NSL Consolidated Limited

ACN 057 140 922

Annual Report

for the year ended
30 June 2017

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CORPORATE DIRECTORY

Directors	J Muir *Chairman* *(appointed 5 April 2017)* P I Richards B.Comm *Chairman (resigned 5 April 2017)* *Non-Executive Director* C F Goode MBA *Managing Director / CEO* *P Linford* *Non-Executive Director*
Company Secretary	S P Henbury
Registered Office	c/- Armada Accountants & Advisors Suite 3, 17 Foley Street Balcatta WA 6021 Telephone: (08) 6168 8000 Facsimile: (08) 6168 8039
Corporate Office	Suite 2, Level 1 14-16 Rowland Street SUBIACO WA 6005 Facsimile: (08) 6168 8039
Web Site Address	www.nslconsolidated.com
Share Registry	Security Transfer Registrars 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors to the Company	Steinepreis Paganin Lawyers and Consultants Level 4, The Read Buildings 16 Milligan Street PERTH WA 6000
Stock Exchange Listing	NSL Consolidated Limited's shares and options listed on the Australian Securities Exchange and Frankfurt Stock Exchange Australian Securities Exchange Share Code: NSL Australian Securities Exchange Listed Option Code: NSLO Frankfurt Stock Exchange Code: 2NC

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

The Board is pleased to present the NSL Consolidated Limited ("NSL") Annual Report for the financial year 2016/17.

India continues to experience strong economic growth, with its GDP currently expanding in excess of 7% per annum, making it the fastest growing major economy in the world. Consistent with this economic growth, India is now the 3rd largest producer of steel in the world, growing at 7.1% per annum over the previous 10 years to be 95.6 million tonnes of production in 2016. As the world's 3rd largest steel producer, India consumes approximately 160 million tonnes of iron ore.

India's economic growth and stability favours NSL's long-term strategy and vision to participate fully in the iron ore and steel industries. Your company is the only foreign company to own and operate iron ore mines and beneficiation plants in India. Over the last eight and a half years the Company has navigated the Indian business environment which is very different to Australia. This has not always an easy journey, and despite setbacks, the company is within reach of achieving run rate production at its Phase Two wet plant.

During the year NSL made great strides in its strategy to mine and beneficiate iron ore in the Cuddapah basin in the state of Andhra Pradesh, and it's longer-term strategy to participate in the supply chain from mining to steel production. This strategy is staged with a target of 2.5 million tonnes from both existing beneficiation plant expansion and new plants using iron ore sourced from surrounding mines in the Cuddapah basin.

Highlights during the year include:

- The company completed the construction and commissioning of its 200,000 TPA wet beneficiation plant and commenced optimization; the most recent development following year end has been the construction and commissioning of a thickener to achieve nameplate capacity with optimal operating parameters.
- Safety is a core value of NSL and during construction there were no serious incidents.
- NSL received sales orders during the year and began to deliver product that met customer requirements and worked well in their pellet manufacturing processes.
- The company successfully raised $3.4 million through a placement at a 21% premium to the 30-day VWAP and also received $6.3 million through the conversion of options. It is noteworthy that the two non-executive directors of the company at that time both exercised all their options and participated in the placement. Utilising these funds the company became debt free by repaying the Convertible Note held by Resources First, through a combination of shares and cash, and extinguished the loan from MG Partners II LLC in cash.
- Subsequent to the year-end First Samuel, a Melbourne based investment manager, invested $5 million in equity in the company through a private placement. This strategic investment will enable NSL to execute its strategy.
- The company continues to secure access to Cuddapah basin iron ore as plant feed for its wet beneficiation plant and, through a royalty agreement, now has mining control over the second largest mining lease in the area. The company now owns two mining leases and control over 4 others.
- To increase beneficiation capacity in the future through expansion and new plants, NSL has signed a cooperation agreement with Shandong Xinhai Mining Technology & Equipment Inc. for the provision of EPC wet plant beneficiation components.
- Last year the Company signed a Memorandum of Understanding (MoU) with the Chinese group, Wei Hua Group Ltd, to build a steel processing plant in Andhra Pradesh. We continue to make progress

with visits by both parties to China and India. Importantly, as part of the existing MOU with the Andhra Pradesh Government, the Government has allotted NSL land for an integrated steel plant product, bringing our vision closer.

- As the company moves into a production stage it is important that our Indian management team expands with more senior roles within the company. Accordingly, we have appointed a Director, Indian Operations, and added depth to the team, especially in process engineering.

NSL operates in a rural area and it is important that our corporate social responsibility (CSR) programs address the needs of the local community. We continue to be involved in schools and education, healthcare and emergency planning, water access and monitoring, sports and recreation and agricultural programs.

I would like to thank my fellow directors for their insight and valuable input into the company. However, the hard work and dedication of the Company's senior management over the last eight and a half years, at the expense of family and free time, never ceases to amaze me, and to them I give my warmest thanks. To our shareholders and other stakeholders, thank you for your continuing patience and support.

Jock Muir

Chairman

DIRECTORS' REPORT

The Directors of NSL Consolidated Limited (the Company or NSL) present their report on the consolidated entity (referred to hereafter as the Group), consisting of NSL Consolidated Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2017.

DIRECTORS

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

Jock Muir	Chairman /Non-Executive Director (appointed 5 April 2017)
Peter Richards	Chairman (resigned 5 April 2017) /Non-Executive Director
Cedric Goode	Managing Director/CEO
Peter Linford	Non-Executive Director

PRINCIPAL ACTIVITIES

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

DIVIDENDS

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

OPERATING AND FINANCIAL REVIEW

Strategy

Over the course of the year, the Company continued to execute upon its India business strategy, focussing on the beneficiation of low grade iron ore for use in the growing Indian steel industry.

The Company, as the only Australian or foreign company to own and operate in India's iron ore market, continued to progress is Phase Two wet beneficiation project. The Company successfully completed the commissioning of the plant and transitioned to 3 shift operations in the last part of the year. Post the end of the year the company commenced sales to domestic steel producers.

The Company continues to receive government support through the execution of several agreements with the state government of Andhra Pradesh. These agreements have enabled our continued success in gaining relevant approvals to support our Indian business strategy. It is also a further acknowledgement of the integrity in which the Company is held as we move forward towards a sound commercial footing to support all stakeholders.

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

DIRECTORS' REPORT (CONTINUED)

Iron Ore – India

KURNOOL IRON ORE BENEFICIATION PLANT

PHASE TWO WET PLANT

During the year, the Company completed is Phase Two wet beneficiation project, with successful erection, commissioning and operation of the plant.

The Phase Two wet beneficiation plant is designed to produce 200,000 tonnes per annum high grade premium price iron ore fines concentrate grading between 58-62% Fe, nominally targeting 60% Fe.

DIRECTORS' REPORT (CONTINUED)

Sequential Site Images Showing Construction Progress to the end of the financial year

Following the successful power connection, the Company progressed wet commissioning utilising low grade feed. The beneficiation result provided confidence at the time of commissioning in the process being able to achieve its desired high grade premium price product grading between 58-62% Fe, nominally targeting 60% Fe. Normal ROM feed grade ranges between 25-35% Fe.

The Company were then able to safely successfully complete commissioning of the plant. In a major safety milestone, and testament to the onsite team's safety focus the phase two wet beneficiation plant project reached 250,000 hours without a lost time injury (**LTI**).

Plant being loaded with first iron ore

DIRECTORS' REPORT (CONTINUED)

Ball mill and classifier

First product from plant product stream

The Company then transitioned from equipment commissioning to complete plant process flow optimisation and commencement of production ramp up.

The Company ramped up operability of the crushing and screening plant and commenced feeding ROM material into the plant. As part of this phase the Company employed shift supervisors, plant operators, and mobilised stockyard fleet with the goal of ramping up throughput and production to a 24-hour operation. With a complete second shift employed early March and operational late March, and a complete third shit employed late April and operational in May, the Company was able to commence 24-hour operations as scheduled.

Producing concentrate in excess of 65% Fe

Wet plant overview

DIRECTORS' REPORT (CONTINUED)

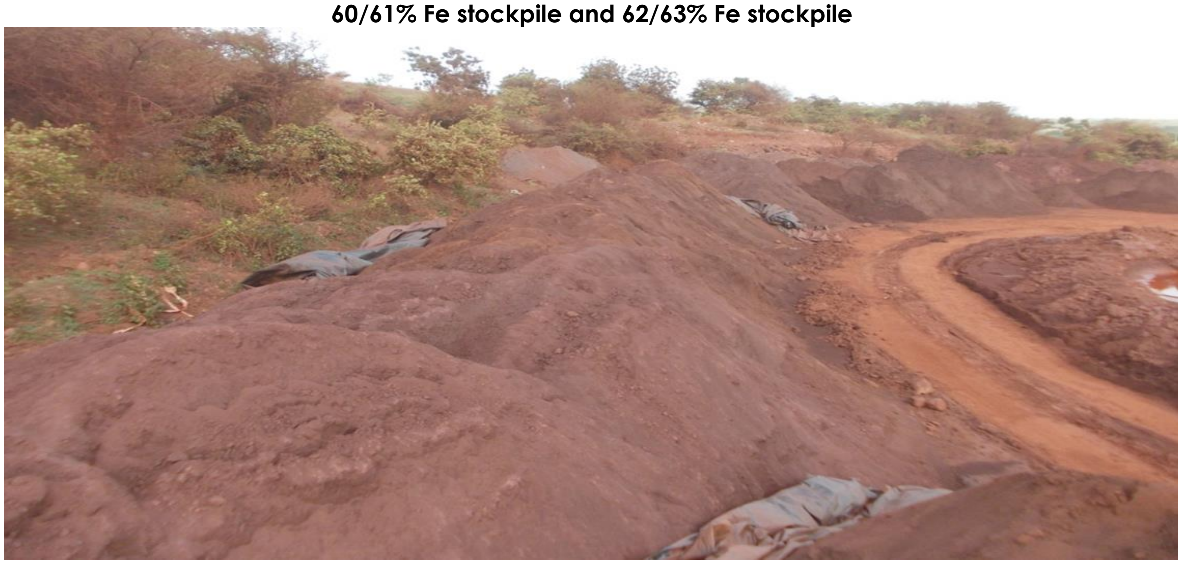
During the course of the June quarter, optimisation of plant throughput and output continued, successfully beneficiating material within the plant design of 58-62% Fe from the Company's own ROM material and blends of third party feed. Grades in excess of 62% Fe were also achieved. During this period, the company trained local personnel to operate the plant on a 24 hours basis.

The Company has been working through production and margin optimisation test work to determine the most suitable blend of feed in order to obtain the optimum feed blend/grade (utilising NSL ROM and third-party ROM) vs final product grade vs yield vs sales price.

To further enhance efficiency of the plant, post year end the Company was close to completing the addition of a thickening circuit in the process flow to assist with water recycling and is expected to improve yields and grades.

The plant is currently producing iron ore concentrate to the specifications required by the wider market, with production increasing progressively in line with the expectations.

60/61% Fe stockpile and 62/63% Fe stockpile



Part of additional 58-62% Fe general stockpiles

DIRECTORS' REPORT (CONTINUED)

MARKETING AND OFFTAKE

During the year, the Company continued to progress its two non-exclusive off-take agreements for its first 200,000 tonnes of Phase Two 58-62% Fe wet beneficiation plant fines product, in conjunction with sourcing other industry steel mill customers.

The off-take agreements with JSW Steel (JSW) and BMM Ispat (BMM), reflect the demand of the Indian steel industry for the Phase Two wet beneficiation plant material.

JSW is India's leading private sector steel producer and among the world's major steel companies. BMM's current and future expanding production of steel can easily absorb 100% of the Company's fines production. During detailed evaluations, both parties confirmed the strong alignment in the Company's iron ore specifications and BMM's required iron ore raw material specification.

The BMM steel complex is approximately 240kms from NSL operations and the JSW steel complex is approximately 160kms from NSL operations. Both are located within the Hospet region of Karnataka, southern India's main steel producing belt.

Post end of the year sales orders commenced directly received from the Indian steel industry, with the receipt of an initial 5,000 tonne order from Minera Steel and Power Pvt Ltd ("**Minera**") and 4,000 tonne order from BMM. The order size represents the Indian industry norm.

Dispatch of the premium 60/61% Fe material to Minera commenced on Saturday 22nd July. The fast turnaround of order, advance payment, commencement of dispatch, and coupled with Minera reconfiguring their plant to accept NSL product, highlights Minera's intent.

Minera are utilising NSL filter cake in their steel plant process with excellent results, producing a high-quality pellet with excellent characteristics and physical properties. The high-quality pellets are being successfully utilised in steel production.

Minera continue to desire a minimum of 15,000 tonnes per month of the premium NSL filter cake product for their operations, which currently require between 70,000 – 80,000 tonnes per month of iron ore.

Minera dispatch from the specific 60/61% Fe stockpile

DIRECTORS' REPORT (CONTINUED)

STRATEGIC EPC CO-OPERATION AGREEMENT WITH XINHAI

During the year the Company deepened its Chinese relations, with execution of a strategic cooperation agreement for the provision of wet beneficiation plant Engineering, Procurement and Construction (**EPC**) services.

Founded in 1997, Shandong Xinhai Mining Technology & Equipment Inc (**Xinhai**), is a Beijing listed high and new technology enterprise providing "Turnkey Solutions" for mineral processing plants; including design and research, machine manufacturing, equipment procurement, management services, mine operation, mine materials procurement & management.

With 500 mining EPC projects encompassing 70 kinds of mineral ore technologies and 20 patents, Xinhai has established overseas offices in Sudan, Zimbabwe, Tanzania, Peru and Indonesia, and has exported to more than 20 countries.

For further information on Xinhai, please visit: http://www.xinhaimining.com/

Xinhai has previously exported equipment to India, and is now looking to further its exposure in the growing Indian economy through the provision of EPC services, seeing an Australian company operating in India as an ideal opportunity.

The MoU complements the existing Huate relationship and enhances the Company's relationships and expertise in China. More Chinese companies are looking to Indian business opportunities for their future growth.

Xinhai has a strong history with Chinese import/export banks to provide funding for EPC projects throughout its global footprint. The Company and Xinhai are cooperating to secure financing for future beneficiation plants up to a concentrate production target of 2.5 million tonnes per annum.

Xinhai is continuing a comprehensive sample testing program of our feed material in China to finalise the process flow and equipment requirements to produce a routine operating concentrate grade ranging between 63-65% Fe, targeting 65% Fe.

The results of the Xinhai site visit and testing, will then flow into the upcoming expansion projects, whereby Xinhai as an EPC contractor will have the opportunity, based on acceptable commercial terms, to build capacity up to 2.5 million tonnes per annum and also potentially optimise the existing beneficiation plant to produce a routine operating concentrate grade ranging between 63-65% Fe.

ADDITIONAL MINING LEASES – AP3, AP 26 & 27

The Company was able to further support its important wet beneficiation production expansion plans by gaining access to additional mining leases, designated AP3, AP26 and AP27, through Run of Mine (**ROM**) royalty based agreement(s).

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

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

AP3 the second largest ML (77 acres) in the area, and hence a significant milestone for the Company as it further consolidates the region and provide feed for production expansion. Combined with AP26 and 27 land area, these ML's represent an 800% increase on our existing ML's, Kuja and Mangal, and provides significant upside to the Company.

AP26 and 27 pit workings

AP3 exposed iron ores

BINDING AGREEMENT FOR JOINT DEVELOPMENT OF GREENFIELD STEEL PLANT

The Company made further significant progress on the Binding Joint Venture Agreement (**JVA**) for the establishment of a greenfield steel making plant in Andhra Pradesh (**AP**), with the initial priority on the completion of a pre-feasibility of the front end of the steel plant, being a pellet plant.

In furthering the prefeasibility process, Managing Director, Cedric Goode led a high level Chinese delegation to India during November 2016 which was hosted by the Government of Andhra Pradesh.

The delegation travelled from Hyderabad to the new AP state capital, Amaravati and Vijayawada where meetings and discussions took place with the state government dignitaries and bureaucrats.

The meetings focussed primarily on the Company's pipeline of projects and the government support required to facilitate completion of all the projects. In addition, the Chinese members of the delegation had the opportunity to engage directly with the state in regard to their support of the Company and its growth in AP.

DIRECTORS' REPORT (CONTINUED)

The delegation met with the Chief Minister (**CM**) of AP, Honourable Chandrababu Naidu. Throughout the meeting, the CM assured all support from the Government of Andhra Pradesh (**GoAP**) around the Company's requirements. The CM directed the Secretary of Mines to work immediately on non-active mines to provide additional beneficiation feedstock to facilitate the Company's expansion plans and requested NSL accelerate the beneficiation plant production. The CM also directed the Principal Secretary (to CM) to have GoAP work with NSL in an integrated manner to assist the set-up of a steel plant at Kadapa in addition to Orvakal.

Similar discussions were also held with the Chief Secretary (**CS**) of the GoAP. In addition to the above points of discussion Mr Goode discussed:

1. Access to additional 20 acres of land for expansion of current beneficiation plant;
2. The need to focus on skill development to meet NSL's requirement;
3. The land requirement for the proposed pellet (250 acres) and steel plant (750 acres) at Orvakal; and
4. The submission of a preliminary project report and formal application for the land.

The Chief Secretary appreciated the progress made to date, assuring the expeditious approval of the additional 20 acres for expansion of our current beneficiation plant, committing to work with NSL for a "Technical Excellence Centre" at Kurnool, agreeing to hand over the "Letter of Sanction" for the land, and to provide all basic infrastructure facilities at Orvakal.

The delegation also took the opportunity to meet with the Secretary of Mines and other government officials.

The delegation then moved to Kurnool, where the focus was firmly on the Company's current operations and interactions at a local level. The delegation met with the Deputy Chief Minister (**DCM**) of AP, the District Collector (**DC**), General Manager of the District Industries Centre and Zonal Manager, AP Industrial Infrastructure Corporation. The meetings discussions also focused on progress made to date, and the future plans/requirements for the Company's current beneficiation operations and expansions and proposed pellet/steel plants.

During the meeting, the DCM and DC assured all support to provide all basic infrastructure facilities, expeditious clearances required, help to provide skilled personnel and to provide training to upgrade skills.

The final stage of the delegation's visit was to visit the Orvakal Industrial Park to see the location of the proposed pellet and steel plants. The delegation was accompanied by the District Administration team.

Further to the successful visit in November, and in line with the pre-feasibility requirements, a second round of visits were conducted during the week of 12th December. The primary focus of second visit incorporated the following:

1. Review of the Indian pellet market utilising available and determined market norms;
2. Presentation of EPC proposals by Chinese companies; and
3. Technical reviews and discussions on proposal merits and design.

Based on current Indian mining and pellet industry norms for integrated plants, this indicates a possible A$44-$52 per pellet tonne operating profit for a NSL owned pellet plant.

With the favourable analysis obtained to date, the Company is continuing to progress the pellet plant pre-feasibility in line with its Indian iron ore beneficiation strategy.

During the Confederation of Indian Industry (**CII**) and Andhra Pradesh partnership summit in January 2017 the Company spent time briefing the Government of Andhra Pradesh (**GOAP**) officials as to the status of it Indian operations. This included the Honourable Chief Minister (**CM**) of Andhra Pradesh Chandrababu Naidu in a formal one on one meeting and again in other various forums.

During this meeting and others held with GOAP officials, the CM expressed his delight and ongoing support for the Company in its progress and continued focus on assisting the development of AP, as did all other GOAP officials.

Further to this meeting and as part of a formal signing ceremony, the Andhra Pradesh Industrial Infrastructure Corporation Ltd, after careful examination allotted 250 acres of land for a pellet plant and 750 acres of land for an integrated steel plant in Orvakal Industrial hub, Kurnool District to M/s. NSL Mining Resources India Pvt Ltd.

Honourable Chief Minister Chandrababu Naidu presenting the land allotment to Cedric Goode

MEMORANDUM OF UNDERSTANDING WITH ANDHRA PRADESH GOVT

During the year, the Company further progressed actions pertaining to the Memorandum of Understanding (**MoU**) with the Government of Andhra Pradesh (**GoAP**) for collaboration in the mining, beneficiation and value addition of the low-grade iron ores that are abundant in the State.

Over the past 12 months the Company has executed agreements with both the GoAP and the Andhra Pradesh Mineral Development Corporation (**APMDC**), the State-owned enterprise charged with maximising utilisation of mineral resources.

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

To develop this MoU further both parties have been conducting detailed legal and technical reviews of potential target projects within the State. This work is expected to accelerate during the coming months.
As announced previously, the Company had signed an MOU directly with GoAP, whereby GoAP will facilitate the necessary assistance for the Company to grow its Andhra Pradesh mining, beneficiation and value addition activities to in excess of 8 million tonnes per annum of iron ore; such assistance includes prompt land acquisition, adequate infrastructure development and attractive incentives as per the policies / rules and regulations of the State Government.

DIRECTORS' REPORT (CONTINUED)

In addition, the GoAP will support the Company's participation in significant projects in Andhra Pradesh, wherever feasible. Such participation may include providing advisory services, setting up manufacturing facilities, infrastructure development, R&D and implementation support. Through this relationship, the Company is aiming to support the development of infrastructure in Andhra Pradesh, leveraging the Government's focus on promoting manufacturing and industrialization in the state and facilitating a conducive investment environment.

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

Key Facts

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

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

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

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

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

Statement of Profit or Loss and Other Comprehensive Income

At reporting date, the Company incurred a total comprehensive loss after interest, taxation, depreciation, amortization and impairment of $4.74 million (2016: $6.61 million).

Impacting the net loss of $4.74 million for the year were the following significant non-cash items:

- Depreciation charges of $0.27 million;
- Impairment of Exploration and evaluation expenditure of $0.012 million; and
- Share-based compensation of $0.235 million.

DIRECTORS' REPORT (CONTINUED)

Statement of Financial Position

Total assets at reporting date were $13.36 million. The following significant items impacted on assets:

- Additions of property, plant and equipment of $3.37 million.; and

- Mine development of $8.06 million. The net increase of approximately $1.56 million primarily related to additions totaling $1.29 million and the currency translation of foreign operations.

Total liabilities at reporting date were $1.67 million. The following significant items impacted on liabilities:

- Repayment via cash/conversion of borrowings and related derivative financial instruments totaling $3.43 million, which relates to an unsecured convertible note further discussed in note 13; and

- Repayment via cash/conversion of the secured Magna loan facility, an amount of $0.98 million as further discussed in note 13.

Total equity attributable to shareholders increased by $9.26 million to $11.7 million due primarily to:

- An increase in share capital due to capital raisings, loan conversions and/or loan utilization fees totaling $13.7 million;
- Offset by an increase in accumulated losses totaling $4.74 million

Statement of Cash Flow

Consolidated cash flows from operating activities resulted in a net cash outflow of $4.52 million, representing an increase of $3.20 million from the prior year primarily relating to payments to suppliers and employees.

Net cash outflows from investing activities resulted in a net cash outflow of $4.58 million due primarily to payments associated with property, plant and equipment and mine development.

Net cash inflows from financing activities resulted in a net cash inflow of $9.37 million primarily due to proceeds received from capital raisings and loan conversion/drawdowns/repayments.

Significant Changes in State of Affairs

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

Events since the end of the financial year

RECORD SALES MONTH

As announced on 4th September 2017, record sales of 5,000 tonnes were achieved for August 2017, with run rate production on schedule during October 2017 following commissioning of a thickener circuit days. This is in line with the market guidance previously announced. Importantly, this achievement represents record sales, and a significant further step forward in the Company's future.

The dispatch of 5,000 tonnes is a credit to the team on site, as operations were severely interrupted by monsoonal rains. Daily dispatch peaked at 1038 tonnes.

DIRECTORS' REPORT (CONTINUED)


Finished Product Concentrate Dispatch

COLLABORATION AGREEMENT WITH MINERA STEEL AND POWER PVT LTD

As announced on 8th September 2017, NSL and Minera Steel and Power Pvt Ltd enter into Collaboration Agreement to enhance business and further progress the established relationship.

Minera is an Indian company engaged in the production of pellet, sponge iron and steel in the Indian domestic steel industry. As an existing customer to NSL, the business relationship has been established and continues to strengthen.

The collaboration agreement outlines the high-level framework for business enhancement and is specifically focussed on the following key areas:

- Setting up wet beneficiation plant for beneficiating low-grade iron ore located at the Minera steel facility;
- Setting up wet beneficiation plant for beneficiating low-grade iron ore either in Karnataka or Andhra Pradesh or any other locations as may be deemed suitable and necessary for both parties;
- Acquiring or tying up with mine lease holders for purchase of leases, mining and/or supply of ore for beneficiation either in Karnataka or Andhra Pradesh or any other locations as may be deemed suitable and necessary for both parties;

STRATEGIC PLACEMENT

As announced on 27 September, the Company entered into a strategic Placement with a large Australian financial institution, First Samuel. The strategic investment was at a 9% premium to the last close price and 30-day VWAP, being $0.025 per share. The Company issued a total of 210 million shares, including a 5% raise fee on the same terms.

The funds will:

1. provide additional working capital as the Phase Two wet beneficiation plant progresses to name plate capacity,
2. allow for the ramp up of NSL mining operations, in support of the growing wet plant feed requirements,
3. provide funding for the immediate Phase Three expansion project to 400 ktpa working with Xinhai and other Chinese suppliers; and
4. enable the Company to further progress its Phase Four one million tonne per annum wet beneficiation plant project.

DIRECTORS' REPORT (CONTINUED)

Importantly, First Samuel and NSL are committed to strengthening relations and working together on the near-term expansion projects, and towards the medium-term production goal of 2.5 million tonnes per annum of iron ore concentrate.

First Samuel is a Melbourne based, Investment Manager. It was founded in 1999 and currently has more than A$600 million in funds under management. Investing typically on a long-term (+5 year) basis, across asset classes, it has delivered superior returns for its clients throughout its 17-year history. For more information on First Samuel please visit https://www.firstsamuel.com.au/

LEGAL NOTICE

As announced on 16 February 2015, the Company received a writ of summons in relation to a Coal Acquisition Agreement dated 15 June 2011 with Birmanie Nominees Pty Ltd (the vendor under the agreement, Birmanie) relating to 4 coal EPCs in Queensland. The writ alleges that NSL has failed to meet various obligations under the Coal Acquisition Agreement. Birmanie has claimed $2.5m in damages.

The Company is of the view that Birmanie is not entitled to the damages sought or to any other damages.

During the period, the Trial commenced in the Supreme Court of Western Australia, and subsequently concluded on 10 August 2017. Her Honour Justice Banks-Smith has reserved her decision. The Company was content with how the trial progressed and is eagerly awaiting the handing down of the judgment by her Honour.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 31.

This report is made in accordance with a resolution of directors

On behalf of the Directors

Cedric Goode
Director
Perth, 29 September 2017

INFORMATION ON DIRECTORS

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

J Muir. Non-Executive/Chairman
Appointed as a Non-Executive Chairman on 5 April 2017

Experience and expertise
Mr. Muir brings more than 40 years' experience in global mining and mining services. Jock held the position of Non-Executive Director of Dyno Nobel Ltd, an ASX 200 company. In his 15 year career with Dyno Nobel, Mr Muir also held the positions of Managing Director of the Asia Pacific Region, Senior Vice President for Global Initiation Systems (based in the USA) and Senior Vice President for Global Marketing and Business Development. His experience in these roles included the development of new businesses in China and Russia. Prior to Dyno Nobel Mr Muir held the position of Managing Director of Mitchell Cotts Australia, a subsidiary of a British public company, specialising in mining services and process engineering. Since his career in executive management Mr Muir has been involved in consulting and directorships, including 5 years as Chairman of Barminco Ltd.

Other current directorships
Nil

Special responsibilities
Non- Executive Chairman

Interest in shares and options
6,000,000 shares in NSL Consolidated Ltd

P I Richards B.Comm. *Non-Executive Director*
Appointed as a Non-Executive Director on 13 August 2009
Resigned as Non-Executive Chairman on 5 April 2017

Experience and expertise
Mr Richards has more than 37 years of business and international experience with global companies including BP plc, Wesfarmers Limited, Dyno Nobel Limited and Norfolk Holdings Limited. Most recently he was CEO of Norfolk and was previously CEO of Dyno Nobel prior to its takeover in 2008. During his time with Dyno Nobel, Peter successfully led the Asia Pacific operation based in Sydney and then the North American business unit based in Utah, USA. After becoming CEO, Peter expanded the business into China, Southern Africa and Europe while continuing to build upon its core Australian and North American operations. Peter's experience has afforded significant exposure to the investment, broking and analyst community.

Other current directorships
Emeco Holdings Limited
GrainCorp Limited

Special responsibilities
Non-Executive Director.

Interest in shares and options
84,759,438 shares in NSL Consolidated Ltd

INFORMATION ON DIRECTORS (Continued)

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

Experience and expertise
Mr Goode brings more than 24 years of mining industry experience. With industry experience focussed in the Iron Ore, Coal and Gold sectors Mr Goode has held a variety of technical, commercial, operational and strategic roles both domestically and internationally with mining and mining services companies. Mr Goode has a proven track record in global strategic planning, global new business acquisitions, merger integration, joint venture establishment and profit and loss responsibility.

Other current directorships
None

Former directorship in last 3 years
None

Special responsibilities
Managing Director

Interest in shares and options
27,419,090 shares in NSL Consolidated Ltd
2,500,000 listed options in NSL Consolidated Ltd exercisable at $0.01
50,000,000 unlisted options in NSL Consolidated Ltd exercisable at $0.096

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

Experience and expertise

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

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

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

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

Special responsibilities
None

Interest in shares and options
41,868,493 shares in NSL Consolidated Ltd

COMPANY SECRETARY

The Company secretary is Mr Sean P Henbury. Mr Henbury was appointed to the position of the Company secretary in 2007. Mr Henbury (CA, FITA) is a Chartered Accountant with over 21 years' experience in public practice with three of Perth's major Accounting firms.

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

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

MEETINGS OF DIRECTORS

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each director were:

Name	Board		Audit Committee		Remuneration Committee		Other (include details)	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J Muir	6	6	-	-	-	-	-	-
P I Richards	36	34	2	2				
C F Goode	36	31	2	2	-	-	-	-
P Linford	36	34	2	2	-	-	-	-

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

REMUNERATION REPORT – AUDITED

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

Directors and executives disclosed in this report

Name	Position
Non-executive and executive directors – see page 20 to 21 above	
Other key management personnel of the Group.	
S M Freeman	Chief Operating Officer
T K S Lee	Financial Controller

Remuneration Governance

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

REMUNERATION REPORT – AUDITED (Continued)

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

Name	2017 $	2016 $
Chairman	60,000	60,000
Other non-executive directors (in aggregate)	96,000	48,000

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

Executive Directors
The Company had one Executive Director during the year. The executive pay and reward framework has two components being base pay and benefits, including superannuation, and incentive share options granted which is currently being negotiated. The Group does not offer any retirement benefits to Executive Directors.

Use of remuneration consultants
During the year 30 June 2017, the Company did not engage any remuneration consultants.

Voting and comments made at the company's 2016 Annual General Meeting
The Company received more than 98% of "yes" votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

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

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

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

Year	30 June 2014 $	30 June 2015 $	30 June 2016 $	30 June 2017 $
Closing Share price	0.007	0.008	0.013	**0.028**
% Change	-58.82%	14.28%	62.50%	**115%**
Total Director & KMP Remuneration	964,152	1,660,851 *	980,823	**1,013,849**

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

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

REMUNERATION REPORT – AUDITED (Continued)

Details of Remuneration

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

2017	Short-term employee benefits			Post-employment benefits	Long-term Benefits		Share-based payments			
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options	Total	Proportion of remuneration that is performance based	% of Value of remuneration that consists of options
	$	$	$	$	$	$	$	$	%	%
Non-executive Directors										
J Muir *	14,333	-	-	-	-	-	-	14,333	-	-
P I Richards **	52,575	-	-	-	-	-	-	52,575	-	-
P Linford	48,000	-	-	-	-	-	-	48,000	-	-
Executive Director										
C F Goode (1)	350,000	-	8,909	42,000	-	-	84,969	485,878	-	17.5
Other key management personnel										
S M Freeman (1)	250,000	-	27,632	30,000	-	-	76,202	383,834	-	19.9
T Lee	170,000	-	-	20,400	-	-	-	190,400	-	-
Total key management personnel compensation										
	884,908	**-**	**36,541**	**92,400**	**-**	**-**	**161,171**	**1,175,020**	**-**	**13.7-**

(1) The options issued to CF Goode and SM Freeman we modified on 29 December 2016 as outlined in Note 27.
* Appointed as Chairman on 5 April 2017. Pro-rata amount paid for the period.
** Resigned as Chairman and reverted to Non-Executive Director 5 April 2017. Pro-rata amount paid for the period.

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

REMUNERATION REPORT – AUDITED (Continued)

Service agreements

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

As at 30 June 2017, the existing service agreements with the below executives had expired. The Board are in the process of reviewing and negotiating the terms and conditions of new agreements in line with current market conditions, to align accordingly.

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

Share-based compensation

There were no options issued during the year as compensation to directors.

There are currently no incentive or performance options on issue.

Options granted carry no dividend or voting rights.

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

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

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

On 29 December 2016, the company granted limited recourse loans to Cedric Goode and Sean Freeman for the purpose of exercising their options that were due to expire on 31 December 2016 and obtain ownership of the underlying shares in NSL Consolidated Limited. Although in legal form the shares have been issued and a loan granted, as the loan is non-recourse the arrangement is the same as if the original option contracts had been modified with an extension of 1 year. Accordingly, this is accounted for as a modification to the existing option scheme, giving rise to a share based payment benefit to Cedric Goode and Sean Freeman, included in their remuneration. The modification has been valued using a Black Scholes Model as disclosed in Note 27. Subsequent to the year-end, 100% of the loan has been re-paid by Cedric Goode, and 80% of the loan has been re-paid by Sean Freeman.

Shares provided on exercise of remuneration options

There were a total of 190,922,363 ESOP options exercised during the year. Refer to the Key Management Personnel Share Holdings section of the remuneration report for details.

Employee share scheme

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

REMUNERATION REPORT – AUDITED (Continued)

Key Management Personnel Option Holdings

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

2017 Name	Balance at the start of the year	Granted *	Exercised	Other Changes	Balance at the end of the year	Vested and exercisable	Unvested
Non-executive Directors							
J Muir *	-	-	-	-	-	-	-
P I Richards	42,250,000	-	(42,250,000)	-	-	-	-
P Linford	23,656,164	-	(23,656,164)	-	-	-	-
Executive Director							
C F Goode (1)	52,500,000	-	-	-	52,500,000	-	-
Other key management personnel							
S M Freeman (1)	57,516,199	-	(10,432,866)	-	47,083,333	-	-
T Lee	12,000,000	-	(12,000,000)	-	-	-	-
Total	**187,922,363**	**-**	**(88,339,030)**	**-**	**99,583,333**	**-**	**-**

* Holding relates to balance on appointment as Chairman on 5 April 2017.
(1) The options issued to CF Goode and SM Freeman we modified on 29 December 2016 as outlined in Note 27.

Key Management Personnel Share Holdings

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

2017 Name	Balance at the start of the year	Granted *	Received on exercise of options or rights	Other changes	Balance at the end of the year
Directors					
J Muir *	5,000,000	-	-	1,000,000[1]	6,000,000
P I Richards	38,509,438	-	45,250,000	1,000,000[1]	84,759,438
P Linford	18,212,239	-	23,656,164	-	41,868,493
Executive Director					
C F Goode	27,419,090	-	-	-	27,419,090
Other key management personnel					
S M Freeman	23,996,263	-	10,432,866	(11,401,866)[1]	23,027,623
T Lee	-	-	12,000,000	(9,500,000)[1]	2,500,000
Total	**108,137,030**	**-**	**91,339,030**	**(18,901,866)**	**185,574,194**

* Holding relates to balance on appointment as Chairman on 5 April 2017.
1 Shares acquired through on-market trade

REMUNERATION REPORT – AUDITED (Continued)

Loans and other transactions with key management personnel

The following related party transactions occurred during the period:

- issue of 45,250,000 Shares and 23,656,164 Shares to Directors, P I Richards and P Linford respectively. Issue of 52,500,000 Shares to C F Goode in line with the options conversion terms and conditions. C F Goode was provided with a deemed financial assistance loan approved by the Board in respect of the conversions. Refer to note 27 for further details.

- issue of 57,516,199 Shares and 12,000,000 Shares to Key Management Personnel, S M Freeman and T Lee respectively in line with option conversion terms and condition. S M Freeman was provided with a deemed financial assistance loan approved by the Board in respect of the conversions. Refer to note 27 for further details.

End of Audited Remuneration report.

Shares under option

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

Date options granted	Expiry date	Issue price of shares	Number under option
19/08/2015	14/08/2018	$0.03	10,000,000
01/07/2016	30/06/2018	$0.014	10,000,000
12/08/2014	31/12/2016	$0.0096	95,833,333
6/01/2014 – 4/05/2016	31/12/2016	$0.01	3,750,000

INSURANCE OF OFFICERS

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 31.

AUDITOR

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

Cedric Goode
Managing Director
29 September 2017

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY MATTHEW CUTT TO THE DIRECTORS OF NSL CONSOLIDATED LIMITED

As lead auditor of NSL Consolidated Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

M Cutt

Matthew Cutt

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2017

CORPORATE GOVERNANCE STATEMENT

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

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

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

On 27 March 2014, the ASX Corporate Governance Council released the 3rd Edition of its Corporate Governance Principles and Recommendations (3rd Edition Recommendations). The Board has adopted the 3rd Edition Recommendations, has conducted an annual review of the Corporate Governance Statement, and approved the statement on 29 September 2017. The Corporate Governance Statement is available on NSL Consolidated's website at www.nslconsolidated.com.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue from continuing operations		-	-
Other income/(expense)	4	(124,716)	(213,820)
Employee benefits expense	4	(1,477,879)	(1,222,106)
Depreciation of non-current assets	4	(266,072)	(155,910)
Corporate expenses	4	(918,972)	(794,976)
Finance & administration	4	(1,595,641)	(1,065,808)
Share-based compensation	4	(235,171)	(214,565)
Impairment of exploration and evaluation costs		(121,335)	(20,311)
Impairment of development costs	10	-	(2,337,999)
Loss before income tax		**(4,739,786)**	**(6,025,495)**
Income tax (expense)/benefit	5	-	(80,639)
Loss after tax for the year attributable to the owners of NSL Consolidated Limited		**(4,739,786)**	**(6,106,134)**

Other comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation foreign operations	(39,056)	(512,311)
Total comprehensive(loss) for the year attributable to the owners of NSL Consolidated Limited	**(4,778,842)**	**(6,618,445)**

Loss per share for the year attributable to the members of 'NSL Consolidated Ltd'	Note	2017 ¢	2016 ¢
Basic loss per share	26	(0.24)	(0.62)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	2017 $	2016 $
Assets			
Current Assets			
Cash and cash equivalents	6	1,034,646	799,461
Other receivables and prepayments	7	379,863	235,601
Inventories	8	185,003	-
Total current assets		**1,599,512**	**1,035,062**
Non-current assets			
Other financial assets		6,170	6,483
Property, plant and equipment	9	3,867,106	768,692
Intangible assets		1,743	1,714
Mine development	10	7,882,257	6,509,040
Other receivables and prepayments	7	-	701,876
Total non-current assets		**11,757,276**	**7,987,806**
Total assets		**13,356,788**	**9,022,867**
Liabilities			
Current liabilities			
Trade and other payables	11	1,089,294	1,498,885
Provisions	11	252,293	179,205
Derivative financial instruments	12	-	185,933
Borrowings	13	-	4,411,785
Total current liabilities		**1,341,587**	**6,275,808**
Non-current liabilities			
Deferred tax liabilities	14	333,285	331,864
Total non-current liabilities		**333,285**	**331,864**
Total liabilities		**1,674,872**	**6,607,672**
Net assets		**11,681,916**	**2,415,195**
Equity			
Contributed equity	15	56,327,533	42,595,253
Other reserves	16	320,028	45,801
Capital and reserves attributable to owners of NSL Consolidated Limited		56,647,561	42,641,054
Accumulated losses	17	(44,965,645)	(40,225,859)
Total equity		**11,681,916**	**2,415,195**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(3,693,914)	(1,876,757)
Interest paid		(861,734)	(50,000)
Interest received		36,031	39,450
Net cash (outflow) from operating activities	25	**(4,519,617)**	**(1,887,307)**
Cash flows from investing activities			
Purchase of property, plant and equipment and prepayments		(3,144,986)	(901,106)
Payment for exploration and evaluation		-	(17,647)
Payment for development		(1,434,972)	(463,601)
Net cash (outflow) from investing activities		**(4,579,958)**	**(1,382,354)**
Cash flows from financing activities			
Proceeds from issue of shares, net of share issue costs		9,703,058	3,151,035
Proceeds from borrowings		-	1,010,342
Repayment of borrowings		(329,889)	(265,467)
Net cash inflow from financing activities		**9,373,169**	**3,895,910**
Net increase/(decrease) in cash and cash equivalents		273,594	626,249
Net foreign exchange differences		(38,408)	(25,036)
Cash and cash equivalents at beginning of period		799,461	198,248
Cash and cash equivalents at end of period	6	**1,034,646**	**799,461**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

CONSOLIDATED	Share Capital $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2016	**42,595,253**	**(2,394,897)**	**2,440,698**	**(40,225,859)**	**2,415,195**
Other comprehensive income for the year					
Exchange differences on translation of foreign operations	-	39,056	-	-	39,056
Total other comprehensive income for the year	-	39,056	-	-	39,056
Loss for the year	-	-	-	(4,739,785)	(4,739,785)
Total comprehensive income for the year	-	39,056	-	(4,739,785)	(4,700,729)
Transactions with owners in their capacity as owners					
Contributions of equity	4,062,926	-	-	-	4,062,926
Share issued as consideration	3,445,566	-	-	-	3,445,566
Option based payments	6,223,788	-	235,171	-	6,458,959
Balance as at 30 June 2017	**56,327,533**	**(2,355,841)**	**2,675,869**	**(44,965,645)**	**11,681,916**
Balance at 1 July 2015	**37,534,000**	**(1,882,586)**	**2,440,698**	**(34,119,725)**	**3,972,387**
Other comprehensive income for the year					
Exchange differences on translation of foreign operations	-	(512,311)	-	-	(512,311)
Total other comprehensive loss for the year	-	(512,311)	-	-	(512,311)
Loss for the year	-	-	-	(6,106,134)	(6,106,134)
Total comprehensive income for the year	-	(512,311)	-	(6,106,134)	(6,618,445)
Transactions with owners in their capacity as owners					
Contributions of equity	3,959,411	-	-	-	3,959,411
Share issued as consideration	858,335	-	-	-	858,335
Option based payments	243,507	-	-	-	243,507
Balance as at 30 June 2016	**42,595,253**	**(2,394,897)**	**2,440,698**	**(40,225,859)**	**2,415,195**

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Preparation

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

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

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

iii) Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note (1)(v).

b) Going Concern

The consolidated financial statements have been prepared on the basis of a going concern.

For the year ended 30 June 2017, the consolidated entity recorded a loss of $4,739,786 (2016: $6,106,134) and had net cash outflows from operating and investing activities of $9,099.575 (2016: $3,269,661). At 30 June 2017, the consolidated entity had working capital of $257,925 (2016: deficiency $5,240,746).

The Directors have reviewed the Company's overall position and believe the Company will have sufficient funds to meet the Company's commitments. During the period, the Company raised funds via an equity Placement of circa $3.7m and received $7.3m via the conversion of options. The Company re-paid both its US$2.5m convertible note and circa $1m senior loan via cash or conversion to equity, rendering the Company now debt free. The Company has also now paid for 100% of the Huate wet plant and was working through the plant/product optimization phase towards ramp up of operations.

Subsequent to the year end, the Company has raised $5m via a strategic Placement with a large Australian Institution. In addition, the Company received $0.52m from the full up of options issued to Mr Cedric Goode and $0.38m as partial repayment from Mr Sean Freemans. Based on this the Directors are satisfied that the Company has sufficient funds to execute its strategy over the next 12 months.

The financial statements have been prepared on the basis of going concern, which contemplates the continuity of normal business activity, realization of assets and settlement of liabilities in the normal course of business.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of consolidation

i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NSL Consolidated Limited ("Company" or "parent entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. NSL Consolidated Limited and its subsidiaries together are referred to in this annual report as the Group or the consolidated entity.

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

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

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

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

c) Segment reporting

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

d) Foreign currency translation

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Foreign currency translation (continued)

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

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

e) Revenue Recognition

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

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

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined primarily on the basis of weighted average costs. Cost for raw materials and stores is the purchase price, and for partly processed and saleable products cost is derived on an absorption costing basis. For this purpose, the costs of production include:

- Labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- The amortisation of mine property expenditure and depreciation of plant and equipment used in the extraction and processing of ore; and
- Production overheads, including attributable mining overheads.

Stockpiles represent ore that has been extracted and is available for further processing. If there is uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence (e.g. because it exceeds the mine's cut-off grade), it is valued at the lower of cost and net realisable value. Quantities are assessed primarily through surveys and volume conversions.

g) Income Tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Income Tax (continued)

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a

transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

h) Impairment of assets

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

i) Cash and cash equivalents

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

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

j) Trade receivables

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Trade receivables (continued)

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

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

k) Financial assets

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Property, Plant & Equipment

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

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

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

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

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

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

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

m) Development Expenditure

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Development Expenditure (continued)

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

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

n) Trade and other payables

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

o) Convertible Note Liability and Derivative

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

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

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

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

p) Provisions

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Provisions (continued)

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

q) Employee benefits

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

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

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

iii) Share-based payments
Share-based compensation benefits are provided to employees via the Company Employee Option Plan. Information relating to the scheme is set out in note 27.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Employee benefits (continued)

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

r) Contributed Equity

Ordinary shares are classified as equity.

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

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

s) Earnings Per Share

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

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

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

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

t) Goods and Services Tax

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Goods and Services Tax (continued)

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

u) Critical accounting estimates and judgements

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

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

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

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

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

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

iii) Impairment of capitalised development expenditure.
At 30 June 2017, the consolidated entity had $8,067,260 capitalised as mine development Expenditure. The future recoverability of capitalised development expenditure is dependent on several factors, including if the development costs are expected to give rise to a future economic benefit. Development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, development assets are allocated to cash-generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

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

iv) Determination of start of production.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Critical accounting estimates and judgements (continued)

v) Determination of start of production (continued)

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

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

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

vi) Royalty payable to MG Partners II Limited

During the 30 Jun 2016 period, the Group entered into a secured loan agreement totalling A$5,000,000 with MG Partners II Limited. A key judgement in relation to the agreement is that only upon full drawdown of the loan balance to establish and commission the Phase Two wet beneficiation plant and subsequent repayment, MG Partners will be entitled to receive a 7.5% of gross revenue royalty for the life of the Kurnool plant. As only A$1,100,000 had been utilised/provided of the total, which has been repaid in full via cash or conversion and security released. Magna believe a royalty is payable, discussions are ongoing, management has applied judgement that the there is no existing liability in respect of the royalty payments as at 30 June 2017.

vii) Legal Notice – Queens land Coal

As announced on 16 February 2015, the Company received a writ of summons in relation to a Coal Acquisition Agreement dated 15 June 2011 with Birmanie Nominees Pty Ltd (the vendor under the agreement, Birmanie) relating to 4 coal EPCs in Queensland. The writ alleges that NSL has failed to meet various obligations under the Coal Acquisition Agreement. Birmanie has claimed $2.5m in damages. The Company is of the view that Birmanie is not entitled to the damages sought or to any other damages and therefore has not recognised a liability in the financial statements. During the period, the Trial commenced in the Supreme Court of Western Australia, and subsequently concluded on 10 August 2017. Her Honour Justice Banks-Smith has reserved her decision. The Company was content with how the trial progressed and is eagerly awaiting the handing down of the judgment by her Honour.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) New accounting standards for application in future periods

Certain new accounting Standards and Interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new Standards and Interpretations is set out below. In all cases the Group intends to apply these standards from the application date as indicated in the table below.

Nature of Change	Application Date	Impact on Initial Application
AASB 15: Revenue from Contracts with Customers (issued December 2014)		
An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 Revenue.	Annual reporting periods beginning on or after 1 January 2018.	Management is currently assessing the effects of applying the new standard on the entity revenue recognition policies & resulting effects on its financial statements. Based on the entity preliminary assessment noting the Company is yet to be in production and selling product and interest income is the principal source of revenue at present, the impact is not expected to be material. The entity will conduct a more detailed assessment over the next 12 months.
AASB 9: Financial Instruments (issued July 2014)		
AASB 9 Financial Instruments Includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.	Annual reporting periods beginning on or after 1 January 2018.	Management is currently assessing the effects of applying the new standard on the entity's financial instruments policies and resulting effects on its financial statements. Based on the entity's preliminary assessment noting the Company has limited financial instruments with no significant financial assets other than cash and no hedging, the impact is not expected to be material. The entity will conduct a more detailed assessment over the next 12 months.
AASB 16: Leases (issued February 2016)		
AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods beginning on or after 1 January 2019.	The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

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

2. FINANCIAL RISK MANAGEMENT

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

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

The Group hold the following financial instruments:

	2017 $	2016 $
Financial assets		
Cash and cash equivalents	1,034,646	799,461
Trade and other receivables	379,863	235,601
	1,414,509	**1,035,062**

	2017 $	2016 $
Financial liabilities		
Current		
Trade and other payables and provisions	1,341,587	1,678,089
Derivative financial instruments	-	185,933
Borrowings – convertible note	-	3,432,343
Borrowings – MG Partners II Ltd secured loans	-	979,442
	1,341,587	**6,275,807**

a) Market risk

i) Foreign exchange risk

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

The Group's has no exposure to foreign exchange risk at the reporting date.

	30 June 2017		30 June 2016	
	AUD	Total	AUD	Total
In AUD				
Convertible Note Derivatives	-	-	185,933	185,933
Convertible Note Liability	-	-	3,432,343	3,432343
Converting Loan Liabilities	-	-	-	-
Secured Loan Liabilities	-	-	979,442	979,442
	-	**-**	**4,597,718**	**4,597,718**

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Market risk (Continued)

Sensitivity analysis
Based on the financial instruments held at 30 June 2017, had the Australian dollar (AUD) weakened/strengthened 10% against the United States Dollar (USD) with all other variables held constant, the Company's loss for the year would have been nil, as the convertible note had been converted during the period (2016: $7,287,352 or $5,677,204) as a result of foreign exchange gains/losses on translation of USD dominated financial instruments.

ii) Cash flow and interest rate risk
The Group's interest rate risk arises from cash and cash equivalents.

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

Floating interest rate	2017 $	2016 $
Cash and cash equivalents	**1,034,646**	**799,461**
Weighted average interest rate	**0.41%**	**0.36%**

b) Credit risk

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

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

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

	2017 $	2016 $
Cash and cash equivalents – 'AA- 'S&P rating	**1,034,646**	**799,461**
Trade and other receivables	**379,863**	**235,601**

c) Liquidity risk

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

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

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

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

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

Maturities of financial liabilities

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

At 30 June 2017	Less than 6 months $	6-12 months $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets)/ liabilities $
Non-derivatives							
Non-interest bearing	1,341,587	-	-	-	-	-	1,341,587
Interest bearing	-	-	-	-	-	-	-
Total non-derivatives	1,341,587	-	-	-	-	-	1,341,587

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

d) Equity Price Risk

The group is not exposed to equity price risk as there are no financial liabilities and/or equity investments at 30 June 2017.

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

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Fair Values measurement

Convertible Note and Magna Loan Liability

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

	Carrying Amount		Fair Value	
	2017	2016	2017	2016
In AUD				
On Statement of Financial Position				
Convertible note liability	-	3,432,343	-	3,432,343
Magna secured loan liability	-	979,442	-	979,442
	-	**4,411,785**	**-**	**4,411,785**

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

Convertible Note Derivatives and Magna Loan

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

f) Fair value estimation

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

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

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

Fair value hierarchy

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

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

FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Fair value estimation (continued)

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

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

The fair value of convertible note not traded in an active market is determined using an internally prepared discounted cash flow valuation technique using a combination of observable inputs (such as share price and the terms and conditions of the convertible notes as disclosed per note 13) and unobservable inputs (discount rate – 15.5% to calculate the present value of estimated future cash flows. The Group has determined that there is a relationship between the unobservable inputs (discount rate) and the fair value but do not consider it to be material unless there is a change in the terms and conditions of the convertible note.)

The recoverable amount of capitalised development expenditure has been estimated based on the value in use of the group's Indian assets. Value in use was determined using an income approach based on the net present value of future cash flows projected over the current mine plan. The valuation is categorised within level 3 of the fair value hierarchy due to the unobservable nature of some of the inputs used. Refer to mine development note (note 10), for valuation technique used to determine the fair value.

3. SEGMENT INFORMATION

Description of the Segment

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

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

Segment information

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

	Iron Ore 2017 $	Coal 2017 $	Total
Other Income	21,742	-	50,230
Reportable segment loss	(894,606)	(121,577)	(4,739,986)
Depreciation	(266,072)	-	(266,072)
Reportable segment assets	12,445,818	110	13,356,788
Reconciliation of reportable segment profit or loss			
Reportable segment loss	(894,606)	(121,577)	(1,016,183)
Unallocated:			
Corporate expenses	-	-	(3,723,603)
Loss before tax	**(894,606)**	**(121,577)**	**(4,737,786)**
Reportable segment assets are reconciled to total assets as follows:			
Segment assets	12,445,818	110	13,356,788
Unallocated:			
Cash and cash equivalents	182,939	110	1,034,646
Corporate assets			12,322,142
Total assets as per the statement of financial position	**12,327,061**	**110**	**13,356,788**
Reportable segment liabilities are reconciled to total liabilities as follows:			
Segment liabilities – external	1,751,868	343,498	1,089,495
Segment liabilities – intra-group	623,744	-	-
Unallocated:			
Corporate liabilities			585,377
Total liabilities as per the statement of financial position	**2,375,972**	**343,498**	**1,674,872**

3. SEGMENT INFORMATION (Continued)

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

4. REVENUE AND EXPENSES

	2017 $	2016 $
Loss before income tax includes the following items of revenue and expense:		
Other Income		
Interest income	21,742	5,116
Other income/(expense)	(146,458)	(218,936)
	(124,716)	**(213,820)**
Expenses		
Employee benefits	(1,477,879)	(1,222,106)
Depreciation	(266,072)	(155,910)
Corporate expenses	(870,972)	(426,163)
Finance & administration	(523,104)	(1,065,808)
Interest expenses	(1,072,537)	(368,813)
*Share based payments (note 27)	(283,171)	(214,565)
Exploration and evaluation impairment	(121,335)	(20,311)
Development impairment (note 10)	-	(2,337,999)
	(4,615,069)	**(5,811,675)**

5. INCOME TAX

	2017 $	2016 $
The major components of income tax are:		
Statement of profit or loss and other comprehensive income		
Current income tax	(1,420)	(17,358)
Deferred income tax	1,420	97,997
Income tax expense/(benefit) reported in the statement of profit or loss and other comprehensive income	-	80,639
(a) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax expense	(4,739,786)	(6,025,495)
Tax at the Australian tax rate of 30% (2016: 30%)	**(1,421,936)**	**(1,807,649)**

5. INCOME TAX (continued)

	2017 $	2016 $
Tax effect of amounts that are not deductible /(taxable) in calculating taxable income:		
Others	183,299	225,876
Impairment	22,200	4,355
Tax losses and timing differences not brought to account	1,216,437	1,719,721
Foreign tax rate differential	-	(61,664)
Income tax expense /(benefit)	**-**	**80,639**
(b) Tax losses		
Unused tax losses for which no deferred tax assets has been recognised	29,331,770	25,276,982
Potential tax benefit at 30%	8,799,531	7,583,094
(c) Unrecognised temporary differences		
Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses	8,799,531	7,583,094
Exploration expenditure	204,457	204,457
Other temporary differences	305,049	316,382
Deferred tax liabilities		
Other temporary differences (Interest income on inter-entity loans in foreign jurisdiction)	(345,096)	(308,696)
Net deferred tax assets not recognised	**8,963,941**	**7,795,237**

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

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

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

6. CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash at bank and in hand	**1,034,646**	**799,461**

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

7. OTHER RECEIVABLES AND PREPAYMENTS

	2017 $	2016 $
Current		
Security Deposits	-	33,679
Prepayments [1]	79,710	195,388
Other receivables [(3)]	300,153	6,534
	379,863	**235,601**

	2017 $	2016 $
Non-current		
Prepayments [4]	-	701,876
	-	**701,876**

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

Ageing of trade receivables past due not impaired

As at 30 June 2017 there were no trade receivables.

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

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

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

8. INVENTORIES

	2017 $	2016 $
Current		
Raw materials	185,033	-
	185,033	**-**

(1) Costs of third party iron ore fines feed material to be utilised as blend feed through commissioning and plant/product optimisation phase.

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment $	Furniture and fixtures $	Computer equipment $	Land $	Buildings $	Total $
Year ended 30 June 2016						
Opening net book amount	659,579	13,541	2,354	128,812	34,015	838,301
Additions	131,655	1,014	304	-	-	132,973
Disposal/Written-off	-	-	-	-	-	-
Depreciation charge	(146,959)	(5,206)	(257)	-	(1,960)	(154,382)
Exchange differences	(38,399)	(550)	(123)	(7,288)	(1,840)	(48,200)
Closing net book amount	**605,877**	**8,798**	**2,278**	**121,524**	**30,215**	**768,692**
At 30 June 2016						
Cost or fair value	1,295,658	46,388	113,193	121,524	60,743	1,637,506
Accumulated depreciation	(689,781)	(37,590)	(110,915)	-	(30,528)	(868,814)
Net book amount	**605,877**	**8,798**	**2,278**	**121,524**	**30,215**	**768,692**
Year ended 30 June 2017						
Opening net book amount	605,877	8,798	2,278	121,524	30,215	768,692
Additions	3,328,486	16,634	6,659	-	24,274	3,376,053
Disposal/Written-off	(1,755)	(347)	(173)	-	(586)	(2,861)
Depreciation charge	(256,406)	(5,470))	(1,367)	-	(2,706)	(265,988)
Exchange differences	(6,785)	(109)	(8)	(1,522)	(397)	(8,400)
Closing net book amount	**3,669,417**	**19,507**	**7,380**	**120,002**	**50,800**	**3,867,106**
At 30 June 2017						
Cost or fair value	4,624,113	57,110	115,988	120,002	85,498	5,002,233
Accumulated depreciation	(954,696)	(37,603)	(108,608)	-	(34,698)	(1,135,605)
Net book amount	**3,669,417**	**19,507**	**7,380**	**120,002**	**50,800**	**3,867,106**

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

10. MINE DEVELOPMENT

	2017 $	2016 $
Carrying amount at beginning of financial year	6,509,040	8,959,135
Additions	1,290,127	394,774
Impairment	-	(2,337,999)
Exchange differences	83,090	(506,870)
Carrying amount at end of financial year	**7,882,257**	**6,509,040**

The recoverable amount of capitalised development expenditure has been estimated based on the value in use of the group's Indian assets. During the period, the directors have determined that no impairment indicators are present.

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

11. TRADE AND OTHER PAYABLES & EMPLOYEE PROVISIONS

Trade and Other Payables

	2017 $	2016 $
Current		
Trade payables	969,287	719,112
Marketing commission	-	303,345
Other payables	120,007	476,428
	1,089,294	**1,498,885**

Provisions

	2017 $	2016 $
Current		
Annual leave	252,293	179,205
	252,293	**179,205**

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

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

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

Key terms:

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

During the 30 June 2017 period, the term of the Marketing agreement matured and therefore the agreement and its obligations have expired. As at 30 June 2017 there are no accrued amounts owing.

Other payables represent salary and wages on costs, fringe benefits tax, payroll tax and accruals.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Current	2017 $	2016 $
Derivative – foreign exchange	-	59,537
Derivative – convertible option	-	126,396
	-	**185,933**

The Derivative financial instruments related to the Resources First unsecured convertible note. Refer to note 13 for the terms and conditions of the convertible note.

13. BORROWINGS

Current	2017 $	2016 $
Borrowings – convertible note (1)	-	3,432,343
Borrowings – Magna secured loans (2)	-	979,442
	-	**4,411,785**

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

Key terms are:

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

During the period, the Company and Resources First have entered into an agreement to extend the maturity date of the convertible note and accrued interest, and accrued marketing agreement fees to January 2017. In addition, agreement was reached to repay the convertible note in full via a conversion into shares, the note was converted to shares at an issue price of $0.038 per share, with a total of 90,672,814 shares issued on 5 January 2017.

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

Key terms are:

- Initial direct loan funds of A$600,000 for the purposes of immediately commencing Phase One dry lump production and attaining domestic sales of up to 10,000 tonnes of lump iron ore at an average profit margin of at least 25%;
- A further loan of A$1.9 million in 90 days (or earlier, when the above dry plant target is met. Magna does have the option of waiving this condition); and
- A final loan instalment of A$2.5 million within 120 days thereafter (or earlier, when certain conditions are met, being the arrival of the Chinese fabricated plant onto the Kurnool site).
- Each loan has an 18-month term from each drawdown date
- NSL can repay early at a 15% premium.
- Each loan has a 10% deferred establishment fee.

13. BORROWINGS (CONTINUED)

- At the election of Magna, the loans can be converted into shares at a fixed price of 200% of the average VWAP in 5 days prior to execution of the definitive documents. Beginning 180 days after the execution date, and continuing every 180 days thereafter, the conversion price will adjust to 200% of the VWAP in the 90 days prior to the said day. If Iron ore sales have not been achieved within 90 days of this agreement, the issue price shall be the lowest volume weighted average price on ASX of shares in the 5 trading days prior to the date the issuer price is required to be calculated for the purposes less 15%; or in the event of a default shall be the lowest volume weighted average price on ASX of shares in the 5 days prior to the date the issuer price is required to be calculated.
- The A$5m (in USD equivalent) loan will have an A$5.5m (in USD equivalent) principal value, with repayment of each loan commencing six months after the loan is drawn down, and being completed a further 12 months from that date. Upon repayment of the loans in their entirety, Magna will then be entitled to receive a 7.5% of gross revenue royalty for the life of the Kurnool plant.
- Loan security - Security Charge over 100% of the Share Capital of NSL's wholly owned subsidiary IS Iron Ore Pte Ltd.

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

During the period:

1. MG Partners II Limited retired the security over the loans in exchange for a $500,000 repayment towards the outstanding loans;
2. NSL repaid A$529,889 in loan repayments; and
3. At the election of MG Partners II Limited repaid the remaining balance in full via a conversion into shares as per the terms of the agreement.

As at 30 June 2017, the MG Partners II Limited loan has been repaid in full, with no accrued amounts owing.

14. DEFERRED TAX LIABILITIES

Non-Current	**2017 $**	**2016 $**
Deferred tax liabilities	**333,285**	**331,864**

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

The balance comprises temporary differences attributable to:	**2017 $**	**2016 $**
Interest receivable	333,285	331,864
Total deferred tax liabilities	**333,285**	**331,864**

14. DEFERRED TAX LIABILITIES (continued)

Movements	Interest Receivable	Total
As at 1 July 2015	263,794	263,794
Charged/(credited)		
- to profit or loss	80,639	80,639
- to other comprehensive income	-	-
- exchange differences	(12,569)	(12,569)
As at 30 June 2016	**331,864**	**331,864**
As at 1 July 2016	331,864	331,864
Charged/(credited)		
- to profit or loss	-	-
- to other comprehensive income	-	-
- exchange differences	1,421	1,421
As at 30 June 2017	**333,285**	**333,285**

15. CONTRIBUTED EQUITY

	2017 No.	2016 No.
Share capital		
Fully paid ordinary share capital	2,292,872,761	1,378,886,239
	2,292,872,761	**1,378,886,239**

Movements in ordinary share capital

Details	2017 Number of shares	Issue price	2017 $
Opening balance	1,378,886,239		42,089,246
Issue of Shares - exercise of options – issued at $0.01	544,458,886	$0.01	5,444,589
Issue of Shares - exercise of options – issued at $0.0096	81,166,667	$0.0096	779,200
Issue of Shares – share based payments – issued at $0.02	2,400,000	$0.02	48,000
Issue of Shares – MG Partners Senior Secured loan balance conversion - issued at $0.046	12,688,155	$0.046	583,655
Issue of Shares – issued at $0.02	182,600,000	$0.02	3,652,000
Issue of Shares – Resources First convertible note conversion - issued at $0.038	90,672,814	$0.038	3,445,567
Balance as at 30 June 2017	**2,292,872,761**		**56,041,757**
Less equity raising cost for the period	-		220,731
Balance as at 30 June 2017	**2,292,872,761**		**55,821,526**

15. CONTRIBUTED EQUITY (Continued)

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

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

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

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

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

15. CONTRIBUTED EQUITY (Continued)

Options Reserve

	2017 $	2016 $
Options reserve	**506,007**	**506,007**
Movement:		
Balance at beginning of the financial year	-	262,500
Fair value options expense	-	243,507
Balance at the end of the financial year	**506,007**	**506,007**

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

16. OTHER RESERVES

	2017 $	2016 $
Foreign currency translation reserve	(2,355,841)	(2,394,897)
Share based payment reserve	2,675,869	2,440,698
	320,028	**45,801**
Movement:		
Foreign Currency Translation Reserve		
Balance at beginning of the financial year	(2,394,897)	(1,882,586)
Translation of foreign operations	39,056	(512,311)
Balance at the end of the financial year	**(2,355,841)**	**(2,394,897)**
Share Based Payment Reserve		
Balance at beginning of the financial year	2,440,698	2,440,698
Fair value option expense	235,171	-
Balance at the end of the financial year	**2,675,869**	**2,440,698**

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

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

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

17. ACCUMULATED LOSSES

	2017 $	2016 $
Balance at beginning of the financial year	(40,225,859)	(34,119,725)
Loss after related income tax	(4,739,785)	(6,106,134)
Balance at the end of the financial year	**(44,965,645)**	**(40,225,859)**

18. DIVIDENDS

No dividends have been declared or paid during the period.

19. AUDITORS' REMUNERATION

	2017 $	2016 $
Amounts paid/payable for audit and for review of the financial statements for the entity or any entity in the Group		
- BDO	29,000	18,873
Total auditor's remuneration	**29,000**	**18,873**

20. CONTINGENCIES

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

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

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

The arbitrator has held that:

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

The Company continues with the award recovery process.

20. CONTINGENCIES (Continued)

Legal Notice

As announced on 16 February 2015, the Company received a writ of summons in relation to a Coal Acquisition Agreement dated 15 June 2011 with Birmanie Nominees Pty Ltd (the vendor under the agreement, Birmanie) relating to 4 coal EPCs in Queensland. The writ alleges that NSL has failed to meet various obligations under the Coal Acquisition Agreement. Birmanie has claimed $2.5m in damages. The Company is of the view that Birmanie is not entitled to the damages sought or to any other damages and therefore has not recognised a liability in the financial statements.

During the period, the Trial commenced in the Supreme Court of Western Australia, and subsequently concluded on 10 August 2017. Her Honour Justice Banks-Smith has reserved her decision. The Company was content with how the trial progressed and is eagerly awaiting the handing down of the judgment by her Honour.

Royalty payable to MG Partners II Limited

During the 30 Jun 2016 period, the Group entered into a secured loan agreement totalling A$5,000,000 with MG Partners II Limited. A key judgement in relation to the agreement is that only upon full drawdown of the loan balance to establish and commission the Phase Two wet beneficiation plant and subsequent repayment, MG Partners will be entitled to receive a 7.5% of gross revenue royalty for the life of the Kurnool plant. As only A$1,100,000 had been utilised/provided of the total, which has been repaid in full via cash or conversion and security released. Magna believe a royalty is payable, discussions are ongoing, management is confident that the there is no existing liability in respect of the royalty payments as at 30 June 2017.

21. COMMITMENTS

a) Capital commitments

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

	2017 $	2016 $
Within one year (1)	169,322	710,501
Later than one year but not later than five years (2)	3,783,127	3,987,477
	3,952,449	**4,697,980**

(1) Remaining payments to for the fabrication, supply, construction and commissioning of the Phase Two wet beneficiation plant thickener addition.

(2) Acquisition cost for AP14 application for Mining Lease, paid progressively over the granting process.

b) Operating lease commitments

	2017 $	2016 $
Within one year	104,428	48,954
Later than one year but not later than five years	96,994	1,150
Total minimum lease payment	**201,422**	**50,104**

The operating lease commitments relate to corporate office and guest houses.

22. RELATED PARTY TRANSACTIONS

Related Party Information

(a) Parent Entity

The parent entity within the Group is NSL Consolidated Limited.

(b) Subsidiaries

Interest in subsidiaries is set out in Note 23.

(c) Key management personnel compensation

	2017 $	2016 $
Short-term employee benefits	921,449	888,423
Post-employment benefits	92,400	92,400
Share-based payments	161,171	-
	1,175,020	**980,823**

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

(d) Transactions with other related parties during the period

- Issue of 45,250,000 shares to Chairman P I Richards in respect of the conversion of 30,000,000 $0.0096 unlisted and 15,250,000 $0.01 listed options;

- Issue of 23,656,164 shares to Non-Executive P Linford in respect of the conversion of 15,000,000 $0.0096 unlisted and 8,656,164 $0.01 listed options; and

(1) Issue of 52,500,000 shares to Managing Director C Goode in respect of the conversion of 50,000,000 $0.0096 unlisted and 2,500,000 $0.01 listed options. The Board approved providing financial assistance to Mr Cedric Goode, in the form of a deemed loan to assist Mr Goode to acquire shares upon the exercise of his listed and unlisted options expiring 31 December 2016. A individual loan agreement was entered on an arm's length basis in respect of the loan. The Directors of the Company believe the financial assistance does not Materially Prejudice the interests of the Company or its Shareholders or the ability of the Company to pay its creditors. After the period, the deemed loan and accrued interest has been re-paid in full. This has been accounted for as a modification to the existing option scheme giving rise to a share based payment which is included in remuneration.

The following key management personnel transactions occurred during the period:

(1) Issue of 47,083,333 shares to Chief Operating Officer S Freeman in respect of the conversion of 45,833,333 $0.0096 unlisted and 1,250,000 $0.01 listed options. The Board approved providing financial assistance to Mr Sean Freeman, in the form of a deemed loan to assist Mr Sean Freeman to acquire shares upon the exercise of his listed and unlisted options expiring 31 December 2016. A individual loan agreement was entered on an arm's length basis in respect of the loan. The Directors of the Company believe the financial assistance does not Materially Prejudice the interests of the Company or its Shareholders or the ability of the Company to pay its creditors. This has been accounted for as a modification to the existing option scheme giving rise to a share based payment which is included in remuneration.

- Issue of 12,000,000 Shares to Key Management Personnel, Mr T Lee in respect of the conversion of 12,000,000 $0.0096 unlisted options. in line with option conversion terms and condition.

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

23. SUBSIDIARIES

Entity	Country of Incorporation	2017 %	2016 %
I-S Iron Ore Pte Ltd	Singapore	100%	100%
NSL Mining Resources India(Pvt) Ltd (1)	India	100%	100%
NSL Coal Pty Ltd (2)	Australia	100%	100%

Material activities undertaken by subsidiaries:

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

During the year, the Parent entity invested an amount of $4,177,796 (2016: $1,158,500) in NSL Mining Resources India (Pvt) Ltd and in I-S Iron Ore Pte Ltd. These investments were made to enable them to continue their operating activities. All amounts are outstanding as at 30 June 2017.

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Deemed Financial Assistance Loan Repayments.

During the 30 June 2017 period, the Board agreed to provide financial assistance in compliance with Section 260A of the Corporations Act, to Managing Director and CEO, Mr Cedric Goode, totalling $505,000. The loan was to assist Mr Goode to exercise his options expiring 31 December 2016. Note, no actual funds were provided by the Company.

As announced on 14 August 2017, the Company was pleased to advise that the loan has now been repaid in full, including associated interest, totalling $522,958.90 five months ahead of schedule.

Importantly, significant interest initiated by top 10 shareholders and further supported by the Board facilitated the early repayment of the loan via acquisition of shares from Mr Goode off-market. This highlights the confidence in the Company and its near and long-term future.

In addition, a total of $378,000 has been repaid/received from Mr Sean Freeman towards his loan amount.

Strategic Placement

As announced on 27 September, the Company entered a strategic Placement with a large Australian financial institution, First Samuel. The strategic investment was at a 9% premium to the last close price and 30-day VWAP, being $0.025 per share. The Company issued a total of 210 million shares, including a 5% raise fee on the same terms.

The funds will:

1. provide additional working capital as the Phase Two wet beneficiation plant progresses to name plate capacity,
2. allow for the ramp up of NSL mining operations, in support of the growing wet plant feed requirements,
3. provide funding for the immediate Phase Three expansion project to 400 ktpa working with Xinhai and other Chinese suppliers; and
4. enable the Company to further progress its Phase Four one million tonne per annum wet beneficiation plant project.

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD (continued)

Importantly, First Samuel and NSL are committed to strengthening relations and working together on the near-term expansion projects, and towards the medium-term production goal of 2.5 million tonnes per annum of iron ore concentrate.

First Samuel is a Melbourne based, Investment Manager. It was founded in 1999 and currently has more than A$600 million in funds under management. Investing typically on a long-term (+5 year) basis, across asset classes, it has delivered superior returns for its clients throughout its 17-year history. For more information on First Samuel please visit https://www.firstsamuel.com.au/

25. CASH FLOW INFORMATION

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

	2017 $	2016 $
Operating loss after tax	(4,778,842)	(6,106,134)
Adjustment for;		
Depreciation and amortisation	266,072	155,910
Currency Gain/Loss	146,458	218,936
Equity-settled share based payments	283,171	1,101,841
Exploration and evaluation impairment	121,335	20,311
Development impairment	-	2,337,999
Non-cash income tax expense	-	80,639
Changes in assets / liabilities		
-(increase)/decrease in other receivables	(339,650)	25,049
-increase for provision in deferred tax liability	-	68,071
-increase in inventory	(185,003)	-
-increase in trade and other payables	51,130	210,071
Net cash flow used in operating activities	**(4,519,617)**	**(1,887,307)**

(b) Non-cash investing and financing activities

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

26. LOSS PER SHARE

Basic and diluted earnings per share

	2017 ¢	2016 ¢
Basic loss per share	(0.24)	(0.62)
Diluted loss per share	n/a	n/a

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

26. LOSS PER SHARE (continued)

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

	2017 $	2016 $
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share.	**(4,739,785)**	**(6,106,134)**

Weighted average number of shares used as the denominator

	2017 Number	2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,961,590,806	992,309,245
Adjustments for calculation of diluted earnings per share:		
- options (dilutive)	109,583,333	-
- options (anti-dilutive)	10,000,000	524,493,668
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**2,071,174,139**	**992,309,245**

109,583,333 options outstanding as at 30 June 2017 have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2017. These options could potentially dilute basic earnings per share in the future.

27. SHARE-BASED PAYMENTS

Set out below are summaries of options granted:

Grant date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number *	Forfeited / lapsed during the year Number	Vested and Exercisable at end of year Number
2017							
01/07/2016	30/06/2018	$0.014	-	10,000,000	-	-	10,000,000
12/08/2014	31/12/2016	$0.0096	177,000,000	-	(81,166,667)	-	95,833,333
14/08/2015	14/08/2018	$0.03	10,000,000	-	-	-	10,000,000
14/08/2015	31/12/2016	$0.01	6,000,000	-	(2,250,000)	-	3,750,000
19/10/2015	31/12/2016	$0.01	26,823,606	-	(26,823,606)	-	-
Total			**219,823,606**	**10,000,000**	**(110,240,273)**	**-**	119,583,333
Weighted average exercise price			$0.0109	$0.014	$0.0109	-	$0.004

Weighted average contractual life of share options outstanding at the end of the period was 1.06 years (2016: 0.57 years).

27. SHARE-BASED PAYMENTS (continued)

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

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

Share-based payments recognised during the financial year:	2017 $	2016 $
Modification of KMP options	161,171	-
Shares issued as consideration for consultation	-	72,000
Shares issued as consideration for deferral of 2015 convertible note interest and marketing agreement fee	-	60,000
Options issued as consideration for deferral of 2015 convertible note interest and marketing agreement fee – fair value	-	36,000
Shares issued as consideration for 2015 convertible note interest and marketing agreement fee	-	298,892
Options issued as consideration for 2015 convertible note interest and marketing agreement fee – fair value	-	160,942
Options issued as consideration for MG Partners II Ltd 5% fund raising fee on tranche utilisation of secured loan	-	46,564
Shares issued as consideration for accrued director fees and employee salaries/wages and on costs	-	403,183
ESOP options issued – senior management option fair value expense	74,000	-
Shares issued as consideration for brokerage on capital raise	-	24,260
TOTAL	**235,171**	**1,101,841**

Modification of KMP Options
On 29 December 2016, the company granted limited recourse loans to Cedric Goode and Sean Freeman for the purpose of exercising their options that were due to expire on 31 December 2016 and obtain ownership of the underlying shares in NSL Consolidated Limited. Although in legal form the shares have been issued and a loan granted, as the loan is non-recourse the arrangement is the same as if the original option contracts had been modified with an extension of 1 year. Accordingly, this is accounted for as a modification to the existing option scheme, giving rise to a share based payment benefit to Cedric Goode and Sean Freeman, included in their remuneration. The modification has been valued using a Black Scholes Model with the following assumptions used to value the modification benefit of $161,171:

- Share price at the contract modification date $0.036
- Dividend yield %0
- Expected volatility 120%
- Risk free interest rate 2%
- Expected life of options, 1 year

28. PARENT ENTITY FINANCIAL INFORMATION

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

Statement of Financial Position	**2017 $**	**2016 $**
Current assets	904,694	730,831
Total Assets	12,328,806	7,290,909
Current Liabilities	(617,604)	(5,793,316)
Total Liabilities	(617,604)	(5,793,316)
Shareholders Equity		
Share Capital	56,327,533	42,595,253
Reserves	2,675,869	2,440,698
Accumulated losses	(47,292,199)	(43,538,358)
Loss for the year	(3,753,841)	(6,618,445)

DIRECTORS' DECLARATION

In the directors' opinion:

a) The financial statements and notes set out on page 33 to 74 are in accordance with the Corporations Act 2001, including:

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

   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of their performance for the financial year ended on that date;

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

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

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.

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

On behalf of the Directors

Cedric Goode
Managing Director
NSL Consolidated Limited
Dated 29 September 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of NSL Consolidated Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of NSL Consolidated Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of property, plant and equipment and mine development

Key audit matter	*How the matter was addressed in our audit*
For the year ended 30 June 2017, the Group recognised Property, Plant and Equipment of $3,867,106 (30 June 2016: $768,692) and Mine Development of $7,882,257 (30 June 2016: $6,509,040) (together known as "mine assets") as disclosed in Notes 9 and 10 respectively. The Group is required to assess for indicators of impairment at each reporting period. As the carrying value of mine assets represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of the mine assets may exceed their recoverable amount. As a result, the mine assets were required to be assessed for impairment indicators in accordance with AASB 136 *Impairment of Assets*. This required critical analysis of the key estimates and judgements used in the assessment of impairment indicators.	Our procedures included, amongst others: Reviewing and challenging management's assessment of whether any internal or external indicators of impairment existed as per AASB 136 *Impairment of Assets* including, but not limited to: External indicators • Comparing the carrying value of the Group's net assets to the market capitalisation; • Evaluating relevant commodity prices with reference to market prices; • Assessing whether significant changes with an adverse effect on the entity have taken place during the period, or will take place in the future; Internal indicators • Assessing for evidence of obsolescence or physical damage of the mine assets; • Assessing whether any significant changes with adverse effects had occurred; • Evaluating internal reporting data including Board minutes for evidence of economic underperformance.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 28 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of NSL Consolidated Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

M Cutt

Matthew Cutt

Director

Perth, 29 September 2017

ASX ADDITIONAL INFORMATION

The securities exchange information set out below was applicable as at 18 September 2017.

Distribution of Holders of Equity Securities

Distribution of Holders of Equity Securities	Ordinary Shares	Unlisted Options
1 to 1,000	201	-
1,001 to 5,000	189	-
5,001 to 10,000	140	-
10,001 to 100,000	1,178	-
100,001 and over	1,350	2
	3,058	**2**

Twenty Largest Holders of Quoted Equity Securities

Distribution of Holders of Equity Securities	Ordinary Shares	Percentage
RICHARDS PETER IAN	86,009,438	3.60%
GA WOOD HLDGS PL	81,000,000	3.39%
CITICORP NOM PL	61,280,581	2.56%
FREEMAN SEAN MICHAEL	54,114,361	2.26%
GOODE CEDRIC F + MANN K N	53,669,090	2.24%
HSBC CUSTODY NOM AUST LTD	48,411,470	2.02%
TW CONSTRUCTION SVCS PL	48,300,000	2.02%
WEBSTER WENDY KAREN	46,999,807	1.96%
AH SUPER PL	45,574,823	1.90%
WEBSTER TIMOTHY C + W K	45,000,000	1.88%
SOOKIAS VAROOJH	42,000,003	1.76%
LINFORD PETER ALEXANDER	41,868,493	1.75%
J P MORGAN NOM AUST LTD	40,280,401	1.68%
RES FIRST PTE LTD	32,214,168	1.35%
MCCARTNEY HEATH BERNARD	30,788,000	1.29%
FIORI PL	30,720,067	1.28%
ELBERG ALEX	30,000,000	1.25%
G A WOOD PL	27,500,000	1.15%
SABA JOHN	25,000,000	1.04%
HAMARNEH ZAKI WAEL ZAKI	23,750,000	0.99%
	894,480,702	**37.39%**

ASX ADDITIONAL INFORMATION (Continued)

Substantial Shareholding

As at 18 September 2017, there were no substantial holders of the Company's share capital.

Number of Holders of Equity Securities

Ordinary Share Capital
There are 2,392,456,094 fully paid ordinary shares on issue, held by 3,058 individual shareholders. Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

Options over Unissued Ordinary Share Capital
There are no listed options on issue. Listed options do not carry a right to vote.

There are 20,000,000 unlisted options on issue, held by 2 individual holders. Unlisted options do not carry a right to vote.

MINING AND EXPLORATION TENEMENTS

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

Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

NSL Consolidated Ltd

ABN / ARBN	Financial year ended:
32 057 140 922	30 June 2017

Our corporate governance statement[2] for the above period above can be found at:[3]

X This URL on our website:

http://www.nslconsolidated.com/index.php?option=com_content&view=article&id=49&Itemid=68

The Corporate Governance Statement is accurate and up to date as at *29 September 2017* and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 29 September 2017

____

Company Secretary

Sean Henbury

[1] Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

[2] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

[3] Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	… the fact that we follow this recommendation: X in our Corporate Governance Statement … and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): X in our Corporate Governance	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	… the fact that we follow this recommendation: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	… the fact that we follow this recommendation: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	… the fact that we follow this recommendation: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

[4] If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	… the fact that we have a diversity policy that complies with paragraph (a): X in our Corporate Governance Statement … and a copy of our diversity policy or a summary of it: X at www.nslconsolidated.com … and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: X in our Corporate Governance Statement … and the information referred to in paragraphs (c)(1) or (2): X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): X in our Corporate Governance Statement … and the information referred to in paragraph (b): X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): X in our Corporate Governance Statement … and the information referred to in paragraph (b): X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] … the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **<u>OR</u>** ☐ at [*insert location*] … and a copy of the charter of the committee: X at www.nslconsolidated.com … and the information referred to in paragraphs (4) and (5): X in our Corporate Governance Statement [If the entity complies with paragraph (b):] … the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively: X in our Corporate Governance Statement	X an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	… our board skills matrix: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	… the names of the directors considered by the board to be independent directors: X in our Corporate Governance Statement … and, where applicable, the information referred to in paragraph (b): X in our Corporate Governance Statement … and the length of service of each director: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
2.4	A majority of the board of a listed entity should be independent directors.	… the fact that we follow this recommendation: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	… the fact that we follow this recommendation: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	… the fact that we follow this recommendation: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	… our code of conduct or a summary of it: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement

<table>
<tr><th colspan="2">Corporate Governance Council recommendation</th><th>We have followed the recommendation in full for the whole of the period above. We have disclosed …</th><th>We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]</th></tr>
<tr><td colspan="4">PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</td></tr>
<tr><td>4.1</td><td>The board of a listed entity should:
(a) have an audit committee which:
(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
(2) is chaired by an independent director, who is not the chair of the board,
and disclose:
(3) the charter of the committee;
(4) the relevant qualifications and experience of the members of the committee; and
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</td><td>[If the entity complies with paragraph (a):]
… the fact that we have an audit committee that complies with paragraphs (1) and (2):
☐ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
… and a copy of the charter of the committee:
X at www.nslconsolidated.com
… and the information referred to in paragraphs (4) and (5):
☐ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]

[If the entity complies with paragraph (b):]
… the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:
X in our Corporate Governance Statement</td><td>X an explanation why that is so in our Corporate Governance Statement</td></tr>
<tr><td>4.2</td><td>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</td><td>… the fact that we follow this recommendation:
X in our Corporate Governance Statement</td><td>☐ an explanation why that is so in our Corporate Governance Statement</td></tr>
</table>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	… the fact that we follow this recommendation: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	… our continuous disclosure compliance policy or a summary of it: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	… information about us and our governance on our website: X at www.nslconsolidated.com	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	… the fact that we follow this recommendation: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	… the fact that we follow this recommendation: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☐ at [*insert location*] … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: X in our Corporate Governance Statement	X an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: X in our Corporate Governance Statement … and that such a review has taken place in the reporting period covered by this Appendix 4G: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] … how our internal audit function is structured and what role it performs: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: X in our Corporate Governance Statement	X an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	… whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] … the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☐ at [*insert location*] … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: X in our Corporate Governance Statement	X an explanation why that is so in our Corporate Governance Statement
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: X in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	… the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	… the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement