

27 June 2019

## NOTICE OF MEETING CLARIFICATIONS

On 14 June 2019 Poseidon Limited (Poseidon or the Company) issued a Notice of General Meeting (NOM) to be held on 15 July 2019.

Subsequent to the release of the NOM, the Company has received a number of general queries, requesting clarification around the issues being considered at the Shareholders Meeting.

To assist all shareholders, the Company has outlined below, points of clarification for consideration by shareholders.

### SECTION 36 OF PROPOSED CONSTITUTION

**Shareholders have asked why there is a need to include the Section 36 in our proposed Constitution.**

A proportional takeover bid (where the offer made to each shareholder is only for a proportion of that shareholder's shares) is in the ordinary course, permitted by law.

The purpose of the proposed Section 36 is **to counter** the proposition of a proportional takeover. The Board considers the proposed amendment to be a protection mechanism for shareholders.

It is only with the now proposed Section 36, that the Board is able to give shareholders a say in any such takeover proposal **before it can proceed**. The proposed Section 36, enables shareholders, via a formally called meeting, to either accept or reject any proposal for a proportional takeover and creates an additional hurdle for any potential bidder.

The proposed Constitution expressly requires that where a proportional bid has been made, the Directors are to ensure that a prescribed resolution to approve the proportional bid is voted on in accordance with Section 36, before the relevant deadline date (see Section 36.2(b)).

Further, it is a criminal offence (under the applicable Corporations law) for directors to not hold such a meeting.

With regard to the proposed constitution deeming a resolution where a meeting has not been held in the prescribed time, the Constitution merely reflects the Corporations law in this regard. Again, as noted above, it would be a breach of the Constitution and the Corporations law if the directors did not hold such a meeting.

It is to overcome concerns relating to proportional takeovers as allowed for by the Corporations Law that we have proposed this Section 36 forms part of the Company's Constitution.

**RESOLUTION 1 – APPROVAL OF ISSUE OF SHARES TO EDISON METALS**

**Shareholders have asked why Poseidon has agreed to hold a meeting wherein it is proposed to seek shareholder approval for Edison Metals ((EM) a wholly owned subsidiary of Black Mountain Metals Pty Ltd (BMM) to receive shares upon conversion of the Convertible Note (CN) held by EM should EM so choose under the terms of the CN.**

Under the CN terms, EM can apply to convert the CN at any time during the period of the CN, subject to compliance with applicable laws. If EM elects to convert the CN, Poseidon have an obligation to seek shareholder approval, to enable the conversion to proceed.

In such circumstances, Poseidon would be placed in the uncertain position of needing to call a meeting to seek such approval at the time of the request, within a timeline of 8 to 10 weeks, to complete the process.

The CN also gives Poseidon the option to pay interest to EM by way of the issue of shares. However, without the requisite shareholder approval, Poseidon is precluded from this course as EM has no present capacity to receive such shares.

In Section 1.5 and 1.6 of the NOM there are listed advantages and disadvantages of the Issue referred to in Resolution 1. As is clearly stated in other parts of the document and the attached Independent Experts Report, should the CN not be converted at maturity by the holder EM, then the Company is required to repay the US\$17.5 million plus any unpaid interest outstanding.

It is also noted that any member with at least 5% voting power in Poseidon (including EM) may compel Poseidon to call a shareholders meeting pursuant to the process outlined in the Corporations Act (s249D). In such circumstances, the directors must call the meeting within 21 days of the request being given to the company and the meeting is to be held within two months. Notwithstanding the current proposal in Resolution 1, EM could use this power to compel Poseidon to hold a shareholders meeting seeking the requisite approval to convert the CN.

In these circumstances, it was considered by the Board to be appropriate and beneficial to Poseidon to seek shareholder approval at the present time.



**Geoffrey Brayshaw**  
**Chairman**

For further information, please contact Ms Eryn Kestel, Company Secretary on (08) 6167 6600.

## CORPORATE DIRECTORY

### **Director / Senior Management**

Geoff Brayshaw	Non-Executive Chairman
Felicity Gooding	Non-Executive Director
Karl Paganin	Non-Executive Director
Robert Dennis	Managing Director & CEO
Eryn Kestel	Company Secretary

### **Principal & Registered Office**

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### **Shareholder Enquiries**

Personal shareholding queries should be addressed to:  
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### **Home Exchange**

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