



NSL Consolidated

21 September 2015

The Company Announcements Platform

ASX Limited

By E-lodgement

ASX GRANTS WAIVERS – LISTING RULE 7.3.2

As announced to ASX Limited (**ASX**) on 13 August 2015, NSL (**the Company**) and MG Partners II, Ltd (**MG Partners**), a company incorporated in the state of New York in the United States of America, entered into a loan agreement (**Loan Agreement**) pursuant to which MG Partners will provide the Company with a loan of A\$5,000,000 payable in two tranches of \$2,500,000 each as follows:

- (a) In relation to the first tranche of A\$2,500,000 an initial amount of A\$600,000 was provided by MG Partners to the Company upon execution of the Loan Agreement on 13 August 2015 (**Initial Loan**). The remaining A\$1,900,000 under the first tranche (**Tranche 1 Loan**) will be provided to the Company by MG Partners in accordance with the terms specified in the utilisation of Tranche 1 Loan section below; and
- (b) A further loan of A\$2,500,000 (**Tranche 2 Loan**) will be provided to the Company by MG Partners in accordance with the terms specified in the Utilisation of Tranche 2 Loan section below.

(together the **Loans**, or as the context requires the **Loan**).

The Loans have an 18 month term (**Term**) from the date of each drawdown, are senior secured, bear no annual interest and can be repaid at any time by the Company with a 15% premium.

On receipt of the Loans, the Company must:

- (a) issue such number of Shares equal to 5% of the amount of the relevant Loan advanced by MG Partners divided by the volume weighted average price (**VWAP**) on ASX of the fully paid ordinary shares in the capital of the Company (**Shares**) over the 5 Trading Days on which trades occur prior to the date that each Loan is received (**Loan Commitment Shares**); and
- (b) issue the equivalent to 50% of amount of the relevant Loan in unlisted three year options to acquire a Share (**Option**) with an exercise price of \$0.03 (**Loan Commitment Options**)

(the **Loan Receipt Fee**).

At the Company's extraordinary general meeting of shareholders to be held on 5 October 2015 (**EGM**), shareholders approval under ASX Listing Rule 7.1 (**Approval**), amongst other things, is being sought for:

- (a) the issue of 73,333,333 Loan Commitment Options, and
- (b) the issue of that number of Loan Commitment Shares,

to MG Partners (and/or its nominee) required to satisfy the Loan Receipt Fee upon receipt of the Tranche 1 Loan and the Tranche 2 Loan pursuant to the Loan Agreement (**MG Partners Placement**). No funds will be raised from the MG Partners Placement, rather the Loan Commitment Shares and Loan Commitment Options will be issued to satisfy the Loan Receipt Fee.

Utilisation of Tranche 1 Loan

MG Partners will advance a loan under the Tranche 1 Loan with a principal amount in USD\$ equal to the principal amount of the Loan in \$A converted into USD\$ at the exchange rate (**Funded Amount**) on the date (**Utilisation Date**) specified by the Company in its notice to MG Partners (**Utilisation Notice**) subject to:

- (a) the Company delivering to MG Partners a duly signed Utilisation Notice providing that:
 - (i) various conditions, considered standard for an agreement of the nature of the Loan Agreement, have been met (or waived by MG Partners) to the satisfaction of MG Partners on or before the relevant Utilisation Date; and
 - (ii) the Company (including any of their current or future subsidiaries) has received net proceeds from the sale of up to 10,000 tonnes of iron ore from the dry separation circuit production facility at its iron ore project (**Project**) located in the State of Andhra Pradesh, India (**Kurnool Site**) within 90 days from the date of the Loan Agreement at an average profit margin of 25% (**Iron Ore Sales Milestone**) (or waived by MG Partners).

Utilisation of Tranche 2 Loan

MG Partners will advance a loan with a principle amount in USD\$ equal to the Funded Amount of the Loan on the applicable Utilisation Date under the Tranche 2 Loan to the Company provided the Company delivering to MG Partners a duly signed and completed Utilisation Notice and conditional upon:

- (b) MG Partners receiving evidence satisfactory to MG Partners that the arrival of the wet beneficiation facility currently being commissioned by the Company at its iron ore project in the Kurnool Site has been delivered, and such delivery occurs no later than 120 days from the date of the Loan Agreement (Additional Investment Event); and
- (c) various conditions, considered standard for an agreement of nature of the Loan Agreement, being met (or waived by MG Partners) to the satisfaction of MG Partners on or before the relevant Utilisation Date.

The Company is pleased to announce that it has been granted waivers by ASX in relation to ASX Listing Rule 7.3.2 to conditionally allow the Company to issue the Loan Commitment

Shares and Options outside of the period of 3 months after the date of the Shareholders Meeting (**Waivers**). The Waivers will allow the Company to issue:

- (a) the Loan Receipt Fee Securities no later than 5 October 2016, being 12 months from the date of the Shareholder's Meeting, subject to shareholder approval and satisfaction of the Iron Ore Milestone and Additional Investment Event.

The Waivers have been granted on the following further conditions:

- (a) if the Company releases its annual report during a period in which the Loan Receipt Securities are issued or remain to be issued, the annual report discloses details of the Loan Receipt Securities issued in that annual reporting period, the number of the Loan Receipt Securities that remain to be issued and the basis on which they may be issued;
- (b) the Company releases the terms of the Waivers to the market immediately; and
- (c) the milestones which must be satisfied for the Loan Receipt Fee Securities to be issued are not varied.

-Ends-

CONTACT:

Cedric Goode
NSL Consolidated
+61400 408 477

Kevin Skinner
Field Public Relations
+61 419 900 369