cast a vote on Resolution 1 as a Proxy for a person who is permitted to vote **only** if the Proxy Form expressly authorises and directs the way the KMP or Closely Related Person is to vote on Resolution 1.*

2. Re-election of Mr Richard Monti as Director

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

“That, in accordance with clause 13.2 of the Company’s Constitution and for all other purposes, Mr Richard Monti, 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. Re-election of Mr Christopher Indermaur as Director

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

“That, in accordance with clause 13.2 of the Company’s Constitution and for all other purposes, Mr Christopher Indermaur, 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.”

4. Adoption of Director Share Plan

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

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

5. Approval for issue of Shares under Director Share Plan to Mr Richard Monti

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

“That, subject to the passing of Resolution 4, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Company is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company to the value of \$65,828.16 to Mr Richard Monti (or his nominee) in lieu of Director’s fees on the terms set out in the Explanatory Memorandum accompanying this Notice.”

6. Approval for issue of Shares under Director Share Plan to Mr Andrew Forrest

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

“That, subject to the passing of Resolution 4, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Company is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company to the value of \$45,595.26 to Mr Andrew Forrest (or his nominee) in lieu of Director’s fees on the terms set out in the Explanatory Memorandum accompanying this Notice.”

7. Approval for issue of Shares under Director Share Plan to Mr Geoff Brayshaw

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

“That, subject to the passing of Resolution 4, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Company is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company to the value of \$71,812.55 to Mr Geoff Brayshaw (or his nominee) in lieu of Director’s fees on the terms set out in the Explanatory Memorandum accompanying this Notice.”

8. Approval for issue of Shares under Director Share Plan to Mr Christopher Indermaur

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

“That, subject to the passing of Resolution 4, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Company is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company to the value of \$77,796.92 to Mr Christopher Indermaur (or his nominee) in lieu of Director’s fees on the terms set out in the Explanatory Memorandum accompanying this Notice.”

VOTING EXCLUSION STATEMENT FOR RESOLUTIONS 4 to 8

The Company will disregard any votes cast on Resolutions 4 to 8 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast:

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

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

- expressly authorises and directs the way the proxy is to vote on Resolutions 4 to 8; or
- expressly authorises the Chairman of the Meeting to exercise the undirected proxy vote

9. Approval for the issue of Bonus Shares to Mr David Singleton under the 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 Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue 1,965,000 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 accompanying this Notice."

VOTING EXCLUSION STATEMENT: For the purposes of Listing Rule 10.13 and Section 224 of the Corporations Act, the Company will disregard any votes cast on this Resolution by Mr David Singleton (or his nominees) and any associates of Mr David Singleton (or his nominees). However, the Company need not disregard a vote if it is cast:

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

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

- expressly authorises and directs the way the proxy is to vote on Resolution 9; or
- expressly authorises the Chairman of the Meeting to exercise the undirected proxy vote

10. Approval for Cancellation of Partly Paid 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 Subsection 256C(2) of the Corporations Act, ASX Listing Rule 7.26 and for all other purposes, approval is given for the Company to cancel 50,000 Partly Paid Shares for non-payment of calls thereby reducing paid up capital by \$100 with immediate effect, for the purposes and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

VOTING EXCLUSION STATEMENT: The Company will disregard any votes cast on this Resolution by any person (or any of their associates) whose partly paid shares are being cancelled. 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 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.

11. Approval for Cancellation of Amount Called but Unpaid on Partly Paid Shares

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

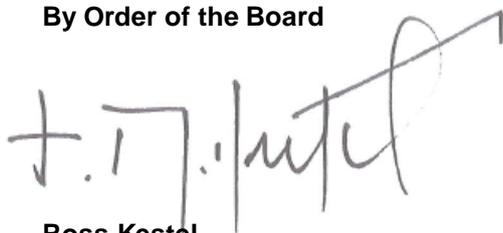
“That, for the purposes of ASX Listing Rule 7.26.3 and for all other purposes, approval is given for the Company to cancel the amount of \$5,000 called on the Partly Paid Shares but unpaid as at the date of this Notice thereby reducing the Company’s cash balances by \$5,000, for the purposes and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

VOTING EXCLUSION STATEMENT: The Company will disregard any votes cast on this Resolution by any person (or any of their associates) whose partly paid shares are being cancelled. 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 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.

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



Ross Kestel
Company Secretary
04 October 2011

EXPLANATORY STATEMENT

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the Annual General Meeting of Shareholders to be held on Tuesday, 22 November 2011 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.

Annual Financial Report

The first agenda item is to receive the Annual Financial Report of the Company for the period ended 30 June 2011, comprising the financial statements, Directors' report, declaration of Directors and independent audit report.

No resolution is required in respect of this Agenda item. However, it provides Shareholders with the opportunity to ask questions of the Directors and auditors in relation to the Company's results for the financial year ending 30 June 2011.

Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act at a listed company's annual general meeting, the Board is able to present the Company's Remuneration Report to shareholders for consideration and adoption. Voting in relation to Resolution 1 is advisory only and does not bind the Directors or the Company to the outcome passed.

The Remuneration Report:

- (a) Sets out the remuneration arrangements for each Director and for each of the KMP of the Company; and
- (b) Explains the Board's policies in relation to the objectives and structure of remuneration

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors. The Board will take into account the outcome of the vote when considering the future remuneration arrangements of the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, Shareholders should note that if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the 2011 Annual General Meeting, the first element in the new Board Spill provisions (i.e. the "two strikes rule") will be triggered. While this will not impact on the current year's Annual General Meeting; it will affect the 2012 Annual General Meeting.

Proxy Restriction

Pursuant to the Corporations Act, if the Chairman, or another member of Key Management Personnel or any Closely Related Party is appointed as a proxy to vote on Resolution 1, ***express instructions/directions must be given so that the proxy knows how to vote.***

If no directions on how to vote on Resolution 1 are provided, the Chairman, or another member of Key Management Personnel or any Closely Related Party is prevented by the Corporations Act from exercising the undirected vote and the vote will not be counted in relation to Resolution 1.

Resolution 2 – Re-Election of Mr Monti

Clause 13.2 of the Constitution and ASX Listing Rule 14.4 requires that at the Company's Annual General Meeting one third of the Directors for the time being shall retire from office.

In accordance with clause 13.2 of the Constitution and ASX Listing Rule 14.4, Mr Richard Monti retires as a Director and, being eligible, offers himself for re-election as Director of the Company.

Mr. Monti has qualifications in Geology (Bachelor of Science with Honours from the University of Western Australia) and Finance (Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia).

Mr Monti was a co-founder of Ventnor Capital Pty Ltd until he left in 2010. He served as its Principal for the last seven (7) years.

Mr Monti has broad experience over a 25 year career working in the technical, marketing and financial fields of international exploration and the mining industry. This experience includes exposure to a number of commodities including uranium, nickel, base metals, gold, coal, iron ore, tin-tantalum, platinum group metals, industrial and heavy metals.

He also worked for a number of international and Australian companies including General Manager for Technical, Commercial and Marketing of Anaconda Nickel, where he served for 7 years.

Resolution 3 – Re-Election of Mr Indermaur

Clause 13.2 of the Constitution and ASX Listing Rule 14.4 requires that at the Company's Annual General Meeting one third of the Directors for the time being shall retire from office.

In accordance with clause 13.2 of the Constitution and ASX Listing Rule 14.4, Mr Christopher Indermaur retires as a Director and, being eligible, offers himself for re-election as Director of the Company.

Mr Indermaur has over 30 years of experience in large Australian companies in Engineering or Commercial roles. Amongst these roles he was the Engineering and Contracts Manager for the QNI Nickel Refinery at Yabulu, Company Secretary for QAL and General Manager for Strategy and Development at Alinta Ltd.

Mr Indermaur holds a Bachelor of Engineering (Mechanical) and a Graduate Diploma of Engineering (Chemical) from the West Australian Institute of Technology (now Curtin University). Chris also holds a Bachelor of Laws and a Master of Laws from the Queensland University of Technology and a Graduate Diploma in Legal Practice from the Australian National University.

Resolution 4 – Adoption of Director Share Plan

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

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

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

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

The Director Share Plan was last approved at the 2007 Annual General Meeting, and as such the Company now seeks to obtain shareholder approval for the Plan.

The Corporate Governance Council Principles and Recommendations recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-

term performance objectives appropriate to the company's circumstances and goals. The Plan will also be used as part of the remuneration planning for non-executive Directors. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Principles and Recommendations, the Company considers that it is appropriate for non-executive Directors to participate in the Plan given the size of the Company.

A total of 2,668,940 Shares have been issued under the Plan since the Plan was last approved on 28 November 2007 as follows:

- (a) 712,903 to Richard Monti;
- (b) 518,473 to Andrew Forrest;
- (c) 745,637 to Geoff Brayshaw; and
- (d) 691,926 to Christopher Indermaur

The key Terms and Conditions of the Poseidon Nickel Limited Director Share Plan are summarised in Schedule 2 as attached to this Notice of Meeting. A full copy of the Plan is available for inspection at the Company's registered office until the date of the Meeting.

The most pertinent Terms and Conditions are set out below:

Participants in the Plan

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

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

Number of Shares

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

Terms of Shares

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

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

Quotation of the Shares on the ASX will be sought.

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

Voting on the Resolution

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

Resolutions 5, 6, 7 and 8 – Approval for Issue of Shares under Poseidon Nickel Limited Director Share Plan

It is proposed that Messrs Richard Monti, Andrew Forrest, Geoff Brayshaw and Christopher Indermaur (**Participating Directors**) participate in the Poseidon Nickel Limited Director Share Plan (**Director Share Plan**) in respect of Directors' fees which the Company has agreed to pay the Participating Directors for the financial year commencing on 1 July 2011 and ending on 30 June 2012. Under the

terms of the Director Share Plan, Participating Directors have elected to receive Directors' fees as Shares in lieu of cash in order to retain the cash reserves of the Company.

Shareholder approval is required under ASX Listing Rule 10.14 for the issue of the Shares to the Participating Directors under the Director Share Plan. ASX Listing Rule 10.14 provides that an entity must not permit a director of that entity to acquire securities under an employee incentive scheme without the approval of shareholders.

Shareholder approval under Chapter 2E of the Corporations Act is not required because the Shares will be issued in satisfaction of Directors' fees owed by the Company to the Participating Directors on a quarterly basis and the issue of Shares constitutes reasonable remuneration in accordance with Section 211 of the Corporations Act, having regard to the circumstances of the Company.

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

- (a) Shares will be issued under the Director Share Plan to Richard Monti, Andrew Forrest, Geoff Brayshaw and Christopher Indermaur (all Directors) or their nominees.
- (b) The Directors' fees for the 12 month period ending on 30 June 2012 will be as follows:
 - (i) \$65,828.16 to Richard Monti;
 - (ii) \$45,595.26 to Andrew Forrest;
 - (iii) \$71,812.55 to Geoff Brayshaw; and
 - (iv) \$77,796.92 to Christopher Indermaur
- (c) The above fees agreed to be paid to the Participating Directors reflect the additional responsibilities and work to be undertaken from their respective appointments to the following committees:
 - (i) Mr Monti is a member of the following Committees:
 - Remuneration, Nomination and Diversity
 - Audit and Risk Management; and
 - Corporate Governance
 - (ii) Mr Brayshaw is Chairman of the following Committee:
 - Audit and Risk ManagementAnd a member of the following Committees:
 - Remuneration, Nomination and Diversity
 - Corporate Governance
 - (iii) Mr Indermaur is Chairman of the following Committees:
 - Remuneration, Nomination and Diversity; and
 - Corporate GovernanceAnd a member of the following Committees:
 - Audit and Risk Management
- (d) The maximum number of Shares to be issued to the Participating Directors is determined by the Directors' fees that the Company has agreed to pay the Participating Directors for the financial year ending on 30 June 2012 divided by the deemed issue price of the Shares calculated in accordance with paragraph (e) below. For the 12 month ending 30 June 2012 the maximum number of Shares that may be allotted to the Directors by the Company is up to 1,305,164 Shares.
- (e) The Shares will be issued for nil cash consideration as they will be issued in satisfaction of Directors' fees agreed to be paid by the Company to the Participating Directors at quarterly intervals. The Shares will be deemed to have an issue price of no less than the volume weighted average sale price of Shares sold on ASX during the 90, 91 or 92 days prior to the expiration of each quarter of each year, subject to paragraph (d) above.

- (f) The Shares issued to each of the Directors under the Director Share Plan during the 12 month period ending on 30 June 2011 totalled 1,087,370 comprised as follows:
- (i) 271,843 to Richard Monti;
 - (ii) 197,702 to Andrew Forrest;
 - (iii) 296,556 to Geoff Brayshaw; and
 - (iv) 321,269 to Chris Indermaur
- (g) The Director Share Plan was approved by Shareholders at the 2007 Annual General Meeting and the Plan is to be re-approved pursuant to Resolution 4 of the Notice of Meeting. The total Shares issued to each of the Directors since the Plan was last approved on 28 November 2007 totals 2,668,940 comprised as follows:
- (i) 712,903 to Richard Monti;
 - (ii) 518,473 to Andrew Forrest;
 - (iii) 745,637 to Geoff Brayshaw; and
 - (iv) 691,926 to Christopher Indermaur
- (h) The Board may, from time to time at its absolute discretion, declare that any director of the Company or a subsidiary of the Company, is eligible to be offered to subscribe for Shares under the Director Share Plan.
- (i) No loan will be provided in respect of the issue of Shares as they are being issued in consideration for Directors' fees which the Company has agreed to pay the Participating Directors for the financial year ending 30 June 2012.
- (j) The Shares will be issued to Participating Directors within 12 months from the date of the Annual General Meeting and will be issued on a quarterly basis according to the Directors' fees owing to each of the Participating Directors at that time.

Resolution 9 – Approval for Issue of Bonus Shares to Mr David Singleton under the Employee Bonus Scheme

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 1,965,000 Shares to Mr David Singleton on the terms and conditions set out below.

The proposed Share issue constitutes Mr Singleton's annual bonus for the financial year ended 30 June 2011 which he has pre-elected to receive as Shares. The number of Shares has been determined by dividing Mr Singleton's annual salary including superannuation for the 2010-2011 financial year (\$483,912) by 50% to obtain the bonus (\$241,956) which is multiplied by an uplift factor of 150% at the deemed issue price of the bonus Shares (\$0.1847 per Share, being the five (5) day VWAP up to and including 30 June 2011) in accordance with the terms of the Company's Employee Bonus Scheme (with fractions of a Share being rounded up)..

The Scheme permits an uplift 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.

Shareholder approval for the proposed issue is required under Section 208 of the Corporations Act and ASX Listing Rule 10.11.

Section 208 of the Corporations Act provides that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The issue of Shares to Mr Singleton requires the Company to obtain Shareholder approval because the issue of the Shares constitutes the giving of a financial benefit and as a Director, Mr Singleton is a related party of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances.

Shareholder Approval (Chapter 2E of the Corporations Act and ASX Listing Rule 10.11)

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 Options to Mr Singleton:

- (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 1,965,000;
- (c) the Shares will be issued to Mr Singleton no later than one month after the date of the Annual 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 \$362,936, being 1,965,000 Shares at a deemed issue price of \$0.1847 each being the five (5) day VWAP up to and including 30 June 2011;
- (f) the Shares will be fully paid Ordinary Shares and will be 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:

Securities	Number
Shares	2,675,000
Options:	
- Unlisted Options (exercisable at \$0.80 on or before 19 December 2012)	2,000,000
- Unlisted Options (exercisable at \$0.25 on or before 23 November 2016)	3,000,000

- (h) the remuneration and emoluments from the Company to Mr Singleton for the financial year ending 30 June 2011 was \$483,912 and the current financial year will be \$508,000;
- (i) if the Shares proposed to be issued under Resolution 9 are issued, a total of 1,965,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 195,685,760 to 197,650,760 (assuming that no Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.994%
- (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:

	Price	Date
Highest	\$0.3450	18 February 2011
Lowest	\$0.1500	26 September 2011
Last	\$0.1700	3 October 2011

- (k) the purpose of the proposed issue of Shares under this Resolution is to reward Mr Singleton for his performance in his capacity as Chief Executive Officer of the Company for the financial year ending 30 June 2011. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed

Recommendation of Directors

Mr David Singleton declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution.

The other Directors, being Mr Andrew Forrest, Mr Richard Monti, Mr Geoffrey Brayshaw and Mr Christopher Indermaur recommends that Shareholders vote in favour of Resolution 9 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.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 9.

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.

Resolution 10 – Approval for the Cancellation of Partly Paid Shares

Resolution 10 seeks Shareholder approval for the potential reduction of capital of the Company by the cancellation of 50,000 Partly Paid Shares issued pursuant to a Prospectus dated 2 January 2004.

The Terms and Conditions of the 2 January 2004 Prospectus and Clause 6.4 of the Constitution, enables the Company to make instalment calls in respect of the unpaid capital owing at a rate of \$0.002 per Partly Paid Share. On the basis that calls were made and not paid on the partly paid shares the Directors can seek to cancel the partly paid shares, which requires Shareholder approval.

Resolution 9 seeks approval for the capital reduction that will occur following cancellation of the Partly Paid Shares.

Failure to Pay a Call

The January 2004 Prospectus confirms that the terms applicable to the partly paid shares, includes the right of the Company to cancel the partly paid shares where a called amount is not paid in accordance with the Company's Constitution.

Under the Constitution, where a call is not paid by due date the Directors may serve a notice requiring payment of the unpaid call by a due date not less than fourteen (14) days after the date of the notice. Failure to pay by this extended due date results in the shares being liable to be cancelled.

Chapter 2J of the Corporations Act

Chapter 2J of the Corporations Act provides authority for a Company to reduce its Share capital.

The Corporations Act provides in Subsection 256B(1) that "A company may reduce its Share capital in a way that is not otherwise authorised by law if the reduction:

- (a) Is fair and reasonable to the company's shareholders as a whole; and
- (b) Does not materially prejudice the company's ability to pay its creditors; and
- (c) Is approved by shareholders under Section 256C

The Corporation Act distinguishes between an "equal reduction" and a "selective reduction". The relevant definitions of these terms are defined below:

"The reduction is an equal reduction if:

- (a) It relates only to Ordinary Shares; and
- (b) It applies to each holder of Ordinary Shares in proportion to the number of Ordinary Shares they hold;
- (c) The terms of the reduction are the same for each holder of Ordinary Shares

Otherwise the reduction is a "selective reduction"

The Corporations Act provides in Subsection 256C(2) that if a reduction is a selective reduction, it must be approved by either:

- (a) A special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their associates; or
- (b) A resolution agreed to, at a general meeting, by all ordinary shareholders.

Resolution 10 is designed to fulfil the requirements of Subsection 256C(2)(b). Subsection 256C(4) of the Corporations Act requires that a Notice of Meeting in respect of a “selective reduction” must also contain all known information that is material to the decision on how to vote.

All such information is considered to be contained in the Notice and the Explanatory Memorandum.

The reason why the Capital Reduction is proposed is that it gives effect to a right that the Company has under the Constitution; where there has been failure to pay called funds.

ASIC Policy

The Australian Securities & Investment Commission (ASIC) has issued Practice Note 29 in relation to selective capital reductions in which it sets out its views on what information should be provided to shareholders by a company which is proposing a selective capital reduction.

The information set out hereunder and elsewhere in this Explanatory Memorandum is intended to comply with Practice Note 29.

This Explanatory Memorandum contains all information known to the Company and to the Directors to be material to the making of the decision by the Shareholders who are entitled to vote on Resolution 10.

Set out hereunder are the interests of the Directors in terms of:

- The securities affected by the Capital Reduction;
 - The securities of the Company generally; and
 - Any general interest in the broad proposal to be effected
- (a) The Directors have no interests in the Partly Paid Shares which are the securities to be affected by the Capital Reduction, the subject of Resolution 10;
- (b) There are no benefits in relation to the Capital Reduction that are being offered or will be offered to any person which are not being offered to all Shareholders;
- (c) No person will receive consideration as part of the Capital Reduction and no person will have any liability to pay amounts unpaid on Shares reduced as part of the Capital Reduction. Accordingly it is not proposed that any Shareholder will be precluded from voting on Resolution 10;
- (d) The Partly Paid Shareholder whose Shares are the subject the cancellation under Resolution 10 will not be entitled to vote on the Resolution;
- (e) The Capital Reduction will not of itself have any effect on the capacity of the Company to pay its existing liabilities. The only effect on the financial or capital structure of the Company will be to:
- a. Cancel up to 50,000 Partly Paid Shares;
 - b. Reduce the Company's Paid Up Capital at the time of the cancellation by up to \$100.00 – being the balance of the Partly Paid Shares to be paid.
- (f) The Capital Reduction will have no impact, on the Company's ability to pay its creditors as the Capital Reduction will have no effect on the assets and liabilities of the Company at the time of the Capital Reduction; and
- (g) The Directors each recommend that Shareholders vote for Resolution 10 because it will enable the Company to fulfil a right that the Company has under the Constitution; where there has been failure to pay called funds

ASX Listing Rules

In accordance with the requirements of ASX Listing Rule 7.26.1 the following information is provided in relation to the cancellation of the partly paid shares:

- (a) The 50,000 partly paid shares were issued to Bluefirm Pty Ltd pursuant to a Prospectus dated 2 January 2004. The shares were issued at a total issue price of \$0.102, paid to \$0.002 leaving \$0.10 to be paid over a five (5) year period between March 2007 and March 2011;
- (b) The terms of issue of the partly paid shares clearly state that the Company would not make calls until the expiration of 36 months from the allotment date and that thereafter the Company would make one call per annum of 2 cents per partly paid share;
- (c) The first call was available in March 2007 but due to more pressing corporate issues, the call was not made until March 2008 in which calls for 2007 and 2008 years were made;
- (d) The amount of funds called but remaining unpaid as at current date by Bluefirm Pty Ltd is \$5,000 (being in relation to 50,000 Shares called at 10 cents per partly paid share) and there is no uncalled amount.
- (e) The Company has issued call notices since March 2008 together with a second notice and Bluefirm Pty Ltd has failed to pay by the original date as well as the extended due date.
- (f) The Company did make contact with the Sole Director of Bluefirm Pty Ltd in July 2010 and there was the commitment at that time to pay the outstanding calls of \$4,000 plus the remaining call but the payment was never forthcoming.
- (g) Contact has once again tried to be made in 2011 on several occasions but there has been no response and the Company has been advised that the Sole Director spends significant time in the United Kingdom with no forwarding address that can be obtained.

If Resolution 9 is approved by Shareholders at the Annual General Meeting and the 50,000 partly paid shares are cancelled Bluefirm Pty Ltd will cease to be a Shareholder.

Resolution 11 – Approval for Cancellation of Amount Called but Unpaid on Partly Paid Shares

Under a company's Constitution, a person whose shares have been cancelled remains liable to the company for the money due at the date of cancellation despite the fact that the shares have been cancelled.

Liability ceases if and when the company receives payment in full of all the money payable or approval is obtained from the company's Shareholders to cancel the amount called but unpaid

The Company has determined that the \$5,000 called but remaining unpaid as at the date of this Notice in relation to the 50,000 partly paid shares (the subject of Resolution 10) will not be recovered and Resolution 10 seeks Shareholder approval for the cancellation of this sum of \$5,000. The consequence of this cancellation is that the Company will not receive funds totalling \$5,000 which would have otherwise been included in the cash at bank balance.

In accordance with ASX Listing Rule 7.26.3 liability for the amount called but unpaid in respect of shares which have been cancelled is not released or waived without the approval of Shareholders and accordingly the following information is provided in relation to the cancellation of the \$5,000 called but unpaid:

- (a) 50,000 partly paid shares were issued to Bluefirm Pty Ltd pursuant to a Prospectus dated 2 January 2004. The shares were issued at a total issue price of \$0.102, paid to \$0.002 leaving \$0.10 to be paid over a five (5) year period between March 2007 and March 2011;
- (b) The amount of funds called but remaining unpaid as at current date by Bluefirm Pty Ltd is \$5,000 (being in relation to 50,000 Shares called at 10 cents per partly paid share) and there is no uncalled amount;

- (c) The Company has issued call notices since March 2008 together with a second notice and Bluefirm Pty Ltd has failed to pay by the original date as well as the extended due dates.
- (d) The Company did make contact with the Sole Director of Bluefirm Pty Ltd in July 2010 and there was the commitment at that time to pay the outstanding calls of \$4,000 plus the remaining call but the payment was never forthcoming.
- (e) Contact has once again tried to be made in 2011 on several occasions but there has been no response and the Company has been advised that the Sole Director spends significant time in the United Kingdom with no forwarding address that can be obtained.
- (f) Should Resolution 11 not be passed by the Shareholders then the Company will continue to pursue the collection of the outstanding called funds but to date the Company has been unsuccessful in its attempt of recovery. The Company can not provide any guarantees that the outstanding called funds will be received.

The Directors do not believe that the cancellation of \$5,000 of call funds unpaid against the Company's current cash balances will be materially significant nor prejudice the Company's overall financial position.

GLOSSARY

\$ means Australian dollars

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

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

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

Board means the current board of directors of the Company.

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

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

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

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

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director means Executive Director and Non-Executive Directors

Director Share Plan means the director share plan as summarised in Schedule 2.

Employee Bonus Scheme means the employee incentive scheme as summarised in Schedule 1.

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

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

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

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

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2011.

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.

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

SCHEDULE 2 – POSEIDON NICKEL LIMITED DIRECTOR SHARE PLAN

The key terms of the Plan are summarised below. A full copy of the Plan is available for inspection at the Company's registered office until the date of the Meeting.

- (a) **Eligible Participant:** Under the plan, an Eligible Participant is a director of the Company or any Subsidiary.
- (b) **Purpose of the Plan:** The purpose of the Plan is to provide directors with an opportunity to subscribe for Shares in lieu of directors' fees, allowing the Company to retain cash reserves.
- (c) **Issue:** The Board may, from time to time, at its absolute discretion and only where an Eligible Participant continues to satisfy any relevant conditions imposed by the Board offer, subject to Shareholder approval, to Eligible Participants to subscribe for Shares in lieu of Directors' fees owing by the Company to the Eligible Participant.
- (d) **Date of Issue of Shares:** The Company will issue Shares under the Plan on a quarterly basis, being 31 March, 30 June, 30 September and 31 December each year.
- (e) **Deemed issue price of Shares:** The Shares issued pursuant to the Plan will be issued for nil cash consideration as they will be issued in satisfaction of Directors' fees owing by the Company to the Participant.
- (f) **Share ranking:** All Shares allotted under the Plan will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their allotment.
- (g) **Listing of Shares on ASX:** The Company will apply to the ASX within a reasonable time after the Shares are allotted for the Shares to be listed on ASX.
- (h) **Power of the Board:** The board has the power to determine appropriate procedures for administration of the Plan consistent with these rules and delegate to any one or more person for such period and on such condition as it may determine the exercise of any of its powers or discretions arising under the Plan.

Poseidon Nickel Limited
ABN 60 060 525 206

Proxy Form

Member Details

Name:
 Address:
 Contact Telephone No:

Appointment of Proxy

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

	OR	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 Annual General 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 Annual General Meeting of Poseidon Nickel Limited to be held at the ASX Limited Conference Room, Exchange Plaza, Level 8, 2 The Esplanade, Perth WA 6000 on Tuesday, 22 November 2011 at 11.00am (AWST) and at any adjournment of that meeting.

Important for Resolution 1: If the Chair of the Meeting or any member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member is your proxy and you have not directed the proxy to vote on Resolution 1, the proxy will be prevented from casting your votes on Resolution 1. If the Chair, another member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or Closely Related Party of that member is your proxy, in order for your votes to be counted on Resolution 1, **you must direct your proxy how to vote on Resolution 1.**

Important Proxy Notice for Resolutions 4 to 9: Where your proxy is any member of the Key Management Personnel of the Company, or a Closely Related Party, **your proxy will be prevented from casting your votes on Resolutions 4 to 9 unless:**

- (a) you direct your proxy how to vote; or
- (b) where you do not wish to direct your proxy how to vote, you appoint the Chair as your proxy and tick the box below.

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolutions 4 to 9** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 4 to 9 and that votes cast by the Chair of the Annual General Meeting for Resolutions 4 to 9 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 4 to 9 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 4 to 9.

If no directions are given, the Chair will vote in favour of all the Resolutions in which the Chair is entitled to vote undirected proxies.

		For	Against	Abstain
Resolution 1.	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.	Re-Election of Mr Richard Monti as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3.	Re-Election of Mr Christopher Indermaur as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4.	Approval of Director Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5.	Approval for issue of Shares under Director Share Plan to Mr Richard Monti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6.	Approval for issue of Shares under Director Share Plan to Mr Andrew Forrest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7.	Approval for issue of Shares under Director Share Plan to Mr Geoff Brayshaw	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8.	Approval for issue of Shares under Director Share Plan to Mr Christopher Indermaur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9.	Approval for issue of Shares to Mr David Singleton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval for the Cancellation of Partly Paid Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval for the Cancellation of Amount Called but Unpaid on Partly Paid Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please Note: By marking the Abstain box for any of the Resolution 1 to 9, you are directing the proxy not to vote on that Resolution 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 two proxies are being appointed, the proportion of voting rights this proxy represents is _____ %

**Poseidon Nickel Limited
ABN 60 060 525 206**

Proxy Form

PLEASE SIGN HERE
Individual or Member 1

Sole Director and
Sole Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Poseidon Nickel Limited
ABN 60 060 525 206

Proxy Form

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 of the Company at 5.00pm (AWST) on Sunday 20, November 2011.

1. **Appointing a Proxy:** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **Direction to Vote:** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.

Unless authorised by ASIC, if a member of Key Management Personnel or their Closely Related Parties is appointed as a proxy, they are not permitted to vote undirected proxies on remuneration matters (arising directly or indirectly in connection with remuneration of Key Management Personnel), related party benefit matters under Chapter 2E of the Corporations Act and any spill resolutions. However, the chair may vote a proxy that does not specify how it is to be voted, provided the member who has lodged the proxy has provided their consent in the proxy form for the chair to exercise the proxy in its discretion (save in relation to the remuneration report where a direction is required).

3. **New sections 250BB and 250BC of the Corporations Act:** These sections came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:
 - if proxy holders vote, they must cast all directed proxies as directed; and
 - any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and

Poseidon Nickel Limited
ABN 60 060 525 206

Proxy Form

- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

4. Signing Instructions:

- **(Individual):** Where the holding is in one name, the member must sign.
- **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
- **(Power of Attorney):** If you have not already provided 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, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

5. Attending the Meeting: Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

6. Return of Proxy Form: To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (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)

so that it is received not later than 11.00am (AWST) on Sunday, 20 November 2011.

Proxy Forms received later than this time will be invalid.

**Poseidon Nickel Limited
ABN 60 060 525 206**

Corporate Representative Form

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

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

Or

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

Shareholder Details

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

_____ ACN _____
(Insert Company Name)

(Insert Address)

The Company has appointed:

(Insert Name of Corporate Representative)

In accordance with the provisions of Section 250D of the Corporations Act to act as the Corporate Representative of the company to exercise all or any of the powers the company may exercise at the Annual General Meeting of shareholders of Poseidon Nickel Limited ACN 060 525 206 to be held on Tuesday, 22 November 2011 at 11.00am and at any adjournment or postponement of the Annual General Meeting, or any meeting arising from the Annual General Meeting.

Dated this day of 2011

Executed by

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

Director

Director/Secretary

Name of Authorised Representative

Signed by Authorised Representative