

Kagera Nickel Limited (formerly Innovance Ltd)

A.C.N. 117 330 757

Kagera Nickel Limited
82 Fullarton Road, NORWOOD SA 5067
Tel *61 8 8130 2000 Fax: *61 8 8363 1980

19 October 2010

Dear Shareholder

ANNUAL GENERAL MEETING

I am pleased to invite you to attend the Annual General Meeting of Kagera Nickel Limited ("Company") to be held at the offices of O'Loughlins Lawyers, Level 2, 99 Frome Street, Adelaide, South Australia on Thursday 25 November 2010 at 11.00 am.

An electronic copy of the 2010 Annual Report is available to download or view on the Company's website at www.kageranickel.com.au The 2010 Annual Report has also been sent by post to those shareholders who have previously elected to receive a hard copy.

If you are unable to attend the meeting in person, I encourage you to return the enclosed Proxy Form. The Proxy Form should be returned by post or faxed to the Company's Office or Share Registry so that it is received by 11.00 am on Tuesday 23 November 2010.

Yours sincerely,



SIMON O'LOUGHLIN
CHAIRMAN

Encl.

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A.C.N. 117 330 757

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82 Fullarton Road, NORWOOD SA 5067
Tel: *61 8 8130 2000 Fax: *61 8 8363 1980

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Kagera Nickel Limited ("**Company**") will be held at the offices of O'Loughlins Lawyers, Level 2, 99 Frome Street, Adelaide, South Australia on Thursday 25 November 2010 at 11.00 am.

Please note that your online version of the Company's Annual Report 2010 can be viewed at <http://www.kageranickel.com.au/> The 2010 Annual Report has also been sent by post to those Shareholders who have previously elected to receive a hard copy.

Ordinary Business

To receive and consider the Financial Statements for the year ended 30 June 2010 and accompanying reports of the Directors and Auditor.

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

- 1] **Adoption of the Remuneration Report**
'That the Company adopt the Remuneration Report for the year ended 30 June 2010 as set out in the Company's 2010 Annual Report.'
- 2] **Re-election of Mr David Gower as Director**
'That Mr David Gower, being a Director who was appointed since the last annual general meeting of the Company, retires pursuant to ASX Listing Rule 14.4 and clause 9.2 of the Constitution of the Company and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.'
- 3] **Re-election of Mr David Argyle as Director**
'That Mr David Argyle, being a Director who was appointed since the last annual general meeting of the Company, retires pursuant to ASX Listing Rule 14.4 and clause 9.2 of the Constitution of the Company and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.'
- 4] **Re-election of Mr Simon O'Loughlin as Director**
'That Mr Simon O'Loughlin, being a Director who was appointed since the last annual general meeting of the Company, retires pursuant to ASX Listing Rule 14.4 and clause 9.2 of the Constitution of the Company and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.'

Explanatory Notes

The Explanatory Notes accompanying this Notice of Annual General Meeting are incorporated in and comprise part of this Notice of Annual General Meeting, and should be read in conjunction with this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Notes which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and the Explanatory Notes.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

For Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions.

“Snap-shot” Time

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting. The Directors have determined that all Shares of the Company that are quoted on ASX as at 7.00 pm on 23 November 2010 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.

Dated 19 October 2010

**BY ORDER OF THE BOARD
KAGERA NICKEL LIMITED**



**DONALD STEPHENS
COMPANY SECRETARY**

Voting

A Proxy Form is enclosed with this Notice.

EXPLANATORY NOTES

Introduction

These Explanatory Notes set out information in connection with the business to be considered at the Annual General Meeting of Shareholders to be held at the offices of O'Loughlins Lawyers, Level 2, 99 Frome Street, Adelaide, South Australia on Thursday 25 November 2010 at 11.00 am.

Other than the information set out in these Explanatory Notes, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider Resolutions 1, 2, 3 and 4.

All of the resolutions are ordinary resolutions. They are separate resolutions and in no way dependent on each other.

Resolution 1: Adoption of the Remuneration Report

The Annual Report for the year ended 30 June 2010 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Directors and specified executives. The report is set out in the Directors' Report section of the Annual Report.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and will not bind the Company or the Directors. However, the Board has determined that it will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

Resolution 2: Re-election of Mr David Gower as Director

ASX Listing Rule 14.4 and clause 9.2 of the Constitution requires that any Director appointed by the Company, either to fill a casual vacancy or as an addition to the Board, holds office only until the termination of the next annual general meeting of the Company and is eligible for re-election at that annual general meeting. Accordingly Mr David Gower, who was elected by Shareholders as a Director on 13 September 2010, retires pursuant to ASX Listing Rule 14.4 and clause 9.2 of the Constitution and, being eligible, offers himself for re-election.

A resume for Mr Gower follows:

David Gower P.Geo

David Gower has over 20 years of experience in exploration with Falconbridge Ltd, Noranda Inc (now X-strata PLC) most recently as director of Global Nickel Inc and PGM Exploration and Mining. He was a member of the Senior Operating Team responsible for mining projects with Falconbridge Ltd. He has led exploration teams which were responsible for brownfields discoveries at Raglan and Sudbury, Matagami, Falcondo – DR, and greenfield discoveries at Araguaia in Brazil, Kabanga Nickel Deposit in Tanzania and significant increases in known nickel resources at the Kabanga Nickel Deposit in Tanzania and El Pilar in Mexico.

The Directors (other than Mr Gower) recommend that Shareholders vote in favour of Resolution 2.

Resolution 3: Re-election of Mr David Argyle as Director

ASX Listing Rule 14.4 and clause 9.2 of the Constitution requires that any Director appointed by the Company, either to fill a casual vacancy or as an addition to the Board, holds office only until the termination of the next annual general meeting of the Company and is eligible for re-election at that annual general meeting. Accordingly Mr David Argyle, who was elected by Shareholders as a Director on 13 September 2010, retires pursuant to ASX Listing Rule 14.4 and clause 9.2 of the Constitution and, being eligible, offers himself for re-election.

A resume for Mr Argyle follows:

David Argyle MBA

In August 2007, David Argyle was appointed President and Chief Executive Officer of Dynamite Resources Ltd which subsequently merged with Avion Resources Corp in February 2009. Prior to joining Dynamite, he was the Managing Director of Tau Mining Ltd. Mr Argyle brings with him 20 years experience in senior management positions on mining and chemical projects in China, South East Asia, Central Asia and Australia. He holds a degree in Commerce from the University of Western Australia and an MBA from the University of Michigan.

The Directors (other than Mr Argyle) recommend that Shareholders vote in favour of Resolution 3.

Resolution 4: Re-election of Mr Simon O'Loughlin as Director

ASX Listing Rule 14.4 and clause 9.2 of the Constitution requires that any Director appointed by the Company, either to fill a casual vacancy or as an addition to the Board, holds office only until the termination of the next annual general meeting of the Company and is eligible for re-election at that annual general meeting. Accordingly Mr Simon O'Loughlin, who was elected by Shareholders as a Director on 13 September 2010, retires pursuant to ASX Listing Rule 14.4 and clause 9.2 of the Constitution and, being eligible, offers himself for re-election.

A resume for Mr O'Loughlin follows:

Simon O'Loughlin BA (Acc), Law Society Certificate in Law

Simon O'Loughlin is the founding member of O'Loughlins Lawyers, an Adelaide based medium sized specialist commercial law firm. He has obtained extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide. More recently, he has been focusing on the resources sector. Mr O'Loughlin also holds accounting qualifications. He is currently chairman of Bondi Mining Ltd and Avenue Resources Ltd and a director of Aura Energy Ltd, Living Cell Technologies Ltd, Petrathern Ltd, Chesser Resources Ltd, Strzelecki Metals Ltd, Probiomics Ltd and WCP Resources Ltd. He has comprehensive experience with companies in the small industrial and resources sectors.

Mr O'Loughlin is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

The Directors (other than Mr O'Loughlin) recommend that Shareholders vote in favour of Resolution 4.

Glossary

"ASX" means ASX Limited ACN 008 624 691;

"ASX Listing Rules" means the official listing rules of ASX;

"Board" means the board of directors of the Company;

"Company" means Kagera Nickel Limited ACN 117 330 757;

"Constitution" means the constitution of the Company;

"Corporations Act" means *Corporations Act 2001* (Cth);

"Director" means a director of the Company;

"Share" means a fully paid ordinary share in the capital of the Company; and

"Shareholder" means a holder of a Share.



000001 000 KNL
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 1903 Adelaide
South Australia 5001 Australia

Alternatively you can fax your form to
(within Australia) 1300 534 987
(outside Australia) +61 3 9473 2408

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 11:00 am (Adelaide time) Tuesday 23 November 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Kagera Nickel Limited hereby appoint

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the Chairman
of the meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to 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 Kagera Nickel Limited to be held at the offices of O'Loughlins Lawyers, Level 2, 99 Frome Street, Adelaide, South Australia on Thursday, 25 November 2010 at 11:00am (Adelaide time) and at any adjournment of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

	For	Against	Abstain
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr David Gower as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr David Argyle as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Mr Simon O'Loughlin as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____/____/____

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