



QUARTERLY ACTIVITIES REPORT

MARCH 2014

Issued 24 April 2014

MARCH QUARTER HIGHLIGHTS

**IRON ORE**

- JV partner process moving forward with parties engaged in commercial discussions.
- Discussions well into the commercial phase, with the Board believing it is likely a transaction will be completed in the near term.

**CORPORATE**

- 1cent options now listed on the Australian Securities Exchange (**ASX**) - "NSLO".
- Cost reduction programmes continue in both India and Australia.

**IRON ORE - INDIA****AP 14 MINING LEASE**

During the course of the quarter the Company continued the processes related to gaining the grant of the Mining Lease by the Central Government in Delhi.

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

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

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

**KURNOOL MINING**

No mining occurred at Kuja or Mangal during the quarter. The mines continue on care and maintenance until such time as funding is secured to allow recommencement of operations.

**KURNOOL IRON ORE BENEFICIATION PLANT****Phase One Plant (Dry)**

No processing occurred during the quarter. The plant continues on care and maintenance until such time as funding is secured to allow recommencement of operations.

**Phase Two Plant (Wet)**

Post the Indian Ministry of Environment and Forest (**MoEF**) clearance of NSL's Wet Beneficiation Plant application and granting of environmental approval, the Company continued planning for the development of the plant.

The wet beneficiation plant process, which is anticipated to be capable of producing final product grades of between 58-62% Fe, has a design capacity of 200,000 tonnes per annum of iron ore fines.

**THERMAL COAL - QUEENSLAND****ALL TENEMENTS GRANTED**

During the quarter, the Company continued to work on its four thermal coal tenements.

NSL's coal tenements (EPCs 2198, 2336, 2337 and 2338) cover 2,585 km<sup>2</sup> in the Eromanga Basin in southwest Queensland and are adjacent to similar projects held by East Energy Resources (ASX: EER, Inferred Resource of 1.74 Billion Tonnes) and International Coal Limited (ASX: ICX, Inferred Resource of 1.2 Billion Tonnes).

**JOINT VENTURE UPDATE**



During the quarter, the Company has continued to work closely with potential JV and alternative funding parties as they progressed through and completed due diligence on NSL's Indian iron ore business.

Discussions with these parties are now well into the commercial phase, with the Board believing it is likely a transaction will be completed in the near term.

## CORPORATE

### OPTIONS LISTING

During the quarter, the Company successfully completed the listing process of a new class of securities on the Australian Securities Exchange (**ASX**), being "NSLO". These listed options have an exercise price of 1 cent and expire on 31 December 2016.

### POTENTIAL ACQUISITIONS

The Company continued to progress several opportunities for either outright acquisition, royalty based acquisition and/or joint venture farm in structured agreements over multiple projects in India.

### CASH FLOW – APPENDIX 5B

At the commencement of the March quarter, the Company had an opening cash balance of approximately \$570,000. The closing cash balance for the quarter ending 31 March, 2014 was approximately \$286,000.

During the quarter the Company continued cost reduction programmes in both India and Australia. These included a reduction in overhead costs relating to the number of employees and associated salaries of remaining employees, in conjunction with reducing monthly operating expenses. Australian based Directors and employees have continued to defer between 100% and 40-50% respectively of their fees and salaries.

## INTERESTS IN MINING TENEMENTS

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the 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%	-	-



Regards

**NSL Consolidated Limited**

A handwritten signature in black ink, appearing to read 'Cedric Goode', is placed below the company name.

**Cedric Goode**  
**Managing Director/CEO**

For more information:

Cedric Goode  
NSL Consolidated  
Managing Director/CEO  
+61400 408 477

Kevin Skinner  
Field Public Relations

(08) 8234 9555 / 0414 822 631

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**NSL Consolidated Limited**

ABN

32 057 140 922

Quarter ended ("current quarter")

31 March 2014

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(20)	(125)
(b) development	(39)	(187)
(c) production	-	-
(d) administration	(226)	(1,321)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(282)</b>	<b>(1,624)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(17)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(17)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(282)</b>	<b>(1,641)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(282)	(1,641)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	1,469
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
<b>Net financing cash flows</b>		-	1,469
<b>Net increase (decrease) in cash held</b>		(282)	(172)
1.20	Cash at beginning of quarter/year to date	570	474
1.21	Exchange rate adjustments to item 1.20	(2)	(16)
1.22	<b>Cash at end of quarter</b>	286	286

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	62
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Wages, superannuation and car lease.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities - HPA	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	212
4.2 Development	24
4.3 Production	-
4.4 Administration	249
<b>Total</b>	<b>485*</b>

\* The estimated cash outflows include approximately \$200k in payments of which the terms may be revised. In addition and as outlined in the Activities report, the Company has continued to work closely with potential Joint Venture and alternate funding parties as they progressed through and completed due diligence on NSL's Indian iron ore business. Discussions with these parties are now well into the commercial phase, with the Board believing it is likely a transaction will be completed in the near term.

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	286	570
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>286</b>	<b>570</b>

+ See chapter 19 for defined terms.

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

---

+ See chapter 19 for defined terms.



**Issued and quoted securities at end of current quarter (continued)**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	505,111,921	505,111,921		
7.4 Changes during quarter (a) Increases through issues	6,000,000	6,000,000	Nil	Nil
(b) Exercise of options	19,380,847	19,380,847	Nil	Nil
(c) Decreases through return of capital, buy-backs	-	-	-	-
(d) Increase pursuant to underwriting of options	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	1	-	US\$2.5M	US\$2.5M
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	217,327,062	217,327,062	\$0.01	31/12/2016
	23,510,000	-	\$0.04	30/6/2015
	6,000,000	-	\$0.07	30/6/2015
7.8 Issued during quarter	6,000,000	-	\$0.07	30/6/2015
	217,327,062	-	\$0.01	31/12/2016

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.9	Exercised during quarter	-	-	-	-
7.10	Expired/Forfeited during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not\*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here:..... Date: 24 April 2014  
 (Company Secretary)

Print name: Sean Henbury

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent, which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.