



QUARTERLY ACTIVITIES REPORT

JUNE 2014

Issued 31 July 2014

JUNE QUARTER HIGHLIGHTS

IRON ORE

- NSL secures access to important strategic, scale providing mining lease, AP23.
- Approximately 200,000 tonnes of AP23 feedstock stockpiled suitable for treatment at the Company's existing dry beneficiation plant only 13km away.
- Previous trial mining stockpile testing indicates the AP23 material can be upgraded at the Company's existing dry beneficiation plant to a circa 55% Fe product suitable for domestic sale.
- AP23 exploration target of 38MT-95Mt of Hematite Iron Ore with grades ranging from 20-55% Fe with mineralisation exposed at surface and is amenable to simple mining method and low strip ratio.
- NSL restarts the Company's existing dry beneficiation plant in July.
- Iron ore sales to commence prior to the end of the September quarter.

CORPORATE

- NSL Indian iron ore operation now funded to recommence operations, with cash flows commencing in the September Quarter.
- Indian domestic iron ore market very strong, prices increased by 9% in June.
- Cost reduction initiatives continue in both India and Australia.



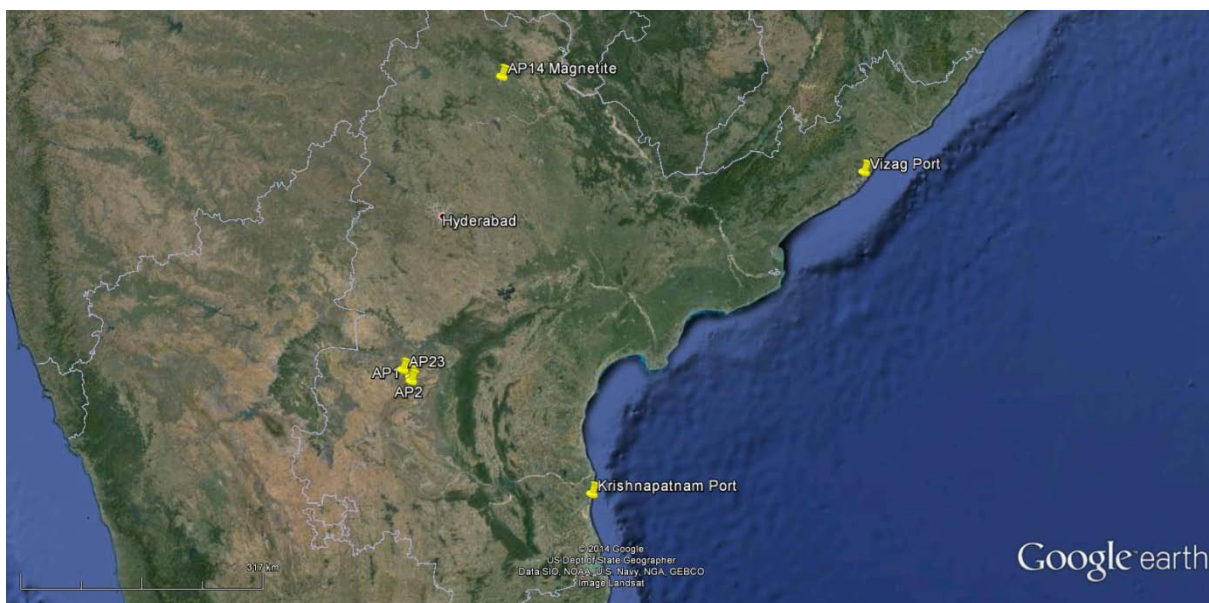
KURNOOL MINING

During the quarter NSL secured an important scale providing mining lease, designated AP23, through a Run of Mine (ROM) royalty based agreement.

The Company has entered into a Heads of Agreement, binding on the Lessee, whereby the Lessee agrees to grant the Company exclusive operational and management rights over the subject mining assets for a period equal to the length of the Mining Lease (currently in place until 2028) and any extensions thereto.

AP23 – In summary

AP23 is a mining lease of 180 acres (72 Hectares) in size. It is located in the district of Kurnool, only 13kms from NSL's existing stockyard, 5km from a national highway and 13km from rail, with significant supporting infrastructure in place.



NSL Indian Iron Ore Project Locations

AP23 is located in the same geological basin as the 100% owned Kuja and Mangal mining leases. It contains a significant quantity of iron ore material amenable to both NSL's Phase One dry beneficiation plant and proposed Phase Two wet beneficiation plant.

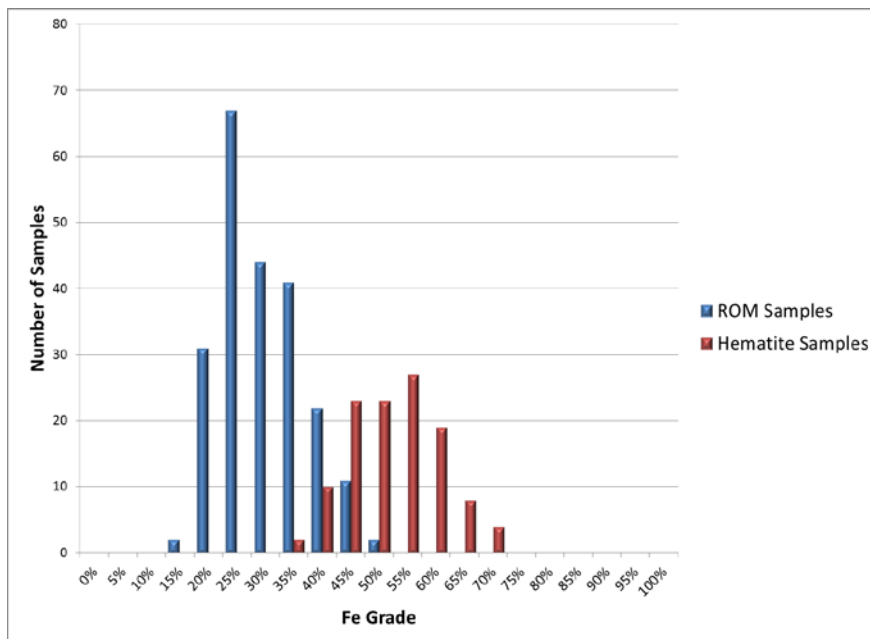


Hematite and Ferruginous Chert Exposures in Trial Pits

As announced on 5th May 2014, the Company is expecting an exploration target ranging from 38mt – 95mt of Iron mineralisation with grades ranging from 20-55% Fe, which will be amenable to beneficiation utilising the existing plant located at the stockyard, with technology and process flow sheets already developed by NSL for the ferruginous material in the Cuddapah Basin.

Refer to the AP23 Project Geology, Exploration Target Tonnage, Grade Potential and Forward Work Program sections of the Geological Report as announced on 5 May 2014 for further details on the grade and quality, and a detailed explanation of the basis for the exploration target, including specific description of the level of activity already completed. Refer to Figure 1 below for summary of AP23 Fe test results to date.

It should be noted that the exploration target quoted above is conceptual in nature and there has been insufficient exploration to define a Mineral Resource under the JORC Code. It is uncertain if further exploration will result in the determination of a Mineral Resource.



Fe Grade Distribution for ROM and Hematite



KURNOOL IRON ORE BENEFICIATION PLANT

Phase One Plant (Dry)

As announced on 5th May 2014, there is approximately 200,000 tonnes of low grade stockpiles on AP23 that were developed during the extensive trial mining conducted during 2013. Testing indicates the material can be upgraded at the Company's existing dry beneficiation plant to a circa 55% Fe product suitable for domestic sale.

During the quarter the six main dumps identified on site have been sampled extensively by the Company to estimate grades, and also to confirm amenability of the material to the existing dry separation process at the NSL stockyard. Test work has suggested the material will be able to successfully be processed and produce a saleable lump material for supply into the domestic sponge iron industry.

In addition to the NSL test work, the neighbouring mine is also operating a similar technology to that deployed by NSL and is daily producing material for ex mine gate sales.

Subsequent to the testing program, the Company has completed a detailed risk assessment, and work plans for start-up of operations in Kurnool.

The Company will transport the stockpiles to its Kurnool stockyard and process the material through the existing NSL plant and equipment. Post the recommencement of operations at the stockyard in July, it is envisaged that the Company will be able to generate sales and cash flow within the September Quarter.

Based on existing operating parameters and subsequent testing it is anticipated that:

- the Company will be able to transport approximately 25,000 tonnes of stockpiled material from AP23 to the existing dry beneficiation plant at the stockyard, per month,
- the material can be upgraded at the Company's existing dry beneficiation plant to a circa 55% Fe product suitable for domestic sale,
- the Company can expect this 25,000 tonnes per month to produce approximately 7,000t per month of saleable material suitable for domestic sale,
- at this production rate, the anticipated cost per tonne is A\$28 per tonne,
- domestic demand for 50-55% Fe material is strong, and;
- the current sales price for 50% Fe, ex mine gate is INR3100 (\$A56) per tonne.

It is anticipated that 6 months post the recommencement of operations, NSL will have constructed a standalone dry separation plant on site at AP23 to continue processing insitu material amenable to the dry separation process.

The AP23 dry beneficiation plant will be a low cost mobile plant and will have the same design capacity as the existing plant located in the Stockyard, being 200,000 tonnes per annum (or 16,700 tonnes per month) of iron ore lumps for domestic sale.

Based on actual historic operational costings, test work, plant performance and adjacent operations, it is anticipated that the Phase One AP23 existing dumps may generate free cash of approximately A\$200,000 per month, moving up to approximately A\$530,000 per month from 16,700 tonnes per month of iron ore lumps for sale into the domestic market.



The existing NSL Phase One beneficiation plant:





Previous material dispatch to customers:



Existing ROM Stockpiles available for immediate feedstock

Phase Two Plant (Wet)

The Phase Two wet beneficiation plant proposed for the existing NSL stockyard will be fed material from NSL's Kuja and Mangal mines. It is anticipated that the construction of this plant will occur in the 12 months post recommencement of NSL Phase One dry beneficiation plant processing operations. The project has all approvals in place for construction and operations.

The Phase Two 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.

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.

NSL has also been actively promoting the AP14 project through the recently bifurcated Telangana State. Company representatives recently met with the Honourable Chief Minister, Government of Telangana, Sri K Chandrasekhar Rao (the state AP14 is located in),



the Chief Secretary Government of Telangana, Principal Secretary to the Chief Minister, Government of Telangana and the Special Principal Secretary for Industry and Commerce, Government of Telangana.

The Chief Minister and his team of advisors were well aware of our project and presented this in a very strong light. Particular discussion was held around the use of low grade resources, the focus on value addition, the potential employment within the new state, and the fact that the scale of the project makes it amenable to future steel activities.

The Chief Minister gave his personal assurances to provide all support required, and welcomed openly the investment into the mining industry of the State, which in the past has not been strategically developed.



NSL Company Representative with Chief Minister



Excerpt from Telugu (local) Language Newspaper

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.

THERMAL COAL - QUEENSLAND

ALL TENEMENTS GRANTED

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

NSL's coal tenements (EPCs 2198, 2336, 2337 and 2338) cover 2,585 km² 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 continued to work with potential JV and alternative funding parties to the potential completion of a transaction.

CORPORATE

SUCCESSFUL CAPITAL RAISING

As announced on 11 June 14, the Company secured Placement commitments predominately from existing top 40 shareholders and Board/Management for the placement of 116,000,000 fully paid shares at an issue price of 1 cent per share, raising A\$1.16M before costs of the offer.

The placement will occurred in two tranches, with 108,500,000 million shares being issued under the Company's 15% and additional 10% placement capacity and the balance (including related parties) subject to shareholder approval at the Company's Extraordinary General Meeting (**EGM**) to be held on 11 August 2014.

Tranche 1 to the Placement settled with the 108,500,000 shares being allotted on 23 June 2014.

One free attaching listed option will be granted for every two shares allotted under the placement with a 1 cent exercise price and an expiry date of 31 December 2016, which will also be subject to shareholder approval at the EGM.

POTENTIAL ACQUISITIONS

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

CASH FLOW – APPENDIX 5B

At the commencement of the March quarter, the Company had an opening cash balance of approximately \$286,000. The closing cash balance for the quarter ending 30 June 2014 was approximately \$926,000.



During the quarter the Company continued any potential cost reduction initiatives in both India and Australia. 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

Cedric Goode
Managing Director/CEO

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Competent Person's Statement

The information in this report relating to the exploration results and exploration target is based on information assessed by Mr Anirudh Sharma who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Sharma is employed by Rock Geo Consulting Pvt Ltd. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sharma consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Name	Job Title	Registration	Experience (Years)	Signed
Anirudh Sharma	Chief Operating Officer Rock Geo Consulting Pvt Ltd	AusIMM		

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")

30 June 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(142)	(267)
(b) development	(47)	(234)
(c) production	-	-
(d) administration	(303)	(1,624)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	-	-
Net Operating Cash Flows	(490)	(2,114)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(20)
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)	-	-
	-	-
Net investing cash flows	(3)	(20)
1.13 Total operating and investing cash flows (carried forward)	(493)	(2,134)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(493)	(2,134)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,135	2,604
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	-	-
Net financing cash flows		1,135	2,604
Net increase (decrease) in cash held		642	470
1.20	Cash at beginning of quarter/year to date	286	474
1.21	Exchange rate adjustments to item 1.20	(2)	(18)
1.22	Cash at end of quarter	926	926

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	77
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

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, car leases and superannuation.

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	70
4.2 Development	374
4.3 Production	-
4.4 Administration	454
Total	898

* Not included above, based on existing operating parameters and subsequent testing, it is anticipated that estimated cash inflows for the next quarter from the recommencement of the Indian iron ore operation, stand at approximately \$547k.

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	926	286
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	926	286

+ 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 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	613,611,921	613,611,921		
7.4 Changes during quarter (a) Increases through issues (b) Exercise of options (c) Decreases through return of capital, buy-backs (d) Increase pursuant to underwriting of options	108,500,000 - -	108,500,000 - -	\$0.01 - -	\$0.01 - -
7.5 +Convertible debt securities <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 Options <i>(description and conversion factor)</i>	217,327,062 23,510,000 6,000,000	217,327,062 - -	<i>Exercise price</i> \$0.01 \$0.04 \$0.07	<i>Expiry date</i> 31/12/2016 30/6/2015 30/6/2015
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.10	Expired/Forfeited during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

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 ~~not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:..... Date: 31 July 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.

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+ See chapter 19 for defined terms.