NSL Consolidated Limited

ACN 057 140 922

Annual Report

for the year ended
30 June 2016

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CORPORATE DIRECTORY

Directors	P I Richards B.Comm *Chairman / Non-Executive Director* C F Goode MBA *Managing Director / CEO* *P Linford* *Non-Executive Director*
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Solicitors to the Company	Steinepreis Paganin Lawyers and Consultants Level 4, The Read Buildings 16 Milligan Street PERTH WA 6000
Stock Exchange Listing	NSL Consolidated Limited's shares and options listed on the Australian Securities Exchange and Frankfurt Stock Exchange Australian Securities Exchange Share Code: NSL Australian Securities Exchange Listed Option Code: NSLO Frankfurt Stock Exchange Code: 2NC

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

The Board is pleased to present the NSL Consolidated Limited ("NSL") Annual Report for the financial year 2015/16.

Following a year in which significant accretive supply side elements of the iron ore industry coincided with a decline in demand, mainly from China, and prices collapsed towards $US30 / tonne. However, more recently a level of stability has returned to the sector, with prices recovering to more sustainable levels. This is turn has availed a modest recovery in the mining and mining service industries here in Australia, where share prices have exhibited some attractive gains, albeit from record lows.

Conditions in India however, remained favourable as its economy grew at its fastest pace in five years, underpinned by surging private consumption and low import costs of oil and energy resources. This strong domestic demand offset a slowdown in growth of fixed investment and a weak export sector. Industrial production continued to strengthen as we headed into the new year, offset by further declines in exports. The Indian government has sought to address the uneven footing of the economy by accelerating its reform efforts, creating the platform for a higher growth trajectory going forward. Over the next five years we can expect India to be the strongest performing global economy by a long way supported by low energy import prices (oil) and benefiting from domestic resources that are now being developed. As Australian companies rushed to join the growth of China, many have missed opportunities in India, or are arriving belatedly. For NSL the foresight of having invested time, funding and technological expertise in India has positioned the company strongly going forward.

In light of this growth, India remained the world's third largest producer of crude steel and is forecast to become the second largest producer after China in the next ten years. This growth has in turn been driven by the availability of domestic iron ore and access to cost effective labour. In FY 15, steel consumption reached 77 million tonnes, a CAGR of 5.7% over the previous 7 years. With increased infrastructure development and the growth in the automotive and construction sectors, consumption is expected to reach 104 million tonnes by FY 17 and an extraordinary 300 million tonnes by 2025. These conditions have necessitated India becoming a net importer of steel and created the favourable settings for NSL's Wei Hua joint venture.

Through the course of the year the Company progressed in a number of significant areas:

- NSL successfully demonstrated its ability to develop and sell dry lump Phase One material which will be complementary to our Phase Two wet fines beneficiation project;

- NSL delivered two successful capital raisings which supplemented the New York investment firm, MG Partners 11 Limited (Magna), conventional commercial loan;

- NSL entered into a ground-breaking equipment supply agreement with Shandong Huate Magnet Technology Co. Ltd (Huate), one of China's premier global beneficiation plant suppliers. Coupled with the capital raisings, this saw our Phase Two wet beneficiation plant move into the development phase and we expect commissioning of this plant early in the second quarter FY 17;

- The Company signed a Memorandum of Understanding (MoU) to build a steel processing plant in the Indian state of Andhra Pradesh. The MoU was executed with Wei Hua Group Co Ltd, China's largest heavy equipment crane building company, with 2015 revenues in excess of US$1 billion. The MOU outlines the obligations of both parties through a 50 / 50 Joint Venture whereby NSL will be responsible for all associated approvals for the construction and operation of the steel plant in return for a free carried interest. The MOU additionally targets access to the Chinese Government's "one road, one belt" investment strategy through the Asian Infrastructure Investment Bank.

This project will leverage NSL's existing MoU with the Andhra Pradesh Government (GoAP) to gain approvals for land, power, water and other utilities, and demonstrates the value NSL can bring to the region as the only foreign entity owning and operating mining leases, as well as processing and selling iron ore in India.

- Work continues on a number of opportunities important for both our short and longer term aspirations. In the short term, this involves further leveraging the MoU and relationship we have with the GoAP to sustain and grow our wet beneficiation strategy by accessing low grade third party material which would otherwise have no alternate value to its lease holders or the local community; and

- For the longer term, we continue to pursue strategies to gain the necessary approvals for the AP 14 mining lease, working closely with both the Telangana State and Indian Federal governments.

NSL's MoU with the GoAP provides for the growth and expansion of our mining and beneficiation operations within the State. Our production aspirations will translate into a need for a significant workforce and associated services, which presents both a local employment challenge and a unique opportunity for Corporate Social Responsibility (CSR) programs, in which our early progress should make shareholders proud.

NSL has played an active part of the local community and has been able to develop an understanding of the key CSR program focus areas:

1. Schools and education

NSL representatives have been actively engaging with Principals of the surrounding primary schools to gain a better insight into their functions and standards and to gauge the needs of each community.

During this time, we have been assisting with the teaching of English in schools, exposing students to e-learning, and understanding future directions for education in the District. This engagement process has also resulted in NSL making a donation of chemicals and laboratory equipment to one of the local colleges.

2. Healthcare and emergency planning

The Company has also been engaging with the local hospital at Betamcherla through bilateral visits and workshops. For NSL this has practical benefits, such as allowing for detailed emergency preparedness planning and first aid training for staff. The medical staff were notably impressed with NSL's systems, processes and induction methods, which they hope to roll out in their hospital.

3. Water access - Borewell monitoring and environmental impact measurements

The Company is always seeking to move beyond environmental compliance and take a position of leadership. An example of this commitment is NSL conducting a regional borewell survey and monitoring program. The Company has been gathering data from 20 borewells within a 5 km radius of the plant, monitoring depth variations to water table and various water quality parameters. Understanding the nature of the water table and seasonal changes through the monsoon will allow better utilisation of this resource, and is linked to the drive for productivity improvements for the local farmers.

4. Agriculture Programs

The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) is an international non-profit organization that undertakes scientific research; the Company has been in discussions with ICRISAT about areas for collaboration and joint research focused on productivity improvement in agriculture and better channels to market for rural communities.

Our small commitments to date have produced positive impacts on our local communities and NSL will continue to engage with village, community and government institutions to support the Kurnool District. We aim to ensure the establishment of a sustainable business model for what is predominantly an agriculture based economy.

Finally, I would like to again acknowledge the persistence, expertise and sacrifices made by our Australian management team, ably supported by my fellow independent director, Peter Linford, our growing Indian workforce and more recently our Chinese partners, as we work towards establishing a viable and sustainable business in India.

Peter Richards

Chairman

DIRECTORS' REPORT

The Directors of NSL Consolidated Limited (the Company or NSL) present their report on the consolidated entity (referred to hereafter as the Group), consisting of NSL Consolidated Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2016.

DIRECTORS

The following persons were Directors of NSL Consolidated Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Peter Richards	Chairman/Non Executive
Cedric Goode	Managing Director/CEO
Peter Linford	Non Executive Director

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was review, assessment, exploration, development and strategic investment in Indian iron ore and Queensland Coal projects.

DIVIDENDS

The Directors do not recommend the payment of a dividend and no amounts have been paid or declared by way of dividend since the start of the financial year.

OPERATING AND FINANCIAL REVIEW

Strategy

Over the course of the year, the Company continued to execute upon its bulk mineral commodities strategy, with the emphasis on Indian iron ore.

As detailed by the Chairman in his review, India is experiencing strong economic growth, currently 7.6%, making it the fastest growing major economy in the world. Consistent with this strong economic growth, India recently became the 3rd largest producer of steel in the world, growing at 7% per annum over the previous 5 years.

As the world's 3rd largest steel producer, India produces approximately 160 million tonnes of iron ore for use in the domestic steel market. India's economic growth and stability favours NSL's long-term strategy of developing and growing its cash flow and asset base.

The Company sourced the funding and gained the necessary approvals to progress with the construction and commissioning of its Phase Two wet beneficiation plant. As with the existing dry lump plant, future production is contracted through offtake agreements with sophisticated large scale Indian steel producers JSW Steel (JSW) and BMM Ispat (BMM).

The Company continues to be heartened by Indian state and central Government's support of our business through the execution of a Memorandum of Understanding (MOU) with the state government of Andhra Pradesh. This MOU has enabled our continued success in gaining relevant approvals to support our Indian business strategy. It is also a further acknowledgement of the integrity in which the Company is held as we move forward towards a sturdier commercial footing to support all stakeholders.

With significant investment to be made in upgrading India's infrastructure in the next 10 years (estimated to be US$1.7 trillion), India's Government is taking various steps to encourage investment. NSL is positioned to be part of that growth with a strategy to service strong domestic consumption, higher workforce numbers and emerging middle classes. India's wealthiest consumers (those earning US$1m or more in PPP terms) will increase by 40 million in the next 10 years!

DIRECTORS' REPORT (CONTINUED)

Iron Ore – India

KURNOOL IRON ORE BENEFICIATION PLANT

PHASE ONE PLANT

During the first half of the financial year the Company received its second Purchase Order (PO) from BMM which required 5,000 tonnes of +55% Fe lump iron ore for direct feed into BMM's DRI kiln process in the production of sponge iron.

The Company's Phase One dry plant in Kurnool was modified to commence producing product for delivery into the BMM PO, however, subsequently we received notification of the closure of its sponge iron kilns in December due to breakdown. As a result of BMM's decision the Company did not commence delivery of the 5,000 tonne purchase order. To date BMM have not provided a restart date for its kilns.

During the first half of the financial year the Company conducted further market evaluation and technical reviews with key steel industry producers. One of the key outcomes from this exercise has been the ability to develop a fuller understanding of the required product mix and technical requirements needed by individual blast furnaces.

As a result of this review, NSL also received PO's for a specialised product that is relatively unique to NSL as a result of its ore geology and beneficiation process at our operations. The specialised blend of iron, silica and alumina is critical to the performance of the furnace and quality of the finished cast iron.

PO's have been received from:

- Srikalahasthi Pipes Limited (SPL);
- Sathavahana Ispat Limited (SI); and
- Small scale steel mills.

The Company commenced supplying into these PO's in small quantities, however demand from these smaller scale steel mills has been sporadic.

Product despatch to Sathavahana Ispat

DIRECTORS' REPORT (CONTINUED)

Product despatch to Krishna Industries

PHASE TWO PLANT

During the financial year the Company, as the only Australian or foreign company to own and operate in India's massive iron ore market, continued to progress is Phase Two wet beneficiation fines project.

The Company hosted a team of engineers from equipment provider Shandong Huate Magnet Technology Co. Ltd or Huate Magnetism (Huate), one of China's premier global beneficiation plant suppliers (refer http://www.chinahuate.com/).

Huate Engineers visiting NSL plant

The team from Huate inspected the plant location and assisted NSL with the appointment of lead engineers, Design Tribe, to provide the detailed engineering design which enabled the generation of final construction plans.

The visit also allowed planning of fabrication and shipping schedules for the plant from China. The Huate team participated in a final risk assessment between Huate, Design Tribe and NSL prior to excavation and site civil works commencing.

DIRECTORS' REPORT (CONTINUED)

During the site inspection the Huate team were also able to inspect NSL's pipeline of future projects to better understand the growth profile for the Kurnool district and the potential to upscale the technology.

Team inspecting mining projects

During the last quarter of the financial year, Huate's equipment was fabricated, tested, shipped from Qingdao port to Krishnapatnam port and successfully moved through the customs clearance process in accordance with NSL announced timeline.

Final testing, quality inspection and verifications were conducted by SGS Industrial Services in the presence of NSL and Huate.

Now that all Huate's equipment has been delivered to site, Huate has shifted its focus to construction and commissioning. Assisting NSL, a specialist team of Mechanical Engineers, Electrical Engineers, Process Engineers, Ball Mill specialists and WHIMS specialists has arrived on site and will remain until commissioning of the wet beneficiation plant.

LIMS Magnetic Separator equipment ready for final inspection

DIRECTORS' REPORT (CONTINUED)

Electromagnetic Feeder equipment ready for final inspection

Equipment in fabrication

Equipment in fabrication

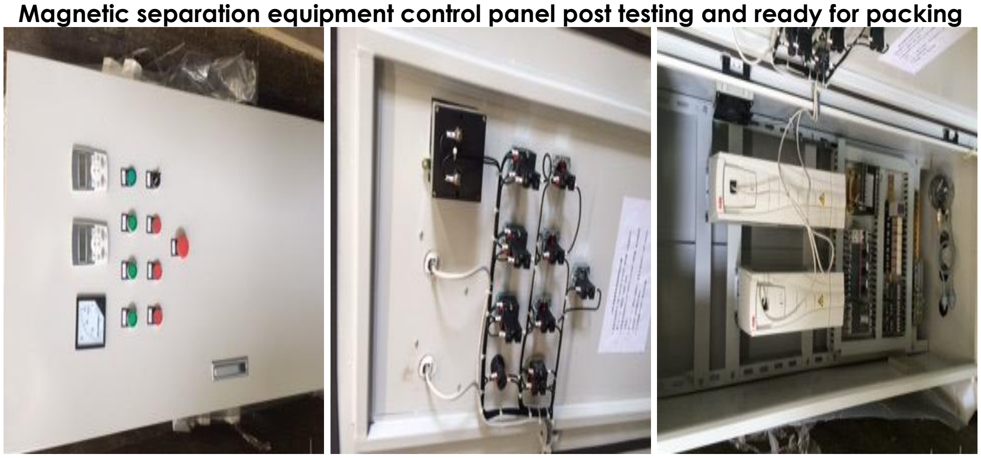
DIRECTORS' REPORT (CONTINUED)

Water filtration equipment painted post testing and ready for packing

Magnetic separation equipment painted post testing and ready for packing

DIRECTORS' REPORT (CONTINUED)

Magnetic separation equipment control panel post testing and ready for packing



Water filtration equipment control panel post testing and ready for packing

Ball mill equipment in final stages of fabrication

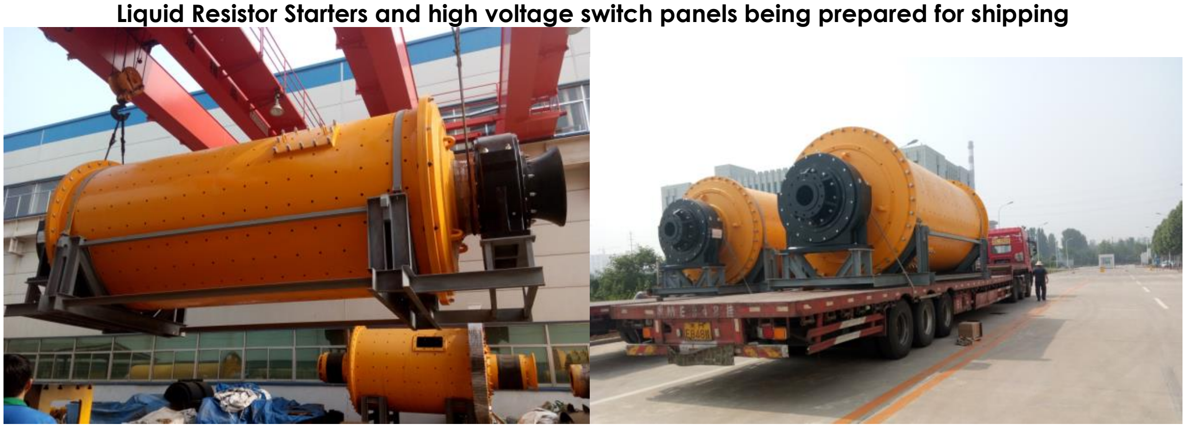
DIRECTORS' REPORT (CONTINUED)

Ball mills being prepared for shipping

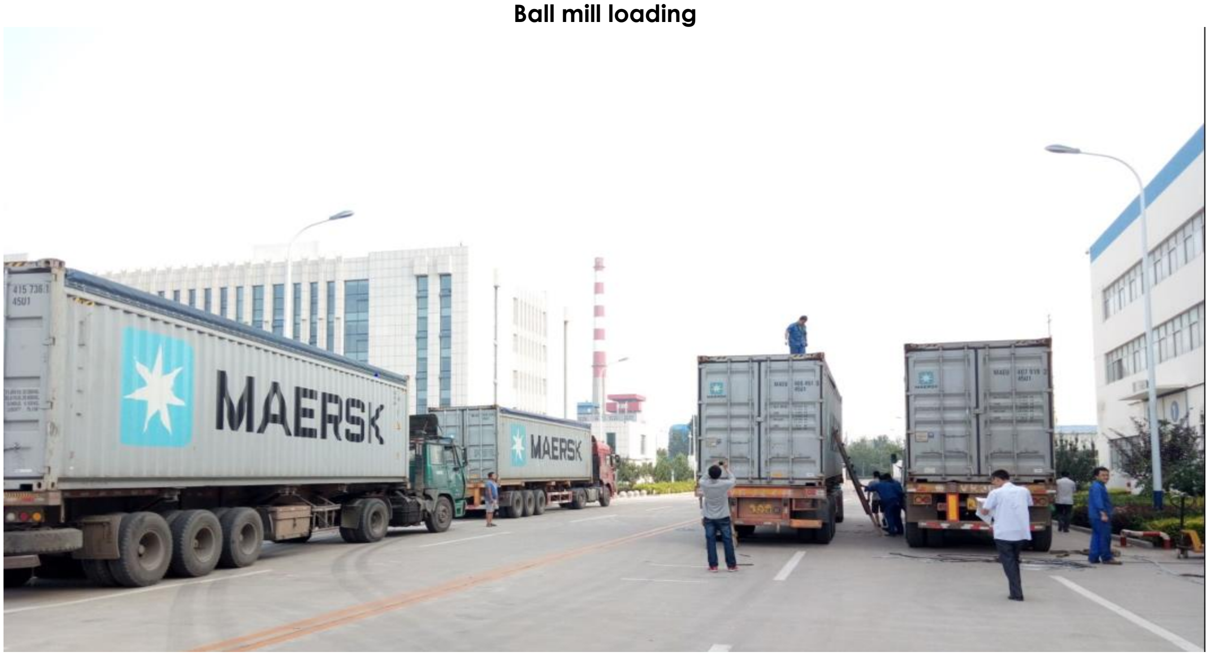
Classifiers being prepared for shipping

DIRECTORS' REPORT (CONTINUED)

Liquid Resistor Starters and high voltage switch panels being prepared for shipping



Ball mill loading



A group of containers departing factory

DIRECTORS' REPORT (CONTINUED)

Huate Wet Plant Agreement Details

Huate is a specialised beneficiation plant supplier and is unique in China in that it has capability in plant design, fabrication, construction, commissioning and supporting operations of entire large scale beneficiation plants.

Huate also has global experience in iron ore beneficiation, including in Australia.

This agreement with Huate further supports the confidence in NSL's Indian iron ore projects and the larger scale Indian iron ore industry in general, an industry in which Huate has aspirations to gain a position.

As highlighted in previous announcements the commercial terms are as follows:

Capital cost: US$1,054,000 (excluding duties)

Payment 1	Payment 2	Payment 3	Payment 4	Payment 5	Payment 6	Payment 7
COMPLETED	COMPLETED	COMPLETED	COMPLETED	COMPLETED	120 days' post Stage 3 delivery	180 days' post Stage 3 delivery
25% Contract Value	25% Stage 1 equipment value	25% Stage 2 equipment value	25% Stage 3 equipment value	20% Contract Value	15% Contract Value	15% Contract Value
Mar 16	Apr 16	May 16	Jun 16	Aug 16	Dec 16	Feb 17

Site and Infrastructure

During the last quarter of the financial year, various site and infrastructure works commenced. Construction of the site office expansion was completed, and site infrastructure moved towards completion in readiness for the civil foundation works.

Office second story construction

DIRECTORS' REPORT (CONTINUED)

Office second story construction

Retaining wall buttress construction

The civil foundation works commenced and are well progressed with foundation excavations being completed. Concrete pouring also commenced and continues to progress on schedule.

Sequential Site Images Showing Construction Progress

DIRECTORS' REPORT (CONTINUED)

Sequential Site Images Showing Construction Progress

To mark the official commencement of the construction phase of the project, the Company celebrated the official launch of the Phase Two wet beneficiation plant project with a Puja (a prayer ritual performed by Hindus for event celebration). The Puja was attended by approximately 130 people from the Company, village elders, regional Government representatives and bureaucrats.

Puja Celebrations of breaking first ground for civil works

DIRECTORS' REPORT (CONTINUED)

Puja Celebrations of breaking first ground for civil works

AP 26 & 27

The Company was able to further support its important wet beneficiation production expansion plans by gaining access to additional mining leases, designated AP26 and AP27, through a Run of Mine (ROM) royalty based agreement.

The Company entered into a Heads of Agreement (HOA), binding on the Lessee, whereby the Lessee agrees to grant the Company exclusive operation and management rights over the mining assets for a period equal to the length of the Mining Lease and any extensions thereto.

AP26 and AP27 are mining leases of a combined 100 acres located in the district of Kurnool, and importantly only 1.5kms and 9kms from NSL's existing stockyard and its beneficiation plants. Being located in the same geological basin as the NSL owned Kuja and Mangal mining leases, their geology and beneficiation characteristics are similar in nature and contain a significant quantity of iron ore material amenable to NSL's processes.

The Company has been engaged in a detailed legal and technical due diligence program on both projects, which has included conducting geomagnetic surveys and surface sampling. Work will continue into this year, with the Company anticipating final documents to be executed on successful completion of the due diligence program.

The AP26 and AP27 projects represent opportunities both to enhance the current wet plant project and allow for significant future growth plans.

AP26 and 27 pit workings

DIRECTORS' REPORT (CONTINUED)

MARKETING AND OFF-TAKE

During the year, the Company was pleased to advise that it had entered into two non-exclusive off-take agreements for its first 200,000 tonnes of Phase Two 58-62% Fe wet beneficiation plant fines product.

The off-take agreements with JSW Steel (JSW) and BMM Ispat (BMM), reflect the demand of the Indian steel industry for the Phase Two wet beneficiation plant material. Importantly, they have been achieved directly with end users, avoiding the need for traders and the uncertain credit worthiness inherent with this channel to market, and therefore reducing sales transactional risk.

JSW is India's leading private sector steel producer and among the world's most illustrious steel companies. JSW Steel is a circa $9 billion global conglomerate spread over six locations in India and a footprint that extends to the US, South America and Africa.

As the flagship company of the $11 billion JSW Group, JSW is testament to decades of experience and a dynamic culture that have culminated in the company becoming the leading provider of specialised steels in India.

The off-take agreement, executed with JSW is for 200,000 tonnes per annum of Phase Two 58-62% Fe wet beneficiation plant fines product. The agreement has the capability of absorbing all expected output from our wet plant, but being non-exclusive, it allows the Company to also diversify its customer base with other existing or future off-takers going forward. Commercial terms are market based.

Importantly during the course of the off-take discussions, JSW considered the NSL fines product to be a premium product due to its size, grade and low level contaminants. Specifically, the NSL wet plant fines product is able to be inserted into the steel process further downstream creating operational, cost and quality advantages. In addition, the low levels of Alumina, Phosphorous and Sulphur offer blending opportunities for the steel manufacturing process.

The JSW steel complex is approximately 160kms from NSL operations and located within the Hospet region of Karnataka, southern India's main steel producing belt.

Production facilities located at the JSW steel complex include;

- Beneficiation Plant
- Pellet Plant
- Coke Plant
- Hot Metal Plant
- Steel Plant
- Mill Plant
- R&D Facility.

The plant consumes in excess of 20 million tonnes of iron ore per annum and is the largest steel producer in Southern India. The complex has been awarded numerous awards and accolades, including the Prime Ministers special commendation as the Best Integrated Steel Plant in 2012-13.

An additional agreement was executed with BMM which also has the capability of absorbing all expected output from our wet plant, and again being non-exclusive, allows the Company to diversify its customer base going forward. Commercial terms are market based.

BMM's current and future expanding production of steel can easily absorb 100% of the Company's fines production. During detailed evaluations, both parties confirmed the strong alignment in the Company's iron ore specifications and BMM's required iron ore raw material specification.

DIRECTORS' REPORT (CONTINUED)

The BMM steel complex is approximately 240kms from NSL operations and located within the Hospet region of Karnataka, southern India's main steel producing belt.

Production facilities located at the BMM steel complex are:

- Beneficiation Plant of 2.60 million Tonnes per annum (MTPA);
- Pellet Plant of 2.60 MTPA;
- Sponge Iron Plant of 0.73 MTPA;
- Induction Furnace of 0.10 MTPA;
- Rolling Mill of 0.09 MTPA; and
- Power Plant of 95 MW.

BMM has embarked upon an expansion of projects which will result in new capacities for:

- Integrated Steel Plant of 1.25 mtpa;
- Power Plant of 140 MW.

For further information on BMM, please refer to www.bmm.in

ANDHRA PRADESH STATE GOVERNMENT MOU

During the year, the Company further progressed actions pertaining to the Memorandum of Understanding (MoU) with the Government of Andhra Pradesh (GoAP) which provides for collaboration in the mining, beneficiation and value addition of low grade iron ores that are abundant in the state. The Company executed agreements with both the GoAP and the Andhra Pradesh Mineral Development Corporation (APMDC), the State owned enterprise charged with maximising utilisation of mineral resources.

The scope of the MoU provides for the Company to work with APMDC in the reconnaissance and exploration of minerals in the State. The Company has also agreed to provide state of the art testing, process flow development and technology for the setting up of value addition plants such as beneficiation and pellet plants for low grade iron ore located in the State of Andhra Pradesh, an endeavour which the APMDC has agreed to assist.

To develop this MoU further both parties have been conducting detailed legal and technical reviews of potential target projects within the State. This work is expected to accelerate during the coming months.

Key Facts

During a World Bank survey in 2015 Andhra Pradesh was rated as #2 state in India for ease of doing business.

The 15-year business plan forecasts an expected 14% growth rate projected out to 2029 for the State, based on an aggressive infrastructure program including airports, ports, highways and a new greenfield Capital City located at Amaravati.

The State has implemented a dedicated single window process for investments and projects, with a guaranteed 21-day approval timeframe for all state permissions.

Two major initiatives that will impact on the State are the Vizag – Chennai and Bangalore – Chennai infrastructure corridors. The Asian Development Bank (ADB) is supporting the AP Govt in the development of the Vizag - Chennai corridor. The $900 m project will have $700 m funded by the ADB and $200 m to be provided by the State Govt. This linkage is part of the much larger Pan Asia land bridge connecting India to China and South East Asia.

State GDP	US$8 Billion
Per Capita Income	$1,500
Capital City	Amaravati
Largest City	Visakhapatnam
Cities with more than 1m people	27

BINDING AGREEMENT FOR JOINT DEVELOPMENT OF GREENFIELD STEEL PLANT

Ltd, China's leading heavy equipment crane building company for the establishment of a steel making plant in Andhra Pradesh. This MOU was then superseded by the execution of a Binding Agreement for the Joint Development as both parties consolidated their understanding of the conditions precedent and other activities to be carried out prior to the execution of final Shareholder and operating agreements for the proposed project.

The transition to a binding agreement further strengthened the relationship between the Company and Wei Hua, and demonstrated Wei Hua's commitment to investing in the Indian economy and importantly, the progress made by the Company to date in India.

Wei Hua Group Co Ltd, with revenues in excess of US$1 billion in 2015, has already acquired significant parts of the future steel making plant, with the remainder to be purchased as required, based on Indian progress. Wei Hua is looking to diversify its revenue stream, both in location and source generation (Reference http://www.weihuagrp.com/).

Wei Hua views the Indian economy as one of the most attractive up and coming investment opportunities globally. India is expected to become the world's second largest producer of crude steel in the next 10 years, moving up from the current third position with capacity projected to increase to circa 300 MT by 2025. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving consumer, automobile, construction, railway sectors.

In addition to this, Wei Hua also sees significant value in what NSL has been able to achieve in India, as the only foreign company to own and operate iron ore mines and the significant progress made by the Company and the Andhra Pradesh Government (GoAP) as part of the existing joint MOU.

Blast furnace shell

In addition, through the MOU, the GoAP will support the Company's participation in significant projects in Andhra Pradesh, wherever feasible. Such participation may include providing advisory services, setting up manufacturing facilities, infrastructure development, R&D and implementation support.

One key enabler to the execution of the Binding Agreement was the GoAP commitment to the development of the Orvakallu Mega Industrial Hub, located in the Kurnool District some 30 km from NSL's existing operations. The 28,000 acre hub will include access to water, power, rail and road. The site is proposed for one of AP's four greenfield airports outlined in the strategic infrastructure plan for the State. The Company will be proposing utilising this industrial hub as a foundation for the agreement with Wei Hua Group, with discussions on providing the approvals for the land, power, water and other utilities for the steel project already commenced.

The Wei Hua Group also brings strong ties into the Asia Infrastructure Investment Bank (AIIB). The AIIB is a newly established international financial institution that aims to support the building of infrastructure in the Asia-Pacific region. The bank has 37 member states and was proposed as an initiative by the government of China. The

DIRECTORS' REPORT (CONTINUED)

capital of the bank is $100 billion, equivalent to 2⁄3 of the capital of the Asian Development Bank and about half that of the World Bank.

Key Terms of Agreement
The joint venture Company will be established with a 50/50 shareholding and importantly, NSL is not required to fund any aspect of the Joint Venture.

NSL shall provide reasonable assistance to Wei Hua for the feasibility studies, including the latest market research on the Iron and Steel industry in India which will assist in determining the size and scale of the proposed steel plant project.

Initially, NSL shall conduct a study to understand the governmental approvals, licences, consents, no-objections etc. required from statutory, governmental and other authorities under the laws of India for the proposed project, setting up of the JV, and commencement of the preliminary activities for the project. This will be undertaken in consultation with Wei Hua and NSL shall seek reasonable assistance from Wei Hua.

Next, NSL shall commence the preliminary activities for obtaining and providing the legal and regulatory approvals, accessing available land for the proposed project and take all appropriate steps towards the supply of supplementary materials and human resources for the proposed project.

NSL shall be responsible for the operations, commercial marketing and sale of the steel products from the proposed project, on an exclusive basis.

Wei Hua shall carry out its feasibility for the steel market in India from a technical, financial and legal perspective, with reasonable assistance from NSL where sought by Wei Hua.

Wei Hua shall provide the equipment for the proposed project delivered free of charge and as per a mutually-acceptable delivery schedule.

NSL and Wei Hua shall jointly discuss and finalise JV shareholder and operating agreements in a timely manner, post completion of feasibility studies and shall collectively approach and apply for financing from Asian Infrastructure Investment Bank.

NSL and Wei Hua shall ensure that the proposed project results in enhancing the welfare of the local community and economic and social development in the area of the proposed project.

The binding agreement is valid for a period of 12 months from the commencement date, or as extended by the parties in writing; or either party may terminate this agreement by giving a notice of 30 days to the other Party.

AP14 MAGNETITE DEPOSIT – TELANGANA

During the course of the year the Company continued the processes required to gaining the grant of a Mining Lease (ML) by the Central Government in Delhi.

The Government of India, through the Prime Minister's Office and Cabinet Secretariat continued to assist in progressing the AP14 project through its Project Monitoring Group (PMG) which is designed to remove implementation bottlenecks in Major National Projects.

The Department of Industrial Policy and Promotion (DIPP), coming under the Central Government's Ministry of Commerce and Industry in India is sponsoring the AP14 Project with the PMG.

The PMG has been set up by the Prime Minister's Office with the Government of India, to proactively pursue new major infrastructure projects and any stalled projects to ensure that the projects can be progressed within reasonable timeframes.

The PMG restricts its interest to projects deemed critical to the National Interest or involving more than 1,000 Indian Crores (approximately A $180 million) of total investments.

The Company, the Government of India and the Telangana State Government continued to work closely through fulfilling clarifications and amendments to the AP14 project ML application to allow for the ML to be granted by the Centre expeditiously.

The sponsoring of the AP14 project by the Government of India's Project Monitoring Group, is yet another significant step forward towards the progression and development of this project, particularly, in the Telangana State where large scale mining is yet to be introduced.

Project Summary

As announced on 1st February 2013, the AP14 exploration target is 134 million to 377 million tonnes of magnetite at grades ranging from 20% to 50% Fe.

Contained within this exploration target there exists potential for a high grade core of Direct Ship Ore (DSO) quality enriched magnetite, with estimates from 5 million to 10 million tonnes with a grade range from 55% to 65% Fe.

It should be noted that the exploration target quoted above is conceptual in nature and there has been insufficient exploration to define a Mineral Resource under the JORC Code. It is uncertain if further exploration will result in the determination of a Mineral Resource.

Metallurgical testing based on Davis Tube Recovery (DTR) methods of 25 grab samples provided the following averages for recovery, head grade and concentrate grade:

Magnetite Head Grade Quality

Fe %	FeO %	SiO_2 %	Al_2O_3 %	P %	S %	LOI %
33.89	7.62	50.66	0.23	0.03	0.02	0.31

Magnetite Concentrate Quality

Recovery %	Fe %	FeO %	SiO_2 %	Al_2O_3 %	P %	S %	LOI %
33.4	68.93	19.65	3.00	0.18	0.02	0.02	<0.10

For full details related to this AP14 exploration target and metallurgical testing please refer to the ASX announcement dated 1st February 2013.

Upon approval from the Central Government the Company will then be able to undertake further exploration activities, including drilling operations on the lease. Work continues on the development of the exploration program scope, including pre work on preferred supplier sourcing.

The approvals previously granted by the recently bifurcated Telangana State Government are a critical step forward in the progression of the Karimnagar project and represent a strong reflection of the Government's support for regional development in remote areas of the state.

These important developments for NSL lay the foundations for the Company's future expansion plans.

DIRECTORS' REPORT (CONTINUED)

Statement of Profit or Loss and Other Comprehensive Income

At reporting date the Company incurred a total comprehensive loss after interest, taxation, depreciation, amortization and impairment was $6.61 million (2015: $9.45 million).

Impacting the net loss of $6.61 million for the year were the following significant non-cash items:

- Depreciation charges of $0.16 million;
- Impairment of Exploration and evaluation expenditure of $0.02 million;
- Impairment of development expenditure of $2.34 million; and
- Share-based compensation of $0.21 million.

Statement of Financial Position

Total assets at reporting date were $9.02 million. The following significant items impacted on assets:

- Property, plant and equipment of $0.77 million. The net decrease of approximately $0.07million primarily relating to depreciation charges and the translation of foreign operations; and

- Mine development of $6.51 million. The net decrease of approximately $2.46 million primarily relating to an impairment charge totaling $2.34 million and the translation of foreign operations.

Total liabilities at reporting date were $6.61 million. The following significant items impacted on liabilities:

- Borrowings and related derivative financial instruments totaling $3.62 million, which relates to an unsecured convertible note further discussed in note 12; and

- Secured Magna loan facility, currently drawn down to an amount of $0.98 million as further discussed in note 12.

Total equity attributable to shareholders decreased by $1.51 million to $2.42 million due primarily to:

- An increase in share capital due to capital raisings, loan conversions and/or loan utilization fees totaling $5.06 million;
- An increase in accumulated losses totaling $6.11million; and
- Exchange differences on translation of foreign operations totaling $0.51 million.

Statement of Cash Flow

Consolidated cash flows from operating activities resulted in a net cash outflow of $1.89 million, representing an increase of $0.42 million from the prior year primarily relating to payments to suppliers and employees.

Net cash outflows from investing activities resulted in a net cash outflow of $1.38 million due primarily to payments associated with property, plant and equipment and mine development.

Net cash inflows from financing activities resulted in a net cash inflow of $3.9 million primarily due to proceeds received from capital raisings and loan conversion/drawdowns.

Significant Changes in State of Affairs

Other than disclosed elsewhere in the annual report, there were no significant changes in the State of Affairs of the Company.

Events since the end of the financial year

A$3.4M Capital Raising

As announced on 22 July 16, the Company conducted a Placement predominately to, investment funds and high net worth investors for the Placement at an issue price of $0.02 cent per share, raising $3,400,000 before costs of the offer.

The Placement was conducted at a 21% premium to the 30 day VWAP, and settled on 28 July 2016.

MG Partners II Ltd Retire Security of A$5M Loan Facility

As announced on 22 July, the Company and MG Partners II Ltd (MG) agreed, such that MG retire the loan security over the Company and its assets with a $500,000 repayment of its outstanding secured loan. This amount has been satisfied and security was retired on 16 August 16.

Greenfield Steel Plant JV – Government of Andhra Pradesh (GoAP) Assurances

As announced during the period, the Company had signed a binding JVA with the Wei Hua Group Co Ltd, China's leading heavy equipment crane building company, for the establishment of a steel making plant in Andhra Pradesh.

Company representatives have been in China with Wei Hua meeting various feasibility service providers, Engineering, Procurement and Construction (EPC) companies, with the view that the Company and Wei Hua work closely together to fast track the feasibility of the integrated steel plant.

Further to the traction being achieved in China, the Company continues to receive excellent support from the GoAP, culminating in the receipt of a letter stating assurances from GoAP to extend all support and cooperation required for the development of the project, and specifically to provide required land and other approvals through a single desk portal within 21 days of receipt of application(s).

The letter, received from the Chief Secretary of GoAP, being the highest level bureaucrat in the State, is again further testament to the bona fides and regard the Company is held with GoAP.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 38.

This report is made in accordance with a resolution of directors

On behalf of the Directors

Cedric Goode
Director
Perth, 29 September 2016

Competent Person's Statement

AP14
The information in this statement relating to the iron ore exploration results is based on information compiled by Mr Paul Blackney who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Blackney is employed by Optiro Pty Ltd. Mr Blackney has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Paul Blackney consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

INFORMATION ON DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are set out below, together with details of qualifications, experience and responsibilities.

P I Richards B.Comm. *Non-Executive Chairman*
Non-Executive Chairman
Appointed as a Non-Executive Director on 13 August 2009
Appointed as Non Executive Chairman on 10 February 2014

Experience and expertise
Mr Richards has more than 36 years of business and international experience with global companies including BP plc, Wesfarmers Limited, Dyno Nobel Limited and Norfolk Holdings Limited. Most recently he was CEO of Norfolk and was previously CEO of Dyno Nobel prior to its takeover in 2008. During his time with Dyno Nobel, Peter successfully led the Asia Pacific operation based in Sydney and then the North American business unit based in Utah, USA. After becoming CEO, Peter expanded the business into China, Southern Africa and Europe while continuing to build upon its core Australian and North American operations. Peter's experience has afforded significant exposure to the investment, broking and analyst community.

Other current directorships
Emeco Holdings Limited
GrainCorp Limited
Cockatoo Coal Limited

Special responsibilities
Non-Executive Chairman.

Interest in shares and options
38,509,438 shares and 45,250,000 options in NSL Consolidated Ltd

C F Goode MBA. *Managing Director/Chief Executive Officer*
Appointed as a Managing Director / CEO on 1 December 2008

Experience and expertise
Mr Goode brings more than 23 years of mining industry experience. With industry experience focussed in the Iron Ore, Coal and Gold sectors Mr Goode has held a variety of technical, commercial, operational and strategic roles both domestically and internationally with mining and mining services companies. Mr Goode has a proven track record in global strategic planning, global new business acquisitions, merger integration, joint venture establishment and profit and loss responsibility.

Other current directorships
None

Former directorship in last 3 years
None

Special responsibilities
Managing Director

Interest in shares and options
27,419,090 shares and 52,500,000 options in NSL Consolidated Ltd

INFORMATION ON DIRECTORS (Continued)

P Linford. *Non-Executive Director*
Appointed as a Non-Executive Director on 10 February 2014

Experience and expertise

Peter Linford is the CEO of NaSAH Pty Ltd and OGM Technical Institute Pty Ltd now established in Australia. Together both companies bring world recognised contracting expertise and workforce skills to meet global demand and importantly, provide the necessary experience to support the development of skills and expertise internationally as well as in Australia.

NaSAH Pty Ltd has been established to supply industrial EPC contracting capability, developed through Nasser S. Al Hajri Corporation, for LNG, resources and mining projects in Australia.

Mr Linford has worked in senior Australian Government roles such as the Senior Trade & Investment Commissioner South Asia and as Consul General and Senior Trade & Investment Commissioner Middle East and North Africa.

Other current directorships
Nasah Australia Pty Ltd
OGM Technical Institute Pty Ltd

Special responsibilities
None

Interest in shares and options
18,212,239 shares and 23,656,164 options in NSL Consolidated Ltd

COMPANY SECRETARY

The Company secretary is Mr Sean P Henbury. Mr Henbury was appointed to the position of the Company secretary in 2007. Mr Henbury (CA, FITA) is a Chartered Accountant with over 20 years' experience in public practice with three of Perth's major Accounting firms.

Sean is a Director at Athans & Taylor with over 20 years' experience in public practice with four Perth Accounting firms. He has provided client support across a wide range of industries including mining, exploration, research and development, retail, construction and manufacturing. His primary areas of expertise include taxation consulting, taxation compliance, corporate restructuring, financial reporting, and Company secretarial requirements. He has been the company secretary of a number of publicly listed companies and is regularly called upon to advise Directors of their duties.

Sean is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Chartered Tax Adviser and Member of The Tax Institute, as well as a registered Tax Agent and a registered Self-Managed Superannuation Fund Auditor.

MEETINGS OF DIRECTORS

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:

Name	Board		Audit Committee		Remuneration Committee		Other (include details)	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
P I Richards	37	37	2	2	-	-	-	-
C F Goode	37	33	2	1	-	-	-	-
P Linford	37	34	2	2	-	-	-	-

The audit committee and remuneration committee functions are performed by the full board. Please refer the Corporate Governance Statement section under the heading Principle 2: Structure the Board to add value.

REMUNERATION REPORT – AUDITED

This remuneration report sets out remuneration information for the Company's non-executive directors, executive director and other key management personnel.

Directors and executives disclosed in this report

Name	Position
Non-executive and executive directors – see page 26 to 27 above	
Other key management personnel of the Group.	
S M Freeman	Chief Operating Officer
T K S Lee	Financial Controller

Remuneration Governance

Role of the remuneration committee

The remuneration committee is a committee of the board. It is primary responsible for making recommendation to the board on:

- non-executive director fees
- executive remuneration (directors and other executives), and
- the over-arching executive remuneration framework and incentive plan policies.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with long-term interests of the Company.

The Corporate Governance Statement provides further information on the role of this committee.

REMUNERATION REPORT – AUDITED (Continued)

Principles used to determine the nature and amount of remuneration

Non-Executive Director
Fees and payments to the non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Non-executive Chairman fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Non-executive directors have received short term incentive options but do not receive performance bonuses.

Directors' fees
The current base remuneration was last reviewed with effect from 1 July 2011. The Chairman currently receives a fixed fee for his services.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $250,000 per annum and was approved by shareholders at the annual general meeting on 30 November 2011.

The following non-executive director fees have applied to the respective financial years:

Name	2016 $	2015 $
Chairman	60,000	60,000
Other non-executive directors (in aggregate)	48,000	96,000

Retirement allowances for non-executive directors
No retirement benefits are provided.

Executive Directors
The Company had one Executive Director during the year. The executive pay and reward framework has two components being base pay and benefits, including superannuation, and incentive share options granted. The Group does not offer any retirement benefits to Executive Directors. The only performance related links to the existing remuneration policies are the vesting conditions placed upon performance share options granted and the cash bonus.

Use of remuneration consultants
During the year 30 June 2016 the Company did not engage any remuneration consultants.

Voting and comments made at the company's 2015 Annual General Meeting
The Company received more than 91% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Relationship of Rewards and Performance
The value of incentive options, performance options and performance bonuses can represent a significant portion of an executive's salary package. The ultimate value to the executives of and link to remuneration policies are the vesting conditions placed upon performance share options and bonuses and or the share price as the realised value arising from options issued is dependent upon an increase in the share price to above the exercise price of the options.

The details of the vesting conditions associated with performance shares and bonuses are disclosed in the service agreement and share based compensation section of the remuneration report.

REMUNERATION REPORT – AUDITED (Continued)

Company performance, shareholder wealth and Director and Executive remuneration

As the Company is not yet generating earnings nor paying dividends, the share price is the key measure of shareholder value. The table below shows the performance in share price over the year and previous 3 years.

Year	30 June 2013 $	30 June 2014 $	30 June 2015 $	30 June 2016 $
Closing Share price	0.017	0.007	0.008	**0.013**
% Change	-68.52%	-58.82%	14.28%	**62.50%**
Total Director & KMP Remuneration	238,251	964,152	1,660,851 *	**980,823**

* Balance includes $682,540 in non-cash fair value options expense.

The issuing of share options under Director and Employee share option plans helps align the Boards personal interests to that of the shareholders.

Details of Remuneration

Details of the remuneration of the directors and the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

2016	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments			
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options	Total	Proportion of remuneration that is performance based	% of Value of remuneration that consists of options
	$	$	$	$	$	$	$	$	%	%
Non-executive Directors										
P I Richards *	60,000	-	-	-	-	-	-	60,000	-	-
P Linford *	48,000	-	-	-	-	-	-	48,000	-	-
Executive Director										
C F Goode	350,000	-	-	42,000	-	-	-	392,000	-	-
Other key management personnel										
S M Freeman	250,000	-	10,423	30,000	-	-	-	290,423	-	-
T Lee	170,000	-	-	20,400	-	-	-	190,400	-	-
Total key management personnel compensation										
	878,000	**-**	**10,423**	**92,400**	-	**-**	**-**	**980,823**	**-**	**-**

* At the elections of the Directors, fees from and including Mar 16 have not been paid and deferred.

REMUNERATION REPORT – AUDITED (Continued)

Details of Remuneration (continued)

2015	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments		Proportion of remuneration that is performance based	% of Value of remuneration that consists of options
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options **	Total		
	$	$	$	$	$	$	$	$	%	%
Non-executive Directors										
P I Richards *	60,000	-	-	-	-	-	127,976	187,976	68.1%	68.1%
P Linford *	48,000	-	-	-	-	-	63,988	111,988	57.1%	57.1%
Executive Director										
C F Goode	350,000	-	-	42,000	-	-	213,294	605,294	35.2%	35.2%
Other key management personnel										
S M Freeman	250,000	-	7,911	30,000	-	-	213,294	501,205	42.6%	42.6%
T Lee	170,000	-	-	20,400	-	-	63,988	254,388	25.2%	25.2%
Total key management personnel compensation										
	878,000	**-**	**7,911**	**92,400**	-	**-**	**682,540**	**1,660,851**	**41.1%**	**41.1%**

* At the elections of the Directors, 100% of their fees have not been paid and deferred.
** Relates to the fair value options expense of the share based payment option issued to individuals.

REMUNERATION REPORT – AUDITED (Continued)

Service agreements

Service contracts have been entered into by the Group with all key executives, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria for performance-related cash bonuses and entitlements to employee options. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations.

The Company has agreements with the following personnel;

- Cedric Goode, Managing Director and Chief Executive Officer
- Sean Freeman, Chief Operating Officer

A summary of the terms and conditions of the service agreements is as follows

- Cedric Goode .

  Annual salary is $350,000. Other benefits include a Company provided car, 12% superannuation contribution by the employer, short term incentive options, long term performance options and performance based bonus.

  The performance bonus will be awarded on milestones, subject to production and profitability conditions which are;

  (a) 0.25 years Salary on achievement of 20Kt ore shipped from acquired mine(s);
  (b) 0.50 years Salary on achievement of 250kt ore shipped from acquired mine(s);
  (c) 0.75 years Salary on achievement of 500kt ore shipped from acquired mine(s);
  (d) 1.5 years Salary on achievement of 1Mt ore shipped from acquired mine(s); and
  (e) 2 years Salary on achievement of 2Mt ore shipped from acquired mine(s).

  Performance based bonuses (c), (d) and (e) above:

  (f) will be paid in the year following achievement after the audited financial report for the prior year is available; and
  (g) are subject to the net profit before tax and financing costs (NPBTFC) per tonne of ore mined and sold:

    - US$12 per tonne NPBTFC = pay performance bonuses in full; and
    - US$6 per tonne NPBTFC = 50% of performance bonus to be paid.

  The performance bonus will be paid pro-rata between US$6 per tonne and US$12 per tonne, with no additional bonus being payable if NPBTFC is greater than US$12.

  Termination benefits
  The Company may at its sole discretion terminate the employment with reasons according to clause 14.1 of the service agreement, or without reason by giving 6 months written notice and making a payment of 12 months salary after the expiry of the 6 months written notice period. If the Company elects to pay the equivalent of the 6 months salary and dispense with the notice period, the total payment inclusive of the 12 months notice period will be equivalent of 18 months salary.

REMUNERATION REPORT – AUDITED (Continued)

Service agreement (Continued)

– Sean Freeman

Annual salary is $250,000. Other benefits include 12% superannuation contribution by the employer, short term incentive options, long term performance options and performance based bonus.

The performance bonus will be awarded on milestones, subject to production and profitability conditions which are;

(a) 0.25 years Salary on achievement of 20Kt ore shipped from acquired mine(s);
(b) 0.25 years Salary on achievement of 250kt ore shipped from acquired mine(s;
(c) 0.5 years Salary on achievement of 500kt ore shipped from acquired mine(s);
(d) 0.5 years Salary on achievement of 1Mt ore shipped from acquired mine(s); and
(e) 1 years Salary on achievement of 2Mt ore shipped from acquired mine(s).

Performance based bonuses (c), (d) and (e) above:

(f) will be paid in the year following achievement after the audited financial report for the prior year is available; and
(g) are subject to the net profit before tax and financing costs (NPBTFC) per tonne of ore mined and sold:

- US$12 per tonne NPBTFC = pay performance bonuses in full; and
- US$6 per tonne NPBTFC = 50% of performance bonus to be paid.

The performance bonus will be paid pro-rata between US$6 per tonne and US$12 per tonne, with no additional bonus being payable if NPBTFC is greater than US$12.

Termination benefits
The Company may at its sole discretion terminate the employment with reasons according to clause 14.1 of the service agreement or without reason by giving 3 months written notice and making a payment of 6 month's salary after the expiry of the written 3 months notice. If the Company elects to pay the equivalent of 3 month's salary and dispense with the notice period, the total payment inclusive of 6 months notice period will be the equivalent of 9 month's salary.

Share-based compensation

There were no options issued during the year as compensation to directors. The following options and value at expiry date currently on issue:

Name	Grant date, vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Total value at date of Expiry	Options granted	Other *	Total
P I Richards	12 Aug 14	31 Dec 16	$0.0096	$0.00427	127,976	30,000,000	15,250,000	45,250,000
P Linford	12 Aug 14	31 Dec 16	$0.0096	$0.00427	63,988	15,000,000	8,656,164	23,656,164
C F Goode	12 Aug 14	31 Dec 16	$0.0096	$0.00427	213,294	50,000,000	2,500,000	52,500,000
S M Freeman	12 Aug 14	31 Dec 16	$0.0096	$0.00427	213,294	50,000,000	7,516,199	57,516,199
T Lee	12 Aug 14	31 Dec 16	$0.0096	$0.00427	51,190	12,000,000	-	12,000,000

* Other relates to listed options (NSLO) issued as free attaching to new Shares applied for through prior period Placements.

REMUNERATION REPORT – AUDITED (Continued)

Share based compensation (Continued)

There are currently no performance options on issue.

Options granted carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share and will be subject to escrow period restricting them from being sold until the earlier of:

- the date agreed by the Board and announced to ASX
- the date the employee ceases to be an employee of the Company; and the date that is 7 years after the issue of the options to employees.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Shares provided on exercise of remuneration options

There were a total of 3,000,000 ESOP options exercised during the year. Refer to the Key Management Personnel Share Holdings section of the remuneration report for details.

Employee share scheme

None of the directors of the Company, other key management personnel of the Group or the Group Company Secretary is eligible to participate in the Company's employee share scheme.

Key Management Personnel Option Holdings

Details of option holdings and rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

2016 Name	Balance at the start of the year	Granted *	Exercised	Other Changes	Balance at the end of the year	Vested and exercisable	Unvested
Non executive Directors							
P I Richards	36,250,000	9,000,000	-	-	45,250,000	45,250,000	-
P Linford	17,500,000	6,156,164	-	-	23,656,164	23,656,164	-
Executive Director							
C F Goode	52,500,000	-	-	-	52,500,000	52,500,000	-
Other key management personnel							
S M Freeman	51,250,000	6,266,199	-	-	57,516,199	57,516,199	-
T Lee	15,000,000	1,205,334	(3,000,000)	(1,205,334)	12,000,000	12,000,000	-
Total	**172,500,000**	**(22,627,697)**	**(3,000,000)**	**(1,205,334)**	**190,922,363**	**190,922,363**	**-**

* Peter Linford, Peter Richards, Sean Freeman and Tim Lee have received free attaching listed options during the year. Those listed options have been offered to all of shareholders of the Company in the process of March 2016 capital raising and have not been considered to be a part of service compensation.

REMUNERATION REPORT – AUDITED (Continued)

Key Management Personnel Share Holdings

The numbers of shares in the Company held during the financial year by each director of NSL Consolidated Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2016 Name	Balance at the start of the year	Granted *	Received on exercise of options or rights	Other changes	Balance at the end of the year
Directors					
P I Richards	20,509,438	18,000,000	-	-	38,509,438
P Linford	5,900,000	12,312,239	-	-	18,212,239
Executive Director					
C F Goode	27,419,090	-	-	-	27,419,090
Other key management personnel					
S M Freeman	13,047,199	12,532,397	-	(1,583,333)	23,996,263
T Lee	-	2,410,668	3,000,000	(5,410,668)	-
Total	**66,875,727**	**45,255,304**	**3,000,000**	**(6,994,001)**	**108,137,030**

* Peter Linford, Peter Richards, Sean Freeman and Tim Lee have received shares during the year as a settlement of accrued salaries remained unpaid as at 30 June 2015 and therefore have been excluded from the current year remuneration. The value of the shares amounted to $362,042.

Loans and other transactions with key management personnel

The following related party transactions occurred during the period:

- issue of 18,000,000 Shares & 9,000,000 free attaching listed Options (NSLO), 12,312,239 Shares & 6,156,164 free attaching listed Options (NSLO) to Directors, P I Richards and P Linford respectively. These were issued in satisfaction of accrued fees and on-costs via participation in the Placement as announced on 2 March 16 and approved by Shareholders on 18 April 16.

- issue of 12,532,397 Shares & 6,266,199 free attaching listed Options (NSLO), 2,410,668 Shares & 1,205,334 free attaching listed Options (NSLO) to Key Management Personnel, S M Freeman and T Lee respectively. These were issued in satisfaction of accrued salaries/wages and on-costs via participation in the Placement as announced on 2 March 16.

- Issue of 3,000,000 Shares as a result of the conversion of 3,000,000 unlisted ESOP $0.0096 options.

End of Audited Remuneration report.

Shares under option

Unissued ordinary shares of the Company under option at that date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
6/01/2014 -4/05/2016	31/12/2016	$0.01	548,208,886
12/08/2014	31/12/2016	$0.0096	177,000,000
19/08/2015	14/08/2018	$0.03	10,000,000

INSURANCE OF OFFICERS

During the financial year, NSL paid an insurance premium in respect of a contract insuring directors, secretaries and executive officers of the Company and its controlled entities against a liability incurred as director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of its controlled entities against a liability incurred as such an officer or auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

Other than matters stated in "CONTINGENCIES (note 19)", no person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that during the period, there has been no provision of non-audit services by the auditor, and did not compromise the auditor independence requirements of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 38.

AUDITOR

BDO Audit (WA) Pty Ltd, continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Cedric Goode
Managing Director
29 September 2016

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Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF NSL CONSOLIDATED LIMITED

As lead auditor of NSL Consolidated Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of NSL Consolidated Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2016

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised. Good corporate governance structures encourage companies to create value through entrepreneurism, innovation, development and exploration and provide accountability and control systems commensurate with risks involved.

Good corporate governance will evolve with the changing circumstances of a Company and must be tailored to meet these circumstances. NSL is a junior mining and exploration Company.

The Company's Board and management are committed to a high standard of corporate governance practices, ensuring that the Company complies with the Corporations Act 2001, Australian Securities Exchange (ASX) Listing Rules, Company Constitution and other applicable laws and regulations.

On 27 March 2014, the ASX Corporate Governance Council released the 3rd Edition of its Corporate Governance Principles and Recommendations (3rd Edition Recommendations). The Board has adopted the 3rd Edition Recommendations, has conducted an annual review of the Corporate Governance Statement, and approved the statement on 28 July 2016. The Corporate Governance Statement is available on NSL Consolidated's website at www.nslconsolidated.com.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue from continuing operations		-	-
Other income/(expense)	4	(213,820)	(763,683)
Employee benefits expense	4	(1,222,106)	(1,170,811)
Depreciation of non-current assets	4	(155,910)	(234,526)
Corporate expenses	4	(794,976)	(209,516)
Finance & administration	4	(1,065,808)	(966,995)
Share-based compensation	4	(214,565)	(979,917)
Impairment of exploration and evaluation costs		(20,311)	(1,028,005)
Impairment of development costs	9	(2,337,999)	(5,191,453)
Loss before income tax		**(6,025,495)**	**(10,544,906)**
Income tax (expense)/benefit	5	(80,639)	(55,191)
Loss after tax for the year attributable to the owners of NSL Consolidated Limited		**(6,106,134)**	**(10,600,097)**

Other comprehensive Income		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translation foreign operations	(512,311)	1,146,541
Total comprehensive(loss) for the year attributable to the owners of NSL Consolidated Limited	**(6,618,445)**	**(9,453,556)**

Loss per share for the year attributable to the members of 'NSL Consolidated Ltd'	Note	2016 ¢	2015 ¢
Basic loss per share	25	(0.62)	(1.46)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current Assets			
Cash and cash equivalents	6	799,461	198,248
Other receivables and prepayments	7	235,601	260,659
Total current assets		**1,035,062**	**458,907**
Non-current assets			
Other financial assets		6,483	6,728
Property, plant and equipment	8	768,692	838,301
Intangible assets		1,714	3,365
Mine development	9	6,509,040	8,959,135
Other receivables and prepayments	7	701,876	-
Total non-current assets		**7,987,806**	**9,807,529**
Total assets		**9,022,867**	**10,266,436**
Liabilities			
Current liabilities			
Trade and other payables	10	1,678,090	1,496,561
Derivative financial instruments	11	185,933	292,439
Borrowings	12	4,411,785	3,537,529
Total current liabilities		**6,275,808**	**5,326,529**
Non-current liabilities			
Deferred tax liabilities	13	331,864	263,794
Borrowings	12	-	703,726
Total non-current liabilities		**331,864**	**967,520**
Total liabilities		**6,607,672**	**6,294,049**
Net assets		**2,415,195**	**3,927,387**
Equity			
Contributed equity	14	42,595,253	37,534,000
Other reserves	15	45,801	558,112
Capital and reserves attributable to owners of NSL Consolidated Limited		42,641,054	38,092,112
Accumulated losses	16	(40,225,859)	(34,119,725)
Total equity		**2,415,195**	**3,927,387**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Cash receipts from customers		34,334	-
Cash paid to suppliers and employees		(1,876,757)	(1,469,709)
Interest paid		(50,000)	-
Interest received		5,116	7,783
Net cash (outflow) from operating activities	24	**(1,887,307)**	**(1,461,926)**
Cash flows from investing activities			
Purchase of property, plant and equipment and prepayments		(901,106)	-
Payment for exploration and evaluation		(17,647)	(41,273)
Payment for development		(463,601)	(420,873)
Net cash (outflow) from investing activities		**(1,382,354)**	**(462,146)**
Cash flows from financing activities			
Proceeds from issue of shares		3,151,035	347,252
Proceeds from borrowings		1,010,342	855,024
Repayment of borrowings		(265,467)	-
Net cash inflow from financing activities		**3,895,910**	**1,202,276**
Net increase/(decrease) in cash and cash equivalents		626,249	(721,796)
Net foreign exchange differences		(25,036)	(3,067)
Cash and cash equivalents at beginning of period		198,248	923,111
Cash and cash equivalents at end of period	6	**799,461**	**198,248**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

CONSOLIDATED	Share Capital $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2015	**37,534,000**	**(1,882,586)**	**2,440,698**	**(34,119,725)**	**3,972,387**
Other comprehensive income for the year					
Exchange differences on translation of foreign operations	-	(512,311)	-	-	(512,311)
Total other comprehensive income for the year	-	(512,311)	-	-	(512,311)
Loss for the year	-	-	-	(6,106,134)	(6,106,134)
Total comprehensive income for the year	-	(512,311)	-	(6,106,134)	(6,618,445)
Transactions with owners in their capacity as owners					
Contributions of equity	3,959,411	-	-	-	3,959,411
Share issued as consideration	858,335	-	-	-	858,335
Option based payments	243,507				243,507
Balance as at 30 June 2016	**42,595,253**	**(2,394,897)**	**2,440,698**	**(40,225,859)**	**2,415,195**
Balance at 1 July 2014	**36,091,672**	**(3,029,127)**	**1,630,181**	**(23,519,628)**	**11,173,098**
Other comprehensive income for the year					
Exchange differences on translation of foreign operations	-	1,146,541	-	-	1,146,541
Total other comprehensive income for the year	-	1,146,541	-	-	1,146,541
Loss for the year	-	-	-	(10,600,097)	(10,600,097)
Total comprehensive income for the year	-	1,146,541	-	(10,600,097)	(9,453,556)
Transactions with owners in their capacity as owners					
Share placement net of fees	1,442,328	-	-	-	1,442,328
Share based payments	-	-	810,517	-	810,517
Balance as at 30 June 2015	**37,534,000**	**(1,882,586)**	**2,440,698**	**(34,119,725)**	**3,972,387**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of NSL Consolidated Limited and its subsidiaries.

a) Basis of Preparation

These financial statements are general purpose financial statements which has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. NSL Consolidated is a for-profit entity for the purpose of preparing the financial statements.

i) Compliance with IFRS
The consolidated financial statements of NSL Consolidated Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii) Historical cost convention
The financial report has also been prepared on a historical cost basis.

iii) Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note (1)(t).

b) Going Concern

For the year ended 30 June 2016, the consolidated entity recorded a loss of $6,106,134 (2015: $10,600,097) and had net cash outflows from operating and investing activities of $3,269,661 (2015: $1,924,072). At 30 June 2016, the consolidated entity had a working capital deficiency of $5,240,746 (2015: $4,867,622).

Management believe there are sufficient funds to meet the consolidated entity's working capital requirements and as at the date of this report. Subsequent to year end the consolidated entity has received additional $3,422,000 of additional funds (net of costs) via a share placement, received $627,796 in option conversions, with a remaining $6,553,492 possible in further option conversions by 31 December 2016 and has $4,020,558 of funds available from the MG Partners II Limited Facility disclosed in note 12.

The ability of the consolidated entity to continue as a going concern is dependent on a mix of and the completion of the development and successful commercialisation and generation of positive cash flows of the consolidated entity's iron ore project, the successful renegotiation of extension of terms of the Resources First convertible note and MG Partners II Limited Facility as disclosed in note 12, or alternatively settlement of the facilities in equity, and the further option conversions by 31 December 2016. Should these not occur, the consolidated entity will also be dependent on securing additional funding through debt or equity to continue to fund its operational and development activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Going Concern (continued)

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors have reviewed cash flow forecasts, the current operations of the consolidated entity and plans for the next twelve months and are satisfied that there are sufficient funds to maintain the consolidated entity as a going concern subject to achieving planned Iron Ore production levels;

- The Iron Ore production levels are contingent on the beneficiation process achieving its desired grade and recovery levels as further discussed in note 9 (Mine Development). The Directors however, expect to meet these production levels;

- The Directors expect to work with existing financiers and extend repayment terms that are due in the next twelve months or alternatively settle the liabilities in equity in accordance with the facility agreements;

- Should additional finance be required, the Directors consider that it may be met by way of equity or debt, or a combination of the two.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

c) Basis of consolidation

i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NSL Consolidated Limited ("Company" or "parent entity") as at 30 June 2016 and the results of all subsidiaries for the year then ended. NSL Consolidated Limited and its subsidiaries together are referred to in this annual report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policy adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively.

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and the Board of Directors of NSL.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Foreign currency translation

i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in AUD, which is NSL's functional and presentation currency.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

iii) Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.
- Income and expenses for each income statement and statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control; the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.
Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement between 30 and 90 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

k) Financial assets

Classification
The Group classifies all of its financial assets as loans and receivables. Management determines the classification of its investments at initial recognition.

i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 7) in the statement of financial position.

ii) Subsequent measurement
Loans and receivables are carried at amortised cost using the effective interest method.

The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Details on how the fair value of financial instruments is determined are disclosed in the financial risk management note (note 2).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Financial assets (continued)

Impairment

The Group assesses at each statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliable estimated.

For loan and receivables, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

l) Property, Plant & Equipment

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the diminishing-balance method to allocate their cost:

- Plant & equipment	13% - 25%
- Furniture and fixtures	18%
- Computer equipment	18.75% - 40%
- Buildings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Development Expenditure

Once a mining project has been established as commercially viable and technically feasible, expenditure other than that on land, buildings and plant and equipment is capitalised under development expenditure. Development expenditure costs include past capitalised exploration and evaluation costs, pre-production development costs, development excavation, development studies and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

Development costs are accumulated in respect of each separate area of interest. Costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

When an area of interest is abandoned or the Directors decide that it is not commercial or technically feasible, any accumulated cost in respect of that area is written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated cost written off to the profit or loss to the extent that they will not be recoverable in the future.

Amortisation of carried forward exploration and development costs is charged on a unit of production basis over the life of economically recoverable reserves once production commences.

Development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, development assets are allocated to cash-generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

n) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 7-30 day payment terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

o) Convertible Note Liability and Derivative

Convertible Notes issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder and a convertible note derivative whose fair value changes with the Company's underlying share price.

The liability component of a convertible note is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The embedded derivative component is firstly recognized initially at fair value and the liability component is calculated as the difference between the financial instrument as a whole and the value of the derivative at inception. Any directly attributable transaction costs are allocated to the convertible note liability and convertible note derivative in proportion to their initial carrying amounts. The fair value of the derivative portion has been valued using a valuation technique including inputs that include reference to similar instruments and option pricing models. Subsequent to initial recognition, the liability component of the convertible note is measured at amortized cost using the effective interest method. The convertible note derivative is measure at fair value through profit or loss.

The convertible note liability and derivative are removed from the statement of financial position when the obligations specified in the contract are discharged, this can occur upon the option holder exercising their option or the option period lapses requiring the company to discharge the obligation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Convertible Note Liability and Derivative (continued)

Certain convertible notes issued by the Group which include embedded derivatives (option to convert to variable number of shares in the Group) are recognised as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised on the profit and loss as finance costs.

p) Provisions

Provision for legal claims, and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

q) Employee benefits

i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee obligations are presented as payables.

ii) Other long-term employee benefit obligations
Liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salary and wage levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii) Share-based payments
Share-based compensation benefits are provided to employees via the Company Employee Option Plan. Information relating to the scheme is set out in note 26.

The fair value of options granted under the Company Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Employee benefits (continued)

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Employee Option Plan is administered by the Company Employee Share Trust. When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

iv) Profit-Sharing and Bonus Plans
The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is past practise that has created a constructive obligation.

v) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

r) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the equity proceeds.

Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

s) Earnings Per Share

i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of NSL Consolidated Limited, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

u) Critical accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial statements.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

i) Share-based payment transactions
The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that, the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date.

The Company follows the guidelines of AASB 2 'Share based payments' and takes into account all non-vesting conditions and estimates the probability and expected timing of achieving these performance conditions.

Accordingly, the expense recognised over the vesting period may vary based upon information available and estimates made at each reporting period, until the expiry of the vesting period.

ii) Capitalisation of development expenditure
The Group has capitalised significant development expenditure on the basis that a mining project has been established as commercially viable and technically feasible.

iii) Impairment of capitalised development expenditure.
At 30 June 2016, the consolidated entity had $6,509,040 capitalised as mine development Expenditure. The future recoverability of capitalised development expenditure is dependent on a number of factors, including whether or not the development costs are expected to give rise to a future economic benefit. Development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, development assets are allocated to cash-generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations), changes to foreign exchange prices and changes to commodity prices.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Critical accounting estimates and judgements (continued)

Furthermore, the future recoverability of capitalised mine development and related assets is dependent upon the ability of the company to raise additional funds to purchase and successfully commission the wet beneficiation plant so that it can efficiently process and upgrade the iron ore to a saleable export grade within the International export market. Should the company not be able to achieve the above, the asset may not be recoverable at the amounts stated in these financial statements.

iv) Determination of start of production.

Consideration is given to the determination of the point at which development ceases and production commences for a mine development project. This point determines the cut-off between pre-production and production accounting.

The Group ceases capitalistion of pre-production costs at the point the commercial production commences. This is based on specific circumstances of a project, and considers when the mines plant becomes 'available for use' as intended by management. Determining when the production start date is achieved is an assessment made by management and includes the following factors:

- the level of development expenditure compared to project costs estimates;
- completion of a reasonable period of testing and tuning of the mine plant and equipment;
- mineral recoveries, availability and throughput levels at or near budgeted levels;
- the ability to produce ore into a saleable form (where more than an insignificant amount is produced; and
- the achievement of continuous production.

Any revenues occurring during the pre-production phase are off-set against capitalised development costs.

v) Convertible Note Derivatives

A Monte Carlo Simulation Model is used to calculate the fair value of the convertible note derivatives that is dependent upon a number of estimates and assumptions. Changes to the estimates and assumptions used in the pricing model could have a material impact on fair value of the convertible note derivatives.

The fair value of the convertible note derivatives has been determined by firstly computing the fair value per convertible option feature multiplied by the number of outstanding options. The fair value per option is computed using a Monte Carlo Simulation Model that takes account of the exercise price, the terms of the option, the company's share price at the end of the reporting period, the expected volatility of the underlying share price and the risk-free interest rate (based on government bonds). The expected volatilities is based upon historic volatility (based on the remaining life of the options) adjusted for abnormal spikes in the company's share price.

vi) Royalty payable to MG Partners II Limited

During the 30 Jun 2016 period, the Group entered into a secured loan agreement totalling A$5,000,000 with MG Partners II Limited. A key judgement in relation to the agreement is that only upon full drawdown of the loan balance to establish and commission the Phase Two wet beneficiation plant and subsequent repayment, MG Partners will be entitled to receive a 7.5% of gross revenue royalty for the life of the Kurnool plant. As the Group has only utilised A$979,442 to date Management is confident that the there is no existing liability in respect of the royalty payments as at 30 June 2016. Furthermore, as announced on 22 July, the Company and MG Partners II Ltd (MG) agreed, such that MG retire the loan security over the Company and its assets with a $500,000 repayment of its outstanding secured loan. This amount has been satisfied and security was retired on 16 August 16. Should the Group have or have plans to utilise the full amount of the loan or the agreement be such that the obligation arises upon the entering in to the contract and not full draw down, a full provision for the net present value in of the future royalty payments in the amount of A$1.6m would need to be recorded in the accounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) New accounting standards for application in future periods

Certain new accounting Standards and Interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new Standards and Interpretations is set out below. In all cases the Group intends to apply these standards from the application date as indicated in the table below.

<u>Title:</u>

AASB 9 Financial Instruments (issued December 2009 and amended December 2010)

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (issued December 2013)

<u>Nature of Change:</u>

AASB 9 amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:

- Amortised cost.
- Fair value through profit or loss. And;
- Fair value through other comprehensive income.

The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9:

- Classification and measurement of financial liabilities. And;
- Derecognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

AASB 2013-9 Makes three amendments to AASB 9:

- Adding the new hedge accounting requirements into AASB 9.
- Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017. And;
- Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements.

Under the new hedge accounting requirements:

- The 80-125% highly effective threshold has been removed.
- Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable.
- An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure.
- When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI. When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI. And;

Net foreign exchange cash flow positions can qualify for hedge accounting.

<u>Application date:</u> Annual reporting periods beginning on or after 1 January 2018

<u>Impact on Initial Application:</u>

There will be no significant impact on the Group on the adoption of this standard.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) New accounting standards for application in future periods (continued)

Title:

AASB 15 Revenue from Contracts with Customers (issued June 2014)

Nature of Change:

An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.

Application date: Annual reporting periods beginning on or after 1 January 2018

Impact on Initial Application:

There will be no significant impact on the Group on the adoption of this standard.

Title:

AASB 16 Leases (issued Feb 2016)

Nature of Change:

Under AASB 16 lessees have to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for almost all lease contracts.

This is a significant change compared to AASB 117 under which lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet).

Application date: Annual reporting periods beginning on or after 1 January 2019.

Impact on Initial Application:

There will be no significant impact on the Group on the adoption of this standard.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future period and on foreseeable future transactions.

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise of cash and short-term deposits. The main purpose of these financial instruments is to provide finance for Group operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade payables, which arise directly from its operations.

The Group's activities expose it to a variety of financial risk, being market risk (including currency risk, interest rate risk and credit risk) and liquidity. Risk management is carried out by the Board of Directors, who regularly evaluates and agrees upon risk policy management and objectives. There are currently no other risk management policies in place.

The Group hold the following financial instruments:

	2016 $	2015 $
Financial assets		
Cash and cash equivalents	799,461	198,248
Trade and other receivables	235,601	260,659
	1,035,062	**458,907**

	2016 $	2015 $
Financial liabilities		
Current		
Trade and other payables	1,678,089	1,496,561
Derivative financial instruments	185,933	292,439
Borrowings – convertible note	3,432,343	3,537,529
Borrowings – MG Partners II Ltd secured loans	979,442	-
Non-current		
Borrowings – Magna Equities II LLC converting loans	-	703,726
	6,275,807	**6,030,255**

a) Market risk

i) Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group is developing currency and commodity policies to mitigate the risk. The Group seeks to mitigate its risks by borrowing in local currencies and hedging fund transfers as they occur.

The Group's exposure to foreign exchange risk at the reporting date is limited to a USD denominated convertible note and converting loans held by the ultimate holding company, as follows:

	30 June 2016		30 June 2015	
	AUD	Total	AUD	Total
In AUD				
Convertible Note Derivatives	185,933	185,933	292,439	292,439
Convertible Note Liability	3,432,343	3,432,343	3,537,529	3,537,529
Converting Loan Liabilities	-	-	703,726	703,726
Secured Loan Liabilities	979,442	979,442	-	-
	4,597,718	**4,597,718**	**4,533,694**	**4,533,694**

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Market risk (Continued)

Sensitivity analysis
Based on the financial instruments held at 30 June 2016, had the Australian dollar (AUD) weakened/strengthened 10% against the United States Dollar (USD) with all other variables held constant, the Company's loss for the year would have been $7,287,352 or $5,677,204 as a result of foreign exchange gains/losses on translation of USD dominated financial instruments.

ii) Cash flow and interest rate risk
The Group's interest rate risk arises from cash and cash equivalents and a conversion option derivative financial instrument held. Term deposits and current accounts held with variable interest rates and the variable risk free rate used as an input into the conversion option derivative fair value calculation expose the Group to cash flow interest rate risk. The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure. The Group's borrowing in the form of a convertible note has a fixed interest rate and therefore carries no interest rate risk.

The following sets out the Group's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods:

Floating interest rate	**2016 $**	**2015 $**
Cash and cash equivalents	**799,461**	**198,248**
Weighted average interest rate	**0.36%**	**0.88%**

b) Credit risk

The Group does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the Group. Given this the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates.
The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of Note 2.

Financial assets that are neither past due and not impaired are as follows:

	2016 $	**2015 $**
Cash and cash equivalents – 'AA-' S&P rating	**799,461**	**198,248**
Trade and other receivables	**235,601**	**260,659**

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Directors monitor the cash-burn rate of the Group on an on-going basis against forecast and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

As at reporting date the Group had sufficient cash reserves to meet its requirements.

The financial liabilities of the Group at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 7-30 days terms of creditor payments.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 June 2016	Less than 6 months $	6-12 months $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets)/ liabilities $
Derivatives							
Financial instruments	-	-	-	-	-	-	185,933
Total Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**185,933**
Non-derivatives							
Non-interest bearing	1,678,089	979,442	-	-	-	2,657,531	2,657,531
Interest bearing	-	3,572,729	-	-	-	3,572,729	3,432,343
Total non-derivatives	**1,678,089**	**4,552,171**	**-**	**-**	**-**	**6,230,260**	**6,089,874**

At 30 June 2015	Less than 6 months $	6-12 months $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets)/ Liabilities $
Derivatives							
Financial instruments	-	-	-	-	-	-	292,248
Total Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**292,248**
Non-derivatives							
Non-interest bearing	1,496,561	-	685,790	-	-	2,182,351	2,200,287
Interest bearing	-	3,461,608	-	-	-	3,461,608	3,537,529
Total non-derivatives	**1,496,561**	**3,461,608**	**685,790**	**-**	**-**	**5,643,959**	**5,737,816**

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (Continued)

1. As the convertible note liability can only be paid out in shares and not cash (at the election of the noteholder) during its term, the repayment is shown at maturity in 2016;
2. The maturity analysis has assumed the earliest contractual maturity of the convertible notes for a payment in cash. Interest on the convertible note is due yearly in arrears.

d) Equity Price Risk

The group is exposed to equity price risk on its financial liabilities and equity investments. The convertible note derivative fluctuates with the Company's underlying share price until either the convertible note is repaid by the Company, or the option holder converts.

The group has no policy for mitigating potential adversities associated with its own equity price risk given its dependence on market fluctuations. In relation to equity price risk arising on other investments balances, the Group regularly reviews the prices to ensure a maximum return.

A sensitivity analysis has not been disclosed in relation to equity price risk as the results are not considered material.

e) Fair Values measurement

Convertible Note and Magna Loan Liability

The carrying amount and fair value of the convertible note and Magna secured loan at reporting date is:

	Carrying Amount		Fair Value	
	2016	**2015**	**2016**	**2015**
In AUD				
On Statement of Financial Position				
Convertible note liability	3,432,343	3,537,529	3,432,343	3,537,529
Magna secured loan liability	979,442	-	979,442	-
	4,411,785	**3,537,529**	**4,411,785**	**3,527,529**

The fair value of the convertible note and Magna loan liability have been recorded at their fair values therefore there is no difference between its fair value and carrying value.

Convertible Note Derivatives and Magna Loan

Management have assessed the fair values and believe there is no material difference between the fair value and carrying value due to their short term nature.

f) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The Group's principle financial instruments consist of cash and deposits with banks, accounts receivable, trade payables and interest bearing liabilities. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Fair value estimation (continued)

Fair value hierarchy

The following tables classify financial instruments recognised in the statement of financial positions of the Group according to the hierarchy stipulated in AASB 7 as follows:

(a) Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2 – a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e., derived from prices); or
(c) Level 3 – a valuation technique is used using inputs that are not based on observable market data (observable inputs).

2016	Level 1	Level 2	Level 3	Total
In AUD				
Fair value through profit or loss:				
Convertible note derivatives		185,933		185,933
Magna secured loan			979,442	979,442
Mine development			6,509,040	6,509,040

2015	Level 1	Level 2	Level 3	Total
In AUD				
Fair value through profit or loss:				
Convertible note derivatives		292,439		292,439
Magna convertible notes			703,726	703,726
Mine development			8,959,135	8,959,135

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group makes a number of assumptions based upon observable market data existing at each reporting period. The fair value of the convertible note derivative is determined using an option and foreign exchange pricing model based upon various inputs at the end of the reporting period. These instruments are included in Level 2.

The fair value of convertible note not traded in an active market is determined using an internally prepared discounted cash flow valuation technique using a combination of observable inputs (such as share price and the terms and conditions of the convertible notes as disclosed per note 12) and unobservable inputs (discount rate – 15.5% to calculate the present value of estimated future cash flows. The Group has determined that there is a relationship between the unobservable inputs (discount rate) and the fair value but do not consider it to be material unless there is a change in the terms and conditions of the convertible note.)

The recoverable amount of capitalised development expenditure has been estimated based on the value in use of the group's Indian assets. Value in use was determined using an income approach based on the net present value of future cash flows projected over the current mine plan. The valuation is categorised within level 3 of the fair value hierarchy due to the unobservable nature of some of the inputs used. Refer to mine development note (note 9), for valuation technique used to determine the fair value.

3. SEGMENT INFORMATION

Description of the Segment

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

For management purposes, the Group is organised into two main operating segments, which involves mining and exploration for iron ore in India and exploration for thermal coal in Queensland. Discrete financial information is reported to the Board (Chief Operating Decision Makers) as two segments. Accordingly, all significant operating decisions are based upon analysis of the Group as two segments.

Segment information

Segment information provided to the Board of Directors for the year is as follows:

	Iron Ore 2016 $	Coal 2016 $	Total
Other Income	5,116	-	5,116
Reportable segment loss	(5,997,555)	(108,579)	(6,106,134)
Depreciation	(155,910)	-	(155,910)
Reportable segment assets	9,022,410	457	9,022,867
Reconciliation of reportable segment profit or loss			
Reportable segment loss	(3,152,042)	(108,579)	(3,260,621)
Unallocated:			
Corporate expenses	-	-	(2,845,513)
Loss before tax	**(3,152,042)**	**(108,579)**	**(6,106,134)**
Reportable segment assets are reconciled to total assets as follows:			
Segment assets	9,022,410	457	9,022,867
Unallocated:			
Cash and cash equivalents	799,361	101	799,461
Corporate assets			8,223,406
Total assets as per the statement of financial position	**9,022,410**	**457**	**9,022,867**
Reportable segment liabilities are reconciled to total liabilities as follows:			
Segment liabilities – external	973,270	222,269	1,195,539
Segment liabilities – intra-group	483,461	-	-
Unallocated:			
Corporate liabilities			5,412,133
Total liabilities as per the statement of financial position	**6,385,403**	**222,269**	**6,607,672**

3. SEGMENT INFORMATION (Continued)

	Iron Ore 2015 $	Coal 2015 $	Total
Other Income	7,783	-	7,783
Reportable segment loss	(9,569,262)	(1,026,884)	(10,600,097)
Depreciation	(234,205)	-	(234,205)
Reportable segment assets	10,266,416	20	10,266,436
Reconciliation of reportable segment profit or loss			
Reportable segment loss	(5,847,091)	(1,026,884)	(6,873,975)
Unallocated:			
Corporate expenses	-	-	(3,726,122)
Loss before tax	**(9,569,262)**	**(1,026,884)**	**(10,600,097)**
Reportable segment assets are reconciled to total assets as follows:			
Segment assets	10,266,416	20	10,266,436
Unallocated:			
Cash and cash equivalents	198,223	25	198,248
Corporate assets			10,068,188
Total assets as per the statement of financial position	**10,266,416**	**20**	**10,266,436**
Reportable segment liabilities are reconciled to total liabilities as follows:			
Segment liabilities – external	541,904	113,252	655,156
Segment liabilities – intra-group	395,841	917,603	-
Unallocated:			
Corporate liabilities			5,638,893
Total liabilities as per the statement of financial position	**5,263,194**	**1,030,855**	**6,294,049**

4. REVENUE AND EXPENSES

	2016 $	2015 $
Loss before income tax includes the following items of revenue and expense:		
Other Income		
Interest income	5,116	7,783
Other income/(expense)	(218,936)	(771,469)
	(213,820)	**(763,683)**
Expenses		
Employee benefits	(1,222,106)	(1,170,811)
Depreciation	(155,910)	(234,526)
Corporate expenses	(426,163)	(209,516)
Finance & administration	(1,065,808)	(632,781)
Interest expenses	(368,813)	(334,214)
Share based payments (note 26)	(214,565)	(979,917)
Exploration and evaluation impairment	(20,311)	(1,028,005)
Development impairment (note 9)	(2,337,999)	(5,191,453)
	(5,811,675)	**(9,781,223)**

5. INCOME TAX

	2016 $	2015 $
The major components of income tax are:		
Statement of profit or loss and other comprehensive income		
Current income tax	(17,358)	(42,806)
Deferred income tax	97,997	97,997
Income tax expense/(benefit) reported in the statement of profit or loss and other comprehensive income	80,639	55,191
(a) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax expense	(6,025,495)	(10,554,906)
Tax at the Australian tax rate of 30% (2015: 30%)	**(1,807,649)**	**(3,163,472)**

5. INCOME TAX (continued)

	2016 $	2015 $
Tax effect of amounts that are not deductible /(taxable) in calculating taxable income:		
Others	225,876	816,107
Impairment	4,355	1,557,424
Tax losses and timing differences not brought to account	1,719,721	887,235
Foreign tax rate differential	(61,664)	(42,205)
Income tax expense /(benefit)	**80,639**	**55,191**
(b) Tax losses		
Unused tax losses for which no deferred tax assets has been recognised	25,276,982	21,322,055
Potential tax benefit at 30%	7,583,094	6,396,617
(c) Unrecognised temporary differences		
Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses	7,583,094	6,396,617
Exploration expenditure	204,457	204,457
Other temporary differences	316,382	338,054
Deferred tax liabilities		
Other temporary differences	(308,696)	(308,696)
Net deferred tax assets not recognised	**7,795,438**	**5,479,588**

The deferred tax assets arising from these balances have not been recognised as an asset because recovery of tax losses is not probable at this point in time.

The potential tax benefit will only be obtained if the relevant Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and

(i) the relevant Company continues to comply with the conditions for deductibility imposed by the law; and
(ii) into changes in tax legislation adversely affect the relevant Company in realising the benefit.

6. CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank and in hand	**799,461**	**198,248**

The Groups exposure to interest rate risk is disclosed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying value amount of cash and cash equivalents above.

7. OTHER RECEIVABLES AND PREPAYMENTS

	2016 $	2015 $
Current		
Security Deposits	33,679	195,209
Prepayments [1]	195,388	52,517
Other receivables [2]	6,534	12,933
	235,601	**260,659**

	2016 $	2015 $
Non-current		
Prepayments [3]	701,876	-
	701,876	**-**

The Groups exposure to credit risk is disclosed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying value of other receivables and prepayments above.

Ageing of trade receivables past due not impaired

As at 30 June 2016 there were no trade receivables.

(1) Relate to advances made to suppliers based on service and construction contracts/agreements in place.

(2) Other receivables generally arise from transactions outside the usual operating activities of the entity. The balance primarily represents the receivables relating to good and services tax.

(3) Relate to payments to Huate for the fabrication/supply of the Phase Two wet beneficiation plant and equipment. Ownership of the equipment passes to NSL when 100% of the scheduled payments as per the agreement are made, at which time the equipment will be reclassed to fixed assets.

8. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Furniture and fixtures	Motor Vehicles	Computer equipment	Land	Buildings	Total
	$	$	$	$	$	$	$
Year ended 30 June 2015							
Opening net book amount	797,219	22,646	-	8,685	111,174	33,909	973,634
Additions	328	1,164	-	345	-	-	1,837
Disposal/Written-off	-	(641)	-	-	-	-	(641)
Depreciation charge	(205,514)	(12,924)	-	(7,516)	-	(4,961)	(230,915)
Exchange differences	67,546	3,296	-	840	17,638	5,067	94,386
Closing net book amount	**659,579**	**13,541**	**-**	**2,354**	**128,812**	**34,015**	**838,301**
At 30 June 2015							
Cost or fair value	1,236,348	48,051	-	115,171	128,812	64,386	1,592,768
Accumulated depreciation	(576,769)	(34,510)	-	(112,817)	-	(30,371)	(754,467)
Net book amount	**659,579**	**13,541**	**-**	**2,354**	**128,812**	**34,015**	**838,301**
Year ended 30 June 2016							
Opening net book amount	659,579	13,541	-	2,354	128,812	34,015	838,301
Additions	131,655	1,014	-	304	-	-	132,973
Disposal/Written-off	-	-	-	-	-	-	-
Depreciation charge	(146,959)	(5,206)	-	(257)	-	(1,960)	(154,382)
Exchange differences	(38,399)	(550)	-	(123)	(7,288)	(1,840)	(48,200)
Closing net book amount	**605,877**	**8,798**	**-**	**2,278**	**121,524**	**30,215**	**768,692**
At 30 June 2016							
Cost or fair value	1,295,658	46,388	-	113,193	121,524	60,743	1,637,506
Accumulated depreciation	(689,781)	(37,590)	-	(110,915)	-	(30,528)	(868,814)
Net book amount	**605,877**	**8,798**	**-**	**2,278**	**121,524**	**30,215**	**768,692**

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 4 to the financial statements.

9. MINE DEVELOPMENT

	2016 $	2015 $
Carrying amount at beginning of financial year	8,959,135	12,421,132
Additions	394,774	582,438
Impairment	(2,337,999)	(5,191,453)
Exchange differences	(506,870)	1,147,018
Carrying amount at end of financial year	**6,509,040**	**8,959,135**

(a) Capitalised development expenditure, plant and equipment

The recoverable amount of capitalised development expenditure, prepayment for and of property, plant and equipment has been estimated based on the value in use of the group's Indian assets. The estimated recoverable amount of $6,509,040 was below the carrying value of the CGU and an impairment of $2,337,999 has been recorded. Value in use was determined using an income approach based on the net present value of future cash flows projected over the current mine plan. The nominal post-tax discount rate applied to the cash-flows is 27% (2015: 10%). The valuation is categorised within level 3 of the fair value hierarchy due to the unobservable nature of some of the inputs used.

Future changes in assumptions upon which these estimates are based may give rise to material adjustments, including further impairments or possible impairment reversals.

Revenue assumptions
Cash flow projections used to estimate recoverable amounts include assumptions on revenue. The assumptions used for revenue in impairment testing are summarised below:

	June 2016	June 2015
Price (INR/dmt, nominal)		
Years 1-5	**2,120**	2,169

A 10% decrease in the average forecast iron ore price, while holding other factors constant, would result in a further impairment charge of $1,890,247.

Beneficiation recovery assumptions
Cash flow projections used to estimate recoverable amounts include assumptions on beneficiation processing recovery. The assumptions used for recovery in impairment testing are summarised below:

	June 2016	June 2015
Beneficiation processing recovery %		
Years 1-5	**80%**	80%

A 10% decrease in the beneficiation processing recovery, while holding other factors constant, would result in a further impairment charge of $2,752,231.

Key estimates and judgements
The recoverable amount of capitalised development expenditure and property, plant and equipment is estimated on the basis of the discounted value of future cash flows. The estimates of future cash flows are based on significant assumptions including:

- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and resources;
- future iron ore prices;
- production rates and recovery, production costs and capital expenditure based on approved budgets and projections including inflation factors; and
- the asset specific discount rate applicable to the cash generating unit.

9. MINE DEVELOPMENT (CONTINUED)

(b) Recoverability of capitalised mine development

Furthermore, the future recoverability of capitalised mine development and related assets is dependent upon the ability of the successfully commission the wet beneficiation plant so that it can efficiently process and upgrade the iron ore to a saleable export grade within the International export market. Should the company not be able to achieve the above, the asset may not be recoverable at the amounts stated in these financial statements.

10. TRADE AND OTHER PAYABLES

Current	2016 $	2015 $
Trade payables	719,112	655,157
Annual leave	179,205	156,139
Marketing commission	303,345	243,910
Other payables	476,428	441,355
	1,678,090	**1,496,561**

Trade and other payables are non-interest bearing and generally settled on 7-30 day term. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Annual leave balance represents a portion of total accrued leave to date that is expected to be utilised within the next 12 months.

Marketing commission expense represents pro-rata amounts payable in relation to a Marketing Agreement entered into on 8 August 2012 to market the Company's Kurnool iron ore and procure sales in a manner and at a price consistent with industry standards. The company will pay 2.5% of Sales.

Key terms:

- Non-exclusive three year term
- 2.5% commission on Kurnool iron ore sales through the agreement
- Commission sales capped at 300,000 tonnes per annum
- Minimum annual commission payable of $225,000

Other payables represent deferred director fees and employee salary and wages and associated on costs.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Current	2016 $	2015 $
Derivative – foreign exchange	59,537	20,161
Derivative – convertible option	126,396	272,278
	185,933	**292,439**

The Derivative financial instruments relate to the Resources First unsecured convertible note. Refer to note 12 for the terms and conditions of the convertible note.

12. BORROWINGS

Current	2016 $	2015 $
Borrowings – convertible note (1)	3,432,343	3,537,529
Borrowings – Magna secured loans (2)	979,442	-
	4,411,785	**3,537,529**

(1) During the 30 June 2013 period, the Group issued a US$ denominated unsecured convertible note for US$2,500,000 issued in two equal tranches.

Key terms are:

- NSL will pay a coupon rate of 6% paid annually in arrears.
- The note will be redeemed in full no later than 3 years after subscription, unless otherwise mutually agreed.
- The method of payment of each tranche is at the discretion of the issuer and will be up to either:
  - US$1,250,000 Cash
  - A variable number of shares (valued in AUS$) equal to US$1,250,000 where the Share value is calculated at a 10% discount to the 20 trading days prior Variable Weighted Average Price (VWAP)

Subsequent to the period, the Company and Resources First have entered into an agreement to extend the maturity date of the convertible note and accrued interest, and accrued marketing agreement fees to January 2017.

(2) During the 30 Jun 2016 period, the Group entered into a conventional secured loan agreement totalling A$5,000,000 with MG Partners II Limited:

Key terms are:

- Initial direct loan funds of A$600,000 for the purposes of immediately commencing Phase One dry lump production and attaining domestic sales of up to 10,000 tonnes of lump iron ore at an average profit margin of at least 25%;
- A further loan of A$1.9 million in 90 days (or earlier, when the above dry plant target is met. Magna does have the option of waiving this condition); and
- A final loan instalment of A$2.5 million within 120 days thereafter (or earlier, when certain conditions are met, being the arrival of the Chinese fabricated plant onto the Kurnool site).
- Each loan has an 18-month term from each drawdown date
- NSL can repay early at a 15% premium.
- Each loan has a 10% deferred establishment fee.
- At the election of Magna, the loans can be converted into shares at a fixed price of 200% of the average VWAP in 5 days prior to execution of the definitive documents. Beginning 180 days after the execution date, and continuing every 180 days thereafter, the conversion price will adjust to 200% of the VWAP in the 90 days prior to the said day. If Iron ore sales have not been achieved within 90 days of this agreement, the issue price shall be the lowest volume weighted average price on ASX of shares in the 5 trading days prior to the date the issuer price is required to be calculated for the purposes less 15%; or in the event of a default shall be the lowest volume weighted average price on ASX of shares in the 5 days prior to the date the issuer price is required to be calculated.
- The A$5m (in USD equivalent) loan will have an A$5.5m (in USD equivalent) principal value, with repayment of each loan commencing six months after the loan is drawn down, and being completed a further 12 months from that date. Upon repayment of the loans in their entirety, Magna will then be entitled to receive a 7.5% of gross revenue royalty for the life of the Kurnool plant.
- Loan security - Security Charge over 100% of the Share Capital of NSL's wholly owned subsidiary IS Iron Ore Pte Ltd.

The secured loan is recognised as financial liability at fair value through profit or loss. On initial recognition, the fair value of the loan will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised on the profit and loss as finance costs.

Subsequent to the period, MG Partners II Limited retired the security over the loans in exchange for a $500,000 repayment towards the outstanding loans.

12. BORROWINGS (CONTINUED)

	2016 $	2015 $
Non-Current		
Borrowings – Magna converting loans	**-**	**703,726**

During the 30 June 2015 period, the Group entered into a US$4M denominated Convertible Loan Facility with Magna Equities II LLC.

Key terms are:

- NSL received US$125,000 on execution followed by another US$125,000 within 30 trading days.
- Subsequent funding in US$250,000 tranches every 60 days (to a maximum of US$3,750,000) at NSL election.
- Each loan has a 24-month term from each drawdown date.
- NSL can repay early at a 15% premium.
- At the election of Magna, the loans can be converted into shares at a 20% discount to the 5-day VWAP at time of conversion notice.

The convertible note is recognised as financial liability at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised on the profit and loss as finance costs.

The Convertible notes have been fully repaid during 2016.

13. DEFERRED TAX LIABILITIES

Non-Current	2016 $	2015 $
Deferred tax liabilities	**331,864**	**263,794**

The deferred tax liability is associated with IS Iron Ore Pte Ltd, a 100% wholly owned subsidiary.

The balance comprises temporary differences attributable to:	2016 $	2015 $
Interest receivable	331,864	263,794
Total deferred tax liabilities	**331,864**	**263,794**

Movements	Interest Receivable	Total
As at 1 July 2014	165,797	165,797
Charged/(credited)		
- to profit or loss	55,191	55,191
- to other comprehensive income	-	-
- exchange differences	42,806	42,806
As at 30 June 2015	**263,794**	**263,794**
As at 1 July 2015	263,794	263,794
Charged/(credited)		
- to profit or loss	80,639	80,639
- to other comprehensive income	-	-
- exchange differences	(12,569)	(12,569)
As at 30 June 2016	**331,864**	**331,864**

14. CONTRIBUTED EQUITY

	2016 No.	2015 No.
Share capital		
Fully paid ordinary share capital	1,378,886,239	792,970,108
	1,378,886,239	**792,970,108**

Movements in ordinary share capital

Date	Details	2016 Number of shares	Issue price	2016 $
01/07/2015	Opening balance	792,970,108		37,271,499
16/07/2015	Issue of shares – loan conversion	15,454,766	$0.0077	118,460
19/08/2015	Issue of Shares – loan conversion	2,727,273	$0.011	30,000
19/08/2015	Issue of Shares – share based payment	6,000,000	$0.01	60,000
07/09/2015	Issue of shares – option conversion	13,000,000	$0.0096	124,800
07/09/2015	Issue of Shares – option conversion	750,000	$0.01	7,500
11/09/2015	Issue of shares – loan conversion	15,149,874	$0.0089	134,834
29/09/2015	Issue of Shares – loan conversion	18,548,195	$0.0119	220,723
19/10/2015	Issue of shares – share based payment	24,907,634	$0.012	298,892
19/10/2015	Issue of shares – share based payment	6,000,000	$0.012	72,000
13/11/2015	Issue of shares – loan conversion	19,511,738	$0.011	214,629
18/01/2016	Issue of shares – loan conversion	11,837,121	$0.006	71,023
05/02/2016	Issue of shares – loan conversion/commitment shares	24,974,094	$0.0071	176,461
09/03/2016	Issue of shares – Placement	177,670,449	$0.008	1,415,874
04/05/2016	Issue of shares – Placement	227,509,987	$0.008	1,811,553
27/06/2016	Issue of shares – option conversion	21,875,000	$0.01	218,750
30/06/2015	**Balance as at 30 June 2016**	**1,378,886,239**		**42,246,998**
	Less equity raising cost	-		157,752
30/06/2015	**Balance as at 30 June 2016**	**1,378,886,239**		**42,089,246**

14. CONTRIBUTED EQUITY (Continued)

Date	Details	2015 Number of shares	Issue price	2015 $
01/07/2014	Opening balance	613,611,921		35,829,172
12/08/2014	Issue of shares (1)	7,500,000	$0.01	25,000
12/08/2015	Issue of Shares	1,800,000	$0.008	14,400
12/08/2014	Issue of Shares (2)	25,000,000	-	-
13/08/2014	Issue of shares	7,000,000	$0.01	70,000
02/09/2014	Issue of Shares	5,000,000	$0.017	85,000
02/09/2014	Issue of shares (4)	20,093,000	$0.017	341,581
03/09/2014	Issue of Shares (2)	30,000,000	-	379,118
3/10/2014	Issue of shares (4)	20,093,000	$0.01	200,930
19/01/2015 – 19/06/2015	Issue of shares	62,872,187	(3)	407,645
30/06/2015	**Balance as at 30 June 2015**	**792,970,108**		**37,352,846**
	Less equity raising cost	-		81,347
30/06/2015	**Balance as at 30 June 2015**	**792,970,108**		**37,271,499**

(1) Related party placement commitment of $50,000 received and recognised in 30 June 2014 period, however, shares issued during this period subsequent to Shareholder approval granted at EGM held on 12 August 2014.

(2) During the period, the Company entered into a standby finance facility with Efectivo Pty Ltd. Key terms are:

- up to A$2,500,000 over a 12 month period;
- utilised at the Company's discretion based on quantum and floor price;
- facility can be terminated by the Company without penalty;
- Efectivo subscribe for shares at a discount not exceeding a 15% discount to the VWAP;
- 25,000,000 Collateral shares issued and held on trust with Efectivo as security for future issues; and
- facility does not restrict the Company from raising funds from other sources.

During the period, the Company made a drawdown against the Efectivo facility which totalled $379,120 from the Placement of 29,672,512 of the collateral shares previously issue to Efectivo in accordance with the facility. Refer to ASX announcement dated 17 September 2014.

(3) Relates to issue of commitment & conversion shares to Magna Equities II LLC in accordance with the Converting Loan Facility as announced on 15 January 2015. The shares have been issued in accordance with the agreement commitment & conversion share pricing mechanisms, at various prices ranging from $0.0048c – $0.0056c per share.

Ordinary shares
Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

Capital Risk Management
The Group considers its capital to comprise its ordinary share capital, share premium and accumulated losses.

14. CONTRIBUTED EQUITY (Continued)

The Group's objective when managing capital is to safeguard the ability to continue as a going concern and to provide returns for shareholders and benefits for other stakeholders and to maintain capital structure to reduce the cost of capital.

The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios as the Group has not derived any income from operations and there are no debt facilities in place with such covenants.

Options Reserve

	2016 $	2015 $
Options reserve	**506,007**	**262,500**
Movement:		
Balance at beginning of the financial year	262,500	262,500
Fair value options expense	243,507	-
Balance at the end of the financial year	**506,007**	**262,500**

The options reserve records items recognised as expenses on valuation on option based payments.

15. OTHER RESERVES

	2016 $	2015 $
Foreign currency translation reserve	(2,394,897)	(1,882,586)
Share based payment reserve	2,440,698	2,440,698
	45,801	**558,112**
Movement:		
Foreign Currency Translation Reserve		
Balance at beginning of the financial year	(1,882,586)	(3,029,127)
Translation of foreign operations	(512,311)	1,146,541
Balance at the end of the financial year	**(2,394,897)**	**(1,882,586)**
Share Based Payment Reserve		
Balance at beginning of the financial year	2,440,698	1,630,181
Fair value option expense	-	810,517
Balance at the end of the financial year	**2,440,698**	**2,440,698**

Foreign Currency Translation Reserve
Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity.

The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share Based Payment Reserve
The share based payment reserve records items recognised as expenses on valuation of employee and consultant share options.

16. ACCUMULATED LOSSES

	2016 $	2015 $
Balance at beginning of the financial year	(34,119,725)	(23,519,628)
Loss after related income tax	(6,106,134)	(10,600,097)
Balance at the end of the financial year	**(40,225,859)**	**(34,119,725)**

17. DIVIDENDS

No dividends have been declared or paid during the period.

18. AUDITORS' REMUNERATION

	2016 $	2015 $
Amounts paid/payable for audit for review of the financial statements for the entity or any entity in the Group		
- BDO	18,873	32,710
Total auditor's remuneration	**18,873**	**32,710**

19. CONTINGENCIES

Litigation between NSL Mining Resources India (Pvt) Ltd (NSL MRI) and Mega Logistics and Solutions

Since reporting on this first in the year 30 June 2011, the Company has continued the formal process of a claim, through Arbitration, for approximately A$250,000 which is related to unrecovered advances (including interest) paid to Mega Logistics and Solutions for the provision of transport and related services.

As announced on 20 August 2014, the Arbitration between its wholly owned subsidiary, NSL Mining Resources India Private Limited ("**Claimant**") and Mega Logistics and Solutions ("**Respondent**"), the arbitrator has given the award entirely in favour of the Claimant.

The arbitrator has held that:

- The Respondent could not withhold this amount and held that the Respondent is liable to return this amount along with interest to Claimant;
- The Claimant is entitled to interest @ 9% p.a. on the amount withheld by the Respondent, with effect from August, 2011 till realization; and
- The Respondent has miserably failed to establish its case including its counter claims and accordingly the same were rejected.

The Company continues with the award recovery process.

19. CONTINGENCIES (Continued)

Legal Notice

As announced on 16 February 2015, the Company received a writ of summons in relation to a Coal Acquisition Agreement dated 15 June 2011 with Birmanie Nominees Pty Ltd (the vendor under the agreement, Birmanie) relating to 4 coal EPCs in Queensland.

The writ alleges that NSL has failed to meet various obligations under the Coal Acquisition Agreement. Birmanie has claimed $2.5m in damages.

NSL has subsequently lodged its defence, in which it vigorously denies Birmanie's Claim. The Company is of the view that Birmanie is not entitled to the damages sought or to any other damages.

During the period, in line with the view above, the Company continued with the litigation process.

20. COMMITMENTS

a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities as follow:

	2016 $	2015 $
Within one year [(1)]	710,501	-
Later than one year but not later than five years [(2)]	3,987,477	4,103,087
	4,697,980	**4,103,087**

(1) Remaining payments to Huate for the fabrication/supply of the Phase Two wet beneficiation plant and equipment.
(2) Acquisition cost for AP14 application for Mining Lease, paid progressively over the granting process.

b) Operating lease commitments

	2016 $	2015 $
Within one year	48,954	3,590
Later than one year but not later than five years	1,150	-
Total minimum lease payment	**50,104**	**3,590**

21. RELATED PARTY TRANSACTIONS

Related Party Information

(a) Parent Entity
The parent entity within the Group is NSL Consolidated Limited.

(b) Subsidiaries
Interest in subsidiaries is set out in Note 22.

(c) Key management personnel compensation

	2016 $	2015 $
Short-term employee benefits	888,423	885,911
Post-employment benefits	92,400	92,400
Share-based payments	-	682,540
	980,823	**1,660,851**

Further information regarding the identity of key management personnel and their compensation can be found in the Remuneration Report – Audited contained in the Directors' Report which forms part of this Annual Report.

(d) Transactions with other related parties

The following related party transactions occurred during the period:

- issue of 18,000,000 Shares & 9,000,000 free attaching listed Options (NSLO), 12,312,239 Shares & 6,156,164 free attaching listed Options (NSLO) to Directors, P I Richards and P Linford respectively. These were issued in satisfaction of accrued fees and on-costs via participation in the Placement as announced on 2 March 16 and approved by Shareholders on 18 April 16.

- issue of 12,532,397 Shares & 6,266,199 free attaching listed Options (NSLO), 2,410,668 Shares & 1,205,334 free attaching listed Options (NSLO) to Key Management Personnel, S M Freeman and T Lee respectively. These were issued in satisfaction of accrued salaries/wages and on-costs via participation in the Placement as announced on 2 March 16.

- Issue of 3,000,000 Shares as a result of the conversion of 3,000,000 unlisted ESOP $0.0096 options.

There were no other transactions with related parties during the period other than disclosed above.

22. SUBSIDIARIES

Entity	Country of Incorporation	2016 %	2015 %
I-S Iron Ore Pte Ltd	Singapore	100%	100%
NSL Mining Resources India(Pvt) Ltd (1)	India	100%	100%
NSL Coal Pty Ltd (2)	Australia	100%	100%

Material activities undertaken by subsidiaries:

(1) Iron ore exploration and development
(2) Coal exploration

During the year, the Parent entity invested an amount of $1,158,500 (2015: $768,000) in NSL Mining Resources India (Pvt) Ltd and in I-S Iron Ore Pte Ltd. These investments were made to enable them to continue their operating activities. All amounts are outstanding as at 30 June 2016.

23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

A$3.4M Capital Raising

As announced on 22 July 16, the Company conducted a Placement predominately to, investment funds and high net worth investors for the Placement at an issue price of $0.02 cent per share, raising $3,400,000 before costs of the offer.

The Placement was conducted at a 21% premium to the 30 day VWAP, and settled on 28 July 2016.

MG Partners II Ltd Retire Security of A$5M Loan Facility

As announced on 22 July, the Company and MG Partners II Ltd (MG) agreed, such that MG retire the loan security over the Company and its assets with a $500,000 repayment of its outstanding secured loan. This amount has been satisfied and security was retired on 16 August 16.

Greenfield Steel Plant JV – Government of Andhra Pradesh (GoAP) Assurances

As announced during the period, the Company had signed a binding JVA with the Wei Hua Group Co Ltd, China's leading heavy equipment crane building company, for the establishment of a steel making plant in Andhra Pradesh.

Company representatives have been in China with Wei Hua meeting various feasibility service providers, Engineering, Procurement and Construction (EPC) companies, with the view that the Company and Wei Hua work closely together to fast track the feasibility of the integrated steel plant.

Further to the traction being achieved in China, the Company continues to receive excellent support from the GoAP, culminating in the receipt of a letter stating assurances from GoAP to extend all support and cooperation required for the development of the project, and specifically to provide required land and other approvals through a single desk portal within 21 days of receipt of application(s).

The letter, received from the Chief Secretary of GoAP, being the highest level bureaucrat in the State, is again further testament to the bona fides and regard the Company is held with GoAP.

Resources First Unsecured Convertible Note and Marketing Agreement Extension

Subsequent to the period, the Company and Resources First entered into an agreement to defer the 2015 convertible note interest expense payment and extend the maturity date of the unsecured convertible note and marketing agreement to January 2017.

24. CASH FLOW INFORMATION

(a) Reconciliation of loss after income tax to net cash flow from operating activities

	2016 $	2015 $
Operating loss after tax	(6,106,134)	(10,600,097)
Adjustment for;		
Depreciation and amortisation	155,910	234,526
Currency Gain/Loss	218,936	771,469
Equity-settled share based payments	1,101,841	979,917
Exploration and evaluation impairment	20,311	1,028,005
Development impairment	2,337,999	5,191,453
Non-cash income tax expense	80,639	55,191
Changes in assets / liabilities		
-decrease in other receivables	23,841	76,552
-decrease in prepayments	1,208	(158,412)
-increase in provision for deferred tax liability	68,071	97,997
-increase in trade and other payables	210,071	861,473
Net cash flow used in operating activities	**(1,887,307)**	**(1,461,926)**

(b) Non-cash investing and financing activities

There were no non-cash investing and activities during the period.

25. LOSS PER SHARE

Basic and diluted earnings per share

	2016 ¢	2015 ¢
Basic loss per share	(0.62)	(1.46)
Diluted loss per share	n/a	n/a

Diluted loss per share not disclosed as it does not increase loss per share.

Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share

	2016 $	2015 $
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share.	**(6,106,134)**	**(10,600,097)**

Weighted average number of shares used as the denominator

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	992,309,245	724,370,029
Adjustments for calculation of diluted earnings per share:		
- options (anti dilutive)	524,493,668	524,930,062
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**992,309,245**	**724,370,029**

25. LOSS PER SHARE (Continued)

Options outstanding as at 30 June 2016 have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2016. These options could potentially dilute basic earnings per share in the future.

26. SHARE-BASED PAYMENTS

Set out below are summaries of options granted:

Grant date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number *	Forfeited / lapsed during the year Number	Vested and Exercisable at end of year Number
2016							
12/08/2014	31/12/2016	$0.0096	190,000,000	-	(13,000,000)	-	177,000,000
14/08/2015	14/08/2018	$0.03	-	10,000,000	-	-	10,000,000
14/08/2015	31/12/2016	$0.01	-	6,000,000	-	-	6,000,000
19/10/2015	31/12/2016	$0.01	-	26,823,606	-	-	26,823,606
Total			**190,000,000**	**42,823,606**	**(13,000,000)**	**-**	**219,823,606**
Weighted average exercise price			$0.0096	$0.0147	$0.0096	-	$0.0109

Weighted average contractual life of share options outstanding at the end of the period was 0.57 years (2015: 1.51 years).

Grant date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited / lapsed during the year Number	Vested and Exercisable at end of year Number
2015							
12/08/2014	31/12/2016	$0.0096	-	190,000,000	-	-	190,000,000
Total			**-**	**190,000,000**	**-**	**-**	**190,000,000**
Weighted average exercise price			-	$0.0096	-	-	$0.0096

Share-based payments recognised during the financial year:	2016 $	2015 $
Shares issued as consideration for brokerage on funding mandate	-	84,400
Shares issued as consideration for consultation	72,000	85,000
ESOP fair value options expense	-	810,517
Shares issued as consideration for deferral of 2015 convertible note interest and marketing agreement fee	60,000	-
Options issued as consideration for deferral of 2015 convertible note interest and marketing agreement fee – fair value	36,000	-
Shares issued as consideration for 2015 convertible note interest and marketing agreement fee	298,892	-
Options issued as consideration for 2015 convertible note interest and marketing agreement fee – fair value	160,942	-
Options issued as consideration for MG Partners II Ltd 5% fund raising fee on tranche utilisation of secured loan	46,564	-
Shares issued as consideration for accrued director fees and employee salaries/wages and on costs	403,183	-
Shares issued as consideration for brokerage on capital raise	24,260	-

27. PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of Financial Position	**2016 $**	**2015 $**
Current assets	730,831	250,564
Total Assets	7,290,909	8,725,047
Current Liabilities	(5,793,316)	(882,066)
Total Liabilities	(5,793,316)	(5,670,262)
Shareholders Equity		
Share Capital	42,595,253	37,534,000
Reserves	2,440,698	2,440,698
Accumulated losses	(43,538,358)	(36,919,914)
Loss for the year	(6,618,445)	(10,371,159)

DIRECTORS' DECLARATION

In the directors' opinion:

a) The financial statements and notes set out on page 40 to 82 are in accordance with the Corporations Act 2001, including:

   i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the financial year ended on that date;

a) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

b) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors

Cedric Goode
Managing Director
NSL Consolidated Limited
Dated 29 September 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of NSL Consolidated Limited

Report on the Financial Report

We have audited the accompanying financial report of NSL Consolidated Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a)(i), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of NSL Consolidated Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of NSL Consolidated Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a)(i).

Emphasis of matter

We draw attention to Note 9(b) to the financial report which describes uncertainty relating to the recoverability of Mine Development Expenditure. Our opinion is not modified in respect of this matter.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 30 to 36 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of NSL Consolidated Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 29 September 2016

ASX ADDITIONAL INFORMATION

The securities exchange information set out below was applicable as at 19 September 2016.

Distribution of Holders of Equity Securities

Distribution of Holders of Equity Securities	Ordinary Shares	Listed Options	Unlisted Options
1 to 1,000	189	-	-
1,001 to 5,000	200	-	-
5,001 to 10,000	146	-	-
10,001 to 100,000	798	33	-
100,001 and over	1,006	197	8
	2,339	230	**8**

Twenty Largest Holders of Quoted Equity Securities

Distribution of Holders of Equity Securities	Ordinary Shares	Percentage
HSBC CUSTODY NOM AUST LTD	80,439,001	4.94%
J P MORGAN NOM AUST LTD	65,229,947	4.01%
GA WOOD HLDGS PL	52,000,000	3.20%
AH SUPER PL	51,800,000	3.18%
INVIA CUST PL	41,500,000	2.55%
INVIA CUST PL	34,000,000	2.09%
INVIA CUST PL	30,200,000	1.86%
FIORI PL	26,181,426	1.61%
RICHARDS PETER IAN	22,524,438	1.38%
SABA JOHN	21,750,000	1.34%
COOKTOWN PL	21,250,000	1.31%
LINFORD PETER ALEXANDER	18,212,329	1.12%
GOODE CEDRIC + MANN K N	16,409,090	1.01%
WEBSTER WENDY KAREN	16,405,000	1.01%
RICHARDS PETER IAN + C	15,985,000	0.98%
ELBERG ALEX	15,819,732	0.97%
ONE MANAGED INV FUNDS LTD	15,000,000	0.92%
JINDAL DIVYA	14,250,000	0.88%
SOOKIAS VAROOJH	13,700,000	0.84%
HALICZER DAVID	13,028,000	0.80%
	585,683,963	**36.00%**

ASX ADDITIONAL INFORMATION (Continued)

Distribution of Holders of Equity Securities	Listed Options - NSLO	Percentage
GA WOOD HLDGS PL	29,000,000	5.58%
MCCARTNEY HEATH BERNARD	27,050,000	5.20%
ONE MANAGED INV FUNDS LTD	25,000,000	4.81%
HAMARNEH ZAKI WAEL ZAKI	25,000,000	4.81%
O'CONNOR TIMOTHY JOHN	17,000,000	3.27%
LP WOOD INV PL	16,267,500	3.13%
RICHARDS PETER IAN	15,250,000	2.93%
ELBERG ALEX	13,046,943	2.51%
MCCARTNEY SUPER INV PL	12,500,000	2.40%
ONG CHRISTOPHER JUN-AN	12,175,742	2.34%
SOOKIAS VAROOJH	11,300,000	2.17%
FILMRIM PL	10,812,500	2.08%
DOMAN AGRIG INV PL	10,500,000	2.02%
G A WOOD PL	10,500,000	2.02%
CASTLE LINDSAY	10,000,000	1.92%
ELBERG LILIANA	8,700,000	1.67%
LINFORD PETER ALEXANDER	8,656,164	1.66%
AH SUPER PL	7,500,000	1.44%
FIORI PL	7,192,896	1.38%
PHEAKES PL	6,562,500	1.26%
	284,014,245	**54.60%**

Substantial Shareholding

As at 19 September 2016, there were no substantial holders of the Company's share capital.

Number of Holders of Equity Securities

Ordinary Share Capital
There are 1,627,112,549 fully paid ordinary shares on issue, held by 2,376 individual shareholders. Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

Options over Unissued Ordinary Share Capital
There are 520,149,243 listed options on issue, held by 230 individual holders. Listed options do not carry a right to vote.

There are 160,833,333 unlisted options on issue, held by 8 individual holders. Unlisted options do not carry a right to vote.

ASX ADDITIONAL INFORMATION (Continued)

MINING AND EXPLORATION TENEMENTS

Project/Tenements	Location	Held at end of quarter
Kuja	Andhra Pradesh, India	100%
Mangal	Andhra Pradesh, India	100%
AP14	Andhra Pradesh, India	100%
EPC 2198	Queensland, Australia	100%
EPC 2336	Queensland, Australia	100%
EPC 2337	Queensland, Australia	100%
EPC2338	Queensland, Australia	100%