



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ninth Annual General Meeting of the shareholders of **Anaconda Nickel Limited** will be held at the following time and place:

**Time:** 11.00 am  
**Date:** Wednesday, 20<sup>th</sup> November 2002  
**Place:** Parmelia Hilton  
Swan Room  
Mill Street  
Perth WA 6000

### Ordinary Business

#### 1. Accounts and Reports

*The tabling and consideration of the Financial Statements and Directors' Declaration and Report for the year ended 30 June 2002, together with the Auditor's Report to the Members of the Company.*

#### 2. Directors

To elect directors, each as a separate resolution:

- (a) *Mr Johannes van Gaalen who was appointed on 23 January 2002 to fill a casual vacancy retires in accordance with the Company's constitution and being eligible, offers himself for re-election;*
- (b) *Mr Malcolm Macpherson who was appointed on 11 April 2002 to fill a casual vacancy retires in accordance with the Company's constitution and being eligible, offers himself for re-election;*
- (c) *Mr James Campbell who retires by rotation in accordance with the Company's constitution and being eligible, offers himself for re-election;*
- (d) *Mr John Morrison who retires by rotation in accordance with the Company's constitution and being eligible, offers himself for re-election*

### 3. Special Business

To consider and, if thought fit, pass, as a special resolution of the Company, the following resolution:

*“That the Company hereby authorises the Board of Directors to grant 5 million options to subscribe for ordinary shares to Peter Johnston, the CEO of the Company, on the following terms (Options):*

- *exercise price of \$0.69 per share.*
- *the Options may be exercised in three tranches being:*
  - *1,250,000 after 27/11/03 if the Company’s share price exceeds \$1.04*
  - *1,250,000 after 27/11/04 if the Company’s share price exceeds \$1.21*
  - *2,500,000 after 27/11/05 if the Company’s share price exceeds \$1.38*
- *all Options are exercisable after 2 years of grant if the Company’s share price exceeds \$1.38 on any 10 days out of 20 consecutive trading days within 2 years of 28 November 2001*
- *expiry date of 28 November 2006.*
- *the Options are not transferable during the life of the Options.*
- *unexercised Options will lapse if the option holder ceases employment with Anaconda.*
- *Options will be reorganised as required by ASX Listing Rule 7.22 on a reorganisation (including consolidation, subdivision, reduction or return) of issued capital.*
- *The terms and conditions of the Options may only be amended by special resolution of the Company in general meeting in accordance with the ASX Listing Rules.*

#### Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in place of such member at the meeting.
2. Where more than one proxy is appointed, separate proxy forms must be lodged and each proxy must be appointed to represent a specified proportion of the shareholder’s voting rights.
3. A proxy duly appointed need not be a shareholder of the Company.
4. The proxy form must be signed by the member or the member’s attorney. Proxies given by corporations must be signed by a duly authorized officer(s) or executed under seal. In the case of joint members, all are to sign.
5. The appointment of one or more duly appointed proxies will not preclude you from attending the meeting and voting personally.
6. It has been determined pursuant to section 1109N of the Corporations Law that all quoted securities of the Company shall, for the purposes of the meeting, be taken to be held by those persons who hold them as at 48 hours before the time notified for the commencement of the meeting.
7. Faxed or original proxy forms must be deposited at Level 12, 2 Mill Street, Perth, Western Australia, fax number 08 9212 8420 (International +61 8 9212 8420), not less than 48 hours before the time fixed for holding the meeting.
8. If the appointment is signed by an attorney, the power of attorney or a certified copy of it must be sent with the proxy form.
9. If you have multiple holdings, please complete a proxy form for each holding.

The attached proxy form forms part of this notice.

Please call 08 9212 8400 if you have any questions regarding this notice of meeting, the proxy form or the explanatory statement.

By Order of the Board



John Quayle  
Company Secretary  
10<sup>th</sup> October 2002

## EXPLANATORY NOTES ON SPECIAL BUSINESS

The following information is provided to assist shareholders in their consideration of the resolutions contained in the attached Notice of Annual General Meeting (“Notice”).

### EXECUTIVE OPTIONS

#### Resolution 3

As a component of Mr Johnston’s employment contract with Anaconda, the Board has resolved to grant to Mr Johnston, subject to approval by shareholders at the 2002 Annual General Meeting of the Company, 5 million options over unissued stock in Anaconda exercisable as detailed below. The Board’s intent in granting Mr Johnston the options is to encourage him to ensure the Company performs well for all shareholders through long-term growth and increasing shareholder value.

The terms of the Options are as follows:

- Exercise price of \$0.69 per share, being the average of the closing price of the shares on the ten business days prior to the date on which the Company announced to the Australian Stock Exchange the appointment of Mr Johnston as the Chief Executive Officer of the Company.
- The Options may be exercised in three tranches being:
  - 1,250,000 after 27/11/03 if the Company’s share price exceeds \$1.04
  - 1,250,000 after 27/11/04 if the Company’s share price exceeds \$1.21
  - 2,500,000 after 27/11/05 if the Company’s share price exceeds \$1.38
- All Options are exercisable after 2 years of grant if the share price exceeds \$1.38 on any 10 days out of 20 consecutive trading days within 2 years of 28 November 2001
- The Options have an expiry date of 28 November 2006 being 5 years from date of grant.
- The Options are not transferable.
- Unexercised Options will lapse if the option holder ceases employment with the Company.
- Options will be reorganised as required by ASX Listing Rule 7.22 on a reorganisation (including consolidation, subdivision, reduction or return) of issued capital.
- The terms and conditions of the Options may only be amended by special resolution of the Company in general meeting in accordance with the ASX Listing Rules.

Mr Johnston has abstained from making a recommendation that shareholders approve resolution 3 on the basis that he has an interest in the outcome of the resolution.

The Board considers that the granting of the options to Mr Johnston and the terms of the options provide an incentive to Mr Johnston and is reasonable when compared to the current market. The Board therefore seeks approval from shareholders to issue 5 million options to Mr Johnston as indicated in resolution 3.

#### General Information relating to resolution 3

The information set out below may be of assistance to shareholders in their consideration of resolution 3.

At the date of this notice unissued ordinary shares under option are:

Expiry Date	Exercise Price	Number of Options	Equivalent No. of Shares
31 December 2002 <sup>(1)</sup>	\$2.40	5,533,328	5,533,328
28 November 2006 <sup>(2)</sup>	\$2.50	10,000,000	10,000,000
28 November 2006 <sup>(3)</sup>	\$0.69	5,000,000	5,000,000
4 December 2006	\$0.69	1,000,000	1,000,000

- (1) 3,980,000 options over 3,980,000 unissued shares issued to former Directors of the Company were approved by shareholders at the Company's annual general meeting on 28 November 2001. 31 December 2002 share options are fully vested and fully transferable.
- (2) In the financial year ended 30 June 2001, the Board resolved to issue, upon shareholder approval, 10,000,000 options to Mr Forrest, expiring 5 years after the date of grant with an exercise price of \$2.50 as part of a termination package. The options were approved and granted by shareholders at the Company's annual general meeting on 28 November 2001.
- (3) Subject to shareholder approval at the 2002 annual general meeting

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During the year, 3,092,500 options over 6,185,000 unissued shares maturing 31 December 2001 with an exercise price of \$6.00 expired. No options were exercised during or since the end of the financial year.

Details of the shareholdings of Mr Johnston:

	Ordinary Shares	Ex Pr - \$0.69 Expiry 28/11/06	Equivalent No Shares
P B Johnston	-	5,000,000 <sup>(1) (2)</sup>	5,000,000

- (1) Subject to approval being sought at the Annual General Meeting of Shareholders on 20 November 2002.
- (2) Based on a closing share price of \$0.79 on 28 November 2001, the fair value of the options at the time was estimated at \$0.38. The value was calculated using a Black-Scholes option pricing model after considering factors such as the term of the option, the risk free interest rate and volatility of the share price (estimated at 40%).

Extent of probable dilution of the total number of shares on issue if the Options are exercised

Total Number of Shares on Issue	Mr Johnston Options	Other Options	Total Potential Ordinary Shares
461,502,243	5,000,000	16,533,328	488,035,571

During the period 1 July 2001 to 30 June 2002, Anaconda shares were traded at a high of \$1.42 and a low of \$0.24. As at 9 October 2002, the Anaconda shares closed at \$0.24.