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**NSL CONSOLIDATED LIMITED**

**ACN 057 140 922**

**NOTICE OF GENERAL MEETING**

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**TIME:** 9:00 am (WST)

**DATE:** 11 August 2014

**PLACE:** FJH Solutions, 21 Teddington Road, Burswood WA

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Sean Henbury, on +61 8 9322 5562.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 9.00 am (WST) on 11 August 2014 at:

FJH Solutions, 21 Teddington Road, Burswood WA

### Your vote is important

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The business of the Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00 pm (WST) on 9 August 2014.

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
  - (b) the proxy need not be a Shareholder of the Company; and
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- (c) a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- (d) if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting; or
  - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR PETER LINFORD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Peter Linford, who was appointed as a Non-Executive Director of the Company on 10 February 2014, retires and, being eligible, offers himself for re-election and is re-elected as a Director.”*

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#### 2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – CONSIDERATION SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 6,000,000 Shares and 6,000,000 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – TRANCHE 1 PLACEMENT SHARES UNDER ASX LISTING RULE 7.1

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 62,866,788 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – TRANCHE 1 PLACEMENT SHARES UNDER ASX LISTING RULE 7.1A

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 45,633,212 Shares on the terms and conditions set out in the Explanatory Statement.”*

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**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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5. **RESOLUTION 5 – ISSUE OF TRANCHE 1 PLACEMENT OPTIONS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 54,250,000 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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6. **RESOLUTION 6 – PARTICIPATION IN PLACEMENT – MR PETER RICHARDS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Shares and up to 1,250,000 Options to Mr Peter Richards (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Peter Richards (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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7. **RESOLUTION 7 – PARTICIPATION IN PLACEMENT – MR PETER LINFORD**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 1, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Shares and up to 2,500,000 Options to Mr Peter Linford (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Peter Linford (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**8. RESOLUTION 8 – PLACEMENT – SHARES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares, when multiplied by the issue price, will raise up to \$2,500,000 on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 9 – ISSUE OF SECURITIES IN SATISFACTION OF INTEREST AND MARKETING FEE**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 41,000,000 Shares and up to 20,500,000 Options on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Resources First Pte Ltd (or its nominee) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**10. RESOLUTION 10 – ISSUE OF DIRECTOR OPTIONS – MR CEDRIC GOODE**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 50,000,000 Options to Mr Cedric Goode (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Cedric Goode (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**11. RESOLUTION 11 – ISSUE OF DIRECTOR OPTIONS – MR PETER RICHARDS**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 30,000,000 Options to Mr Peter Richards (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Peter Richards (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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## 12. RESOLUTION 12 – ISSUE OF DIRECTOR OPTIONS – MR PETER LINFORD

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 15,000,000 Options to Mr Peter Linford (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Peter Linford (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 13. RESOLUTION 13 – ISSUE OF CONSULTANT OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 14. RESOLUTION 14 – ISSUE OF SENIOR MANAGEMENT OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 70,000,000 Options on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 15. RESOLUTION 15 – ADOPTION OF EMPLOYEE SHARE OPTION PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Share Option Plan and for the issue of securities under that Plan on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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**16. RESOLUTION 16 – ADOPTION OF EMPLOYEE SHARE PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Share Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**17. RESOLUTION 17 – RE-APPROVAL OF ISSUE OF OPTIONS TO MR CEDRIC GOODE**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Options to Mr Cedric Goode (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Cedric Goode (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**18. RESOLUTION 18 – RE-APPROVAL OF ISSUE OF OPTIONS TO MR PETER RICHARDS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Options to Mr Peter Richards (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Peter Richards (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**19. RESOLUTION 19 – RE-APPROVAL OF ISSUE OF OPTIONS TO MR JOCK MUIR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Options to Mr Jock Muir (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Dated: 25 JUNE 2014**

**By order of the Board**

**MR SEAN HENBURY  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR PETER LINFORD

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Peter Linford, having been appointed on 10 February 2014, will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seek election from Shareholders.

Mr Linford is currently the CEO of NaSAH Pty Ltd and OGM Technical Institute Pty Ltd. NaSAH is part of the Nasser S. Al Hajri Corporation ([www.alhajricorporation.com](http://www.alhajricorporation.com)) in the Middle East with 65,000 employees.

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.

As Senior Trade & Investment Commissioner for the South Asia region, Mr Linford was responsible for the management of Austrade offices in 16 locations covering 9 countries. The New Delhi post is the central point for management of the South Asia network. Austrade office locations in the South Asia region include New Delhi, Mumbai, Chennai, Bangalore, Kolkata, Hyderabad, Jaipur, Chandigarh, Pune, Ahmedabad, Kochi, (India), Islamabad, Lahore, Karachi (Pakistan), Colombo (Sri Lanka), Dhaka (Bangladesh).

As Consul General and Senior Trade & Investment Commissioner Middle East and North Africa Mr Linford was responsible for the management of Austrade offices in 15 locations covering 26 countries from Morocco in North Africa, to Iran in the Gulf region. The Dubai post & Consulate General is the central point for management of the MENA network and works as a gateway post for Australian companies to visit the region, and to subsequently migrate through the region matching opportunities generated. Austrade office locations in the MENA region include Tripoli (Libya), Instabul (Turkey), Cairo (Egypt), Beirut (Lebanon), Amman & Baghdad (Jordan), Kuwait, Riyadh & Jeddah (Saudi Arabia), Bahrain, Doha (Qatar), Dubai & Abu Dhabi (UAE), Muscat (Oman) and Tehran (Iran).

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### 2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – CONSIDERATION SECURITIES

#### 2.1 Background

On 15 June 2011, the Company entered into a tenement acquisition agreement with Birmanie Nominees Pty Ltd (Birmanie), pursuant to which Birmanie agree 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**).

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The consideration payable by the Company to Birmanie (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 Birmanie and Birmanie 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 Birmanie, pursuant to which the parties agreed to amend certain milestone payments under the Tenement Acquisition Agreement (**Deed Recording Agreement**) and Birmanie agreed to withdraw the Creditor's Statutory Demand.

Under the terms of the Deed Recording Agreement, the parties agreed that the \$200,000 cash payment would be payable to Birmanie (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 (this amount has been paid); and
- (c) \$120,000 on or before 30 June 2014.

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

The Company issued the Consideration Securities to Birmanie on 15 January 2014.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Consideration Securities.

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## 2.2 General

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## 2.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) 6,000,000 Shares and 6,000,000 Options were issued;
- (b) the Consideration Securities were issued as part consideration for the Acquisition of the Tenements;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Options were issued on the terms and conditions set out in Schedule 1;
- (e) the Consideration Securities were issued to Birmanie Nominees Pty Ltd, who is not a related party of the Company; and
- (f) no funds were raised from this issue as the Consideration Securities were issued as part consideration for the acquisition of the Tenements.

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## 3. RESOLUTIONS 3 AND 4 – RATIFICATION OF PRIOR ISSUES – TRANCHE 1 PLACEMENT SHARES

### 3.1 General

On 11 June 2014, the Company announced the receipt of commitments for a placement of 116,000,000 Shares at an issue price of \$0.01 per Share, together with one (1) free attaching Option for every two (2) Shares subscribed for and issued, to raise \$1,160,000 (**Placement**).

The Placement is to be undertaken in two tranches as follows:

- (a) 108,500,000 Shares and 54,250,000 Options (**Tranche 1**); and
  - (b) 7,500,000 Shares and 3,750,000 Options (**Tranche 2**).
-

On 23 June 2014, the Company issued the Shares pursuant to Tranche 1 as follows:

- (a) 62,866,788 Shares without prior Shareholder approval out of its 15% annual placement capacity under ASX Listing Rule 7.1; and
- (b) 45,633,212 Shares without prior Shareholder approval out of its 10% annual placement capacity under ASX Listing Rule 7.1A.

The issue of the Shares pursuant to Tranche 2, which are to be issued to related parties of the Company, are the subject of Resolutions 6 and 7 and the issue of all Options under the Placement remains subject to Shareholder approval (and is the subject of Resolutions 5, 6 and 7).

### **3.2 Resolution 3**

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 62,866,788 Shares issued without Shareholder approval pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

Summaries of ASX Listing Rules 7.1 and 7.4 are set out in section 2.2 of this Explanatory Statement.

By ratifying the issue the subject of Resolution 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **3.3 Resolution 4**

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 45,633,212 Shares issued without Shareholder approval pursuant to the Company's placement capacity under ASX Listing Rule 7.1A which was approved by Shareholders at the Company's previous annual general meeting held on 29 November 2013.

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period the approval is valid a number of equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1A those securities will from that date be included in variable "A" in the formula in ASX Listing Rules 7.1 and 7.1A.2 for the purpose of calculating the annual placement capacity of the Company under both ASX Listing Rules 7.1 and 7.1A.

By ratifying the issue the subject of Resolution 4, the base figure (i.e. variable 'A') in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number, which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

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### 3.4 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 3 and 4:

- (a) 108,500,000 Shares were issued on the following basis:
  - (i) 62,866,788 Shares were issued pursuant to ASX Listing Rule 7.1; and
  - (ii) 45,633,212 Shares were issued pursuant to ASX Listing Rule 7.1A;
- (b) the issue price was \$0.01 per Share under both ASX Listing Rule 7.1 and 7.1A;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to existing major Shareholders and sophisticated and professional investors of the Company, including to clients of Shaw [Stockbroking Limited](#) (ACN 003 221 583), Wilson HTM Ltd (ACN 010 529 665), BBY Ltd (ACN 006 707 777). None of these subscribers were related parties of the Company; and
- (e) the funds raised from this issue will be used for the recommencement of the Company's Indian iron ore operations (as announced on 8 May 2014) and for working capital purposes.

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## 4. RESOLUTION 5 – ISSUE OF TRANCHE 1 PLACEMENT OPTIONS

### 4.1 General

Resolution 5 seeks Shareholder approval for the issue of up to 54,250,000 Options for nil cash consideration to subscribers in Tranche 1 of the Placement on the basis of one (1) free attaching Option for every two (2) Shares subscribed for and issued under Tranche 1 of the Placement.

A summary of ASX Listing Rule 7.1 is set out in section 2.2 of this Explanatory Statement.

The effect of Resolution 5 will be to allow the Company to issue the Options pursuant to Tranche 1 of the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% or 10% annual placement capacity.

### 4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the maximum number of Options to be issued is 54,250,000, being the total number of Options that are to be issued under Tranche 1 of the Placement;
  - (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
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- (c) the issue price of the Options will be nil as they will be issued free attaching to the Shares issued pursuant to Tranche 1 of the Placement on a one (1) for two (2) basis;
- (d) the Options will be issued to the subscribers in Tranche 1 of the Placement the subject of Resolutions 3 and 4, on the basis of one (1) Option for every two (2) Shares subscribed for and issued;
- (e) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (f) no funds will be raised from the issue of Options under Resolution 5, as the Options are being issued for nil cash consideration.

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## 5. RESOLUTIONS 6 AND 7 – RELATED PARTY PARTICIPATION IN PLACEMENT

### 5.1 General

As detailed in section 3.1 of this Explanatory Statement, the Company is undertaking a Placement of up to 116,000,000 Shares at an issue price of \$0.01 per Share, together with one (1) free attaching Option for every two (2) Shares subscribed for and issued, to raise \$1,160,000.

Mr Peter Richards and, subject to the passing of Resolution 1, Mr Peter Linford (**Participating Directors**) wish to participate in the Placement.

Resolutions 6 and 7 seek Shareholder approval for the issue of up to 7,500,000 Shares and 3,750,000 free attaching Options to the Participating Directors (or their respective nominees) arising from participation by the Participating Directors in Tranche 2 of the Placement (**Participation**).

### 5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares and Options which constitutes giving a financial benefit and Messrs Peter Richards and Peter Linford are related parties of the Company by virtue of being Directors.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares and Options will be issued to the Participating Directors (or their respective nominees) on the same terms as Shares and Options issued to non-related party participants in the Placement and as such, the giving of the financial benefit is on arm's length terms.

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### 5.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Participation involves the issue of Shares and Options to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### 5.4 Technical Information required by ASX Listing Rule 10.11

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares and Options will be issued to Mr Peter Richards and Mr Peter Lindford (or their respective nominees);
- (b) the maximum number of Shares and Options to be issued will be as follows:
  - (i) up to 2,500,000 Shares and 1,250,000 Options to Mr Peter Richards (or his nominee); and
  - (ii) up to 5,000,000 Shares and 2,500,000 Options to Mr Peter Linford (or his nominee);
- (c) the maximum number of Shares and Options to be issued in respect of the Participation is 7,500,000 Shares and 3,750,000 Options;
- (d) the Shares and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (e) the issue price will be \$0.01 per Share, being the same as all other Shares issued under the Placement, and the Options will be free attaching on a one (1) for two (2) basis;
- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the Options will be issued on the same terms and conditions as all other Options issued under the Placement, being those set out in Schedule 2; and
- (h) the funds raised will be used for the same purposes as all other funds raised under the Placement, as set out in section 3.4(e) of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares and Options to the Participating Directors (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 6. RESOLUTION 8 – PLACEMENT – SHARES

### 6.1 General

Resolution 8 seeks Shareholder approval for the issue of up to that number of Shares, when multiplied by the issue price, will raise up to \$2,500,000 (**Share Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in section 2.2 of this Explanatory Statement.

The effect of Resolution 8 will be to allow the Company to issue the Shares pursuant to the Share Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% or 10% annual placement capacity.

### 6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$2,500,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Share Placement towards the development of the Company's Indian iron ore project(s) and for general working capital purposes.

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## 7. RESOLUTION 9 – ISSUE OF SECURITIES IN SATISFACTION OF INTEREST AND MARKETING FEE

### 7.1 General

On 8 August 2012, the Company announced that it had entered into an agreement to issue a low cost, unsecured convertible note to Resources First Pte Ltd (**Resources First**), the funds from which would be used to further underpin and expand its iron ore production in India. Interest of 6% per annum is payable on amounts outstanding under the convertible note, payable yearly on an arrears basis.

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The Company further announced that it had entered into a marketing agreement with Resources First to market the Company's iron ore and procure sales contracts in a manner and at a price consistent with industry standards.

The Company is negotiating with Resources First to convert a portion of the amounts accrued in interest and marketing fees into Shares and Options. The Company intends to issue the Shares and Options on the same basis as those issued under the Placement, being Shares at an issue price of \$0.01 per Share, together with one (1) free attaching Option for every two (2) Shares issued.

Resolution 9 seeks Shareholder approval for the issue of up to 41,000,000 Shares and 20,500,000 Options to Resources First, in satisfaction of interest and fees payable for marketing services up to 21 September 2014.

A summary of ASX Listing Rule 7.1 is set out in section 2.2 of this Explanatory Statement.

The effect of Resolution 9 will be to allow the Company to issue the Shares and Options the subject of Resolution 9 during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% or 10% annual placement capacity.

## **7.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the maximum number of Shares to be issued is 41,000,000 and the maximum number of Options to be issued is 20,500,000;
  - (b) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same day;
  - (c) the deemed issue price will be \$0.01 per Share, being the same as all the Shares issue under the Placement, and the Options will be free attaching on a one (1) for two (2) basis;
  - (d) the Shares and Options will be issued to Resources First (or its nominee), who is not a related party of the Company;
  - (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
  - (f) the Options will be issued on the same terms and conditions as the Options issued under the Placement, being those set out in Schedule 2; and
  - (g) no funds will be raised from the issue as the Shares and Options are being issued to Resources First (or its nominee) in satisfaction of interest payments and marketing fees accrued.
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## 8. RESOLUTIONS 10 TO 12 – ISSUE OF DIRECTOR OPTIONS

### 8.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 95,000,000 Options (**Director Options**) to Messrs Mr Cedric Goode, Mr Peter Richards and Mr Peter Linford (or their respective nominees) (**Related Parties**) on the terms and conditions set out below.

Summaries of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 are set out in sections 5.2 and 5.3 of this Explanatory Statement.

The grant of the Director Options constitutes giving a financial benefit and Messrs Goode, Richards and Linford are related parties of the Company by virtue of being Directors.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

### 8.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the related parties are Messrs Mr Cedric Goode, Mr Peter Richards and Mr Peter Linford (or their respective nominees) and they are related parties by virtue of being Directors;
  - (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
    - (i) 50,000,000 Director Options to Mr Cedric Goode (or his nominee);
    - (ii) 30,000,000 Director Options to Mr Peter Richards (or his nominee); and
    - (iii) 15,000,000 Director Options to Mr Peter Linford (or his nominee);
  - (c) the Director Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
  - (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
  - (e) the terms and conditions of the Director Options are set out in Schedule 3;
  - (f) the value of the Director Options and the pricing methodology is set out in Schedule 4;
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- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

| Related Party     | Shares     | Options                |
|-------------------|------------|------------------------|
| Mr Cedric Goode   | 27,419,090 | 2,500,000 <sup>1</sup> |
| Mr Peter Richards | 18,009,438 | 2,500,000 <sup>1</sup> |
| Mr Peter Linford  | 900,000    | Nil                    |

<sup>1</sup> Options exercisable at \$0.04 each on or before 30 June 2015.

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

| Related Party     | 2013/2014<br>Financial Year <sup>1</sup> | 2012/2013<br>Financial Year <sup>1</sup> |
|-------------------|--|--|
| Mr Cedric Goode   | \$350,000                                | \$(123,917) <sup>2</sup>                 |
| Mr Peter Richards | \$52,602                                 | \$48,000                                 |
| Mr Peter Linford  | \$18,410 <sup>3</sup>                    | \$Nil                                    |

<sup>1</sup> At the election of the Directors, a portion or all of their fees have not been paid and have been deferred.

<sup>2</sup> Includes performance option fair values expenses 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.

<sup>3</sup> Mr Linford was appointed as a Director on 10 February 2014.

- (i) if the Director Options granted to the Related Parties are exercised, a total of 95,000,000 Shares would be issued. This will increase the number of Shares on issue from 505,111,921 to 600,111,921 (assuming that no other Options are exercised and no other Shares are issued), with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 15.83%, comprising 8.33% by Mr Cedric Goode, 5.00% by Mr Peter Richards and 2.50% by Mr Peter Linford.

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

|         | Price     | Date  |
|---------|-----------|---|
| Highest | 2.2 cents | 4, 5, 22,23, 24 & 25 July 2013 and 2 September 2013 |
| Lowest  | 0.5 cents | 13 February 2014                                    |
| Last    | 0.7 cents | 24 June 2014  |

- (k) the Board acknowledges the grant of Director Options to Mr Peter Richards and Mr Peter Linford is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2<sup>nd</sup> Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Director Options to Mr Peter Richards and Mr Peter Linford reasonable in the circumstances for the reason set out in paragraph (m);
  - (l) the primary purpose of the grant of the Director Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the future performance of the Related Parties in their respective roles as Directors;
  - (m) Mr Cedric Goode declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution on the basis that he (or his nominee) is to be granted Director Options in the Company should Resolution 10 be passed. However, in respect of Resolutions 11 and 12, Mr Goode recommends that Shareholders vote in favour of those Resolutions for the following reasons:
    - (i) the grant of Director Options to the Related Parties, will align the interests of the Related Parties with those of Shareholders;
    - (ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
    - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Director Options upon the terms proposed;
  - (n) Mr Peter Richards declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution on the basis that he (or his nominee) is to be granted Director Options in the Company should Resolution 11 be passed. However, in respect of Resolutions 10 and 12, Mr Richards recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
  - (o) Mr Peter Linford declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution on the basis that he (or his nominee) is to be granted Director Options in the Company should Resolution 12 be passed. However, in respect of Resolutions 10 and 11, Mr Linford recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
  - (p) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Director Options to be granted as well as the exercise price and expiry date of those Director Options; and
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- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 10 to 12.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 9. RESOLUTION 13 – ISSUE OF CONSULTANT OPTIONS

### 9.1 General

Resolution 13 seeks Shareholder approval for the issue of up to 25,000,000 Options to former directors of the Company in consideration for historical service to the Company (**Consultant Options**).

A summary of ASX Listing Rule 7.1 is set out in section 2.2 of this Explanatory Statement.

The effect of Resolution 13 will be to allow the Company to issue the Consultant Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% or 10% annual placement capacity.

### 9.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consultant Options:

- (a) the maximum number of Consultant Options to be issued is 25,000,000;
- (b) the Consultant Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consultant Options will occur on the same date;
- (c) the Consultant Options will be issued for nil cash consideration in consideration for historical services provided to the Company by former directors of the Company;
- (d) the Consultant Options will be issued to Mr Jock Muir and Mr Peter Wall (or their respective nominees), who are not related parties of the Company;
- (e) the Consultant Options will be issued on the terms and conditions set out in Schedule 3; and
- (f) no funds will be raised from the issue as the Consultant Options are being issued as consideration for historical services provided to the Company.

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## 10. RESOLUTION 14 – ISSUE OF SENIOR MANAGEMENT OPTIONS

### 10.1 General

Resolution 14 seeks Shareholder approval for the issue of up to 70,000,000 Options to members of senior management to motivate and reward the performance of the senior managers in their respective roles (**Senior Management Options**).

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A summary of ASX Listing Rule 7.1 is set out in section 2.2 of this Explanatory Statement.

The effect of Resolution 14 will be to allow the Company to issue the Senior Management Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% or 10% annual placement capacity.

## **10.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Senior Management Options:

- (a) the maximum number of Senior Management Options to be issued is 70,000,000;
- (b) the Senior Management Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Senior Management Options will occur on the same date;
- (c) the Senior Management Options will be issued for nil cash consideration as an incentive to motivate and reward the senior managers;
- (d) the Senior Management Options will be issued to Sean Henbury (Company Secretary), Sean Freeman (Chief Operating Officer) and Timothy Lee (Financial Controller), who are not related parties of the Company;
- (e) the Senior Management Options will be issued on the terms and conditions set out in Schedule 3; and
- (f) no funds will be raised from the issue as the Senior Management Options are being issued as an incentive to motivate and reward the senior managers.

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## **11. RESOLUTIONS 15 – ADOPTION OF EMPLOYEE SHARE OPTION PLAN**

Resolution 15 seeks Shareholder approval for the adoption of the employee incentive scheme titled Employee Share Option Plan (**ESOP**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 15 is passed, the Company will be able to issue Options under the ESOP to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Options have previously been issued under the ESOP.

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The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Shares under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Options under the ESOP to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the terms and conditions of the ESOP is set out in Schedule 5. In addition, a copy of the ESOP is available for inspection by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the ESOP can also be sent to Shareholders upon request to the Company Secretary, Mr Sean Henbury. Shareholders are invited to contact the Company if they have any queries or concerns in relation to the ESOP.

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## **12. RESOLUTIONS 16 – ADOPTION OF EMPLOYEE SHARE PLAN**

Resolution 16 seeks Shareholder approval for the adoption of the employee incentive scheme titled Employee Share Plan (**ESP**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rules 7.1 and 7.2 (Exception 9(b)) are set out in section 11 of this Explanatory Statement.

If Resolution 16 is passed, the Company will be able to issue Shares under the ESP to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Shares have previously been issued under the ESP.

The objective of the ESP is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Shares under the ESP will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Shares under the ESP to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the terms and conditions of the ESP is set out in Schedule 6. In addition, a copy of the ESP is available for inspection by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the ESOP can also be sent to Shareholders upon request to the Company Secretary, Mr Sean Henbury. Shareholders are invited to contact the Company if they have any queries or concerns in relation to the ESP.

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## **13. RESOLUTIONS 17, 18 AND 19 – REAPPROVAL OF ISSUE OF OPTIONS**

### **13.1 General**

On 14 October 2013, the Company announced that it was proposing to undertake a placement of 92,946,215 Shares at an issue price of \$0.01 per Share, together with one free attaching Option for every one Share subscribed for and issued.

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At the annual general meeting of the Company held on 29 November 2013 (**2013 AGM**), Shareholders approved participation of the directors of the Company at the time in the placement and the issue of the following securities:

- (a) 2,500,000 Shares and 2,500,000 free attaching Options to Mr Cedric Goode (or his nominee);
- (b) 5,000,000 Shares and 5,000,000 free attaching Options to Mr Peter Richards (or his nominee); and
- (c) 2,500,000 Shares and 2,500,000 free attaching Options to Mr Jock Muir (or his nominee).

The Shares and Options were to be issued on the same terms and conditions as those offered under the placement.

ASX Listing Rule 10.13.3 requires an entity to issue securities to a related party not later than one month after the date of the meeting.

The Shares were issued to the Messrs Goode, Richards and Muir on 12 December 2013. However, the free attaching Options were not issued within the period of one month after the date of the 2013 AGM and a waiver of ASX Listing Rule 10.13.3 was not obtained. Accordingly, the Options have not been issued to Messrs Goode, Richards and Muir (or their respective nominees).

The Company is seeking fresh Shareholder approval pursuant to Resolutions 17, 18 and 19 for the issue of the free attaching Options to Messrs Goode, Richards and Muir (or their respective nominees).

## **13.2 Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in section 5.2 of this Explanatory Statement.

The issue of these Options will constitute giving a financial benefit and Messrs Cedric Goode and Peter Richards are related parties of the Company by virtue of being Directors.

With respect to Resolution 17, the Directors (other than Mr Goode, who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Options because the Options will be issued to Mr Goode on the same terms as Options issued to non-related party participants in the placement approved at the 2013 AGM and as such, the giving of the financial benefit is on arm's length terms.

With respect to Resolution 18, the Directors (other than Mr Richards who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Options because the Options will be issued to Mr Richards on the same terms as Options issued to non-related party participants in the placement approved at the 2013 AGM and as such, the giving of the financial benefit is on arm's length terms.

## **13.3 ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out in section 5.3 of this Explanatory Statement.

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As the issue of the Options contemplated in Resolutions 17 and 18 involves the issue of Options to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### **13.4 Technical Information required by ASX Listing Rule 10.11**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 17 and 18 :

- (a) the Options will be issued to Messrs Cedric Goode and Peter Richards (or their nominees);
- (b) the maximum number of Options to be issued is 7,500,000 being as follows:
  - (i) up to 2,500,000 Options to Mr Cedric Goode (or his nominee); and
  - (ii) up to 5,000,000 Options to Mr Peter Richards (or his nominee);
- (c) the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) the Options will be issued for nil consideration as they will be issued free attaching to the Shares issued to the Mr Cedric Goode and Mr Peter Richards on 12 December 2013 on a one for one basis;
- (e) the Options will be issued on the same terms and conditions as all other Options issued under the placement, being those set out in Schedule 2; and
- (f) no funds will be raised from the issue of the Options under Resolutions 17 and 18 as the Options are being issued for nil cash consideration.

#### **13.5 ASX Listing Rule 7.1**

Mr Muir resigned as a director of the Company on 10 February 2014 and as such, at the date of the Meeting, Mr Muir will no longer be a related party of the Company. Accordingly, Resolution 19 seeks Shareholder approval for the issue of 2,500,000 Options to Mr Muir in accordance with ASX Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 is set out in section 2.2 of this Explanatory Statement.

The effect of Resolution 19 will be to allow the Company to issue the Options the subject of Resolution 19 during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% or 10% annual placement capacity.

#### **13.6 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 19:

- (a) the maximum number of Options to be issued is 2,500,000;
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- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
  - (c) the Options will be issued for nil consideration as they will be issued free attaching to the Shares issued to Mr Jock Muir on 12 December 2013 on a one for one basis;
  - (d) the Options will be issued to Mr Jock Muir (or his nominee), who, at the date of issue of the Options, will not be a related party of the Company;
  - (e) the Options will be issued on the terms and conditions set out in Schedule 2; and
  - (f) no funds will be raised from the issue of the Options under Resolution 19 as the Options are being issued for nil cash consideration.
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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities & Investments Commission.

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

**ASX Listing Rules** means the Listing Rules of ASX.

**Birmanie** means Birmanie Nominees Pty Ltd.

**Board** means the current board of directors of the Company.

**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.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

**Consideration Securities** has the meaning given in section 2.1 of the Explanatory Statement.

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Employee Share Option Plan** or **ESOP** means the employee share option plan to be adopted pursuant to Resolution 15, with the terms and conditions summarised in Schedule 5.

**Employee Share Plan** or **ESP** means the employee share plan to be adopted pursuant to Resolution 16, with the terms and conditions summarised in Schedule 6.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

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**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Placement** has the meaning given in section 3.1 of the Explanatory Statement.

**Proxy Form** means the proxy form accompanying the Notice.

**Director Options** has the meaning given in section 8.1 of the Explanatory Statement.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

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

**Shareholder** means a registered holder of a Share.

**Tranche 1** has the meaning given in section 3.1 of the Explanatory Statement.

**Tranche 2** has the meaning given in section 3.1 of the Explanatory Statement.

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

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## SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS ISSUED TO BIRMANIE (RESOLUTION 2)

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- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the Company.
  - (b) The Options are exercisable at 7 cents each, payable in cash (**Exercise Price**).
  - (c) The Options will be exercisable on or before 30 June 2015 (**Expiry Date**).
  - (d) The Options may be exercised by notice in writing to the Company received at any time on or before the Expiry Date.
  - (e) The Options are not transferable, without the prior approval of the Company.
  - (f) The Options may be exercised in whole or in part.
  - (g) Following allotment, a Transaction Confirmation Statement will be issued for the Options. A separate Notice of Exercise of Options will also be included for completion. The Options held by the Option holder are exercisable in whole or in part up to the expiry date. Reminder notices will be forwarded to the Option holder prior to the exercise date. Options not exercised on or before the expiry date will lapse. A Option is exercisable by the Shareholder filling in and signing the Notice of Exercise of Options and lodgement at the office of the Company's Share Registry together with payment of \$0.07 for each Option exercised.
  - (h) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of the Optionholder will be treated in the manner prescribed by the ASX Listing Rules applying to reconstructions at that time.
  - (i) The Company will not apply for Official Quotation by the ASX of the Options.
  - (j) All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of the Options.
  - (k) There are no participating 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.
  - (l) However, if from time to time on or prior to the Expiry Date the Company makes an issue of new Shares to Shareholders, the Company will announce the issue to ASX prior to the record date in accordance with the requirements of the ASX Listing Rules. This will give holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
  - (m) There is no right to a change in the Exercise Price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital (other than a Bonus issue) during the currency of the Options.
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## SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS (RESOLUTIONS 5, 6, 7, 9, 17, 18, 19)

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- (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.

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- (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.
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### **SCHEDULE 3 - TERMS AND CONDITIONS OF OPTIONS (RESOLUTIONS 10, 11, 12, 13 AND 14)**

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be a 20% premium to the volume weighted average price of Shares calculated over the 5 trading days immediately prior to the date of issue of the Options (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) 31 December 2016 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

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) **Exercise Date**

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) **Timing of issue of Shares on exercise**

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:

- (iii) 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;
  - (iv) 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
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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

- (v) 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**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

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) **Reconstruction of capital**

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) **Participation in new issues**

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) **Change in exercise price**

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) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## SCHEDULE 4 – VALUATION OF DIRECTOR OPTIONS

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The Director Options to be issued to the Related Parties pursuant to Resolutions 10, 11 and 12 have been independently valued..

Using the Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed the following value:

|   |                  |
|---|------------------|
| <b>Assumptions:</b>                         |                  |
|   |                  |
| Valuation date                              | 20 June 2014     |
| Market price of Shares                      | 0.8 cents        |
| Exercise price                              | 1 cent           |
| Expiry date (length of time from issue)     | 31 December 2016 |
| Risk free interest rate                     | 2.50%            |
| Volatility (discount)                       | 100%             |
|   |                  |
| <b>Indicative value per Director Option</b> | 0.44 cents       |
|   |                  |
| <b>Total Value of Director Options</b>      | \$416,789        |
|   |                  |
| - Mr Cedric Goode                           | \$219,363        |
| - Mr Peter Richards                         | \$131,618        |
| - Mr Peter Linford                          | \$65,809         |

Note: The valuation noted above is not necessarily the market price that the Director Options could be traded at and is not automatically the market price for taxation purposes.

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## SCHEDULE 5 – SUMMARY OF TERMS AND CONDITIONS OF ESOP

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The material terms and conditions of the ESOP are as follows:

- (a) **Eligibility and Grant of Plan Options:** The Board may grant ESOP Options to any full or part time employee or executive Director of the Company or an associated body corporate or subject to, and in accordance with, any necessary ASIC relief being obtained, a casual employee or contractor the Company or any or an associated body corporate (**Eligible Participant**). ESOP Options may be granted by the Board at any time.
  - (b) **Consideration:** Each ESOP Option issued under the ESOP will be issued for nil cash consideration.
  - (c) **Conversion:** Each ESOP Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
  - (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for ESOP Options granted under the Plan will be determined by the Board prior to the grant of the ESOP Options.
  - (e) **Exercise Restrictions:** The ESOP Options granted under the ESOP may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Plan Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the ESOP Options.
  - (f) **Renounceability:** Eligible Participants may renounce their offer in favour of a nominee (the Eligible Participants and their nominees are each **Participants**).
  - (g) **Lapsing of ESOP Options:** Subject to the terms of the offer made to a Participant, an unexercised ESOP Option will lapse:
    - (i) on the Eligible Participant ceasing employment with the Company and:
      - (A) any Exercise Conditions have not been met by the date the Relevant Person ceases to be an Eligible Participant (**Ceasing Date**); or
      - (B) where any Exercise Conditions have been met by the Ceasing Date or the ESOP Option is not subject to any Exercise Conditions, the Participant does not exercise the ESOP Option within a period of six (6) months after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);
    - (ii) if any Exercise Condition is unable to be met; or
    - (iii) the expiry date has passed.
  - (h) **Share Restriction Period:** Shares issued on the exercise of ESOP Options may be subject to a restriction that they may not be transferred or otherwise dealt with until a restriction period has expired, as specified in the offer for the ESOP Options.
  - (i) **Disposal of Options:** Plan Options will not be transferable and will not be quoted on the ASX, unless the offer provides otherwise or the Board in its absolute discretion approves.
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- (j) **Trigger Events:** The Company may permit ESOP Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- (k) **Participation:** There are no participating rights or entitlements inherent in the ESOP Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the ESOP Options.
- (l) **Change in exercise price:** An ESOP Option will not confer a right to a change in exercise price or a change in the number of underlying Shares over which the ESOP Option can be exercised.
- (m) **Reorganisation:** If at any time the capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (n) **Limitations on Offers:** The Company must take reasonable steps to ensure that the number of Shares to be received on exercise of ESOP Options offered under an offer when aggregated with:
  - (i) the number of Shares that would be issued if each outstanding offer for Shares, units of Shares or options to acquire Shares under the ESOP or any other employee share scheme of the Company were to be exercised or accepted; and
  - (ii) the number of Shares issued during the previous 5 years from the exercise of Plan Options issued under the ESOP (or any other employee share plan of the Company extended only to Eligible Participants),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with ASIC Class Order 03/184).

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## SCHEDULE 6 - SUMMARY OF TERMS AND CONDITIONS OF ESP

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The key terms of the ESP are as follows:

- (a) **Eligibility:** Participants in the ESP may be executive Directors or full time or part-time employees of the Company or any or an associated body corporate or subject to, and in accordance with, any necessary ASIC relief being obtained, a casual employee or contractor the Company or any or an associated body corporate (**Eligible Employee**).
  - (b) **Administration of Plan:** The Board is responsible for the operation of the ESP and has a broad discretion to determine which Eligible Employee will be offered Shares under the ESP.
  - (c) **Offer:** The Board may make an offer to an Eligible Employee to participate in the ESP. The offer:
    - (i) will specify the issue price for the Shares or the manner in which the Issue Price is to be calculated;
    - (ii) will specify any restriction conditions applying to the Shares;
    - (iii) will specify an acceptance period; and
    - (iv) specify any other terms and conditions attaching to the Shares.
  - (d) **Issue price:** the issue price of each Share will be determined by the Board in its absolute discretion, which may be a nominal or nil amount.
  - (e) **Renounceability:** Eligible Employee may renounce their offer in favour of a nominee (the Eligible Employees and their nominees are each **Participants**).
  - (f) **Restriction Conditions:** Shares may be subject to restriction conditions which must be satisfied before the Shares can be sold, transferred, or encumbered (**Restriction Conditions**).
  - (g) **Unfulfilled Restriction Condition:** Where a Restriction Condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company may, unless the Restriction Condition is waived by the Board, either:
    - (i) buy back and cancel the relevant Shares within 12 months of the date the Restriction Condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act at a price equal to the cash consideration paid by the Participant for the Shares; or
    - (ii) arrange to sell the Shares as soon as reasonably practicable either on the ASX or to an investor who falls within an exemption under Section 708 of the Corporations Act provided that the sale must be at a price that is no less than 80% of the volume weighted average price at which Shares were traded on the ASX on the 10 trading days up to and including the trading day before the sale date.
  - (h) **Ceasing Employment before Restriction Condition satisfied:** Where the person who was initially offered the Shares ceases to be an Eligible Employee and, at that time, there are Restriction Conditions in relation to those Shares that are unsatisfied or are incapable of satisfaction in the opinion of the Board (and they are not waived), the
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Company must, subject to the Corporations Act and the ASX Listing Rules, buy back and cancel or sell the Shares in accordance with the ESP.

- (i) **Power of Attorney:** The Participant irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the buy-back or sale of the Participant's Shares in accordance with the ESP.
- (j) **Restriction on transfer:** Other than as specified in the ESP, Participants may not sell, transfer or otherwise deal with a Share until any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.
- (k) **Quotation on ASX:** The Company will apply for each Share to be admitted to trading on ASX upon issue of the Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares.
- (l) **Rights attaching to Shares:** Each Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the ESP) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.
- (o) **Limitations on Offers:** The Company must take reasonable steps to ensure that the number of Shares offered under the ESP when aggregated with:
  - (a) the number of Plan Shares issued during the previous 5 years under the Plan (or any other employee share plan extended only to Eligible Employees); and
  - (b) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted,

does not exceed 5% of the total number of Shares on issue at the time of an Offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with the ASIC Class Order 03/184).

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## Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - (a) **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - (b) **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - (c) **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to the Company, PO Box 1755, West Perth, Western Australia 6872;
  - (b) facsimile to the Company on facsimile number +61 8 9381 4056; or
  - (c) email to the Company at [tim.lee@nslconsolidated.com](mailto:tim.lee@nslconsolidated.com),

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

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## APPOINTMENT OF PROXY FORM

NSL CONSOLIDATED LIMITED  
ACN 057 140 922

### GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR:

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the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 9.00 am (WST), on 11 August 2014 at FJH Solutions, 21 Teddington Road, Burswood WA, and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

#### Voting on business of the Meeting

|               |  | FOR                      | AGAINST                  | ABSTAIN                  |
|---------------|--|--------------------------|--------------------------|--------------------------|
| Resolution 1  | Re-Election of Director – Mr Peter Linford   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2  | Ratification of Prior Issue – Consideration Securities                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3  | Ratification of Prior Issue – Tranche 1 Placement Shares Under ASX Listing Rule 7.1  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4  | Ratification Of Prior Issue – Tranche 1 Placement Shares Under ASX Listing Rule 7.1A | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5  | Issue of Tranche 1 Placement Options   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6  | Participation in Placement – Mr Peter Richards                                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7  | Participation in Placement – Mr Peter Linford  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8  | Placement – Shares   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 9  | Issue of Securities in Satisfaction of Interest and Marketing Fee                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 10 | Issue of Director Options – Mr Cedric Goode  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 11 | Issue of Director Options – Mr Peter Richards  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 12 | Issue of Director Options – Mr Peter Linford   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 13 | Issue of Consultant Options  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 14 | Issue of Senior Management Options   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 15 | Adoption of Employee Share Option Plan   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 16 | Adoption of Employee Share Plan  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 17 | Re-approval of Issue of Options to Mr Cedric Goode                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 18 | Re-approval of Issue of Options to Mr Peter Richards                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 19 | Re-approval of Issue of Options to Mr Jock Muir                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

#### Important for Resolutions 6, 7, 10, 11, 12, 15, 16, 17, 18 and 19

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 6, 7, 10, 11, 12, 15, 16, 17, 18 and 19 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

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I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 6, 7, 10, 11, 12, 15, 16, 17, 18 and 19 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 10, 11, 12, 15 and 16 are connected directly or indirectly with the remuneration

of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 6, 7, 10, 11, 12, 15, 16, 17, 18 and 19 and that votes cast by the Chair for Resolutions 6, 7, 10, 11, 12, 15, 16, 17, 18 and 19 other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 6, 7, 10, 11, 12, 15, 16, 17, 18 and 19 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 6, 7, 10, 11, 12, 15, 16, 17, 18 and 19.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

**Signature of Shareholder(s):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:**

\_\_\_\_\_

**Contact name:**

\_\_\_\_\_

**Contact ph (daytime):**

\_\_\_\_\_

**E-mail address:**

\_\_\_\_\_

**Consent for contact by e-mail:**

YES ☐ NO ☐

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