



QUARTERLY ACTIVITIES REPORT

DECEMBER 2014

Issued 30 January 2014

DECEMBER QUARTER HIGHLIGHTS

IRON ORE

- Iron ore Sale Agreement finalised for first 5,000 tonne of +45% Fe material.
- Category four cyclone Hudhud crosses the coast of Andhra Pradesh, India.
- NSL presents at the 2014 Global Steel Conference, Mumbai India, with Steel company attendees excited by NSL's business and achievements to date.
- Main theme of conference focussed on the lack of domestic iron ore supply.
- Significant Interest in NSL received from Steel Company representatives on an offtake and/or investment basis.

CORPORATE

- Recovery proceedings around NSL's favourable arbitrational award of approximately A\$250,000 continue.

IRON ORE - INDIA

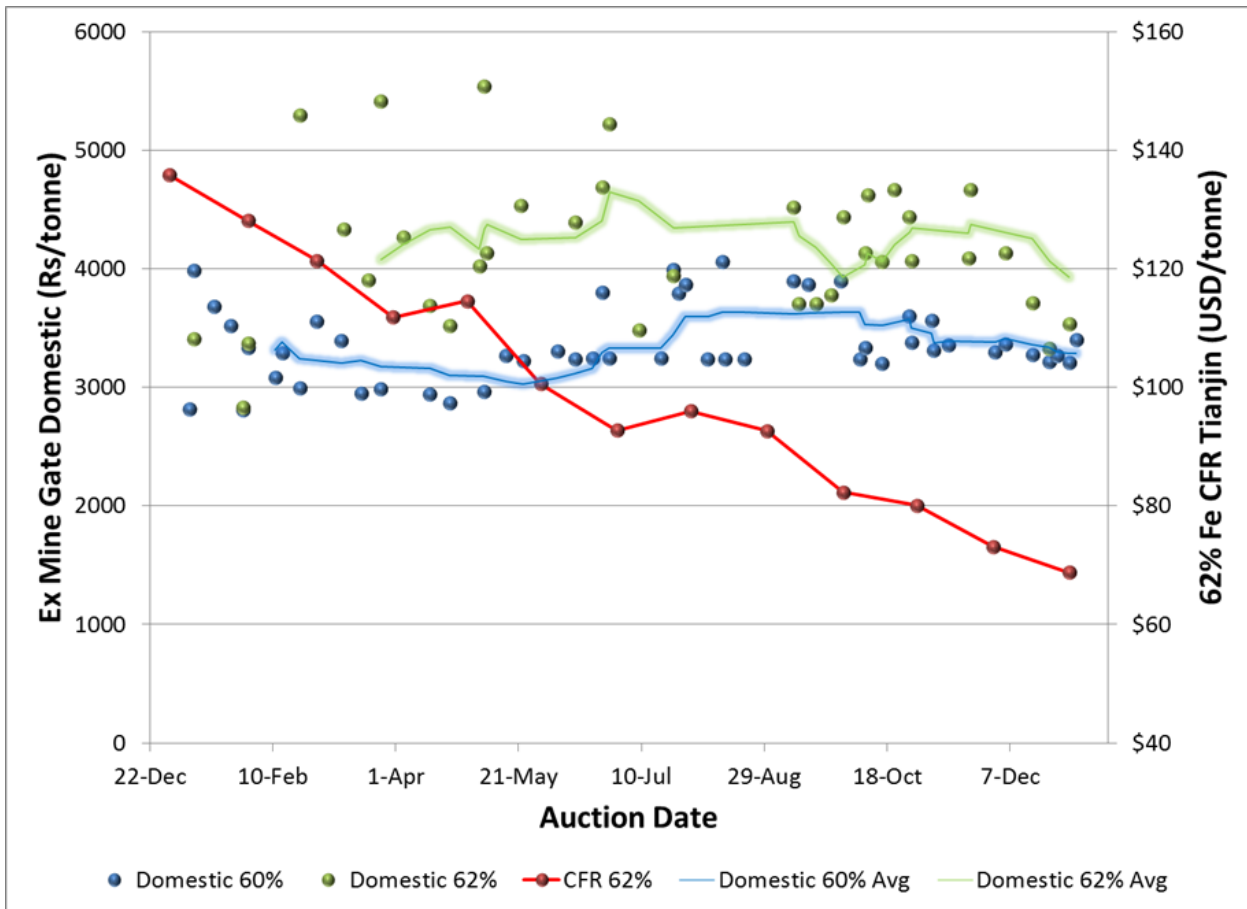
INDIAN DOMESTIC IRON ORE PRICING

During the course of the quarter ex mine gate Indian domestic pricing continued to outperform the global seaborne pricing of iron ore. Transparent pricing in the Company's operating region is provided by the electronic auction (e-auction) in the neighbouring state of Karnataka.

A detailed analysis was conducted during the Quarter to assist in defining domestic pricing mechanisms and models. The following chart shows the weighted average ex mine gate



pricing data from all auctions in Karnataka, charted against the monthly spot pricing CFR China.



For the December 2014 quarter, at the current exchange rates the following table highlights the Indian domestic fines ex mine gate pricing.

Fines Grade	EXW Pricing (INR)	EXW Pricing (AUD)
62%	4,120	\$83.89
60%	3,334	\$67.88

During the same quarter the CFR prices delivered into China averaged US\$74.00 per dry metric tonne.

MARKETING

During the course of the quarter, the Company participated in the 2014 Global Steel Conference in India, with Chief Executive Officer and Managing Director, Mr Cedric Goode presenting the Company and its views on global steel and iron ore sectors at the conference.

The Global Steel Conference is an annual event that is now in its ninth year, at which delegates of market participants come together to debate upon the issues, challenges and



bottlenecks confronting the Indian steel industry today. India is currently the 3rd largest economy in the world in Purchasing Power Parity (PPP) terms, with domestic steel growth expected to grow by up to 140 million tonnes by 2016 and up to 300 million tonnes by 2030.

The strong overarching theme of the conference focussed on the extreme shortage of domestic iron ore available to the country's steel producers.

Leveraging off India's current and projected economic growth, the resulting strong demand for steel and NSL's participation in Global Steel 2014, the Company is highly encouraged by the significant interest that has been received.

Global Steel delegates were amazed and excited by the significant progress NSL, as the only foreign owned company to own and operate iron ore mines in India, has been able to achieve.

Following the conference, significant interest has been shown in the Company for potential offtake and investment, with the Company holding multiple rounds of discussions and site visits of the Company's operations and reciprocal site visits with several steel producers. These producers range from medium to large Indian domestic steel producers to tier one global steel producers.

All producers have steel operations proximate or within an economic delivery radius to NSL operations and are actively discussing both offtake from current and future operations and/or investment into current and future operations.

The Company continues to be buoyed from these discussions pertaining to the demand for both the Phase one 50-54% Fe lump and the Phase Two 58-62% fines.

The opportunity to deliver directly to the medium to large Indian domestic steel producers and tier one global steel mills and replace utilising traders (current first sales agreement is with a trader who is awaiting payment from a small steel mill prior to making payment to the Company), reduces transactional performance risks.

On the back of this environment, we expect to announce more information regarding offtake from our operations in the coming weeks.

KURNOOL IRON ORE BENEFICIATION PLANT

Phase One Plant (Dry)

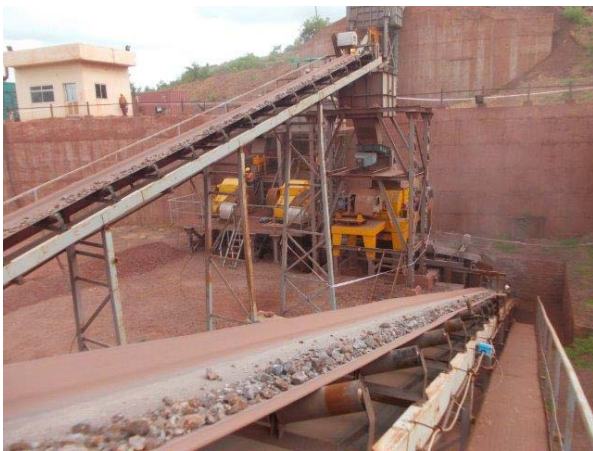
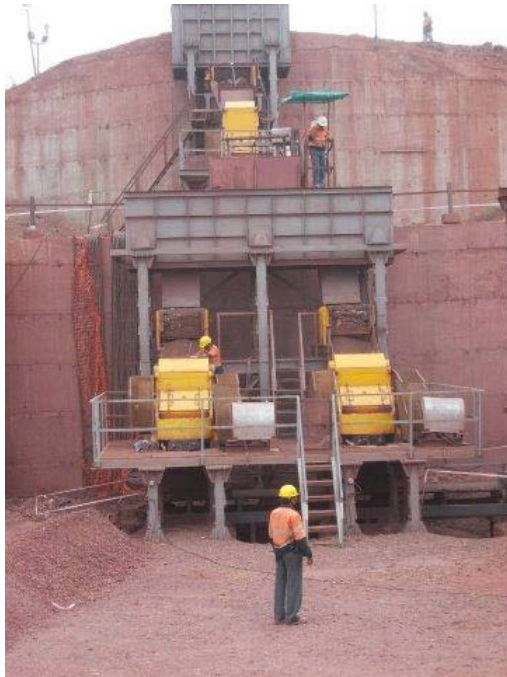
During the course of the quarter, the Company successfully ran the existing Phase one iron ore dry beneficiation plant located at its Stockyard in the Kurnool district of Andhra Pradesh, India until operations had to be temporarily scaled back as category four cyclone Hudhud crossed the Andhra Pradesh (AP) coast, bringing significant rainfall to areas of AP.

Prior to Hudhud, the Company's plant produced finished product grades ranging between 50% Fe and 58% Fe from a 28% Fe ROM feed grade for domestic sale, including the first tranche of 45% Fe required under the executed sales agreement with an iron ore trader.

To date, the iron ore trader has not met its obligations under the sales agreement so operations remained scaled back pending the opportunity to deliver directly to the medium to large Indian domestic steel producers and tier one global steel mills, and replace utilising traders (current first sales agreement is with a trader who is awaiting



payment from a small steel mill prior to making payment to the Company), thus reducing transactional performance risks for the future.



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 commence in the 12 months post recommencement of NSL Phase One dry beneficiation plant processing operations or when alternative funding can be arranged. 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 (**ML**) by the Central Government in Delhi.

The Government of India, through the Prime Minister's Office and Cabinet Secretariat continued to assist in progressing the AP14 project in the Project Monitoring Group (**PMG**) which is designed to remove implementation bottlenecks in Major National Projects.

The Department of Industrial Policy and Promotion (**DIPP**), coming under the Central Government's Ministry of Commerce and Industry in India is sponsoring the AP14 Project with the PMG.

The PMG has been set up by the Prime Minister's Office with the Government of India, to proactively pursue new major infrastructure projects and any stalled projects to ensure that the projects are commissioned on time.

The PMG restricts its interest to projects deemed critical to the National Interest or involving more than 1,000 Indian Crores (approximately A\$180 million) of total investments.

The Company, the Government of India and the Telangana State Government continued to work closely through fulfilling clarifications and amendments to the AP14 project ML application to allow for the ML to be granted by the Centre expeditiously.

The sponsoring of the AP14 project by the Government of India's Project Monitoring Group, is yet another significant step forward towards the progression and development of this project, particularly, in the Telangana State where large scale mining is yet to be introduced.

Project Summary

As announced on 1st February 2013, the AP14 exploration target is 134 million to 377 million tonnes of magnetite at grades ranging from 20% to 50% Fe.

Contained within this exploration target there exists potential for a high grade core of Direct Ship Ore (**DSO**) quality enriched magnetite, with estimates from 5 million to 10 million tonnes with a grade range from 55% to 65% Fe.

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.

Metallurgical testing based on Davis Tube Recovery (**DTR**) methods of 25 grab samples provided the following averages for recovery, head grade and concentrate grade:

Magnetite Head Grade Quality

Fe %	FeO %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
33.89	7.62	50.66	0.23	0.03	0.02	0.31



Magnetite Concentrate Quality

Recovery %	Fe %	FeO %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
33.4	68.93	19.65	3.00	0.18	0.02	0.02	<0.10

For full details related to this AP14 exploration target and metallurgical testing please refer to the ASX announcement dated 1st February 2013.

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 recently bifurcated Telangana State 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

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.

Site visits to the Company's operations from steel producers were conducted and continued post the end of the quarter. Reciprocal site visits by NSL Company representatives to steel producer operations also progressed. Discussions remain ongoing.

**ARBITRATION AWARD**

As announced on 20 August 14, the Arbitration between its wholly owned subsidiary, NSL Mining Resources India Private Limited ("**Claimant**") and Mega Logistics and Solutions ("**Respondent**") has now been concluded, with the arbitrator giving the award entirely in favour of the Claimant.

The award given was for approximately A\$250,000 which is related to unrecovered advances (plus interest) paid to Mega Logistics and Solutions for the provision of transport and related services.

NSL have completed an asset review of the Respondent and is continuing with the process of preparing the execution papers for filing with the courts to further progress the recovery of the award.

ANNUAL GENERAL MEETING

As announced on 19 November 2014, the Company held its Annual General Meeting of shareholders, at which all resolutions were unanimously carried on a show of hands (refer to ASX announcement on 19 November 2014, "Results of Meeting" for resolutions).

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 September quarter, the Company had an opening cash balance of approximately \$640,000. The closing cash balance for the quarter ending 31 December 2014 was approximately \$197,000.

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



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

For more information:

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

Kevin Skinner
Field Public Relations

(08) 8234 9555 / 0414 822 631



Competent Person's Statement

AP14

The information in this statement relating to the iron ore exploration results is based on information compiled by Mr Paul Blackney who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Blackney is employed by Optiro Pty Ltd. Mr Blackney 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 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Paul Blackney consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

AP23

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.

Queensland Coal

Technical information on NSL Consolidated Limited's Queensland coal projects discussed in this ASX Release has been compiled by Mr Mark Biggs, Principal Geologist of ROM Resources Pty Ltd. Mr Biggs is a member of the Australasian Institute of Mining and Metallurgy and has the experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2012. Mark Biggs consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The report is based on factual geological data acquired by NSL Consolidated Limited over a period of several months as well as pre-existing data from Government stratigraphic drilling and private company coal exploration. Interpolation and extrapolation of data has been avoided in most cases but where necessary it was done with due consideration of the JORC Coal Guidelines. Whilst significant coal intersections are present within most of the coal tenure discussed, insufficient data exists to estimate coal resource tonnages to the JORC standard at this time.

It should be noted that this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Notwithstanding this it should also be noted that any resource tonnages implied in this release are conceptual in nature, that there has been insufficient exploration to define a Coal Resource and that it is uncertain if further exploration will result in the determination of a Coal Resource

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 December 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	-	(1)
(b) development	(60)	(288)
(c) production	-	-
(d) administration	(384)	(749)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	5
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	(442)	(1,033)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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	-	-
1.13 Total operating and investing cash flows (carried forward)	(442)	(1,033)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(442)	(1,033)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	347
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		-	347
Net increase (decrease) in cash held		(442)	(686)
1.20	Cash at beginning of quarter/year to date	640	926
1.21	Exchange rate adjustments to item 1.20	(1)	(43)
1.22	Cash at end of quarter	197	197

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	104
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 *	4,843,750	156,250
3.2 Credit standby arrangements	-	-

* Relates to the Magna Equities I LLC Convertible Loan Agreement as announced on 15 January 2015, with initial tranche funds of US\$125,000 being received as announced on 27 January 2015. (US\$4,000,000 @ AUD/USD 0.80)

Estimated cash outflows for next quarter **

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	97
4.3 Production	-
4.4 Administration	360
Total	457

** Not included above, it is anticipated that estimated cash inflows for the next quarter stand at approximately A\$610k, in relation to the Magna Equities Convertible Loan as per section 3 above.

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	197	640
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	197	640

+ 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	730,097,921	730,097,921		
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	20,093,000 - - -	20,093,000 - - -	\$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>	305,420,062 23,510,000 6,000,000 190,000,000	305,420,062 - - -	<i>Exercise price</i> \$0.01 \$0.04 \$0.07 \$0.0096	<i>Expiry date</i> 31/12/2016 30/6/2015 30/6/2015 31/12/2016
7.8 Issued during quarter	10,046,500	10,046,500	\$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	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <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:.....Sean Henbury.....
 (Company Secretary)

Date: 30 January 2015

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.