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12 November 2012

**BY ELECTRONIC LODGEMENT**

Company Announcements Office  
Australian Stock Exchange Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

**ashurst**

**Harbinger Capital Partners Master Fund I, Ltd, Harbinger Capital Partners Special Situations Fund, LP and HGI Funding, LLC  
Notice of ceasing to be a substantial holder for Poseidon Nickel Limited (ASX:POS)**

We act for Harbinger Capital Partners Master Fund I, Ltd, Harbinger Capital Partners Special Situations Fund, LP and HGI Funding, LLC (**Harbinger**).

On behalf of Harbinger we enclose a copy of the notice of ceasing to be a substantial holder in relation to Poseidon Nickel Limited.

Yours faithfully

*Ashurst - Australia*

AUSTRALIA BELGIUM CHINA FRANCE GERMANY HONG KONG SAR INDONESIA (ASSOCIATED OFFICE) ITALY JAPAN  
PAPUA NEW GUINEA SINGAPORE SPAIN SWEDEN UNITED ARAB EMIRATES UNITED KINGDOM UNITED STATES OF AMERICA

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223203045.01

**Form 605**  
Corporations Act 2001  
Section 671B

## Notice of ceasing to be a substantial holder

To Company Name/Scheme Poseidon Nickel Limited

ACN/ARSN 060 525 206

### 1. Details of substantial holder (1)

Name Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations GP, LLC as general partner of Harbinger Capital Partners Special Situations Fund, L.P. This notice is given by the substantial holders for each entity described in section 2.

ACN/ARSN (if applicable) N/A

The holder ceased to be a  
substantial holder on

08/11/2012

The previous notice was given to the company on

14/06/2012

The previous notice was dated

14/06/2012

### 2. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest (2) of the substantial holder or an associate (3) in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (4)	Consideration given in relation to change (5)	Class (6) and number of securities affected	Person's votes affected
08/11/2012	Harbinger Capital Partners Master Fund I, Ltd.	Ceasing to have a substantial holding due to disposals of shares by private treaty	See Annexure B	20,000,000	20,000,000 ordinary shares
08/11/2012	Harbinger Capital Partners LLC	Ceasing to have a substantial holding due to disposals of shares by private treaty	N/A	20,000,000	20,000,000 ordinary shares
08/11/2012	Harbinger Capital Partners Special Situations GP, LLC as general partner of Harbinger Capital Partners Special Situations Fund, L.P.	Ceasing to have a substantial holding due to disposals of shares by private treaty	See Annexure C	20,000,000	20,000,000 ordinary shares
08/11/2012	HGI Funding, LLC	Ceasing to have a substantial holding due to disposals of shares by private treaty	N/A	20,000,000	20,000,000 ordinary shares
08/11/2012	Harbinger Group Inc.	Ceasing to have a substantial holding due to disposals of shares by private treaty	N/A	20,000,000	20,000,000 ordinary shares
08/11/2012	Global Opportunities Breakaway Ltd.	Ceasing to have a substantial holding due to disposals of shares by private treaty	N/A	20,000,000	20,000,000 ordinary shares
08/11/2012	Harbinger Capital Partners II LP	Ceasing to have a substantial holding due to disposals of shares by private treaty	N/A	20,000,000	20,000,000 ordinary shares
08/11/2012	Harbinger Capital Partners II GP LLC	Ceasing to have a substantial holding due to disposals of shares by private treaty	N/A	20,000,000	20,000,000 ordinary shares
08/11/2012	Harbinger Holdings, LLC	Ceasing to have a substantial holding due to disposals of shares by private treaty	N/A	20,000,000	20,000,000 ordinary shares

08/11/2012	Philip Falcone	Ceasing to have a substantial holding due to disposals of shares by private treaty	N/A	20,000,000	20,000,000 ordinary shares
08/11/2012	Each of the entities named in the list of 1 page annexed to this notice and marked "A" (Additional Entities).	Ceasing to have a substantial holding due to disposals of shares by private treaty	N/A	20,000,000	20,000,000 ordinary shares

### 3. Changes in association

The persons who have become associates (3) of, ceased to be associates of, or have changed the nature of their association (7) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

### 4. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Harbinger Capital Partners Master Fund I, Ltd.	c/o International Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay Dublin 2, Ireland.
Harbinger Capital Partners LLC	450 Park Avenue, 30th Floor, New York, New York 10022, United States of America.
Harbinger Capital Partners Special Situations GP, LLC as general partner of Harbinger Capital Partners Special Situations Fund, L.P.	450 Park Avenue, 30th Floor, New York, New York 10022, United States of America.
HGI Funding, LLC	450 Park Avenue, 27th Floor, New York, New York 10022, United States of America.
Harbinger Group Inc.	450 Park Avenue, 27th Floor, New York, New York 10022, United States of America.
Global Opportunities Breakaway Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104.
Harbinger Capital Partners II LP	450 Park Avenue, 30th Floor, New York, New York 10022, United States of America.
Harbinger Capital Partners II GP LLC	450 Park Avenue, 30th Floor, New York, New York 10022, United States of America.
Harbinger Holdings, LLC	450 Park Avenue, 30th Floor, New York, New York 10022, United States of America.
Philip Falcone	450 Park Avenue, 30th Floor, New York, New York 10022, United States of America.
Each of the entities named in the list of 1 page annexed to this notice and marked "A" (Additional Entities).	As set out in the list of 1 page annexed to this notice and marked "A".

Signature

print name Bruce Macdonald

capacity

Authorised Representative

sign here

date

9 November 2012

**DIRECTIONS**


- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 4 of the form.
  - (2) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
  - (3) See the definition of "associate" in section 9 of the Corporations Act 2001.
  - (4) Include details of:
    - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
    - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
  - (5) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
  - (6) The voting shares of a company constitute one class unless divided into separate classes.
  - (7) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.
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## Annexure "A"

This is the Annexure of 1 page marked "A" referred  
to in the form 605 Notice of ceasing to be a substantial holder

Signed by me and dated 9 November 2012

  
Bruce Macdonald - Authorised Representative

## Additional Entities

Entities controlled by the persons giving this notice or acting in concert with those persons in respect of investment decisions of Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations GP, LLC as general partner of Harbinger Capital Partners Special Situations Fund, L.P. including those set out below:

Additional Entities	Registered Office
Harbinger Capital Partners Special Situations Offshore Fund, L.P.	1
Harbinger Capital Partners Special Situations Offshore GP, LLC	2
Harbinger Capital Partners SSF CFF, Ltd.	1
Harbinger Capital Partners Fund I, L.P.	2
Harbinger Capital Partners GP, LLC	2
Harbinger Capital Partners Offshore Fund I, Ltd.	1
Harbinger Capital Partners Offshore Fund II, Ltd.	1
Harbinger Capital Partners Intermediate Fund II, Ltd.	1
Harbinger Capital Partners Fund II, L.P.	2
Credit Distressed Blue Line Master Fund, Ltd.	1
Credit Distressed Blue Line Offshore Fund, Ltd.	1
Credit Distressed Blue Line Intermediate Fund, Ltd.	1
Credit Distressed Blue Line Fund, L.P.	2
Credit Distressed Blue Line GP, L.L.C.	2
Harbinger Group Inc.	3
HGI Funding, LLC	3
Global Opportunities Breakaway Ltd.	4

## Registered Offices

1. c/o Ogier Fiduciary Services (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007, Cayman Islands.
2. 450 Park Avenue, 30th Floor, New York, New York 10022, United States of America.
3. 450 Park Avenue, 27th Floor, New York, New York 10022, United States of America.
4. c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104.

**Annexure "B"**

**This is the Annexure of 14 pages marked "B" referred  
to in the form 605 Notice of ceasing to be a substantial holder**

Signed by me and dated 9 November 2012

.....  
  
**Bruce Macdonald - Authorised Representative**

**Details of Consideration**

See the attached Purchase Agreement dated as of November 6, 2012 (Seller Harbinger Capital Partners Master Fund I, Ltd.)

## PURCHASE AGREEMENT

PURCHASE AGREEMENT (this "Agreement") dated as of November 6, 2012, by and between **HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD.** (the "Seller") and **JEFFERIES HIGH YIELD TRADING, LLC** (the "Purchaser") (Purchaser and Seller are referred to herein each as a "Party" and collectively as the "Parties").

RECITALS

A. Seller is the holder of a Convertible Note issued by Poseidon Nickel Limited ("POS") on or about 25 June 2008 in the principal amount USD\$7,500,000 amended by that certain Convertible Note Amendment Deed dated on or about 22 December 2010 (the "Convertible Note") and 13,260,836 ordinary shares of POS (the "Shares").

B. Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, the Convertible Note and the Shares in accordance with the terms hereof.

AGREEMENT

In consideration of the mutual agreements contained herein, the sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Purchase and Sale. Subject to the terms and conditions hereof, on the Closing Date (as defined below), Seller shall sell, transfer, assign and deliver to Purchaser, and Purchaser shall purchase and assume from Seller, (i) all claims, causes of action, right, title, interest and obligations of Seller in, to, under and in connection with the Convertible Note and the Shares, and all proceeds, distributions, payments and claims arising thereunder or therefrom, plus, as applicable, all accrued or capitalized interest, fees (in each case from and after a record date after the Closing Date) and escrow amounts (if any) relating thereto and all other amounts that may be payable in connection with the Convertible Note and the Shares; (ii) (a) all of Seller's right, title, interest and obligations in, to, under and in connection with all documents referred to in the Convertible Note or executed pursuant thereto (collectively, the "Note Documents"); (b) any and all rights, claims and causes of action that Seller now has or hereafter acquires against any person or entity relating to any Distribution in respect of the Convertible Note, the Note Documents or the Shares with a record date after the Closing Date; and (c) any interest in any property, whether real or personal, tangible or intangible, of whatever kind and wherever located, whether or not owned or hereafter acquired or created, in which a mortgage, security interest or other lien has been, or has purported to have been, granted to or for the benefit of Seller under or in connection with the Note Documents; and (iii) any and all cash, securities and other property, and the proceeds thereof, which may be distributed, paid or collected from and after a record date after the Closing Date in respect of the matters referred to in clauses (i) or (ii) of this Recital (collectively, the "Distributions") in exchange for the purchase price (the "Purchase Price") set forth in a letter of even date herewith between Seller and Purchaser (the "Pricing Letter"). All of the rights, obligations and assets referred to in this Section are, collectively, hereinafter referred to as the "Assigned Interest". Notwithstanding the foregoing, the Assigned Interest shall not include, Purchaser is not assuming, and Seller shall promptly and fully pay or otherwise perform or satisfy, any liability, obligation or responsibility for any obligation or liability (i) arising from the breach by Seller of the warranties, covenants, agreements or indemnities made by Seller in this Agreement or under the Note Documents; (ii) for which Purchaser is indemnified under Section 9 hereof; (iii) arising out of Seller's gross negligence, bad faith or willful misconduct; or (iv) which arose, was incurred, or which relates to facts and circumstance occurring on or prior to the Closing Date.

2. Closing.

(a) The purchase and sale of the Assigned Interest will take place on the date hereof, or such later date as both Seller and Purchaser may agree to in writing (the "Closing Date"). On the Closing Date, Purchaser shall pay to Seller the Purchase Price by wire transfer of immediately available funds to Seller's account at:

Bank:	Bank of America
ABA#:	026 009 593
A/C Name:	Harbinger Capital Partners Master Fund I, Ltd.
A/C #:	483023661496
Ref:	Poseidon Nickel to Jefferies

and, in consideration of its receipt of such funds, Seller shall assign and deliver, or cause to be assigned and delivered, to the Purchaser the Convertible Note and the Shares, accompanied by such instrument of transfer or assignment duly executed in blank. The sale, assignment and transfer of the Assigned Interest shall be deemed made on the date of Seller's transfer of the Convertible Note and the Shares, accompanied by such instrument of transfer or assignment duly executed in blank, to the Purchaser.

(b) The obligations of each Party to perform the obligations set forth in Section 2(a) are conditioned upon (i) the respective representations and warranties made by each such Party herein being true and correct in all material respects as of the Closing Date and (ii) the closing conditions in Section 2(c) having been satisfied. Such representations and warranties shall be deemed made as of the Closing Date unless otherwise agreed in writing by each of the Parties.

(c) The Closing Date shall occur on the same date as the completion of the sale, assignment and transfer of the (A) convertible note issued by POS to Harbinger Capital Partners Special Situations Fund, L.P. on or about 25 June 2008 in the principal amount of USD\$7,500,000 as amended by that certain Convertible Note Amendment Deed dated on or about 22 December 2010 and 6,739,164 ordinary shares of POS owned by Harbinger Capital Partners Special Situations Fund, L.P.; (B) convertible note issued by POS to Credit Distressed Blue Line Master Fund, Ltd. on or about 22 December 2010 in the principal amount of USD\$10,000,000; and (C) convertible note issued by POS to Global Opportunities Breakaway Ltd. on or about 22 December 2010 in the principal amount of USD\$10,000,000, such that each of the sales, assignments and transfers referred to in this Section 2(c) and the sale, assignment and transfer of the Assigned Interest are taken to have occurred simultaneously on the Closing Date;

(d) Seller covenants with Purchaser that it will not sell, offer for sale, transfer, assign or grant or allow to exist any liens, claims, security interests or encumbrances, trusts, option or other right in relation to the whole or any part of the Assigned Interest prior to the Closing Date. The Parties agree that damages would be an insufficient remedy for breach of this covenant and each Party agrees that the other Party will be entitled to seek to obtain an injunction or specific performance to enforce the other Party's obligation under this clause without proof of actual damage and without prejudice to any or its other rights and remedies.

3. [Reserved].

4. Representations.

(a) Each of Seller and Purchaser represents, warrants and acknowledges to the other that:

(i) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and it has full power and authority, and has taken all action



necessary, to execute and deliver this Agreement and all documents required to be executed and delivered by it hereunder, and to fulfill its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby;

(ii) the making and performance by it of this Agreement and all documents required to be executed by it hereunder, and the fulfillment of its obligations hereunder and thereunder, do not and will not violate any law or regulation of the jurisdiction under which it exists, any other law, regulation, judgment, decree or other similar determination applicable to it or any other agreement or instrument to which it is a party or by which it is bound;

(iii) this Agreement and all documents required to be executed by it hereunder have been duly executed and delivered by it and (assuming that the same constitute the legal, valid and binding obligations of the other Party hereto and thereto), constitute its legal, valid and binding obligations, enforceable in accordance with the respective terms hereof or thereof, except that the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting enforcement of creditors' rights generally, or by a court's discretion in relation to equitable remedies;

(iv) all approvals, authorizations or other actions by, or filings with, any governmental authority, POS (other than as provided in the Note Documents) or any other third party necessary for the validity or enforceability of its obligations under this Agreement and all documents required to be executed and delivered by it hereunder have been obtained;

(v) it is not in possession of inside information (within the meaning of section 1042A of the Corporations Act 2001 (Commonwealth of Australia)) concerning POS (the "Information") which may not be known to the other Party; and

(vi) no broker, finder or other person or entity acting pursuant to the authority of such Party is entitled to any broker's fee or other commission in connection with the transactions contemplated herein except an amount payable by that Party or an affiliate of that Party.

(b) Seller further represents, warrants and acknowledges to Purchaser that:

(i) it or its nominee is the legal owner of the Convertible Note and the Shares;

(ii) it has not pledged, encumbered, assigned, transferred, participated, conveyed, disposed of, terminated or granted any security interest in, in whole or in part, any of its right, title and interest in and to the Assigned Interest and is not a party to any agreement (other than this Agreement) which would result in the foregoing; it (or its nominee) is the sole legal and beneficial owner and holder of the Assigned Interest with undivided good title to the Assigned Interest, free and clear of any liens, claims, security interests or encumbrances, and will transfer legal and beneficial ownership of, and good title to, the Assigned Interest to Purchaser free and clear of any liens, claims, charges, encumbrances, or security interests;

(iii) there is no restriction on the transfer of the Assigned Interest to Purchaser on the terms of this Agreement (other than the requirements for transfer set out in the Convertible Note and Note Documents) and Seller has obtained all consents necessary to enable it to transfer the Assigned Interest;

(iv) no litigation, arbitration or adversarial proceeding is pending or, to its best knowledge, threatened against it, which in the aggregate would reasonably be expected to have a material adverse effect on the Assigned Interest or Purchaser's rights and remedies in respect thereof;

(v) as of the Closing Date, the aggregate amount of unpaid principal and interest under the Convertible Note is equal to not less than USD\$7,500,000;

(vi) it has delivered to Purchaser true and complete copies of the Note Documents and it has not given its consent to change, nor has it waived, any term or provision of any of the Note Documents or any of its rights thereunder, including, without limitation, the amount or time of any payment of principal or the rate or time of any payment of interest, and, other than the Note Documents, there is no other agreement to which Seller, or, to Seller's best knowledge, any other person or entity, is a party or by which Seller is bound governing Seller's rights and obligations in respect of the Convertible Note and the Shares;

(vii) it has not engaged in any act, conduct or omission that would reasonably be expected to result in Purchaser receiving proportionately less payments or distributions or less favorable treatment than other holders of the same tranche, class or type as the Convertible Note and the Shares;

(viii) the Convertible Note, and to the best of Seller's knowledge, the other Assigned Interest, are not subject to impairment, avoidance, expungement, subordination, reduction or disallowance for any reason, including, without limitation, any setoff, right of recoupment, avoidance claim, defense, counterclaim or impairment of any kind;

(ix) it has no obligation to, including any obligation to make additional loans to, make guarantees on behalf of, or otherwise extend credit to, POS under or in connection with the Assigned Interest;

(x) it has not received any written notice other than those publicly available that (i) any payment or other transfer made to or for the account of Seller from or on account of POS or any obligor under the Assigned Interest is or may be void or voidable as an actual or constructive fraudulent transfer or as a preferential transfer or (ii) the Assigned Interest, or any portion of them, are void, voidable, unenforceable or subject to any impairment;

(xi) it has received, reviewed and relied upon such information concerning the legal, business and financial condition of POS and the Assigned Interest as it considers adequate to make an informed decision regarding the sale of the Assigned Interest;

(xii) Seller has such knowledge, sophistication and experience in financial and business matters as to be capable of evaluating the merits and risks of engaging in the sale of the Assigned Interest; Purchaser has not given any investment advice or rendered any opinion to it as to whether the sale of the Assigned Interest is prudent, and it is not relying on any representation or warranty of Purchaser except as set forth in this Agreement; it acknowledges that the Purchase Price may vary from any distributions that Purchaser may ultimately recover on account of the Assigned Interest and is aware that additional information regarding the Assigned Interest may be obtained from various courts or other public files;

(xiii) Seller is an "accredited investor" as defined in Rule 501 under the Securities Act of 1933, 15 U.S.C. §§77a et seq., as amended, and the rules and regulations promulgated under it (the "Securities Act") and, without characterizing any portion of the Assigned Interest as a "security" within the meaning of applicable securities laws, and assuming the representations and warranties of Purchaser contained herein are accurate, the sale and transfer of the Assigned Interest from Seller to Purchaser is a transaction exempt from the registration requirements under the Securities Act;

(xiv) Seller is not, either by itself or with any other entity, an "insider" of POS and has not been an affiliate of POS. As used herein, "affiliate" means a person that directly or

indirectly controls, or is controlled by, or is under common control with, and “insider” shall have the meaning set forth in Section 101(31) of Title 11 of the United States Code;

(xv) either (i) no interest in the Assigned Interest is being sold by or on behalf of one or more Benefit Plans (as defined in ERISA) or (ii) the transaction exemption set forth in one or more prohibited transaction class exemptions issued by the U.S. Department of Labor (“PTE”), such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds), and PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers) is applicable with respect to the sale of the Assigned Interest;

(xvi) after the transactions contemplated herein are consummated, it shall have no recourse to the Assigned Interest and, except as otherwise expressly provided herein, it shall have no recourse to Purchaser in connection with the Assigned Interest;

(xvii) it has complied with, and has performed, all obligations required to be complied with or performed by it under the Note Documents, and it has not, nor, to its knowledge has any other party, breached any of its representations, warranties, obligations, agreements or covenants under any of the Note Documents;

(xviii) it has not effected or received the benefit of any setoff against POS or any obligor on account of the Assigned Interest; and

(xix) Seller's transfer of the Assigned Interest to Purchaser is and shall remain in full compliance with all applicable securities laws, rules and regulations, including, but not limited to, with respect to the Corporations Act 2001 (Commonwealth of Australia), the Australian Securities and Investments Commission and the Australian Securities Exchange (including with respect to any reporting requirements thereof).

(c) Purchaser further represents, warrants and acknowledges to Seller that:

(i) Seller has not given and is not required to give any investment advice or rendered any opinion to Purchaser as to whether the purchase of the Assigned Interest is prudent, and Purchaser is not relying on any representation or warranty by Seller except as set forth in this Agreement;

(ii) Purchaser has consulted with counsel and has received, reviewed and relied upon such information concerning the legal, business and financial condition of POS and the Assigned Interest as it considers adequate to make an informed decision regarding the purchase of the Assigned Interest;

(iii) Purchaser is a sophisticated purchaser with respect to the Assigned Interest and acknowledges that the Purchase Price may vary from any distributions that Purchaser may ultimately recover on account of the Assigned Interest; Purchaser has fully considered, for purposes of its investment represented by the Assigned Interest, the risks of such investment and acknowledges that the purchase of the Assigned Interest involves a high degree of risk of loss by it of its investment therein, and Purchaser is able to protect its own interests and bear the economic risk associated with its investment therein;

(iv) except as otherwise expressly provided herein, the sale of the Assigned Interest by Seller to Purchaser is without recourse to Seller and, except as otherwise expressly provided herein, Purchaser shall have no recourse to Seller in connection with the Assigned Interest;

(v) assuming the accuracy of the representations of Seller set forth in Section 4(b) hereto, Purchaser acknowledges that it has received copies of the Note Documents; Purchaser has assumed responsibility for independently evaluating the risks and merits of its purchase of the Assigned Interest and for verifying the accuracy and adequacy of the information upon which Purchaser has relied in making its investment decision, including without limitation, such other documents and information which Purchaser has deemed necessary and appropriate to make its own decision to purchase the Assigned Interest, and has independently and without reliance on Seller made its own analysis and decision to enter into this Agreement and to purchase the Assigned Interest, and is not relying on any representation or warranty of Seller other than those expressly set forth herein; notwithstanding anything to the contrary contained in this Agreement, Purchaser is relying on the truth and completeness of Seller's representations and warranties hereunder;

(vi) Purchaser was not formed for the purpose of purchasing the Assigned Interest and is not acquiring the Assigned Interest with a view to any public distribution thereof or granting any participation therein that would violate applicable securities laws, provided however, that Purchaser may resell the Assigned Interest if such resale is in accordance with applicable securities laws and Section 11 hereof;

(vii) Purchaser is a "qualified institutional buyer" as such term is defined in Rule 144A under the Securities Act;

(viii) either (i) no interest in the Assigned Interest is being acquired by or on behalf of an Entity that is, or at any time while the Assigned Interest are held thereby will be, one or more Benefit Plans or (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds), and PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers) is applicable with respect to the purchase and holding of the Assigned Interest and the exercise of Purchaser's rights thereunder;

(ix) Purchaser is not (either alone or together with others) directly or indirectly controlling or controlled by POS or under direct or indirect common control with POS;

(x) Purchaser acknowledges that no public market now exists for the Assigned Interest and that neither POS nor Seller has provided any assurance that a public market will ever exist for the Assigned Interest; and

(xi) the source of funds for the purchase of the Assigned Interest by Purchaser is a source that is permitted under the terms of the Note Documents and under all applicable laws.

5. Distributions. From and after the Closing Date, Seller shall cause all Distributions with a record date after the Closing Date to be paid, transferred or delivered directly to Purchaser. Should Seller receive any Distributions with a record date after the Closing Date at any time from and after the Closing Date, it will accept and hold the same on behalf of and for the sole benefit of Purchaser and pay the same over to Purchaser in the currency received by it within five (5) business days after receipt of any such Distributions. From and after the Closing Date, Seller shall have no legal, equitable or beneficial interest in any Distributions with a record date after the Closing Date. If any cash Distributions owed to Purchaser under this Section 5 are not paid to Purchaser when due, Seller will pay interest on such Distributions for the period from the day on which such Distributions were actually received by Seller to (but excluding) the day such Distributions are actually paid to Purchaser, at a rate

per annum equal to the Federal Funds Rate as most recently reported in the Wall Street Journal (Eastern Edition).

6. Information. From and after the Closing Date, Seller shall, promptly after receipt of any notice, communication or other document from or on behalf of POS in respect of the Assigned Interest, deliver such document to Purchaser (unless Purchaser has informed Seller that it already has received such document from another source); provided that Seller may keep a copy of such document for archival purposes.

7. Voting. On and after the Closing Date, (a) Purchaser shall have sole authority to make, grant and exercise (or refrain from making, granting and exercising) all votes, whether pursuant to amendments, consents or waivers, and otherwise to exercise (or refrain from exercising) all other rights and remedies with respect to the Assigned Interest and (b) if for any reason Seller is entitled to exercise any such rights or remedies (including the right to vote) after the Closing Date, Seller (i) shall not take any action with respect thereto other than in accordance with the prior instructions of Purchaser and (ii) shall take (or refrain from taking) any action with respect thereto in accordance with the prior instructions of Purchaser except (A) as restricted or prohibited under applicable law, rule, order or the Note Documents or (B) if following such instructions might (in Seller's reasonable determination) expose Seller to any obligation, liability or expense for which Seller has not been provided adequate indemnity.

8. Notice. Notice will be given by electronic mail, if to Seller, at [IEstus@harbingercapital.com](mailto:IEstus@harbingercapital.com) (Attention: Ian Estus), and if to Purchaser, at [bmcloughlin@jefferies.com](mailto:bmcloughlin@jefferies.com) (Attention: Bill McLoughlin). Copies of all notices so sent will also be sent by overnight courier to the Parties' respective addresses set forth below.

9. Indemnification.

(a) Purchaser shall indemnify and hold Seller (and Seller's officers, directors, partners, fiduciaries, affiliates, employees and agents) harmless from any actual losses, costs or expenses, including reasonable legal fees and expenses, which are incurred as a result of breaches of any of the representations, warranties, covenants or agreements made by Purchaser in this Agreement.

(b) Seller shall indemnify and hold Purchaser (and Purchaser's officers, directors, partners, fiduciaries, affiliates, employees and agents) harmless from (i) any actual losses, costs or expenses, including reasonable legal fees and expenses, which are incurred as a result of breaches of any of the representations, warranties, covenants or agreements made by Seller in this Agreement; or (ii) any claims, obligations or liabilities to which such indemnified person becomes subject, to the extent resulting from or arising in connection with any payment, property, distribution or other transfer received or applied by or on behalf of Seller under or in connection with the Assigned Interest, including, without limitation, any obligation of Purchaser to disgorge, in whole or in part, or otherwise reimburse any party for, any payments received or applied by Seller prior to the Closing Date under or in connection with the Assigned Interest from or on account of POS.

10. Assignment of Increased Claims. If, after the Closing Date, Seller disgorges or otherwise reimburses POS, Purchaser or any third party for payments received by Seller prior to the Closing Date in respect of the Assigned Interest, Seller shall retain all claims arising under or in respect of such disgorgement or reimbursement, including, without limitation, all claims arising under Section 502 of the Bankruptcy Code, and Seller and Purchaser will execute such documents and agreements as Seller may reasonably deem necessary to carry out the intent and purposes of this Section 10 and to fully effect the transfer of such claims to Seller.

11. Assignments and Participations. After the Closing Date, Purchaser shall be entitled (subject to its compliance with applicable laws) to freely sell, assign, participate or transfer the Assigned Interest or any part thereof or interest therein, without the consent of or notice to Seller. Neither

Purchaser nor Seller shall be entitled to sell, assign, participate or transfer its rights and obligations under this Agreement, or any part thereof or interest therein, without the consent of the other Party.

12. Binding Agreement; Survival. This Agreement, including, without limitation, the representations, warranties, covenants and indemnities contained herein, shall be binding upon, enforceable by, and inure to the benefit of, each of the Parties and their respective successors and assigns. The representations, warranties, covenants, agreements and indemnities contained herein shall survive the execution, delivery and performance of this Agreement and all documents to be executed in connection herewith.

13. Amendments; Entire Agreement. Any amendments to, or waivers of, this Agreement shall be in writing and signed by each Party. This Agreement and the Pricing Letter constitute the entire agreement of the Parties with respect to the subject matter hereof.

14. Confidentiality. Neither Party shall disclose the contents of this Agreement or the Pricing Letter, unless reasonably believed to be required by law or applicable regulation, regulatory authorities, the rules of an applicable stock exchange, the Note Documents or legal process, without the prior consent of the other Party; provided, however, (i) Seller or Purchaser may disclose to POS the contents of this Agreement to the extent reasonably believed to be required under the Convertible Note, (ii) Purchaser may disclose the contents of this Agreement (other than the Purchase Price) to any proposed purchaser, participant, subparticipant or other transferee of the Assigned Interest, (iii) Seller or Purchaser may disclose the contents of this Agreement to its affiliates, attorneys, accountants, trustees or other fiduciaries, agents, employees, officers, directors other professionals and advisors, and (iv) Seller or Purchaser may disclose the contents of the Pricing Letter to its affiliates, attorneys, accountants, trustees or other fiduciaries, employees, officers, and directors. With respect to the foregoing entities to whom disclosure may be made, such permitted disclosure may also be made to such entities' respective affiliates, attorneys, accountants, trustees or other fiduciaries, agents, employees, officers, directors, other professionals and advisors employed by the proposed purchaser, participant, subparticipant or other transferee, provided that each such person agrees to keep such disclosed information confidential on the same terms as provided in this Section 14.

15. Jurisdiction. Each Party hereto hereby irrevocably consents to the exclusive personal jurisdiction of the courts of the State of New York sitting in the Borough of Manhattan and of the United States of America sitting in the Southern District of New York, in any action to enforce, interpret or construe any provision of this Agreement or of any other agreement or document delivered in connection with this Agreement.

16. Governing Law. This Agreement shall be construed, and the obligations of the Parties hereunder shall be determined, in accordance with the laws of the State of New York without regard to any conflict of laws provisions thereof. EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY ACTION, PROCEEDING OR COUNTERCLAIM INSTITUTED WITH RESPECT TO THIS AGREEMENT.

17. Further Assurances. From and after the date hereof, each Party covenants and agrees to execute and deliver all such agreements, instruments and documents and to take all such further actions the other Party may reasonably deem necessary from time to time (at the requesting Party's expense) to carry out the intent and purposes of this Agreement and to consummate the transactions contemplated hereby and to fully effect the transfer of the Assigned Interest to Purchaser.

18. No Relationship. Nothing contained in this Agreement shall establish any fiduciary, partnership, joint venture or similar relationship between or among the Parties hereto.

19. Counterpart Execution; Telecopies. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of

which together shall constitute one agreement binding on the Parties hereto. Transmission by telecopier of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart, provided that the Party so delivering such counterpart shall, promptly after such delivery, deliver the original of such counterpart of this Agreement to the other Party.

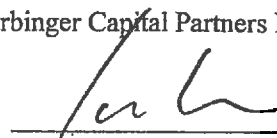
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IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

**HARBINGER CAPITAL PARTNERS MASTER FUND I,  
LTD.**

By: Harbinger Capital Partners LLC, its investment manager

By:

  
\_\_\_\_\_  
Authorized Signatory

Name:

Title:

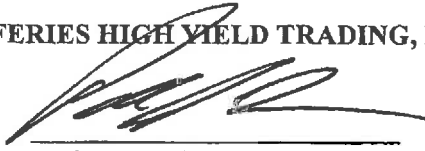
Address for Notice

450 Park Avenue, 30<sup>th</sup> Floor  
New York, New York 10022  
Attention: Ian Estus  
Telephone No.: 212-339-5881  
Facsimile No.: 212-508-3721



**JEFFERIES HIGH YIELD TRADING, LLC**

By:



Authorized Signatory

**Paul J. Loomis**

Name:

Title: **Managing Director**

Address for Notice

Jefferies High Yield Trading, LLC  
The Metro Center  
One Station Place – 3N  
Stamford, CT 06902  
Attention: William McLoughlin  
Telephone No.: 203-363-8245  
Facsimile No.: 203-708-5857

with copy (*which shall not constitute notice or service*) to:

Clifford Chance US LLP  
31 West 52<sup>nd</sup> Street  
New York, NY 10019  
Attention: Timothy C. Bennett  
Telephone: (212) 878-3235  
Facsimile: (212) 878-8375  
timothy.bennett2@cliffordchance.com

**HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD.**

450 Park Avenue, 30<sup>th</sup> Floor  
New York, New York 10022

November 6, 2012

Jefferies High Yield Trading, LLC  
The Metro Center  
One Station Place – 3N  
Stamford, CT 06902  
Attention: William McLoughlin

Ladies and Gentlemen:

Reference is hereby made to the Purchase Agreement dated as of the date hereof (the "Agreement") between **HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD.** ("Seller") and **JEFFERIES HIGH YIELD TRADING, LLC** ("Purchaser") relating to the sale by Seller to Purchaser of its right, title and interest in a certain Convertible Note issued by Poseidon Nickel Limited ("POS") and shares of POS. Capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Agreement. All dollar amounts referred to herein shall be, and all payments pursuant to the Agreement shall be made in, United States Dollars.

This letter confirms that the aggregate amount of the Purchase Price to be paid by Purchaser to Seller under the Agreement is calculated as follows:

- A. Shares  
13,260,836 Shares X \$0.0219/Share = \$290,412.31
- B. Convertible Notes  
\$7,500,000.00 Convertible Note X \$0.1544/Convertible Note = \$1,158,000.00
- C. **TOTAL = \$1,448,412.31**

The Purchase Price shall be paid by Purchaser to Seller by wire transfer of immediately available funds according to the following wire transfer instructions:

Bank:	Bank of America
ABA#:	026 009 593
A/C Name:	Harbinger Capital Partners Master Fund I, Ltd.
A/C #:	483023661496
Ref:	Poseidon Nickel to Jefferies

This letter is the Pricing Letter referred to in the Agreement. To indicate your agreement with the foregoing, please execute and return this letter to the undersigned.

Sincerely,

**HARBINGER CAPITAL PARTNERS  
MASTER FUND I, LTD.**

By: Harbinger Capital Partners LLC, its  
investment manager


By:

  
\_\_\_\_\_  
Name:  
Title:

Acknowledged and Agreed:

**JEFFERIES HIGH YIELD TRADING, LLC**

By:

  
Name: **Paul J. Loomis**  
Title: **Managing Director**

**Annexure "C"**

This is the Annexure of pages marked "C" referred  
to in the form 605 Notice of ceasing to be a substantial holder

Signed by me and dated 9 November 2012



.....  
Bruce Macdonald - Authorised Representative

**Details of Consideration**

See the attached Purchase Agreement dated as of November 6, 2012 (Seller Harbinger Capital Partners Special Situations Fund, L.P)

## PURCHASE AGREEMENT

PURCHASE AGREEMENT (this "Agreement") dated as of November 6, 2012, by and between **HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P.** (the "Seller") and **JEFFERIES HIGH YIELD TRADING, LLC** (the "Purchaser") (Purchaser and Seller are referred to herein each as a "Party" and collectively as the "Parties").

RECITALS

A. Seller is the holder of a Convertible Note issued by Poseidon Nickel Limited ("POS") on or about 25 June 2008 in the principal amount USD\$7,500,000 as amended by that certain Convertible Note Amendment Deed dated on or about 22 December 2010 (the "Convertible Note") and 6,739,164 ordinary shares of POS (the "Shares").

B. Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, the Convertible Note and the Shares in accordance with the terms hereof.

AGREEMENT

In consideration of the mutual agreements contained herein, the sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Purchase and Sale. Subject to the terms and conditions hereof, on the Closing Date (as defined below), Seller shall sell, transfer, assign and deliver to Purchaser, and Purchaser shall purchase and assume from Seller, (i) all claims, causes of action, right, title, interest and obligations of Seller in, to, under and in connection with the Convertible Note and the Shares, and all proceeds, distributions, payments and claims arising thereunder or therefrom, plus, as applicable, all accrued or capitalized interest, fees (in each case from and after a record date after the Closing Date) and escrow amounts (if any) relating thereto and all other amounts that may be payable in connection with the Convertible Note and the Shares; (ii) (a) all of Seller's right, title, interest and obligations in, to, under and in connection with all documents referred to in the Convertible Note or executed pursuant thereto (collectively, the "Note Documents"); (b) any and all rights, claims and causes of action that Seller now has or hereafter acquires against any person or entity relating to any Distribution in respect of the Convertible Note, the Note Documents or the Shares with a record date after the Closing Date; and (c) any interest in any property, whether real or personal, tangible or intangible, of whatever kind and wherever located, whether or not owned or hereafter acquired or created, in which a mortgage, security interest or other lien has been, or has purported to have been, granted to or for the benefit of Seller under or in connection with the Note Documents; and (iii) any and all cash, securities and other property, and the proceeds thereof, which may be distributed, paid or collected from and after a record date after the Closing Date in respect of the matters referred to in clauses (i) or (ii) of this Recital (collectively, the "Distributions") in exchange for the purchase price (the "Purchase Price") set forth in a letter of even date herewith between Seller and Purchaser (the "Pricing Letter"). All of the rights, obligations and assets referred to in this Section are, collectively, hereinafter referred to as the "Assigned Interest". Notwithstanding the foregoing, the Assigned Interest shall not include, Purchaser is not assuming, and Seller shall promptly and fully pay or otherwise perform or satisfy, any liability, obligation or responsibility for any obligation or liability (i) arising from the breach by Seller of the warranties, covenants, agreements or indemnities made by Seller in this Agreement or under the Note Documents; (ii) for which Purchaser is indemnified under Section 9 hereof; (iii) arising out of Seller's gross negligence, bad faith or willful misconduct; or (iv) which arose, was incurred, or which relates to facts and circumstance occurring on or prior to the Closing Date.

2. Closing.

(a) The purchase and sale of the Assigned Interest will take place on the date hereof, or such later date as both Seller and Purchaser may agree to in writing (the "Closing Date"). On the Closing Date, Purchaser shall pay to Seller the Purchase Price by wire transfer of immediately available funds to Seller's account at:

Bank:	Bank of America
ABA#:	026 009 593
A/C Name:	Harbinger Capital Partners Special Situations Fund, L.P.
A/C #:	483025966597
Ref:	Poseidon Nickel to Jefferies

and, in consideration of its receipt of such funds, Seller shall assign and deliver, or cause to be assigned and delivered, to the Purchaser the Convertible Note and the Shares, accompanied by such instrument of transfer or assignment duly executed in blank. The sale, assignment and transfer of the Assigned Interest shall be deemed made on the date of Seller's transfer of the Convertible Note and the Shares, accompanied by such instrument of transfer or assignment duly executed in blank, to the Purchaser.

(b) The obligations of each Party to perform the obligations set forth in Section 2(a) are conditioned upon (i) the respective representations and warranties made by each such Party herein being true and correct in all material respects as of the Closing Date and (ii) the closing conditions in Section 2(c) having been satisfied. Such representations and warranties shall be deemed made as of the Closing Date unless otherwise agreed in writing by each of the Parties.

(c) The Closing Date shall occur on the same date as the completion of the sale, assignment and transfer of the (A) convertible note issued by POS to Harbinger Capital Partners Master Fund I, Ltd. on or about 25 June 2008 in the principal amount of USD\$7,500,000 as amended by that certain Convertible Note Amendment Deed dated on or about 22 December 2010 and 13,260,836 ordinary shares of POS owned by Harbinger Capital Partners Master Fund I, Ltd.; (B) convertible note issued by POS to Credit Distressed Blue Line Master Fund, Ltd. on or about 22 December 2010 in the principal amount of USD\$10,000,000; and (C) convertible note issued by POS to Global Opportunities Breakaway Ltd. on or about 22 December 2010 in the principal amount of USD\$10,000,000, such that each of the sales, assignments and transfers referred to in this Section 2(c) and the sale, assignment and transfer of the Assigned Interest are taken to have occurred simultaneously on the Closing Date;

(d) Seller covenants with Purchaser that it will not sell, offer for sale, transfer, assign or grant or allow to exist any liens, claims, security interests or encumbrances, trusts, option or other right in relation to the whole or any part of the Assigned Interest prior to the Closing Date. The Parties agree that damages would be an insufficient remedy for breach of this covenant and each Party agrees that the other Party will be entitled to seek to obtain an injunction or specific performance to enforce the other Party's obligation under this clause without proof of actual damage and without prejudice to any or its other rights and remedies.

3. [Reserved].

4. Representations.

(a) Each of Seller and Purchaser represents, warrants and acknowledges to the other that:

(i) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and all documents required to be executed and delivered

by it hereunder, and to fulfill its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby;

(ii) the making and performance by it of this Agreement and all documents required to be executed by it hereunder, and the fulfillment of its obligations hereunder and thereunder, do not and will not violate any law or regulation of the jurisdiction under which it exists, any other law, regulation, judgment, decree or other similar determination applicable to it or any other agreement or instrument to which it is a party or by which it is bound;

(iii) this Agreement and all documents required to be executed by it hereunder have been duly executed and delivered by it and (assuming that the same constitute the legal, valid and binding obligations of the other Party hereto and thereto), constitute its legal, valid and binding obligations, enforceable in accordance with the respective terms hereof or thereof, except that the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting enforcement of creditors' rights generally, or by a court's discretion in relation to equitable remedies;

(iv) all approvals, authorizations or other actions by, or filings with, any governmental authority, POS (other than as provided in the Note Documents) or any other third party necessary for the validity or enforceability of its obligations under this Agreement and all documents required to be executed and delivered by it hereunder have been obtained;

(v) it is not in possession of inside information (within the meaning of section 1042A of the Corporations Act 2001 (Commonwealth of Australia)) concerning POS (the "Information") which may not be known to the other Party; and

(vi) no broker, finder or other person or entity acting pursuant to the authority of such Party is entitled to any broker's fee or other commission in connection with the transactions contemplated herein except an amount payable by that Party or an affiliate of that Party.

(b) Seller further represents, warrants and acknowledges to Purchaser that:

(i) it or its nominee is the legal owner of the Convertible Note and the Shares;

(ii) it has not pledged, encumbered, assigned, transferred, participated, conveyed, disposed of, terminated or granted any security interest in, in whole or in part, any of its right, title and interest in and to the Assigned Interest and is not a party to any agreement (other than this Agreement) which would result in the foregoing; it (or its nominee) is the sole legal and beneficial owner and holder of the Assigned Interest with undivided good title to the Assigned Interest, free and clear of any liens, claims, security interests or encumbrances, and will transfer legal and beneficial ownership of, and good title to, the Assigned Interest to Purchaser free and clear of any liens, claims, charges, encumbrances, or security interests;

(iii) there is no restriction on the transfer of the Assigned Interest to Purchaser on the terms of this Agreement (other than the requirements for transfer set out in the Convertible Note and Note Documents) and Seller has obtained all consents necessary to enable it to transfer the Assigned Interest;

(iv) no litigation, arbitration or adversarial proceeding is pending or, to its best knowledge, threatened against it, which in the aggregate would reasonably be expected to have a material adverse effect on the Assigned Interest or Purchaser's rights and remedies in respect thereof;

(v) as of the Closing Date, the aggregate amount of unpaid principal and interest under the Convertible Note is equal to not less than USD\$7,500,000;



(vi) it has delivered to Purchaser true and complete copies of the Note Documents and it has not given its consent to change, nor has it waived, any term or provision of any of the Note Documents or any of its rights thereunder, including, without limitation, the amount or time of any payment of principal or the rate or time of any payment of interest, and, other than the Note Documents, there is no other agreement to which Seller, or, to Seller's best knowledge, any other person or entity, is a party or by which Seller is bound governing Seller's rights and obligations in respect of the Convertible Note and the Shares;

(vii) it has not engaged in any act, conduct or omission that would reasonably be expected to result in Purchaser receiving proportionately less payments or distributions or less favorable treatment than other holders of the same tranche, class or type as the Convertible Note and the Shares;

(viii) the Convertible Note, and to the best of Seller's knowledge, the other Assigned Interest, are not subject to impairment, avoidance, expungement, subordination, reduction or disallowance for any reason, including, without limitation, any setoff, right of recoupment, avoidance claim, defense, counterclaim or impairment of any kind;

(ix) it has no obligation to, including any obligation to make additional loans to, make guarantees on behalf of, or otherwise extend credit to, POS under or in connection with the Assigned Interest;

(x) it has not received any written notice other than those publicly available that (i) any payment or other transfer made to or for the account of Seller from or on account of POS or any obligor under the Assigned Interest is or may be void or voidable as an actual or constructive fraudulent transfer or as a preferential transfer or (ii) the Assigned Interest, or any portion of them, are void, voidable, unenforceable or subject to any impairment;

(xi) it has received, reviewed and relied upon such information concerning the legal, business and financial condition of POS and the Assigned Interest as it considers adequate to make an informed decision regarding the sale of the Assigned Interest;

(xii) Seller has such knowledge, sophistication and experience in financial and business matters as to be capable of evaluating the merits and risks of engaging in the sale of the Assigned Interest; Purchaser has not given any investment advice or rendered any opinion to it as to whether the sale of the Assigned Interest is prudent, and it is not relying on any representation or warranty of Purchaser except as set forth in this Agreement; it acknowledges that the Purchase Price may vary from any distributions that Purchaser may ultimately recover on account of the Assigned Interest and is aware that additional information regarding the Assigned Interest may be obtained from various courts or other public files;

(xiii) Seller is an "accredited investor" as defined in Rule 501 under the Securities Act of 1933, 15 U.S.C. §§77a et seq., as amended, and the rules and regulations promulgated under it (the "Securities Act") and, without characterizing any portion of the Assigned Interest as a "security" within the meaning of applicable securities laws, and assuming the representations and warranties of Purchaser contained herein are accurate, the sale and transfer of the Assigned Interest from Seller to Purchaser is a transaction exempt from the registration requirements under the Securities Act;

(xiv) Seller is not, either by itself or with any other entity, an "insider" of POS and has not been an affiliate of POS. As used herein, "affiliate" means a person that directly or indirectly controls, or is controlled by, or is under common control with, and "insider" shall have the meaning set forth in Section 101(31) of Title 11 of the United States Code;

(xv) either (i) no interest in the Assigned Interest is being sold by or on behalf of one or more Benefit Plans (as defined in ERISA) or (ii) the transaction exemption set forth in one or more prohibited transaction class exemptions issued by the U.S. Department of Labor ("PTE"), such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds), and PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers) is applicable with respect to the sale of the Assigned Interest;

(xvi) after the transactions contemplated herein are consummated, it shall have no recourse to the Assigned Interest and, except as otherwise expressly provided herein, it shall have no recourse to Purchaser in connection with the Assigned Interest;

(xvii) it has complied with, and has performed, all obligations required to be complied with or performed by it under the Note Documents, and it has not, nor, to its knowledge has any other party, breached any of its representations, warranties, obligations, agreements or covenants under any of the Note Documents;

(xviii) it has not effected or received the benefit of any setoff against POS or any obligor on account of the Assigned Interest; and

(xix) Seller's transfer of the Assigned Interest to Purchaser is and shall remain in full compliance with all applicable securities laws, rules and regulations, including, but not limited to, with respect to the Corporations Act 2001 (Commonwealth of Australia), the Australian Securities and Investments Commission and the Australian Securities Exchange (including with respect to any reporting requirements thereof).

(c) Purchaser further represents, warrants and acknowledges to Seller that:

(i) Seller has not given and is not required to give any investment advice or rendered any opinion to Purchaser as to whether the purchase of the Assigned Interest is prudent, and Purchaser is not relying on any representation or warranty by Seller except as set forth in this Agreement;

(ii) Purchaser has consulted with counsel and has received, reviewed and relied upon such information concerning the legal, business and financial condition of POS and the Assigned Interest as it considers adequate to make an informed decision regarding the purchase of the Assigned Interest;

(iii) Purchaser is a sophisticated purchaser with respect to the Assigned Interest and acknowledges that the Purchase Price may vary from any distributions that Purchaser may ultimately recover on account of the Assigned Interest; Purchaser has fully considered, for purposes of its investment represented by the Assigned Interest, the risks of such investment and acknowledges that the purchase of the Assigned Interest involves a high degree of risk of loss by it of its investment therein, and Purchaser is able to protect its own interests and bear the economic risk associated with its investment therein;

(iv) except as otherwise expressly provided herein, the sale of the Assigned Interest by Seller to Purchaser is without recourse to Seller and, except as otherwise expressly provided herein, Purchaser shall have no recourse to Seller in connection with the Assigned Interest;

(v) assuming the accuracy of the representations of Seller set forth in Section 4(b) hereto, Purchaser acknowledges that it has received copies of the Note Documents;

Purchaser has assumed responsibility for independently evaluating the risks and merits of its purchase of the Assigned Interest and for verifying the accuracy and adequacy of the information upon which Purchaser has relied in making its investment decision, including without limitation, such other documents and information which Purchaser has deemed necessary and appropriate to make its own decision to purchase the Assigned Interest, and has independently and without reliance on Seller made its own analysis and decision to enter into this Agreement and to purchase the Assigned Interest, and is not relying on any representation or warranty of Seller other than those expressly set forth herein; notwithstanding anything to the contrary contained in this Agreement, Purchaser is relying on the truth and completeness of Seller's representations and warranties hereunder;

(vi) Purchaser was not formed for the purpose of purchasing the Assigned Interest and is not acquiring the Assigned Interest with a view to any public distribution thereof or granting any participation therein that would violate applicable securities laws, provided however, that Purchaser may resell the Assigned Interest if such resale is in accordance with applicable securities laws and Section 11 hereof;

(vii) Purchaser is a "qualified institutional buyer" as such term is defined in Rule 144A under the Securities Act;

(viii) either (i) no interest in the Assigned Interest is being acquired by or on behalf of an Entity that is, or at any time while the Assigned Interest are held thereby will be, one or more Benefit Plans or (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds), and PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers) is applicable with respect to the purchase and holding of the Assigned Interest and the exercise of Purchaser's rights thereunder;

(ix) Purchaser is not (either alone or together with others) directly or indirectly controlling or controlled by POS or under direct or indirect common control with POS;

(x) Purchaser acknowledges that no public market now exists for the Assigned Interest and that neither POS nor Seller has provided any assurance that a public market will ever exist for the Assigned Interest; and

(xi) the source of funds for the purchase of the Assigned Interest by Purchaser is a source that is permitted under the terms of the Note Documents and under all applicable laws.

5. Distributions. From and after the Closing Date, Seller shall cause all Distributions with a record date after the Closing Date to be paid, transferred or delivered directly to Purchaser. Should Seller receive any Distributions with a record date after the Closing Date at any time from and after the Closing Date, it will accept and hold the same on behalf of and for the sole benefit of Purchaser and pay the same over to Purchaser in the currency received by it within five (5) business days after receipt of any such Distributions. From and after the Closing Date, Seller shall have no legal, equitable or beneficial interest in any Distributions with a record date after the Closing Date. If any cash Distributions owed to Purchaser under this Section 5 are not paid to Purchaser when due, Seller will pay interest on such Distributions for the period from the day on which such Distributions were actually received by Seller to (but excluding) the day such Distributions are actually paid to Purchaser, at a rate per annum equal to the Federal Funds Rate as most recently reported in the Wall Street Journal (Eastern Edition).

6. Information. From and after the Closing Date, Seller shall, promptly after receipt of any notice, communication or other document from or on behalf of POS in respect of the Assigned Interest, deliver such document to Purchaser (unless Purchaser has informed Seller that it already has received such document from another source); provided that Seller may keep a copy of such document for archival purposes.

7. Voting. On and after the Closing Date, (a) Purchaser shall have sole authority to make, grant and exercise (or refrain from making, granting and exercising) all votes, whether pursuant to amendments, consents or waivers, and otherwise to exercise (or refrain from exercising) all other rights and remedies with respect to the Assigned Interest and (b) if for any reason Seller is entitled to exercise any such rights or remedies (including the right to vote) after the Closing Date, Seller (i) shall not take any action with respect thereto other than in accordance with the prior instructions of Purchaser and (ii) shall take (or refrain from taking) any action with respect thereto in accordance with the prior instructions of Purchaser except (A) as restricted or prohibited under applicable law, rule, order or the Note Documents or (B) if following such instructions might (in Seller's reasonable determination) expose Seller to any obligation, liability or expense for which Seller has not been provided adequate indemnity.

8. Notice. Notice will be given by electronic mail, if to Seller, at [IEstus@harbingercapital.com](mailto:IEstus@harbingercapital.com) (Attention: Ian Estus), and if to Purchaser, at [bmcloughlin@jefferies.com](mailto:bmcloughlin@jefferies.com) (Attention: Bill McLoughlin). Copies of all notices so sent will also be sent by overnight courier to the Parties' respective addresses set forth below.

9. Indemnification.

(a) Purchaser shall indemnify and hold Seller (and Seller's officers, directors, partners, fiduciaries, affiliates, employees and agents) harmless from any actual losses, costs or expenses, including reasonable legal fees and expenses, which are incurred as a result of breaches of any of the representations, warranties, covenants or agreements made by Purchaser in this Agreement.

(b) Seller shall indemnify and hold Purchaser (and Purchaser's officers, directors, partners, fiduciaries, affiliates, employees and agents) harmless from (i) any actual losses, costs or expenses, including reasonable legal fees and expenses, which are incurred as a result of breaches of any of the representations, warranties, covenants or agreements made by Seller in this Agreement; or (ii) any claims, obligations or liabilities to which such indemnified person becomes subject, to the extent resulting from or arising in connection with any payment, property, distribution or other transfer received or applied by or on behalf of Seller under or in connection with the Assigned Interest, including, without limitation, any obligation of Purchaser to disgorge, in whole or in part, or otherwise reimburse any party for, any payments received or applied by Seller prior to the Closing Date under or in connection with the Assigned Interest from or on account of POS.

10. Assignment of Increased Claims. If, after the Closing Date, Seller disgorges or otherwise reimburses POS, Purchaser or any third party for payments received by Seller prior to the Closing Date in respect of the Assigned Interest, Seller shall retain all claims arising under or in respect of such disgorgement or reimbursement, including, without limitation, all claims arising under Section 502 of the Bankruptcy Code, and Seller and Purchaser will execute such documents and agreements as Seller may reasonably deem necessary to carry out the intent and purposes of this Section 10 and to fully effect the transfer of such claims to Seller.

11. Assignments and Participations. After the Closing Date, Purchaser shall be entitled (subject to its compliance with applicable laws) to freely sell, assign, participate or transfer the Assigned Interest or any part thereof or interest therein, without the consent of or notice to Seller. Neither Purchaser nor Seller shall be entitled to sell, assign, participate or transfer its rights and obligations under this Agreement, or any part thereof or interest therein, without the consent of the other Party.

12. Binding Agreement; Survival. This Agreement, including, without limitation, the representations, warranties, covenants and indemnities contained herein, shall be binding upon, enforceable by, and inure to the benefit of, each of the Parties and their respective successors and assigns. The representations, warranties, covenants, agreements and indemnities contained herein shall survive the execution, delivery and performance of this Agreement and all documents to be executed in connection herewith.

13. Amendments; Entire Agreement. Any amendments to, or waivers of, this Agreement shall be in writing and signed by each Party. This Agreement and the Pricing Letter constitute the entire agreement of the Parties with respect to the subject matter hereof.

14. Confidentiality. Neither Party shall disclose the contents of this Agreement or the Pricing Letter, unless reasonably believed to be required by law or applicable regulation, regulatory authorities, the rules of an applicable stock exchange, the Note Documents or legal process, without the prior consent of the other Party; provided, however, (i) Seller or Purchaser may disclose to POS the contents of this Agreement to the extent reasonably believed to be required under the Convertible Note, (ii) Purchaser may disclose the contents of this Agreement (other than the Purchase Price) to any proposed purchaser, participant, subparticipant or other transferee of the Assigned Interest, (iii) Seller or Purchaser may disclose the contents of this Agreement to its affiliates, attorneys, accountants, trustees or other fiduciaries, agents, employees, officers, directors other professionals and advisors, and (iv) Seller or Purchaser may disclose the contents of the Pricing Letter to its affiliates, attorneys, accountants, trustees or other fiduciaries, employees, officers, and directors. With respect to the foregoing entities to whom disclosure may be made, such permitted disclosure may also be made to such entities' respective affiliates, attorneys, accountants, trustees or other fiduciaries, agents, employees, officers, directors, other professionals and advisors employed by the proposed purchaser, participant, subparticipant or other transferee, provided that each such person agrees to keep such disclosed information confidential on the same terms as provided in this Section 14.

15. Jurisdiction. Each Party hereto hereby irrevocably consents to the exclusive personal jurisdiction of the courts of the State of New York sitting in the Borough of Manhattan and of the United States of America sitting in the Southern District of New York, in any action to enforce, interpret or construe any provision of this Agreement or of any other agreement or document delivered in connection with this Agreement.

16. Governing Law. This Agreement shall be construed, and the obligations of the Parties hereunder shall be determined, in accordance with the laws of the State of New York without regard to any conflict of laws provisions thereof. EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY ACTION, PROCEEDING OR COUNTERCLAIM INSTITUTED WITH RESPECT TO THIS AGREEMENT.

17. Further Assurances. From and after the date hereof, each Party covenants and agrees to execute and deliver all such agreements, instruments and documents and to take all such further actions the other Party may reasonably deem necessary from time to time (at the requesting Party's expense) to carry out the intent and purposes of this Agreement and to consummate the transactions contemplated hereby and to fully effect the transfer of the Assigned Interest to Purchaser.

18. No Relationship. Nothing contained in this Agreement shall establish any fiduciary, partnership, joint venture or similar relationship between or among the Parties hereto.

19. Counterpart Execution; Telecopies. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute one agreement binding on the Parties hereto. Transmission by telecopier of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of

such counterpart, provided that the Party so delivering such counterpart shall, promptly after such delivery, deliver the original of such counterpart of this Agreement to the other Party.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

**HARBINGER CAPITAL PARTNERS SPECIAL  
SITUATIONS FUND, L.P.**

By: Harbinger Capital Partners Special Situations GP, LLC  
its general partner

By:   
\_\_\_\_\_  
Authorized Signatory

Name:  
Title:

Address for Notice

450 Park Avenue, 30<sup>th</sup> Floor  
New York, New York 10022  
Attention: Ian Estus  
Telephone No.: 212-339-5881  
Facsimile No.: 212-508-3721



**JEFFERIES HIGH YIELD TRADING, LLC**

By:

  
Authorized Signatory

Name: **Paul J. Loomis**  
Title: **Managing Director**

Address for Notice

Jefferies High Yield Trading, LLC  
The Metro Center  
One Station Place – 3N  
Stamford, CT 06902  
Attention: William McLoughlin  
Telephone No.: 203-363-8245  
Facsimile No.: 203-708-5857

with copy (*which shall not constitute notice or service*) to:

Clifford Chance US LLP  
31 West 52<sup>nd</sup> Street  
New York, NY 10019  
Attention: Timothy C. Bennett  
Telephone: (212) 878-3235  
Facsimile: (212) 878-8375  
timothy.bennett2@cliffordchance.com



**HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P.**

450 Park Avenue, 30<sup>th</sup> Floor  
New York, New York 10022

November 6, 2012

Jefferies High Yield Trading, LLC  
The Metro Center  
One Station Place – 3N  
Stamford, CT 06902  
Attention: William McLoughlin

Ladies and Gentlemen:

Reference is hereby made to the Purchase Agreement dated as of the date hereof (the "Agreement") between **HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P.** ("Seller") and **JEFFERIES HIGH YIELD TRADING, LLC** ("Purchaser") relating to the sale by Seller to Purchaser of its right, title and interest in a certain Convertible Note issued by Poseidon Nickel Limited ("POS") and shares of POS. Capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Agreement. All dollar amounts referred to herein shall be, and all payments pursuant to the Agreement shall be made in, United States Dollars.

This letter confirms that the aggregate amount of the Purchase Price to be paid by Purchaser to Seller under the Agreement is calculated as follows:

- A. Shares  
6,739,164 Shares X \$0.0219/Share = \$147,587.70
- B. Convertible Notes  
\$7,500,000.00 Convertible Note X \$0.1544/Convertible Note = \$1,158,000.00
- C. **TOTAL = \$1,305,587.70**

The Purchase Price shall be paid by Purchaser to Seller by wire transfer of immediately available funds according to the following wire transfer instructions:

Bank:	Bank of America
ABA#:	026 009 593
A/C Name:	Harbinger Capital Partners Special Situations Fund, L.P.
A/C #:	483025966597
Ref:	Poseidon Nickel to Jefferies

This letter is the Pricing Letter referred to in the Agreement. To indicate your agreement with the foregoing, please execute and return this letter to the undersigned.

Sincerely,

**HARBINGER CAPITAL PARTNERS  
SPECIAL SITUATIONS FUND, L.P.**

By: Harbinger Capital Partners Special  
Situations GP, LLC  
its general partner

By:

  
\_\_\_\_\_

Name:

Title:

Acknowledged and Agreed:

**JEFFERIES HIGH YIELD TRADING, LLC**

By:

Name:

Title:

  
**Paul J. Loomis**  
**Managing Director**