

NSL CONSOLIDATED LIMITED
ACN 057 140 922

OPTION ISSUE PROSPECTUS

For the offer of up to 92,946,215 free quoted Options exercisable at \$0.01 each and expiring on 31 December 2016, on the basis of one (1) free Option for every one (1) Share subscribed for and issued to investors under the Placement (**Placement Offer**).

and

For the offer of up to 105,000,000 quoted Options exercisable at \$0.01 each and expiring on 31 December 2016 to Fiori Pty Ltd (**Fiori**) (or its nominee) in consideration for underwriting services provided by Fiori in relation to the Placement (**Fiori Offer**).

and

For the offer of 19,380,847 quoted Options exercisable at \$0.01 each and expiring on 31 December 2016 to Resources First Pte Ltd (**Resources First**) (or its nominee) in satisfaction of interest payments to and marketing fees accrued by Resources First (**Resources First Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

John (Jock) Muir
(Non-Executive Chairman)

Cedric Goode
(Managing Director and CEO)

Peter Richards
(Non-Executive Director)

Company Secretary

Sean Henbury

Registered Office

21 Teddington Road
Burswood WA 6019

Telephone: + 61 8 9322 5562
Facsimile: +61 8 9322 5563

Website: <http://www.nslconsolidated.com>

(ASX: NSL)
(FWB: 2NC)

Share Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Telephone: + 61 8 9315 2333
Facsimile: +61 8 9315 2233

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE AND IMPORTANT NOTES

2.1 Timetable

Event	Date (WST)
Company announces the Placement	14 October 2013
Shareholders approve the Offers	29 November 2013
Lodgement of Prospectus with the ASIC and ASX	30 January 2014
Lodgement of Appendix 3B	30 January 2014
Opening Date	30 January 2014
Closing Date*	6 February 2014
Expected Date of Quotation of Options issued under the Offers*	7 February 2014

* The Directors reserve the right to extend the Closing Date or close the Offers early without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

2.2 Important Notes

This Prospectus is dated 30 January 2014 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Options will be granted on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Applications for Options offered pursuant to this Prospectus can only be submitted on an Application Form.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Options the subject of this Prospectus should be considered highly speculative.

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 Risk factors

Potential investors should be aware that subscribing for Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

2.4 Overseas investors

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

2.5 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 6 of this Prospectus.

3. DETAILS OF THE OFFERS

3.1 Background of the Offers

On 14 October 2013, the Company announced the receipt of commitments for a capital raising of 102,946,215 Shares at an issue price of \$0.01 per Share to raise \$1,029,462 (**Placement**). The Company proposed to undertake the Placement in two tranches as follows:

- (a) 92,946,215 Shares issued to existing major Shareholders and sophisticated and professional investors (**Tranche 1**); and
- (b) subject to Shareholder approval, 10,000,000 Shares issued to related parties of the Company (**Tranche 2**).

Investors under the Placement (**Placement Subscribers**) have also been offered one (1) free attaching quoted Option for every one (1) Share subscribed for and issued under the Placement. The Options are exercisable at \$0.01 each and expiring on 31 December 2016.

The Placement was partially underwritten, to the extent of \$264,446, by Fiori Pty Ltd (**Fiori**) in consideration for the issue to Fiori (or its nominee) of 105,000,000 Options (**Fiori Options**) to be issued on the same terms and conditions as the Options offered under the Placement.

On 23 October 2013, the Company announced that it had issued the Tranche 1 Shares under the Placement.

At the Company's annual general meeting held on 29 November 2013, (**Annual General Meeting**) Shareholders:

- (a) ratified the issue of the Tranche 1 Shares;
- (b) approved the issue of the free attaching Options in respect of the Tranche 1 Shares;
- (c) approved the issue of the Tranche 2 Shares together with the free attaching Options in respect of those Shares;
- (d) approved the issue of the Fiori Options; and
- (e) approved the issue of up to 20,000,000 Shares and 20,000,000 Options (on the same terms and conditions as the Options issued under the Placement) to Resources First Pte Ltd (or its nominee) (**Resources First**) in satisfaction of interest payments to and marketing fees accrued by Resources First.

On 12 December 2013, the Company announced that it had issued the Tranche 2 Shares under the Placement. However, as the Tranche 2 Options have not been issued to the related parties of the Company within one month of the date of the Annual General Meeting, as is required by the ASX Listing Rules, the Company will delay issue of the Options to the Tranche 2 Placement Subscribers until fresh Shareholder approval has been obtained for the issue of those Options.

On 15 January 2014, the Company announced that it had issued 19,380,847 Shares in accordance with Shareholder approval obtained at the Annual General Meeting. The Shares were issued to Resources First. The Company has

also offered 19,380,847 free attaching Options to Resources First (or its nominee) (**Resources First Options**).

The Offers of the Options to Tranche 1 Placement Subscribers, Fiori (or its nominee) and Resources First (or its nominee) are being made in this Prospectus.

3.2 The Offers

By this Prospectus, the Company makes the following offers of Options:

- (a) **Placement Offer:** an offer of up to 92,946,215 Options to Tranche 1 Placement Subscribers on the basis of one (1) free Option for every one (1) Share subscribed for and issued under the Placement;
- (b) **Fiori Offer:** an offer of up to 105,000,000 Options to Fiori (or its nominee) in consideration for underwriting services provided by Fiori in relation to the Placement; and
- (c) **Resources First Offer:** an offer of 19,380,847 Options to Resources First (or its nominee) in satisfaction of interest payments to and marketing fees accrued by Resources First.

All of the Options offered under this Prospectus will be issued on the terms and conditions set out in section 5.1 of this Prospectus, being the same terms and conditions as approved by Shareholders at the Annual General Meeting.

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 5.2 for further information regarding the rights and liabilities attaching to the Shares.

3.3 Minimum subscription

There is no minimum subscription.

3.4 Offer Period

The Offers will open on 30 January 2014 (**Opening Date**) and are anticipated to close at 5:00pm (WST) on 6 February 2014 (**Closing Date**).

The Opening Date and Closing Date for the Offers are indicative only and subject to change without notice. The Company may vary these dates, including to close the Offers early, extend the Closing Date or to withdraw the Offers at any time prior to issue. If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application Form as soon as possible after the Opening Date.

3.5 Acceptance

If you are eligible to subscribe for Options pursuant to the Placement Offer, and wish to subscribe, please complete the **Placement Offer Application Form** accompanying this Prospectus.

If you are eligible to subscribe for Options pursuant to the Fiori Offer, and wish to subscribe, please complete the **Fiori Offer Application Form** accompanying this Prospectus.

If you are eligible to subscribe for Options pursuant to the Resources First Offer, and wish to subscribe, please complete the **Resources First Offer Application Form** accompanying this Prospectus.

Completed Application Forms must be mailed or delivered to:

NSL Consolidated Ltd
PO Box 1755
West Perth WA 6000

or

admin@nslconsolidated.com

A Tranche 1 Placement Subscriber's acceptance may only accept the Placement Offer on the basis of one (1) Option for every one (1) Share subscribed for and issued pursuant to the Placement.

The Offers are non-renounceable. Accordingly, a Subscriber may not sell or transfer all or part of their entitlement.

3.6 No Shortfall

The Company will not make a shortfall offer of any Options not subscribed for under this Prospectus.

3.7 No Underwriting

The Offers are not underwritten.

3.8 ASX listing

Application for Official Quotation of the Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus.

If ASX does not grant Official Quotation of the Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, or such period as varied by the ASIC, the Company will deal with Application Forms that have not resulted in the grant of Options in accordance with the Corporations Act (which provides for investors to be given a one month right to withdraw their acceptance of the Offer) and any Options that have been granted will be void.

The fact that ASX may grant Official Quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

3.9 Issue

Options issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Holding statements for Options issued under the Offers will be mailed as soon as practicable after their issue.

3.10 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Prospectus is not intended to, and does not, constitute an offer of, or invitation to apply for, securities in any place which, or to any person to whom, the making of such offer or invitation would not be lawful under the laws of any jurisdiction outside Australia.

3.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.12 Taxation

The Company does not propose to give any taxation advice and neither the Company, its Directors nor its officers accept any responsibility or liability for any taxation consequence to applicants. Applicants should consult their own professional tax advisers in regard to taxation implications of the Offers.

3.13 Privacy Act

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the

application for Options, the Company may not be able to accept or process your application.

3.14 Enquiries

Any questions concerning the Offers should be directed to Sean Henbury, Company Secretary, on +61 8 9322 5562.

4. PURPOSE AND EFFECT OF THE OFFERS

4.1 Purpose of the Offers

The Offers are being made in accordance with the Company's announced intention to:

- (a) offer free attaching Options to subscribers under Tranche 1 of the Placement on the basis of one (1) free attaching Option for every one (1) Share subscribed for and issued under the Placement;
- (b) issue Options to Fiori (or its nominee) in consideration for underwriting services provided by Fiori in relation to the Placement; and
- (c) issue Options to Resources First (or its nominee) in satisfaction of interest payments to and marketing fees accrued by Resources First.

No funds will be raised from the Offers.

4.2 Effect of the Offers

The principal effect of the Offers, assuming all Options offered under the Prospectus are issued and no other Options are issued, will be to increase the number of Options on issue from 29,510,000 as at the date of this Prospectus to 246,837,062 Options.

4.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 December 2013 and the unaudited pro-forma balance sheet as at 31 December 2013 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Options offered under the Prospectus are issued and including expenses of the Offers.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED 31 December 2013	PROFORMA 31 December 2013
CURRENT ASSETS		
Cash ¹	572,738	551,761
Other current assets	324,344	324,344
TOTAL CURRENT ASSETS	897,082	876,105
NON-CURRENT ASSETS		
Exploration	660,575	660,575
Property, plant & equipment	1,086,872	1,086,872

	UNAUDITED 31 December 2013	PROFORMA 31 December 2013
Development	12,571,593	12,571,593
Other non-current assets	232,260	232,260
TOTAL NON-CURRENT ASSETS	14,551,300	14,551,300
TOTAL ASSETS	15,448,382	15,427,405
CURRENT LIABILITIES		
Trade and other payables	463,914	463,914
Derivative financial instruments	388,980	388,980
Other current liabilities	337,361	337,361
TOTAL CURRENT LIABILITIES	1,190,255	1,190,255
NON-CURRENT LIABILITIES		
Interest bearing liabilities	2,727,650	2,727,650
Deferred tax liability	392,016	392,016
TOTAL NON-CURRENT LIABILITIES	3,119,666	3,119,666
TOTAL LIABILITIES	4,309,921	4,309,921
NET ASSETS (LIABILITIES)	11,138,461	11,117,484
EQUITY		
Share capital	34,823,133	34,823,133
Reserves	(1,505,593)	(1,505,593)
Retained loss	(22,179,079)	(22,200,056)
TOTAL EQUITY	11,138,461	11,117,484

Note:

1. The cash balance as at the date of this Prospectus is \$485,042

4.4 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Options offered under the Prospectus are issued and no Options are exercised prior to completion of the Offers, is set out below.

Shares

	Number
Shares currently on issue ¹	505,111,921
Shares offered pursuant to the Offers	Nil
Total Shares on issue after completion of the Offers	505,111,921

Options²

	Number
Options currently on issue:	
Unquoted exercisable at \$0.04 on or before 30 June 2015	23,510,000
Unquoted exercisable at \$0.07 on or before 30 June 2015	6,000,000
Total Options on issue before Offers	29,510,000
Options offered pursuant to the Placement Offer (Quoted exercisable at \$0.01 on or before 31 December 2016)	92,946,215
Options to be issued pursuant to the Fiori Offer (Quoted exercisable at \$0.01 on or before 31 December 2016)	105,000,000
Options to be issued pursuant to the Resources First Offer (Quoted exercisable at \$0.01 on or before 31 December 2016)	19,380,847
Total Options on issue after completion of the Offers	246,837,062

Convertible Notes

	Number
Convertible Notes currently on issue: (Face value of US\$2,500,000 maturing on 20 September 2015)	1
Convertible Notes offered pursuant to the Offers	Nil
Total Convertible Notes on issue after completion of the Offers	1

Notes

1. Of these Shares, 6,000,000 Shares are subject to a voluntary escrow period of 12 months expiring on 15 January 2015.
2. Shareholder approval was obtained at the Company's Annual General Meeting held on 29 November 2013 to issue the Tranche 2 Shares together with one (1) free attaching Option for every one (1) Share issued. The Options will be issued on the same terms and conditions as the Options offered under this Prospectus. However, as the Tranche 2 Options have not been issued to the related parties of the Company within one month of the date of the Annual General Meeting, as is required by the ASX Listing Rules, the Company will delay issue of the Options to the Tranche 2 Placement Subscribers until fresh Shareholder approval has been obtained for the issue of those Options.

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) The amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).
- (c) Each Option will expire at 5:00 pm (WST) on 31 December 2016 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) Within 15 Business Days after the later of the following:
 - (i) the Exercise Date; and
 - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (h) Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (i) If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (j) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (m) The Company will apply for quotation of the Options on ASX.
- (n) The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

5.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being the underlying securities of the Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (i) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (ii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and

may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. RISK FACTORS

6.1 Introduction

The Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company specific

(a) Dilution Risk

Upon completion of the Offers, there will be a further 217,327,062 Options on issue (assuming the Offers under this Prospectus are fully subscribed and no further Options are issued).

If exercised, these Options will be converted into fully paid ordinary Shares, thereby causing the shareholdings of Shareholders to be diluted by up to 30.08%. However, each Option has an exercise price of \$0.01 which means that the Company will receive additional funds of up to approximately \$2,173,270 upon exercise of the Options, if all Options the subject of the Offers are exercised.

(b) Going Concern

The Company's cash position as at the date of this Prospectus is \$485,042.

Further development of the Company's Indian Iron Ore and South Queensland Thermal Coal opportunities will require further funding towards the Company's working capital requirements.

The Directors have reviewed the Company's overall position and are of the opinion that the Company has currently sufficient funds to meet the Company's commitments and short term working capital requirements. However, the Directors are regularly monitoring the Company's financial position and are aware that they will need to obtain additional financing to meet their ongoing operational and capital commitments. The Directors are of the view that any funding requirements may be met by way of equity or debt funding or funds received from a joint venture partner or a combination of all three.

The Directors believe that the consolidated entity will continue as a going concern.

(c) **Funding Risk**

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.

(d) **Litigation Risk**

In 2011, the Company's wholly owned subsidiary NSL Mining Resources India (Pvt) Ltd (**NSL MRI**) was involved in litigation brought by Mega Mining and Solutions (**Mega Mining**) in the High Court of India. The total quantum of the claim was approximately \$500,000 for disputed invoices of approximately \$125,000. The litigation was dismissed by the High Court of India on jurisdictional grounds. Subsequently, NSL MRI commenced arbitration proceedings against Mega Logistics and Solutions (**Mega Logistics**), a related company of Mega Mining, by way of a counterclaim, for approximately \$250,000 for unrecovered advances. At the end of 2013, Mega Mining proposed to invoke arbitration clauses under a separate contract between NSL MRI and Mega Mining, and the Company is currently reviewing its legal position in this regard.

Although the Board considers the claim brought by Mega Logistics to be frivolous, it does note that there is a risk that the Company and/or NSL MRI will again in the future face legal action from Mega Logistics and/or Mega Mining in India and there are uncertainties in relation to the outcome of any such claim due to the Indian legal jurisdiction.

6.3 Specific Risks relating to the Company's Indian Iron Ore Projects

(a) Political Risk in India

The Company's Kuja and Mangal projects are located in the Andhra Pradesh Province in Southern India.

India has maintained a democratic framework since its independence. Although political conditions in India are generally stable, changes may occur in its political, fiscal and legal systems which might affect ownership or operation of the Company's interests, including, without limitation, changes in exchange control regulations, expropriation of mining rights, changes in government and legislative and regulatory regimes.

Since 1991, the Indian government has pursued a policy of economic liberalisation, including relaxation of private sector involvement in certain sectors, such as mining. However, the rate of economic liberalisation could change, and laws and policies affecting the mining sector, foreign investment, exchange rates and other matters affecting investment in India could change as well.

Asia has from time to time experienced civil unrest and hostilities amongst neighbouring countries, including India and Pakistan. Events such as clashes between India and Pakistan over the disputed Kashmir region and terrorist attacks within India itself could adversely affect the financial performance of the Company and the market price of its Shares.

Within the Andhra Pradesh Province there is a political movement aimed at segmenting the State. This issue is unresolved and may cause political instability in the future.

(b) Iron Ore Price Volatility

Substantially all of the Company's near term revenues and cash flows will be derived from the sale of iron ore. Therefore, the financial performance of the Company will be sensitive to the iron ore price. Iron ore prices are affected by numerous factors and events that are beyond the control of the Company. These factors and events include general economic activity, world demand, costs of production by other iron ore producers and other matters such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the United States dollar) as well as general global economic conditions and political trends.

If iron ore prices should fall below or remain below the Company's costs of production for any sustained period due to these or other factors and events, the Company's exploration and production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the Company's projects may require

the Company to revise downwards its iron ore reserves and will have a material adverse effect on the Company's financial position.

(c) **Sale of Iron Ore**

There is a strong world demand for iron ore, and the Company believes that, by developing a portfolio of Indian iron ore mines in conjunction with an efficient logistics chain, it will be well placed to meet some of that demand. The Company's strategy is intended to also encompass a range of grades from current and future projects, designed to provide flexibility and responsiveness to customer requirements.

The Company remains cognisant of considerable competition and, in respect of the international markets, export market risks. In addition, the Company does not currently have any buyers for iron ore that may be produced in the future from the Company's India iron ore projects. While the Company is confident of being able to secure buyers for its iron ore, there is a risk that it might not be able to do so on favourable terms or at all.

(d) **Sovereign Risk – India**

The Company's underlying iron ore business interests are located and carried out predominately in India. As a result, the Company is subject to political and other uncertainties, including but not limited to, changes in politics or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency fluctuations, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which the Company's investments are conducted.

The Indian Government imposes a duty on iron ore exports from the country. The duty has been varied in response to economic conditions but is primarily seen as a method of supporting the local steel industry. The duty can be changed by the Indian Government at short notice and has the capacity to affect the competitiveness of Indian iron ore in the international market.

(e) **Title Risk**

The Company's Kuja and Mangal projects in India are governed by India legislation relating to grant, renewal and forfeiture of mining leases. There is no guarantee that current or future applications, conversions or renewals of tenements in which the Company has or will have an interest will be approved.

Further, mining leases are subject to a number of legislative conditions including payment of royalties and meeting conditions attached to the grant of the lease. The inability to meet these conditions in relation to any of the mining leases could affect the standing of a mining lease of restrict its ability to be renewed, adversely affecting the operations, financial position and performance of the Company.

6.4 Specific Risks relating to the Company's Australian Coal Projects

(a) Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(b) Tenure and access

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

The Company's tenements are subject to numerous State-specific legislation conditions. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

(c) Compulsory Work Obligations

Each of the Company's tenements are subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. These commitments may be varied on application by the tenement holder but any such variation is at the sole discretion of the Minister administering the relevant mining legislation. If no variation is approved, and there is failure to meet the commitments, this could lead to forfeiture of the tenement.

(d) Carbon Tax

On 13 September 2011, the Australian government introduced a package of legislation to implement the policy set out in "Securing a clean energy future: The Australian Government's Climate Change Plan". The *Clean Energy Act 2011* (Cth) (**Clean Energy Act**) has now been passed.

Any carbon tax liability incurred by the Company under the Clean Energy Act is likely to contribute towards increased overheads in the future financial years, the extent of which is unclear.

As at the date of this Prospectus, it is unknown when (or if) the carbon tax will be officially abolished, however, there is a risk that the Company may be affected by the carbon tax should the Clean Energy Act not be successfully repealed by the current government. Accordingly, the carbon tax may have an adverse impact on the Company's operations or financial performance.

6.5 General risks

(a) Exploration

Mining exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

(b) Operations

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) Exploration and Operating Costs

The proposed exploration expenditure of the Company is based on certain assumptions with respect to the method and timing of exploration and feasibility work. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice.

(d) Government policy changes

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is

possible that the current system of exploration and mine permitting in India and Queensland may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(e) **Estimates of Resources and Ore Reserves**

The estimating of mineral resources and ore reserves is a subjective process and the accuracy of resource and reserve estimates is a function of the quantity and quality of available data and the assumptions used and judgements made in interpreting engineering and geological information. There is significant uncertainty in any resource or reserve estimate and the actual deposits encountered and the economic viability of mining a deposit may differ materially from any future estimate of the Company. The exploration of mineral rights is speculative in nature.

Any future estimated mineral resources or ore reserves may have to be recalculated based on changes in resource prices, further exploration or development activity or actual production experience. This could have a material adverse effect on estimates of the volume or grade of mineralisation, estimated recover rates or other important factors that influence resource or reserve estimates.

(f) **Contractual Risks**

The ability of the Company to achieve its objectives will depend on the performance by the counterparties to these agreements of their obligations. If any counterparty defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

(g) **Environmental Risks**

The Company's projects are subject to relevant environmental legislation and will themselves have varying levels and types of potential impact on the natural environment. Like most countries, India and Australia have laws and regulations regarding environmental matters, including disturbance, rehabilitation and the discharge of hazardous waste and materials. These will be dealt with in the normal course of operations.

Exploration work is intended to be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored, and as far as possible, minimised. While the Company is not aware of any endangered species of fauna and flora within any of its project areas, no baseline environmental studies have been completed to date, and discovery of such could limit or even prevent further work in certain areas.

(h) **Competition Risk**

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake

all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(i) **Supply Chain Risks**

The delivery of ore from the project sites to the FOB position is to be conducted by rail and/or road contractors, who will rely on third party access to roads and rail lines to provide their services, and access to the port in the case of stevedoring services. In addition, the Company also relies on a supply chain to ensure that labour, equipment and other consumables are delivered to the mine sites and stockyard to enable continued operations.

Any interruptions to the inbound or outbound supply chains has the capacity to materially affect the Company's ability to mine and process its ore and deliver the product to its customers in a cost effective and timely fashion.

(j) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(k) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(l) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance

given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

6.6 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus

Therefore, the Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Options.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company other than that disclosed as Litigation Risk in section 6.2(d) of this Prospectus.

7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
15/01/2014	S708A Notice & App3B
15/01/2014	S708A Notice & Appendix 3B
15/01/2014	Final Thermal Coal Project EPC 2336 Granted - Amended
23/12/2013	Final Thermal Coal Project EPC 2336 Granted - Amended
20/12/2013	Joint Venture Update
19/12/2013	Final Thermal Coal Project EPC 2336 Granted
12/12/2013	Appendix 3Y * 3
12/12/2013	s708A Cleansing Notice & Appendix 3B
04/12/2013	Amended Appendix 3Y * 1
04/12/2013	Appendix 3Y x3
29/11/2013	Results of Meeting
20/11/2013	Change of Share Registry Cancellation
14/11/2013	Change of Share Registry
08/11/2013	Information required under ASX Listing Rule 3.10.5A
31/10/2013	Quarterly Activities & Cashflow Report
25/10/2013	Notice of Annual General Meeting/Proxy Form

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.nslconsolidated.com.

7.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.012	8 & 11 November 2013
Lowest	\$0.006	12 & 13 December 2013
Last	\$0.008	29 January 2014

7.4 Material agreements

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

7.4.1 Deed Recording Agreement

On 15 June 2011, the Company entered into a tenement acquisition agreement with Birmanie Nominees Pty Ltd (**Vendor**), pursuant to which the Vendor agreed to sell, and the Company agreed to acquire, applications for exploration permits for coal 2198, 2336, 2337 and 2338 (**Tenements**) located in Queensland (**Tenement Acquisition Agreement**).

The consideration payable by the Company to the Vendor (or its nominee) under the Tenement Sale Agreement was as follows:

- (a) the payment of \$50,000 contemporaneously with the execution of the Tenement Acquisition Agreement;
- (b) the payment of \$150,000 on or before 5pm (Perth time) on 22 June 2011;
- (c) the payment of \$100,000 at settlement;
- (d) the payment of \$200,000 and the issue of:
 - (i) 6,000,000 Shares; and
 - (ii) 6,000,000 unlisted options to acquire Shares, with an exercise price of \$0.07 each and an expiry date of 30 June 2015 (together **Consideration Securities**),on the date that the last of the Tenements is granted;
- (e) the payment of \$1,250,000 on establishment of a JORC Inferred Resource of coal of at least 500 million tonnes across any of all of the four Tenements; and
- (f) the payment of \$1,250,000 on establishment of a JORC Indicated Resource of coal of at least 250 million tonnes across any or all of the four Tenements.

The Queensland Department of Natural Resources & Mines granted the final Tenement on 26 November 2013. The Company failed to immediately pay \$200,000 to the Vendor and the Vendor subsequently issued a Creditor's Statutory Demand for payment of that amount.

On 21 December 2013, the Company entered into a deed recording agreement with the Vendor, pursuant to which the parties agreed to amend the milestone payment under the Tenement Acquisition Agreement set out in (d) above (**Deed Recording Agreement**) and the Vendor agreed to withdraw the Creditor's Statutory Demand.

Under the terms of the Deed Recording Agreement, the \$200,000 cash payment is now payable to the Vendor (or its nominee) as follows:

- (a) \$40,000 on or before 31 December 2013 (this amount has been paid);
- (b) \$40,000 on or before 31 March 2014; and
- (c) \$120,000 on or before 30 June 2014.

The Company agreed to issue the Consideration Securities to the Vendor (or its nominee) within 14 days of the date of the Deed Recording Agreement, subject to the Vendor executing a voluntary restriction agreement for a period of 12 months in respect of the Consideration securities. The Company issued the Consideration Securities to the Vendor on 15 January 2014.

In addition, the Company agreed to enter into a funding mandate pursuant to which the Company would engage the Vendor and Subiaco Capital Pty to secure an offer of funding of the Company of not less than \$5 million. The terms of the funding mandate are summarised in section 7.4.2 of this Prospectus.

7.4.2 Funding Mandate

On 8 January 2014, the Company entered into a non-exclusive funding mandate with Subiaco Capital Pty Ltd (**Subiaco Capital**), pursuant to which Subiaco Capital and Birmanie Nominees Pty Ltd (**Birmanie**) will market the Company and secure an offer of funding of the Company of not less than \$5 million by no later than 30 June 2014 (**Funding Mandate**).

Under the terms of the Funding Mandate, the consideration payable to Subiaco Capital and Birmanie (each being entitled to 50%) is:

- (a) an appointment fee of \$50,000 (regardless of success) on or before 30 June 2014; and
- (b) a success fee of 6% of funds secured under the Funding Mandate.

7.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.¹

Director	Shares	Options ²
Jock Muir	10,067,718	1,500,000
Cedric Goode	27,419,090	2,500,000
Peter Richards	18,009,438	2,500,000

Notes:

1. At the Company's Annual General Meeting held on 29 November 2013, Shareholders approved the issue of the following securities to the Directors:
 - (a) 2,500,000 Shares and 2,500,000 Options exercisable at \$0.01 on or before 31 December 2016 to Jock Muir (or his nominee);
 - (b) 2,500,000 Shares and 2,500,000 Options exercisable at \$0.01 on or before 31 December 2016 to Cedric Goode (or his nominee); and
 - (c) 5,000,000 Shares and 5,000,000 Options exercisable at \$0.01 on or before 31 December 2016 to Peter Richards (or his nominee).

The Shares and Options must be issued to the Directors within one month of the date of the Annual General Meeting. As at the date of this Prospectus, only the Shares have been issued. As the Tranche 2 Options have not been issued to the Directors within one month of the date of the Annual General Meeting the Company will delay issue of the Options to the Tranche 2 Placement Subscribers until fresh Shareholder approval has been obtained for the issue of those Options.

2. Unquoted Options exercisable at \$0.04 each on or before 30 June 2015.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a

Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2013/2014 ¹	2012/2013 ¹	2011/2012
Jock Muir	\$60,000	\$60,000	\$60,000
Cedric Goode	\$350,000	\$(123,917) ²	\$401,077
Peter Richards	\$48,000	\$48,000	\$48,000

Notes:

1. At the election of the Directors, a portion or all of their fees have not been paid and have been deferred.
2. Includes performance Option fair values expense reversal of \$531,125 as milestones associated with the Options were unlikely to be met prior to the expiry date of 30 November 2013. Cash salary and fees, non-monetary benefits and superannuation paid to Mr Goode totalled \$407,208.

7.6 Anticipated Board Changes

Mr Jock Muir has notified the Company that he intends to resign as a Director of the Company within the next six months due to other business commitments.

The Board has commenced a process to identify a suitable replacement for Mr Muir and will provide further updates in due course. Until a replacement is identified, Mr Muir will continue in his role as Chairman of the Board.

7.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offers; or
- the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offers.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services.

7.8 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.9 Expenses of the Offers

In the event that all Offers are completely subscribed, the total expenses of the Offers are estimated to be approximately \$20,977 (excluding GST) and are expected to be applied towards the items set out in the table below:

Description	\$
ASIC fees	2,225
ASX fees	7,752
Legal fees	10,000
Miscellaneous	1,000
Total	20,977

7.10 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by an Application Form. If you have not, please phone the Company on +61 8 9322 5562 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.nslconsolidated.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

7.11 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Cedric Goode
Managing Director and CEO
For and on behalf of
NSL CONSOLIDATED LIMITED

9. **GLOSSARY**

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means an investor that applies for Options using an Application Form pursuant to this Prospectus.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means NSL Consolidated Limited (ACN 057 140 922).

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors means the directors of the Company as at the date of this Prospectus.

Fiori means Fiori Pty Ltd (ACN 007 208 335).

Fiori Offer means the offer to Fiori (or its nominee) of up to 105,000,000 quoted Options exercisable at \$0.01 each, expiring on 31 December 2016, in consideration for underwriting services provided by Fiori Pty Ltd in relation to the Placement.

Offers means the offers of Options pursuant to this Prospectus as outlined in this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share on the terms and conditions set out in section 5.1 of this Prospectus.

Optionholder means a holder of an Option.

Placement has the meaning given in section 3.1 of this Prospectus.

Placement Offer means the offer to Tranche 1 Placement Subscribers of up to 92,946,215 free quoted Options exercisable at \$0.01 each, expiring on 31 December 2016, on the basis of one (1) free Option for every one (1) Share subscribed for and issued under the Placement.

Placement Subscribers has the meaning given in section 3.1 of this Prospectus.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Resources First means Resources First Pte Ltd (a company incorporated in Singapore).

Resources First Offer means the offer to Resources First (or its nominee) of 19,380,847 quoted Options exercisable at \$0.01 each and expiring on 31 December 2016 in satisfaction of interest payments to and marketing fees accrued by Resources First.

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

Shareholder means a holder of a Share.

Subscriber means, in respect of the Placement Offer, any Tranche 1 Placement Subscriber; in respect of the Fiori Offer, Fiori (or its nominee); and in relation to the Resources First Offer, Resources First (or its nominee).

Tranche 1 has the meaning given in section 3.1 of this Prospectus.

Tranche 2 has the meaning given in section 3.1 of this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.

APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

All Correspondence to:
 Security Transfer Registrars Pty Ltd
PO BOX 535, APPLECROSS WA 6953
 770 Canning Highway, APPLECROSS WA 6153
 T: +61 8 9315 2333 F: +61 8 9315 2233
 E: registrar@securitytransfer.com.au
 W: www.securitytransfer.com.au

NSL CONSOLIDATED LIMITED

ACN: 057 140 922

BROKER STAMP

Broker Code

Advisor Code

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

This application relates to the offer of Options at the price of NIL per Option.

I/We apply for:

, , Options at AUD NIL per option

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (e.g.: THE SMITH SUPER FUND A/C)

< >

Postal Address

Unit Street Number Street Name or PO BOX

/

Suburb/Town/City

State

Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

If an incorrect CHESS HIN has been provided (e.g.: incorrect number, registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Contact Name

Contact Number

()

Email Address

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

DECLARATION

By lodging this Application Form the applicant hereby:

- (1) Applies for the number of Options specified in the Application Form or such lesser number as may be allocated by the directors;
- (2) Agrees to be bound by the Constitution of the Company;
- (3) Authorises the directors to complete or amend this Application Form where necessary to correct any errors or omissions;
- (4) Authorises the Company to send the applicant a substituted Application Form (if this Application Form ceases to be current) to the applicant's email address set out in this application.

E & O.E.

This Application Form relates to the Offer of Options in NSL CONSOLIDATED LIMITED .

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESSE participants should complete their name and address in the same format as they are presently registered in the CHESSE system.

Insert the number of Options you wish to apply for.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Options. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

LODGING OF APPLICATIONS

Completed Application Forms must be:

Posted to:

NSL CONSOLIDATED LIMITED
PO BOX 1755
West Perth WA 6000

OR

Delivered to:

NSL CONSOLIDATED LIMITED
Suite 1, Level 1
14-16 Rowland Street
Subiaco WA 6008

OR

Emailed to:

Attention: Company Secretary
admin@nslconsolidated.com

Applications must be received by no later than 5:00pm AWST on the Closing Date 6 February 2014 which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHESSE HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESSE System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESSE participant (or are sponsored by a CHESSE participant) and you wish to hold shares allotted to you under this Application on the CHESSE subregister, enter your CHESSE HIN. Otherwise, leave this box blank and your Options will automatically be Issuer Sponsored on allotment.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to NSL CONSOLIDATED LIMITED. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

Company

Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &
Louise S Williams

Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased

Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund