

28 October 2008

Company Announcements Officer  
ASX Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

**Re: NOTICE OF ANNUAL GENERAL MEETING**

We enclose herewith a copy of our Notice of Annual General Meeting.

Yours faithfully



**David P.A. Singleton**  
MANAGING DIRECTOR &  
CHIEF EXECUTIVE OFFICER

Enc

**CORPORATE DIRECTORY**

**Director / Senior Management**

David Singleton	Managing Director & Chief Executive Officer
Andrew Forrest	Non-Executive Chairman
Geoff Brayshaw	Non-Executive Director
Richard Monti	Non-Executive Director
Ross Kestel	Company Secretary

**Corporate Enquiries**

Mr David Singleton – MD & CEO  
P: 61 8 9382 8799  
F: 61 8 9382 4760

E: [admin@poseidon-nickel.com.au](mailto:admin@poseidon-nickel.com.au)

**Shareholder Enquiries**

Enquiries concerning shareholdings should be addressed to:

Computershare Investor Securities  
GPO Box D182, Perth WA 6840  
P: 61 8 9323 2000

**Principal Office**

Unit 8, Churchill Court  
331-335 Hay Street  
SUBIACO WA 6008  
P: 61 8 9382 8799  
F: 61 8 9382 4760

**Registered Office**

Level 2, Spectrum  
100 Railway Road  
SUBIACO WA 6008  
P: 61 8 9367 8133  
F: 61 8 9367 8812

**Media Enquiries**

Mr Paul Downie  
Porter Novelli  
P: 61 8 9386 1233  
E: [pdownie@wa.porternovelli.com.au](mailto:pdownie@wa.porternovelli.com.au)

**Home Exchange**

The Company's shares are listed  
on the Australian Stock Exchange  
and the home exchange is Perth  
ASX code: POS

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## POSEIDON NICKEL LIMITED

ABN 60 060 525 206

## NOTICE OF ANNUAL GENERAL MEETING

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TIME: 2:30pm (WDST)

DATE: Thursday, 27 November 2008

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.au/>**

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

# Notice of General Meeting

## POSEIDON NICKEL LIMITED

ABN 60 060 525 206

Notice is hereby given that the Annual General Meeting of Poseidon Nickel Limited (the **Company**) will be held at:

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

Date: Thursday, 27 November 2008

Time: 2:30pm (WDST)

This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

## Agenda

### 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 2008.

### Ordinary Resolutions

#### 1. Adoption of Remuneration Report

*"To adopt the Remuneration Report as contained in the Annual Financial Report for the year ended 30 June 2008."*

#### 2. Re-Election of Mr Andrew Forrest 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 Andrew Forrest who retires by rotation in accordance with the Company's Constitution, offers himself for re-election, is hereby re-elected as a Director of the Company."*

#### 3. Re-Election of Mr Geoff Brayshaw as Director

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

*"That, in accordance with clause 13.4 of the Company's Constitution and for all other purposes, Mr Geoff Brayshaw, a Director who was appointed to the Board on 1 February 2008, retires and being eligible, is re-elected as a Director of the Company."*

**4. Re-Election of Mr David Singleton as Director**

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

*“That, in accordance with clause 13.4 of the Company’s Constitution and for all other purposes, Mr David Singleton, a Director who was appointed to the Board on 1 February 2008, retires and being eligible, is re-elected as a Director of the Company.”*

**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, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Board is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company to the value of \$58,300 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.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Directors and any associates of Directors and, if ASX has expressed an opinion under Listing Rule 10.14.3 that approval is required for participation in an employee incentive scheme by anyone else, that person and any associates of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**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, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Board is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company to the value of \$42,400 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.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Directors and any associates of Directors and, if ASX has expressed an opinion under Listing Rule 10.14.3 that approval is required for participation in an employee incentive scheme by anyone else, that person and any associates of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**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, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Board is authorised pursuant to the “Poseidon Nickel Limited Director Share Plan” to issue fully paid ordinary shares in the Company to the value of \$88,490 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.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Directors and any associates of Directors and, if ASX has expressed an opinion under Listing Rule 10.14.3 that approval is required for participation in an employee incentive scheme by anyone else, that person and any associates of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### 8. **Approval for issue of Securities to Mr David Singleton**

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 Directors to allot and issue 1,000,000 fully paid ordinary shares in the Company and 2,000,000 options to acquire fully paid ordinary shares in the Company to Mr David Singleton (or his nominee) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

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

#### 9. **Adoption of Poseidon Employee Bonus Scheme**

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

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, the Directors be authorised to adopt the “Poseidon Nickel Limited Employee Bonus Scheme” (**Scheme**) (the terms of which are summarised in the Explanatory Memorandum accompanying this Notice) and to issue securities pursuant to the Scheme.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the Directors of the Company (except those who are ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### 10. **Ratification of prior issue of Convertible Notes**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of convertible notes issued at a face value of US\$15,000,000, to Harbinger Capital Partners Master Fund I, Ltd and/or its nominees (US\$7,500,000) and Harbinger Capital Partners Special Situations Fund, L.P. and/or its nominees (US\$7,500,000), referred to in the Explanatory Memorandum accompanying this Notice.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance

with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### 11. **Approval for issue of Shares under the Tranche 1 Convertible Notes**

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 611 (Item 7) of the Corporations Act and for all other purposes, Shareholder approval is given for:*

- (a) the Company to allot and issue that number of fully paid ordinary shares in the Company on conversion of the convertible notes referred to Resolution 10 (**Tranche 1 Convertible Notes**) calculated in accordance with the terms of the Tranche 1 Convertible Notes;*
- (b) the Company to allot and issue that number of fully paid ordinary shares in the Company (calculated in accordance with the terms of the Tranche 1 Convertible Notes) in satisfaction of interest payable under the Tranche 1 Convertible Notes;*
- (c) the Company to allot and issue that number of fully paid ordinary shares in the Company (calculated in accordance with the terms of the Tranche 1 Convertible Notes) in satisfaction of participation rights under the Tranche 1 Convertible Notes; and*
- (d) the increase in the voting power of Harbinger Capital Partners Master Fund I, Ltd and its associates and Harbinger Capital Partners Special Situations Fund, L.P. and its associates as a result of the issue of fully paid ordinary shares in the Company under paragraphs (a), (b) and (c) of this Resolution,*

*referred to in the Explanatory Memorandum accompanying this Notice.”*

**Expert’s Report:** Shareholders should carefully consider the Independent Expert’s Report prepared by Ernst & Young for the purposes of Shareholder approval for Resolution 11 and Resolution 12 under Section 611 (Item 7) of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company.

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

#### 12. **Approval for issue of Tranche 2 Convertible Notes and Shares under the Tranche 2 Convertible Notes**

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

*“That, for the purposes of ASX Listing Rule 7.1 and Section 611 (Item 7) of the Corporations Act and for all other purposes, Shareholder approval is given for:*

- (a) the Company to allot and issue convertible notes to the value of US\$35,000,000 convertible into fully paid ordinary shares in the Company (**Tranche 2 Convertible Notes**) to Harbinger Capital Partners Master Fund I, Ltd and/or its nominees*

*(US\$17,500,000) and Harbinger Capital Partners Special Situations Fund, L.P. and/or its nominees (US\$17,500,000);*

- (b) the Company to allot and issue that number of fully paid ordinary shares in the Company (calculated in accordance with the terms of the Tranche 2 Convertible Notes) on conversion of the Tranche 2 Convertible Notes;*
- (c) the Company to allot and issue that number of fully paid ordinary shares in the Company (calculated in accordance with the terms of the Tranche 2 Convertible Notes) in satisfaction of interest payable under the Tranche 2 Convertible Notes;*
- (d) the Company to allot and issue that number of fully paid ordinary shares in the Company (calculated in accordance with the terms of the Tranche 2 Convertible Notes) in satisfaction of participation rights under the Tranche 2 Convertible Notes; and*
- (e) the increase in the voting power of Harbinger Capital Partners Master Fund I, Ltd and its associates and Harbinger Capital Partners Special Situations Fund, L.P. and its associates as a result of the issue of securities in the Company under paragraphs (b), (c) and (d) of this Resolution,*

*referred to in the Explanatory Memorandum accompanying this Notice.”*

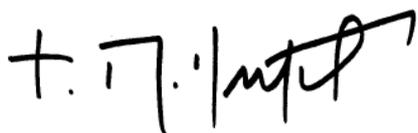
**Expert’s Report:** Shareholders should carefully consider the Independent Expert’s Report prepared by Ernst & Young for the purposes of Shareholder approval for Resolution 11 and Resolution 12 under Section 611 (Item 7) of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company.

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

### **General Business**

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

### **By Order of the Board**



Ross Kestel  
Company Secretary  
16th October 2008

## **Voting**

### **Voting entitlements**

In accordance with the Corporations Act, the Company has determined that the shareholding of each person for the purpose of determining entitlements to attend and vote at the Annual General Meeting will be the entitlement of that person set out in the Company's share register as at 5:00pm (WDST) on Tuesday, 25 November 2008. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting exclusions apply to Resolutions 5 – 12 (inclusive) of this Notice as set out under the relevant heading "Voting exclusions" under the resolution.

### **Voting in person**

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

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

### **Voting by proxy**

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

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

### **Appointing a second proxy**

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

### **Directing your proxy how to vote**

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

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

## Signing instructions

Individuals	The individual, who is the Shareholder, or his or her attorney, must sign the form.
Joint holding	Each person who is a joint Shareholder, or their attorneys, must sign the form.
Companies	The company that is the Shareholder must sign the form in accordance with section 127 of the Corporations Act either by a director jointly with either another director or a company secretary, or where the company has a sole director who is also the sole company secretary (or there is no company secretary), by that director.
Power of attorney	Any Shareholder signing under a power of attorney must attach a certified photocopy of the power of attorney document to this form.

## Lodging your proxy form

To be valid, your Proxy Form (and any power of attorney under which it is signed) must be received at the address given below no later than 2:30pm (WDST) on Tuesday, 25 November 2008. Any Proxy Form received after that time will not be valid for the scheduled meeting.

By mail	Computershare Investor Services Pty Limited GPO Box 242 MELBOURNE VIC 3001
By fax	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)

## **Explanatory Memorandum**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the Annual General Meeting of Shareholders to be held on Thursday, 27 November 2008 at 2:30pm (WDST).

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 2008, 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 2008.

### **Resolution 1 – Adoption of Remuneration Report**

At a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders.

The remuneration report of the Company for the financial year ended 30 June 2008 is set out in the Directors' report contained in the Company's Annual Financial Report.

The remuneration report sets out the Company's remuneration arrangements for the executives and non-executive Directors and executive employees of the Company.

Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

### **Resolution 2 – Re-Election of Mr Forrest**

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 Andrew Forrest retires as a Director and, being eligible, offers himself for re-election as Director of the Company.

### **Resolutions 3 and 4 – Re-Election of Mr Brayshaw and Mr Singleton**

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

Mr Geoff Brayshaw and Mr David Singleton were appointed to the Board by the Directors on 1 February 2008. In accordance with clause 13.4 of the Constitution, Mr Brayshaw and Mr Singleton, being eligible, offer themselves for re-election as Directors of the Company.

Mr Brayshaw was formerly an audit partner with the Perth firm of BDO Kendalls, having been in practice for some 35 years. He has also held a number of positions in commerce and professional bodies including National President of the Institute of Chartered Accountants of Australia in 2002.

Mr Brayshaw is a director of a number of public and private companies, including independent director and audit committee chairman of both Fortescue Metals Group Limited and Fortron Insurance Group Limited. He also sits on the board of the Small Business Development Corporation.

Mr Singleton has a wide range of operational and management experience including as Managing Director and CEO of Clough Limited and CEO of Alenia Marconi Systems based in Rome, Italy. Mr Singleton was also the Group Head of Strategy, Mergers & Acquisitions with BAE SYSTEMS in London, which through consolidation became one of the largest aerospace and defence companies in the world. Mr Singleton has a degree in mechanical engineering from University College, London.

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

It is proposed that Messrs Richard Monti, Andrew Forrest and Geoff Brayshaw (**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 2008 and ending on 30 June 2009. 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.

The Board (other than the Participating Directors) have formed the view that 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 accordingly, the issue of Shares is considered to be on arm's length terms.

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 and Geoff Brayshaw (all Directors) or their nominees;
- (b) 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 2009 divided by the deemed issue price of the Shares calculated in accordance with paragraph (d) below. The Directors' fees for the 12 month period ending on 30 June 2009 will be as follows:
  - (i) \$58,300 to Richard Monti;
  - (ii) \$42,400 to Andrew Forrest; and
  - (iii) \$88,490 to Geoff Brayshaw (this amount includes Director's fees of \$24,890 for the period from 1 February 2008 until 30 June 2008);
- (c) the above fees 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 committee member of the Remuneration and Nominations Committee Audit and Risk Management Committee; and
  - (ii) Mr Brayshaw is chairman of the Audit and Risk Management Committee and a member of the Remuneration and Nominations Committee;
- (d) the Shares will be issued for nil cash consideration as they are being issued in satisfaction of Directors' fees owing 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 days prior to the expiration of each quarter of each year;

- (e) the Director Share Plan was approved by Shareholders at the 2007 annual general meeting of the Company and to date the following Shares have been issued under it:
  - (i) 56,300 to Richard Monti;
  - (ii) 40,945 to Andrew Forrest; and
  - (iii) Geoff Brayshaw is entitled to receive 29,342 Shares for the period from his appointment on 1 February 2008 until 30 June 2008. No Shares will be issued to Geoff Brayshaw until after formal approval of his appointment as a Director by Shareholders at the Annual General Meeting;
- (f) 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 2009; and
- (g) 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 8 – Approval for Issue of Securities to Mr David Singleton**

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 1,000,000 Shares and 2,000,000 Options to Mr David Singleton on the terms and conditions set out below.

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 Securities to Mr Singleton requires the Company to obtain Shareholder approval because the issue of Securities constitutes giving 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 Securities 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 Securities (being the nature of the financial benefit being provided) to be issued to Mr Singleton is 1,000,000 Shares and 2,000,000 Options;
- (c) the Securities 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 Securities will be issued on one date;
- (d) the value of the Shares proposed to be issued to Mr Singleton is \$240,000, being 1,000,000 Shares at a deemed issue price of \$0.24 each. The proposed Share issue is inclusive of Mr Singleton's annual bonus for the financial year ended 30 June 2008 for the amount of \$281,250 that has been pre-elected to be received as Shares;
- (e) the Options will be granted for nil cash consideration. The value of the Options and the pricing methodology is set out in Schedule 2;
- (f) the Shares will rank equally in all respects with the existing Shares on issue;
- (g) the terms and conditions of the Options are set out in Schedule 1;
- (h) Mr Singleton presently holds a relevant interest in the Company of 1,000,000 Shares and 1,000,000 Options;
- (i) the remuneration and emoluments from the Company to Mr Singleton for the financial year ending 30 June 2008 was \$375,000 and the current financial year is \$450,000;
- (j) if the Securities proposed to be issued under Resolution 8 are issued and the Options issued under this Resolution are subsequently exercised, a total of 3,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 158,492,279 to 161,492,279 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by 1.9%;
- (k) the market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.
- (l) 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	\$1.4350	23 October 2007
Lowest	\$0.1650	10 October 2008
Last	\$0.1900	16 October 2008

- (m) 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 2008. The purpose of the proposed issue of Options to Mr Singleton is to provide a market linked incentive package in his capacity as Chief Executive Officer. The Board considers the grant of the Options to Mr Singleton to be reasonable, given the necessity to attract the highest calibre of professionals to the Company whilst maintaining the Company's

cash reserves. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Securities upon the terms proposed;

- (n) 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, who do not have a material interest in the outcome of Resolution 8, recommend that Shareholders vote in favour of Resolution 8. The Board (other than David Singleton) 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 the Resolution;

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Securities to Mr Singleton as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Securities 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 9 – Adoption of Poseidon Employee Bonus Scheme**

Resolution 9 seeks the approval of Shareholders for the adoption of the "Poseidon Nickel Limited Employee Bonus Scheme" (**Scheme**) to allow the issue of Shares under the Scheme as an exception to ASX Listing Rule 7.1 in accordance with exception 9(b) of ASX Listing Rule 7.2. An issue under an employee incentive scheme will only fall within exception 9(b) of ASX Listing Rule 7.2 if the securities are issued under a scheme approved by shareholders within 3 years before the date of issue.

If Resolution 9 is passed, the Company will have the ability to issue Shares to eligible participants under the Scheme over a period of 3 years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

The main terms of the Scheme are summarised in Schedule 3 to this Explanatory Memorandum and a full copy of the Scheme is available for inspection at the Company's registered office until the date of the Annual General Meeting.

The Scheme rewards eligible employees (being a full time employee or director of the Company or a subsidiary of the Company) for their contribution to the Company and enables them to share in the success of the Company.

To date 939,393 Shares have been issued under the Scheme to employees in relation to their contribution to the Company during the financial year ending 30 June 2008.

### **Background Information to Resolution 10, Resolution 11 and Resolution 12**

In July 2008, the Company announced that it entered into agreements with Harbinger Capital Partners Master Fund I, Ltd (**Harbinger Master Fund**) and Harbinger Capital Partners Special Situations Fund, L.P. (**Harbinger Special Situations Fund**) (collectively, the **Harbinger Capital Partners Funds**) for the placement of convertible notes in the Company to the value of US\$50 million (US\$25 million to Harbinger Master Fund and US\$25 million to Harbinger Special Situations Fund). The agreements provided that the convertible notes would be issued in two tranches:

1. Tranche 1 comprises the issue of Convertible Notes to the value of US\$15 million (US\$7.5 million to Harbinger Master Fund and US\$7.5 million to Harbinger Special Situations Fund) to be made within the Company's 15% capacity under ASX Listing Rule 7.1 to issue equity securities without Shareholder approval (**Tranche 1 Convertible Notes**). The Tranche 1 Convertible Notes were issued on 15 July 2008.
2. Tranche 2 comprises the issue of Convertible Notes to the value of US\$35 million (US\$17.5 million to Harbinger Master Fund and US\$17.5 million to Harbinger Special Situations Fund), to be issued subject to Shareholder approval (**Tranche 2 Convertible Notes**).

A summary of the material terms and conditions of the Convertible Notes is set out in Schedule 4 to this Explanatory Memorandum.

### **Resolution 10 – Ratification of Prior Issue of Convertible Notes**

Resolution 10 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Tranche 1 Convertible Notes.

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.

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

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

In accordance with ASX Listing Rule 7.5, the following information is provided to Shareholders in relation to the ratification:

- (a) the Company issued two Tranche 1 Convertible Notes with a face value of US\$7.5 million, one each to Harbinger Master Fund and Harbinger Special Situations Fund, neither of which entities are related parties of the Company;
- (b) the Convertible Notes are convertible into Shares at the election of the holder at a conversion price of A\$1.00 per Share (subject to adjustment in accordance with the terms of the Tranche 1 Convertible Notes) at any time after the closing price of Shares, as traded on ASX, exceeds A\$1.00 for five (5) consecutive trading days during the term of the Tranche 1 Convertible Notes;
- (c) the Tranche 1 Convertible Notes were issued at an issue price of US\$7.5 million each and otherwise issued on the terms set out in Schedule 4;
- (d) the Tranche 1 Convertible Notes were issued on 15 July 2008; and
- (e) funds raised from the issue of the Tranche 1 Convertible Notes will be used by the Company to continue the advancement of the Windarra Nickel Project including the development of the project feasibility study to complete the mine rehabilitation works and to continue the exploration and resource development program.

### **Resolution 11 – Approval for Issue of Shares under the Tranche 1 Convertible Notes**

Resolution 11 seeks Shareholder approval for the issue of Shares to Harbinger Master Fund and/or its nominated associates and Harbinger Special Situations Fund and/or its nominated associates upon conversion of or otherwise under a right set out in the Tranche 1 Convertible Notes in accordance with Item 7 of Section 611 of the Corporations Act for the acquisition of a relevant interest in voting shares of the Company by Harbinger Master Fund and/or its nominated associates and Harbinger Special Situations Fund and/or its nominated associates in circumstances which would otherwise contravene Chapter 6 of the Corporations Act.

### **Information on Item 7 of Section 611 of the Corporations Act for Resolution 11 and Resolution 12**

Section 606(1) of the Corporations Act provides that a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation

to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person (**second person**) will be an "associate" of the other person (**first person**) if:

- (a) the first person is a body corporate and the second person is:
  - i. a body corporate the first person controls;
  - ii. a body corporate that controls the first person; or
  - iii. a body corporate that is controlled by an entity that controls the first person;
- (b) the second person has entered or proposed to enter in a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and
- (c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities;  
or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

The Company seeks to obtain shareholder approval for the issue of Shares in the Company under the Tranche 1 and Tranche 2 Convertible Notes (under Resolution 11 and Resolution 12) to Harbinger Master Fund and/or its nominated associates and Harbinger Special Situations Fund and/or its nominated associates.

Each of Harbinger Master Fund and Harbinger Special Situations Fund has disclosed to the Company and to ASX that it has a number of affiliates taken to be associates under the Corporations Act.

The associates of each of the Harbinger Capital Partners Funds have no direct holding in Convertible Notes and have no direct holding in Shares. Please refer to the substantial shareholder notice to the Company and ASX dated 3 July 2008 for a complete list of "associates" (for Corporations Act purposes) of Harbinger Master Fund and Harbinger Special Situations Fund.

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition in Section 606(1) of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares in excess of the prescribed limit with shareholder approval.

Shareholder approval under Item 7 of Section 611 of the Corporations Act is therefore required to enable Harbinger Master Fund and its nominated associates and Harbinger Special Situations Fund and its nominated associates to acquire a relevant interest in the Company in excess of 20%.

The information set out below is required to be provided to Shareholders under the Corporations Act and ASIC Policy Statement 74 in respect of obtaining approval under Item 7 of Section 611 of the Corporations

Act. Shareholders are also referred to the Independent Expert's Report annexed to this Explanatory Memorandum.

### **Impact on the Company**

The proposed issue will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote.

The Independent Expert notes that the key advantages to the Company and non-associated Shareholders of the proposed issue of Convertible Notes and the issue of Shares on conversion of the Convertible Notes are as follows:

- (a) the terms of the Convertible Notes are considered attractive given the interest free period of 3 years and an interest rate of 5% thereafter;
- (b) securing funding of US\$50 million on attractive terms is a significant step for the Company to progress the development of the Windarra Nickel Project;
- (c) the track record of investments in ASX listed resource companies of each of the Harbinger Capital Partners Funds have proven that they have historically been supportive of management and their endeavours to bring mineral projects into production;
- (d) given the recent uncertainty in Australian and global financial markets, alternative sources of funding available to the Company are considered to be limited. In any event, it is unlikely that any funding obtained by the Company would be on as attractive terms as the proposed Convertible Note issue; and
- (e) the conversion price of the Convertible Notes represents a substantial premium to the price at which the Company's shares traded on ASX prior the announcement of the issue and the price as at the date of this Notice of Meeting. This is considered advantageous to the non-associated Shareholders as the price of the Company's shares on ASX will need to increase substantially before conversion of the Convertible Notes is likely to occur and any increase in the Share price would be to the benefit of the non-associated Shareholders.

The disadvantages noted by the Independent Expert include:

- (a) the voting power and control of the Company of each of the Harbinger Capital Partners Funds and its associates may increase substantially if the Convertible Notes are converted at a time when the value of the Australian dollar is low in comparison to US dollar and the existing options in the Company are not exercised; and
- (b) each of the Harbinger Capital Partners Funds may seek representation on the Board of the Company upon issue of Shares following conversion of the Convertible Notes. The extent of each of the Harbinger Capital Partners Funds and its associates voting power will determine the extent of representation on the Board.

### **Prescribed Information**

- i. The identity of the person proposing to make the acquisition and their associates:*

Harbinger Master Fund is an exempted company formed under the laws of the Cayman Islands and commenced operations as an investment company on 1 January 2003. Harbinger Special Situations Fund is a limited partnership constituted under the laws of Delaware in the United States of America and commenced operations as an investment company on 1 August 2006.

Please refer to the substantial shareholder notice to the Company and ASX dated 3 July 2008 on ASX's website at [www.asx.com.au](http://www.asx.com.au) for a complete list of "associates" (as defined under the Corporations Act) of Harbinger Master Fund and Harbinger Special Situations Fund.

Additional background information on each of the Harbinger Capital Partners Funds is set out in the Independent Expert's Report.

- ii. *The maximum extent of the increase in the person's voting power in the Company that would result from the acquisition:*

The current voting power in the Company of each of the Harbinger Capital Partners Funds and its associates is 17.4%.

The maximum extent of the increase in each of the Harbinger Capital Partners Funds' voting power following the issue of Shares on conversion of the Convertible Notes will be determined under the terms of the Convertible Notes. Shares can be issued under the Convertible Notes in three circumstances:

- (a) upon conversion;
- (b) as satisfaction of an interest payment; and
- (c) if the holder of the Convertible Note elects to acquire Shares under its participation right upon an issue by the Company.

Each of these circumstances, and its impact on the voting power of each Harbinger Capital Partners Fund, is discussed below.

### **Conversion**

The increase in voting power in the Company upon conversion is determined having regard to:

- (a) the prevailing exchange rate between the Australian dollar and the United States dollar at the time of conversion; and
- (b) any variation to the conversion price in accordance with the terms of the Convertible Notes.

The following table sets out the potential maximum increase in the voting power of the Harbinger Capital Partners Funds upon conversion of the Tranche 1 Convertible Notes and the Tranche 2 Convertible Notes applying a range of exchange rates between the Australian dollar and the United States dollar and based on the Harbinger Capital Partners Funds' voting power in the Company as at the date of this Notice of Meeting.

The following table is based on the current voting power of the Harbinger Capital Partners Funds as at the date of this Notice of Meeting. Shareholders should note that each of the Harbinger Capital Partners Funds may increase or decrease its voting power prior to conversion of the Tranche 1 Convertible Notes and the Tranche 2 Convertible Notes. Any increase or decrease prior to conversion of the Convertible Notes will have a corresponding impact on the calculation of the maximum increase in the voting power of the Harbinger Capital Partners Funds indicated below:

<b>Exchange rate</b>	<b>Voting power</b>	<b>Increase in voting power</b>
A\$1 = US\$1	37.2%	19.8%
A\$1 = US\$0.90	38.9%	21.5%
A\$1 = US\$0.80	40.8%	23.4%
A\$1 = US\$0.70	43.1%	25.7%

A\$1 = US\$0.60	45.9%	28.5%
A\$1 = US\$0.50	49.4%	32.0%

### **Interest**

Under the terms of the Convertible Notes the Company can elect to satisfy interest payable on the unconverted Convertible Notes by the issue of Shares at the lesser of the prevailing conversion price and the average of the volume weighted average price of Shares for the five days up to but not including the interest payment date. If the Company elects to issue Shares to one of both or the Harbinger Capital Partners Funds in satisfaction of interest payments on both the Tranche 1 Convertible Notes and Tranche 2 Convertible Notes, the voting power will increase proportionately as follows:

Assuming Share price is A\$1:

	<b>Voting power increase (A\$1 = US\$1)</b>	<b>Voting power increase (A\$1 = US\$0.80)</b>
Year 1	Not applicable – interest free	Not applicable – interest free
Year 2	Not applicable – interest free	Not applicable – interest free
Year 3	Not applicable – interest free	Not applicable – interest free
Year 4	1.57%	1.97%
Year 5	1.56%	1.93%
Year 6	1.53%	1.90%

Assuming Share price is A\$0.50:

	<b>Voting power increase (A\$1 = US\$1)</b>	<b>Voting power increase (A\$1 = US\$0.80)</b>
Year 1	Not applicable – interest free	Not applicable – interest free
Year 2	Not applicable – interest free	Not applicable – interest free
Year 3	Not applicable – interest free	Not applicable – interest free
Year 4	3.16%	3.94%
Year 5	3.06%	3.80%
Year 6	2.97%	3.66%

## **Participation rights**

Under the Convertible Notes, the Company has granted the holder a right to participate in issues of Shares, Options and other securities (including convertible securities) on terms which correspond with the offer the holder would have received if the offer was made on a pro-rata basis to all Shareholders and the holder held the number of shares acquirable on conversion of the Convertible Note.

If the holder exercises this participation right its proportionate interest in the Company calculated on a fully diluted basis will only increase if, and to the extent that, other offerees do not take up their rights to participate in the offer. The holder's voting power calculated on the basis of Shares actually issued would increase by the number of Shares issued in the offer acquired by the holder in excess of Shares corresponding to the holder's then voting power divided by the Shares on issue following the offer.

*iii. The voting power that person would have as a result of the acquisition:*

Refer paragraph (ii) above.

*iv. The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition:*

Refer paragraph (ii) above.

The voting power of each associate of a Harbinger Capital Partners Fund will be the same as the voting power of that Harbinger Capital Partners Fund.

*v. The voting power that each of that person's associates would have as a result of the acquisition:*

Refer paragraph (ii) above.

The voting power of each associate of a Harbinger Capital Partners Fund will be the same as the voting power of that Harbinger Capital Partners Fund.

Note: The above paragraphs assume that:

- (a) no additional Shares are issued (whether by the issue of Shares under Resolutions 5, 6, 7 and 8, upon the exercise of Options in the Company, partly paid shares becoming fully paid shares, special bonus shares vesting or otherwise). This specifically includes the issue of Shares on conversion of the September 2012 Options, which would result in the issue of 115,000,000 Shares and a significant reduction in the voting power of each of the Harbinger Capital Partners Funds and its associates.
- (b) there is no adjustment to the conversion price of A\$1 per Share in accordance with the terms of the Convertible Notes.

Each of the Harbinger Capital Partners Funds and its associates have informed the Company that, as at the date of this Notice of Meeting and on the basis of the facts and information available to it, if Shareholders approve Resolution 11 and Resolution 12, that it and its associates:

- (a) have no current intention of making any significant changes to the business of the Company in a manner that may be detrimental to non-associated Shareholders;
- (b) do not intend to redeploy any fixed assets of the Company;
- (c) do not have any current intention to inject further capital into the Company, other than the Tranche 2 Convertible Note issue price to be paid by each of the Harbinger Capital Partners Funds if and when the issue date for the Tranche 2 Convertible Notes occurs;
- (d) do not intend to transfer any property between the Company and a Harbinger Capital Partners Fund or any person associated with any of them other than as set out in this Notice;
- (e) have no current intention to change the Company's existing policies in relation to financial matters or dividends in a manner that may be detrimental to non-associated Shareholders;

- (f) have no current intentions regarding the future employment of the present employees of the Company; and
- (g) have no current intention to change the Board.

The intentions of each of the Harbinger Capital Partners Funds and its associates above are stated as at the date of this Notice of Meeting. Each of the Harbinger Capital Partners Funds and its associates have reserved their right to reassess their position on these points from time to time. In particular, from time to time their position on the composition of the Board will be determined by the extent of their voting power in the Company.

### **Interests and Recommendations of Directors**

Based on the information available, including that contained in this Explanatory Memorandum and the Independent Expert's Report, all of the Directors consider that the issue of the Convertible Notes and issue of Shares upon conversion of the Convertible Notes the subject of Resolution 11 and Resolution 12 is in the best interests of the Company.

Each of the Directors approved the proposal to put Resolution 11 and Resolution 12 to Shareholders and each of the Directors recommend that Shareholders vote in favour of Resolution 11 and Resolution 12.

### **Role of the Independent Expert**

The Independent Expert's Report assesses whether the proposals outlined in Resolution 11 and 12 are fair and reasonable to the Shareholders who are not associated with Harbinger Master Fund and its associates and Harbinger Special Situations Fund and its associates. The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed issue of Convertible Notes. This assessment is designed to assist all non-associated Shareholders in reaching their voting decision in relation to the Resolutions contained within this Notice of Meeting.

Ernst & Young has prepared the Independent Expert's Report and has provided an opinion that it believes the proposal as outlined in Resolution 11 and Resolution 12 is **fair and reasonable** to the Shareholders of the Company not associated with Harbinger Master Fund or Harbinger Special Situations Fund.

The Directors recommend that all Shareholders read the Independent Expert's Report in full.

### **Resolution 12 – Approval for Issue of Tranche 2 Convertible Notes and Shares under the Tranche 2 Convertible Notes**

Resolution 12 seeks Shareholder approval for the issue of the Tranche 2 Convertible Notes to Harbinger Master Fund and/or its nominees and Harbinger Special Situations Fund and/or its nominees, and the issue of Shares to Harbinger Master Fund and/or its nominated associates and Harbinger Special Situations Fund and/or its nominated associates upon conversion of, or otherwise under a right set out in the Tranche 2 Convertible Notes in accordance with:

- (a) ASX Listing Rule 7.1 for the issue of equity securities in excess of the Company's 15% placement capacity; and
- (b) Item 7 of Section 611 of the Corporations Act for the acquisition of a relevant interest in voting shares of the Company by Harbinger Master Fund and/or its nominated associates and Harbinger Special Situations Fund and/or its nominated associates.

If Resolution 11 and Resolution 12 are approved the Company will be permitted to issue the Tranche 2 Convertible Notes. The ASX Listing Rules require that this occur within three (3) months after the date of the meeting at which the approval is obtained. However, the terms of the Tranche 2 Convertible Notes provide they will be issued at a time agreed by the Company and the relevant Harbinger Capital Partners Fund (acting reasonably). If the issue of the Tranche 2 Convertible Notes does not occur within three (3) months (or any longer period permitted by the ASX) then if required by the ASX Listing Rules, the Company will seek a further approval from Shareholders.

## **ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is provided in the explanatory material to Resolution 10.

The effect of Resolution 12 will be to allow the Directors to issue the Tranche 2 Convertible Notes during the period of three (3) months after the Annual General Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity.

In accordance with ASX Listing Rule 7.3, the following information is provided to Shareholders in relation to the proposed issue of Tranche 2 Convertible Notes:

- (a) the Company will, subject to the parties agreeing the date of issue, issue a Tranche 2 Convertible Note with a face value of US\$17.5 million to Harbinger Master Fund and/or its nominees and issue a Tranche 2 Convertible Note with a face value of US\$17.5 million to Harbinger Special Situations Fund and/or its nominees;
- (b) the Convertible Notes are convertible into Shares at the election of the holder at a conversion price of A\$1.00 per Share (subject to adjustment in accordance with the terms of the Tranche 2 Convertible Notes) at any time after the closing price of Shares, as traded on ASX, exceeds A\$1.00 for five (5) consecutive trading days during the term of the Tranche 2 Convertible Notes;
- (c) the Tranche 2 Convertible Notes will be issued at an issue price of US\$17.5 million each and otherwise issued on the terms set out in Schedule 4;
- (d) the ASX Listing Rules require the issue of the Tranche 2 Convertible Notes to occur within three (3) months after the date of the meeting at which the approval is obtained. However, the terms of the Tranche 2 Convertible Notes provide they will be issued at a time agreed by the Company and the relevant Harbinger Capital Partners Fund (acting reasonably). If the issue of the Tranche 2 Convertible Notes does not occur within three (3) months (or any longer period permitted by the ASX) then if required by the ASX Listing Rules, the Company will seek a further approval from Shareholders; and
- (e) funds raised from the issue of the Convertible Notes will be used by the Company to continue the advancement of the Windarra Nickel Project including the development of the project feasibility study to complete the mine rehabilitation works and to continue the exploration and resource development program.

## **Information on Item 7 of Section 611 of the Corporations Act for Resolution 12**

Information in respect of Shareholder approval under Item 7 of Section 611 of the Corporations Act for Resolution 12 is provided in the explanatory material to Resolution 11.

## **RESPONSIBILITY FOR INFORMATION**

The information concerning the Company contained in this Explanatory Memorandum, including information as to the views and recommendations of the Directors has been prepared by the Company and is the responsibility of the Company.

Ernst & Young has prepared the Independent Expert's Report in relation to Resolution 11 and takes responsibility for that report and has consented to the inclusion of that report in this Explanatory Memorandum. Ernst & Young is not responsible for any other information contained within the Explanatory Memorandum.

Shareholders are urged to read the Independent Expert's Report to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

Certain statements in the Explanatory Memorandum relate to the future. Those statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by those statements. These statements reflect views only as of the date of the Explanatory Memorandum. Neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in the Explanatory Memorandum will actually occur and you are cautioned not to place undue reliance on those forward looking statements.

The Explanatory Memorandum does not take into account the individual investment objectives, financial situation and particular needs of individual Shareholders. If you are in doubt as to what you should do you should consult your legal, financial or professional adviser prior to voting.

## **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.

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

**Business Days** means any day other than a Saturday, Sunday or public holiday in the State of Western Australia.

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

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

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

**Convertible Notes** means Tranche 1 Convertible Notes and Tranche 2 Convertible Notes collectively.

**Directors** means the current directors of the Company.

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

**Harbinger Master Fund** means Harbinger Capital Partners Master Fund I, Ltd.

**Harbinger Special Situations Fund** means Harbinger Capital Partners Special Situations Fund, L.P.

**Harbinger Capital Partners Funds** means Harbinger Master Fund and Harbinger Special Situations Fund collectively.

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

**Option** means an option to acquire a Share.

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

**Securities** means Shares and Options.

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

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

**Tranche 1 Convertible Notes** means notes to the value of US\$15 million convertible into Shares issued on the terms and conditions set out in Schedule 4.

**Tranche 2 Convertible Notes** means notes to the value of US\$35 million convertible into Shares proposed to be issued on the terms and conditions set out in Schedule 4.

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

## **SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS**

The Options proposed to be issued under Resolution 8 entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) **(Vesting)**: the Options may only be exercised subject to satisfaction of the following vesting conditions:
- (i) 500,000 Options vest when the Share price as quoted on ASX trades at a weighted average price of \$1.20 or more for 5 consecutive days;
  - (ii) 500,000 Options vest when the Share price as quoted on ASX trades at a weighted average price of \$1.60 or more for 5 consecutive days;
  - (iii) 500,000 Options vest when the Share price as quoted on ASX trades at a weighted average price of \$2.20 or more for 5 consecutive days; and
  - (iv) 500,000 Options vest when the Share price as quoted on ASX trades at a weighted average price of \$2.60 or more for 5 consecutive days.
- (b) **(Termination of employment)**: in the event the Option holder ceases to be employed by the Company in a full time capacity as Chief Executive Officer of the Company, the Option holder shall have 60 days to exercise any vested Option in accordance with these terms. Any unvested Option shall automatically lapse on the date of termination.
- (c) **(Prescribed event)**: the vesting conditions set out in paragraph (a) and the restriction period of exercise set out in paragraph (e)(i) will not apply in the event that any of the following events occur:
- (i) the Company announces that it proposes to delist from official quotation on ASX;
  - (ii) a substantial shareholder notice is lodged with the Company showing the relevant interest of an individual or entity holding in excess of 50% voting power in the Company;
  - (iii) an offer in respect of a takeover bid for all of the Shares in the Company becomes unconditional and, in the opinion of the board of directors of the Company, has a reasonable chance of success; or
  - (iv) any event which, in the reasonable opinion of the Board, affects the ability of the Company to continue as a going concern.
- For the avoidance of doubt, if any of the events prescribed above occur, all Options shall immediately vest and shall be immediately exercisable in accordance with these terms.
- (d) **(Conversion)**: the Options entitle the Option holder to subscribe for Shares as follows:
- (i) subject to paragraphs (a), (b) and (c) of these terms, the Options are exercisable in the period commencing 3 years from the date of issue and ending 4 years from the date of issue (**Exercise Period**). Any Option not exercised in the Exercise Period will automatically lapse at the expiry of the Exercise Period;
  - (ii) the exercise price of each Option is \$0.80;
  - (iii) each Option gives the Option holder the right to subscribe for one Share. To obtain the right given by each Option, the Option holder must exercise the Options in accordance with the terms and conditions of the Options;
  - (iv) a Option holder may exercise their Options, in whole or part, by lodging with the Company, within the Exercise Period:

- (A) a written notice of exercise of Options specifying the number of Options being exercised; and
- (B) a cheque or electronic funds transfer for the exercise price for the number of Options being exercised,

**(Exercise Notice);**

- (v) an Exercise Notice is only effective when the Company has received the full amount of the exercise price in cleared funds;
- (vi) within 5 Business Days of receipt of the Exercise Notice accompanied by the exercise price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice;
- (vii) all Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares;
- (viii) the Company will apply for quotation by ASX of all Shares allotted pursuant to the exercise of Options within 10 business days after the date of allotment of those Shares;
- (ix) in the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company before the expiry of any Options, the number of Options to which a Option holder is entitled or the exercise price of the Options or both will be reconstructed (as appropriate) in accordance with the ASX Listing Rules;
- (x) an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised; and
- (xi) there are no participating rights or entitlements inherent in the Options and the Option holder, in the capacity as an Option holder, will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options.

## **SCHEDULE 2 – VALUATION OF OPTIONS**

The Options to be issued to Mr David Singleton pursuant to Resolution 8 have been independently valued.

Using the binomial lattice approach and based on the assumptions set out below, the Options were ascribed a value as follows:

<b>Item</b>	<b>Tranche A</b>	<b>Tranche B</b>	<b>Tranche C</b>	<b>Tranche D</b>
Underlying security spot price	\$0.24	\$0.24	\$0.24	\$0.24
Exercise price	\$0.80	\$0.80	\$0.80	\$0.80
Exercise barrier	\$1.20	\$1.60	\$2.20	\$2.60
Volatility	115%	115%	115%	115%
Risk free rate	5.15%	5.15%	5.15%	5.15%
Proposed issue date	13 November 2008	13 November 2008	13 November 2008	13 November 2008
Expiration date	13 November 2012	13 November 2012	13 November 2012	13 November 2012
Expiration period	4 years	4 years	4 years	4 years
<b>Number of Options</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Valuation per Option</b>	<b>\$0.146</b>	<b>\$0.145</b>	<b>\$0.143</b>	<b>\$0.141</b>
<b>Valuation per Tranche</b>	<b>\$73,038</b>	<b>\$72,608</b>	<b>\$71,436</b>	<b>\$70,438</b>

Note: The valuations noted above are not necessarily the market prices that the Options could be traded at and they are not automatically the market prices for taxation purposes.

## **SCHEDULE 3 – 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 Scheme is designed to reward full-time or permanent part-time employees and Directors of the Company for their contribution to the Company. The aim of the Scheme is to have 75% of all full time or permanent part time employees with greater than 3 years service (whether continuous or non-continuous) with the Company in the Scheme.

### **Committee**

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

### **Bonus Offer**

The committee may in its absolute discretion:

- (a) determine which employees are entitled to participate in the Scheme from time to time;
- (b) make an offer to selected employees;
- (c) determine the bonus band that will apply to an offer to selected employees; and
- (d) determine the amount of the bonus to be offered to selected 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**

The employee may elect to receive the bonus in cash or Shares.

Payment of the bonus is conditional on the employee 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.

### **Cash**

If the employee elects to take the bonus in cash, the Company will pay the bonus to the nominated bank account of the employee after finalisation of the financial year.

### **Bonus Shares**

If the employee elects to take the bonus in Shares, then the employee will receive:

- (a) the amount of the bonus in Shares, determined by dividing the bonus by the volume weighted average closing price of a Share as traded on ASX for the 5 trading days up to and including the date of issue (**Participating Bonus Shares**); and
- (b) an additional issue of Shares equivalent to 50% of the amount of the bonus, determined by dividing 50% of the bonus by the volume weighted average closing price of a Share as traded on ASX for the 5 trading days up to and including the date of issue (**Special Bonus Shares**).

## Participating Bonus Shares

- (a) Participating Bonus Shares will upon allotment rank pari passu in all respects with other Shares, except as set out below.
- (b) The Company will apply for quotation of Participating Bonus Shares on ASX within 10 Business Days after the date of allotment of those Shares.
- (c) Participating Bonus Shares will be held in a holding lock imposed by the Company's share registry and will not be capable of being transferred, sold or otherwise disposed of by the holder until the earlier of:
  - (i) 10 years from the date of issue;
  - (ii) the date the employee ceases to be employed by the Company;
  - (iii) the date the Company authorises the release of the holding lock; or
  - (iv) such other time as may be determined by the committee.
- (d) Whilst the holding lock is in place if the employee commits any fraudulent, dishonest or gross negligent acts as determined by the committee acting reasonably, then the Participating Bonus Shares will be forfeited and the employee shall be required to sell their Participating Bonus Shares to the Company for the nominal sum of \$1.00.

## Special Bonus Shares

- (a) Special Bonus Shares will upon allotment rank pari passu in all respects with other Shares, except as otherwise set out below.
- (b) Special Bonus Shares will be subject to a vesting period until such time as the holder is able to demonstrate to the Company that the following conditions have been satisfied:
  - (i) the Special Bonus Shares have been held for a minimum period of 3 years from the date of issue;
  - (ii) the Participating Bonus Shares issued with the Special Bonus Shares have also been held for a minimum period of 3 years from the date of issue; and
  - (iii) the employee continues to be a full time employee of the Company,(together, the **Conditions**).
- (c) The share registry will apply a holding lock to the Special Bonus Shares on the date of issue which will prevent the Special Bonus Shares from being transferred, sold or otherwise disposed of by the holder until the Company authorises its release, which it shall not do until:
  - (i) the holder demonstrates that the Conditions have been satisfied or waived; and
  - (ii) the earlier of:
    - (A) 10 years from the date of issue;
    - (B) the date the employee ceases to be employed by the Company;
    - (C) the date the Company authorises the release of the holding lock; or
    - (D) such other time as may be determined by the committee.

- (d) Whilst the holding lock is in place if the employee commits any fraudulent, dishonest or gross negligent acts as determined by the committee acting reasonably, then the Special Bonus Shares will be forfeited and the employee shall be required to sell their Special Bonus Shares to the Company for the nominal sum of \$1.00.
- (e) Upon release of the holding lock, the Company will apply for quotation of the Special Bonus Shares on ASX.

### **Prescribed Event**

The Company will authorise the release of the holding lock over the Participating Bonus Shares and the Special Bonus Shares in the event that:

- (a) 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
- (b) 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.

In the event the holding lock is released, any unvested Special Bonus Shares shall automatically vest.

## **SCHEDULE 4 – TERMS AND CONDITIONS OF CONVERTIBLE NOTES**

A summary of the material terms and conditions of the Convertible Notes is as follows:

- (a) The Convertible Notes have a six (6) year term. The Company will repay the face value of the Convertible Note to the holder at the maturity date, unless the Convertible Note has been converted into Shares in accordance with these terms or repaid upon an earlier event of default.
- (b) The Convertible Notes are convertible into Shares at the election of the holder at A\$1 per Share (**Conversion Price**). The Conversion Price may be adjusted if: (i) the Company issues Shares, or securities convertible into Shares, at a price less than A\$1 in the period commencing on 25 June 2008 and ending 180 days later; or (ii) if a dividend is declared, in each case to protect the holder against any dilutive effect to its shareholding or the Company's assets.
- (c) The Convertible Notes are convertible into Shares at any time after the closing price of Shares, as quoted on ASX, exceeds the Conversion Price for five (5) consecutive trading days during the term of the Convertible Notes.
- (d) Shares issued on conversion of the Convertible Note will upon issue be fully paid and rank pari passu in all respects with other the existing Shares on issue on the conversion date. The Company will apply for quotation by ASX of all Shares allotted pursuant to the conversion of Convertible Notes immediately upon issue.
- (e) No interest is payable for the first three (3) years of the term and thereafter interest is payable at 5% per annum quarterly in arrears. The Company may elect to satisfy interest payments by the issue of Shares at the lesser of the Conversion Price or the average of the volume weighted average prices of a Share, as quoted on ASX, for five (5) consecutive trading days up to but not including the interest payment date.
- (f) The Convertible Notes are unsecured and no charge or any other form of security will be taken over the Company or its assets.
- (g) In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company: (i) the number of Shares to be issued upon exercise of the Convertible Notes; and (ii) the Conversion Price, will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on or detriment suffered by the holder which are not conferred on or suffered by Shareholders and otherwise in accordance with the ASX Listing Rules. In all other material respects, the terms for the exercise of the Convertible Notes will remain unchanged.
- (h) Subject to compliance with the Corporations Act and the ASX Listing Rules, if at any time before the expiry of the term of the Convertible Notes, the Company makes an offer of Shares, Options or other securities (including convertible securities) in the Company then the Company must make to the holder an offer on terms which correspond with the offer the holder would have received if the offer was made on a pro-rata basis to Shareholders and the holder had held the number of Shares acquirable upon conversion of the Convertible Note (without taking into account any limitations or restrictions on the convertibility of the Convertible Note or the ability to redeem the Convertible Note) immediately before the date on which participants are to be determined for the offer.
- (i) Subject to compliance with the Corporations Act and the ASX Listing Rules, if Shareholders are entitled to receive stock, securities or other assets with respect to or in exchange for Shares (a **Corporate Event**), the Company shall make appropriate provision to ensure that the holder will have the right to receive upon such a Corporate Event such stock, securities or other assets to which the holder would have been entitled if the holder had held the number of Shares acquirable upon conversion of the Convertible Note (without taking into account any limitations or restrictions on the convertibility of the Convertible Note or the ability to redeem the Convertible Note) immediately before the date on which the record holders of Shares are to be determined for such receipt of stock, securities or other assets.

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

**Proxy Form**

***Please return this Proxy Form 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 8473 2555 (outside Australia)*

**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

**A**

Mark the above with an "X" if the Chairman of the Meeting is to be your Proxy

**OR**

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

---

Or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the 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 Thursday, 27 November 2008 at 2.30pm (WDST) and at any adjournment of that meeting.

**B**

**IMPORTANT: FOR RESOLUTIONS 5 to 12 BELOW**

If the Chairman of the Meeting is your proxy and you are not directing him to vote on Resolutions 5 to 12 please mark the box in this section.

By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he may have an interest in the outcome of these Resolutions and that votes cast by him for these Resolutions, other than as proxy holder, would be disregarded because of that interest.

If you do not mark this box AND you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolutions 5 to 12 and your votes will not be counted in calculating the required majority if a poll is called on these Resolutions.

**The Chairman of the Meeting intends to vote undirected proxies in favour of the resolution.**

		For	Against	Abstain *
Resolution 1.	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.	Re-Election of Mr Andrew Forrest as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3.	Re-Election of Mr Geoff Brayshaw as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4.	Re-Election of Mr David Singleton as Director	<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 Securities to Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9.	Adoption of Poseidon Employee Bonus Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10.	Ratification of prior issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11.	Approval for issue of Shares under the Tranche 1 Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

**Proxy Form**

***Please return this Proxy Form 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 8473 2555 (outside Australia)*

Resolution 12. Approval for issue of Tranche 2 Convertible Notes and Shares under the Tranche 2 Convertible Notes

\*If you mark the Abstain box for resolutions 1 to 12, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.  
If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form.

**PLEASE SIGN HERE**  
**be implemented**

**This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented**

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**

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

*Computershare Investor Services Pty Limited  
Locked Box 2508 PERTH WA 6001  
Or  
Facsimile on +618 9 323 2033*

**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 Thursday, 27 November 2008 at 2:30pm and at any adjournment or postponement of the Annual General Meeting, or any meeting arising from the Annual General Meeting.

Dated this      day of              2008

Executed by

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

.....  
Director

.....  
Director/Secretary

.....  
Name of Authorised Representative

.....  
Signed by Authorised Representative