NSL Consolidated Limited

ACN 057 140 922

Annual Report

for the year ended
30 June 2014

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CORPORATE DIRECTORY

Directors	P I Richards B.Comm *Chairman / Non-Executive Director (appointed as Chairman on 10 February 2014)* J Muir *Chairman / Non-Executive Director (resigned as Chairman on 10 February 2014)* C F Goode MBA *Managing Director / CEO* *P Linford* *Non-Executive Director (appointed on 10 February 2014)* W Richards B.Comm, B.Sc *Non-Executive Director (resigned 23 September 2013)*
Company Secretary	S P Henbury
Registered Office	c/- FJH Solutions 21 Teddington Road Burswood WA 6100 Telephone: (08) 9486 2333 Facsimile: (08) 9355 4580
Corporate Office	Suite 3, Level 1 14-16 Rowland Street SUBIACO WA 6005 Telephone: (08) 9322 5562 Facsimile: (08) 9322 5563
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) P/L 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,

We are pleased to present the NSL Consolidated Limited ("NSL") Annual Report for the financial year 2013/14. Despite previously reported early recovery signs in the global economy, the mining industry continued to be impacted by the subdued outlook for the Chinese economy, conflicts in the Middle East, and supply side factors for bulk commodities, all of which have negatively impacted commodity prices which have continued to fall from the record highs of a few years ago. This has squeezed the mining and mining service industries here in Australia where share prices have fallen and access to capital remains extremely challenging.

Notwithstanding this, the changed political outlook in India where economic growth is a priority for the new government, positions NSL well for the years ahead, and it is pleasing that despite the many setbacks we have had along the way, we have made considerable progress in a number of areas.

Although mining operations at our Kurnool leases were suspended during the year and our joint venture with the Indian Vijay group terminated, we were able to validate our dry plant capabilities and have since secured a suitable and sustainable source of feedstock with our AP 23 agreement. We are currently in the final stages of gaining access to this material, and in the meantime additional third party tonnes have been obtained to allow us to recommence operations post the year end.

We were also able to finalise the feasibility into establishing economic wet plant operations in the Kurnool region and importantly, gained all necessary approvals to begin construction when the required funding is available.

For the longer term and which positions NSL as a potential significant iron ore producer, we gained the necessary state approvals for the AP 14 mining lease, and our file has now been received in Delhi for central government processing. Importantly, the project has achieved the imprimatur of the government's Projects Monitoring Group which will facilitate the project through the approvals process at the federal level.

In the Indian context the fundamentals for iron ore continue to remain strong, with internal benchmark pricing actually increasing in recent months, an important contrast to what we are seeing in seaborne traded prices.

Finally, we now have formally received all four of our Queensland coal tenement licence approvals.

We have continued to manage our cash resources extremely diligently and have been successful in a number of capital raisings during the year. The next six months represent a critical pathway for NSL and I would like to acknowledge the commitment, professionalism and sacrifices of our Australian management team, ably supported by our Indian team that have maintained our operations on a sound footing ahead of a return to production.

We have also had a number of board changes through the year. I would like to warmly congratulate Mr Jock Muir who retired during the year for ensuring our team remained focussed during this critical development phase. We also saw the retirement of Mr Wayne Richards who left to pursue a return to executive life.

We were pleased to be able to attract a new board member of the highest calibre, Mr Peter Linford. Peter has worked in senior Australian Government roles, including the Senior Trade & Investment Commissioner South Asia and as Consul General and Senior Trade & Investment Commissioner Middle East and Africa.

I can assure our shareholders that our commitment to establishing a sound basis for a long term sustainable future in Indian iron ore mining has not wavered, even in this extremely challenging environment.

Peter Richards
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 2014.

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:

Peter Richards*	Chairman/Non Executive
Jock Muir**	Chairman/Non Executive
Cedric Goode	Managing Director/CEO
Peter Linford***	Non Executive Director
Wayne Richards****	Non Executive Director

* Appointed as Non Executive Chairman on 10 February 2014
** Resigned as Non Executive Chairman on 10 February 2014
*** Appointed as Non Executive Director on 10 February 2014
**** Resigned as Non Executive Director on 23 September 2013

PRINCIPAL ACTIVITIES

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

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 bulk mineral commodities exploration, development and growth strategy. The frailties of the global thermal coal markets has necessitated a strong focus on developing our Indian iron ore operations.

The Company has achieved the construction, commissioning and expansion of its Phase One dry separation plant, culminating in the material produced during the commissioning phase being sold ex mine gate into the domestic Indian market.

In addition the Company has successfully received all approvals to progress with the construction and commissioning of the already fabricated Phase Two wet beneficiation plant.

DIRECTORS' REPORT (CONTINUED)

Our plans here are clear and with the funds raised recently, involve five crucial steps:

1. We will leverage the success of the construction, commissioning and testing of our Phase One dry separation plant at our Kurnool site by initially producing 3rd party tonnes,
2. Following receipt of all approvals, we will complement 3rd party production by transporting material from our recently acquired AP 23 site to our Kurnool plant,
3. As sales ex mine gate into the domestic Indian market materialise, we will construct a second Phase One dry separation facility at the AP 23 location, lifting the annual run rate,
4. We will continue to push for the regulatory approvals of our mainstay AP 14 project, followed by a exploration program targeting a JORC resource, and
5. Depending upon cash flows and given the Company has successfully received all approvals, push the button on the construction and commissioning of the Phase Two wet beneficiation plant, raising overall production to in excess of 400,000 tonnes per annum.

The Company continues to be heartened by Indian state and central Government's support of our business through continued success in gaining relevant approvals to support the Indian business strategy.

The approvals are further acknowledgement of the integrity with which the Company is moving forward towards a sturdier commercial footing. It also affords the opportunity through duplicating our methodology to optimise small iron ore deposits that are able to generate immediate low cost mining, sales and cash flow for local communities.

The Company's strategy continues to receive Indian state and central Governments' support, highlighted by our AP 14 project gaining Delhi's Project Monitoring Group support which will facilitate final central government approvals. Our presence in India's iron ore market also continues to attract interest from domestic companies and notwithstanding the termination of the Vijay joint venture, the Company continues to investigate potential joint venture and funding opportunities to de-risk our five step strategy.

Following the recent agreement reached by the Australian Government with India sealing a civil nuclear deal involving uranium trade, Australia is holding a Australian Business Week in India in January 2015, promoting among other things two way trade and investment between the two countries. This can only further highlight NSL's long term presence in the country and attract added interest in our long term plans.

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 further encourage private and foreign investments. 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!

While India is the world's 4th largest steel producer, it's iron ore market, though large, is fragmented, with many small-scale operations. As a participant in the local market, India's economic growth and stability therefore favours NSL's long-term presence in India and provides leverage to attractive iron ore prices, both domestic and export, while it can also leverage its cash flow and asset base in line with India's economic growth.

DIRECTORS' REPORT (CONTINUED)

Iron Ore – India

KURNOOL MINING - MANGAL AND KUJA

Mining operations commenced at Mangal during the first part of the financial year and continued until excavator breakdowns in August, with excavator buckets being sent off site for repairs. Mining was subsequently suspended as the Company worked through the defaults of Vijay under the joint venture agreement. The mines continued on suspension for the remainder of the financial year.

Mangal Mine operations and stockpiling

Safety continues to be a critical focus of the Company, with continued steps forward in embedding an Australian style safety focus and system into all parts of the Indian operations. NSL strives to operate in a zero harm environment.

AP 23

During the latter part of the financial year the Company secured an important scale providing mining lease, designated AP23, through a Run of Mine (ROM) royalty based agreement.

The Company 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 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.

DIRECTORS' REPORT (CONTINUED)

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.

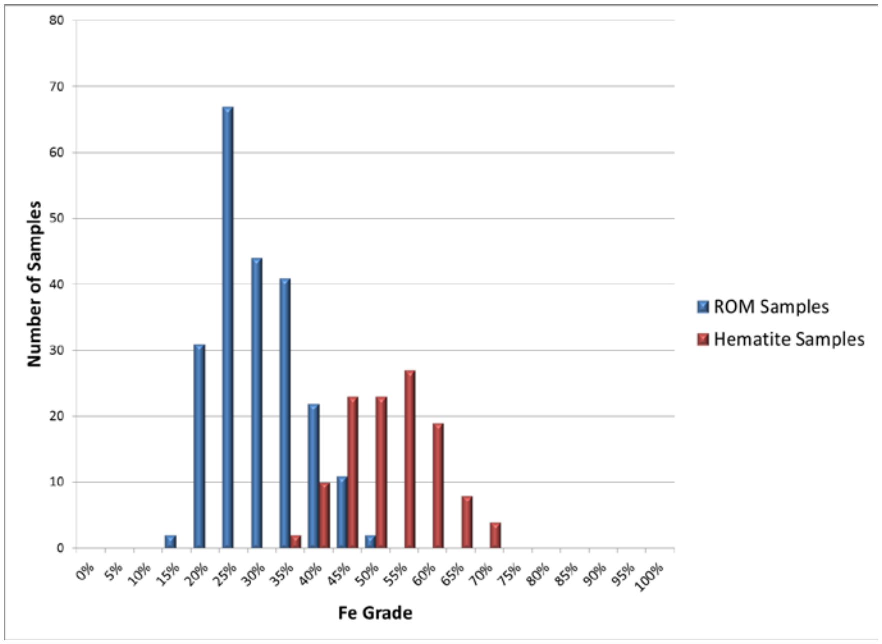
Hematite and Ferruginous Chert Exposures in Trial Pits

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 below for summary of AP23 Fe test results to date.

DIRECTORS' REPORT (CONTINUED)

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

At the end of the financial year the Company had commenced the process of restarting the existing Phase one iron ore dry beneficiation plant located at its Stockyard in the Kurnool district of Andhra Pradesh, India.

Post year end contractors have completed mobilising earthmoving equipment, labour, spares and other relevant support requirements to the Stockyard in support of full time operations and production ramp up.

DIRECTORS' REPORT (CONTINUED)

The Company will transport ROM material from its mine stockpiles to its stockyard and process the material through the existing NSL plant and equipment. 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.

The existing NSL Phase One beneficiation plant:

DIRECTORS' REPORT (CONTINUED)




Material dispatch to customers:


DIRECTORS' REPORT (CONTINUED)

PHASE TWO PLANT

During the year, post the Indian Ministry of Environment and Forest (**MoEF**) clearance of NSL's Wet Beneficiation Plant application and approval of the project for environmental clearance (**EC**), the Company continued on planning for the development (subject to funding) of the plant.

The Company has received the final State Government approval, the Consent for Establishment (**CFE**). The CFE is the final requirement to construction works commencing, which allows for site works to now commence on the project site.

The Company visited the plant supplier in Shanghai to inspect the completed plant components. The plant is fabricated and awaiting dispatch to India.

Ball Mill number 1

Ball Mill number 2

Magnetic separators

Classifier

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.

DIRECTORS' REPORT (CONTINUED)

MARKETING AND OFFTAKE

During the year the Company sold small amounts of material from its iron ore stockpiles on an ex mine gate basis into the Indian domestic market.

The material produced by the Company has very low levels of phosphorous, sulphur and aluminium, making the product very attractive to specific steel producers.

Indian domestic iron ore prices surged in June 2014 and continue to remain at these levels as domestic markets in India continue to be insulated from international seaborne trade pricing falls. At circa A$56/t ex mine gate for 50% Fe, international seaborne trade pricing cannot compete with domestic Indian pricing.

Low cost mining and beneficiation is expected to deliver robust commercial fundamentals for the Company as its delivery price is insulated from the international seaborne iron ore market.

State-owned iron ore miner NMDC decided to keep prices of lump ore and iron ore fines unchanged for September 2014 after it had revised rates of lump ore and fines upwards by 7-9 per cent in June 2014.

NSL remains confident in the strength of the Indian domestic iron ore demand, which has been reflected by the national iron ore miner NMDC, increasing sales by 23% in August 2014 compared to August 2013.

AP14 MAGNETITE DEPOSIT – ANDHRA PRADESH

During the course of the year the Company continued the processes related to gaining the grant of the Mining Lease by the Central Government in Delhi. This included participating in inter-governmental department workshops in Delhi, and providing additional qualifications to support the application.

The Company has 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.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NSL Company Representative with Chief Minister

DIRECTORS' REPORT (CONTINUED)

Upon approval from the Central Government the Company will then be enabled to undertake further exploration activities, including drilling operations on the lease. Work continued on the development of the exploration program scope, including pre work on preferred supplier sourcing. The Company is also in parallel completing necessary applications for value addition, specifically the beneficiation and pelletisation potential for the project.

The approvals previously granted by the 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.

The AP 14 Mining Lease application, which contains significant magnetite mineralisation situated on a mining lease application across 113 hectares.

The AP14 project is located in the Karimnagar District of Andhra Pradesh State, approximately 200 km north east from the State capital of Hyderabad. The local topography of the project area consists of five peaks which rise between 40m to 200m above the surrounding terrain which is at an elevation of around 190m above mean sea level.

The project area comprises upper Archean rock formations. The target mineralisation consists of Banded Magnetite Quartzite (**BMQ**), which from surface mapping and geomagnetic surveys covers between 50% and 70% of the project area, and is seen as outcrop from the base to the top of the peaks. Intrusions represented by granitic sills and dykes varying in width from 1m to 5m are present within the project area.

During the approvals process the Company has continued to advance its understanding of the deposit, and has undertaken both physical and geomagnetic surveys, combined with sampling and Davis Tube Recovery test work through SGS India and under the guidance of its metallurgical consultants METS from Australia.

As a result of this work programme, the exploration target has now been upgraded from a previous 62 million to 125 million tonnes to now be 134 million to 377 million tonnes of magnetite at grades ranging from 25% 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 surface grab samples provided the following averages for recovery (using a 75 micron grind size), head grade and concentrate grade:

Magnetite Head Grade Quality

Fe %	FeO %	SiO2 %	Al2O3 %	P %	S %	LOI %
33.89	7.62	50.66	0.23	0.03	0.02	0.31

Magnetite Concentrate Quality

Recovery %	Fe %	FeO %	SiO2 %	Al2O3 %	P %	S %	LOI %
33.4	68.93	19.65	3.00	0.18	0.02	0.02	<0.10

DIRECTORS' REPORT (CONTINUED)

EXPLORATION TARGET

The potential mineralisation for the AP14 magnetite project has been based on the following key parameters:

- Geomagnetic surface surveys suggest mineralisation ranging from 50% to 70% of the surface area, which is 113 hectares in total,
- Depth persistence through geomagnetic surveys has shown good consistency to 75 metres depth, and good indicators beyond 150 metres, which is also the approximate height of the terrain above the local surrounding ground level, and
- A bulk density factor of 3.1 t/m^3

The exploration target is represented in the table below:

Material	Min. Tonnes (million tonnes)	Max. Tonnes (million tonnes)	Min. Grade (Fe)	Max. Grade (Fe)
BMQ	128	364	25%	50%
Enriched BMQ	5	10	55%	65%
Float Material	1	3	25%	50%
Total	**134**	**377**	**25%**	**50%**

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.

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

The grade range for the BMQ is expected to vary from 25% - 50% Fe. The average head grade data from all 66 samples collected in the second phase of testing is represented in the following table:

Fe	FeO	SiO_2	Al_2O_3	LOI	S	P
32.91	5.03	51.34	0.39	0.37	0.02	0.03

For further details please refer to the AP14 – Technical Update and Forward Exploration Plan as announced on 1st February 2013.

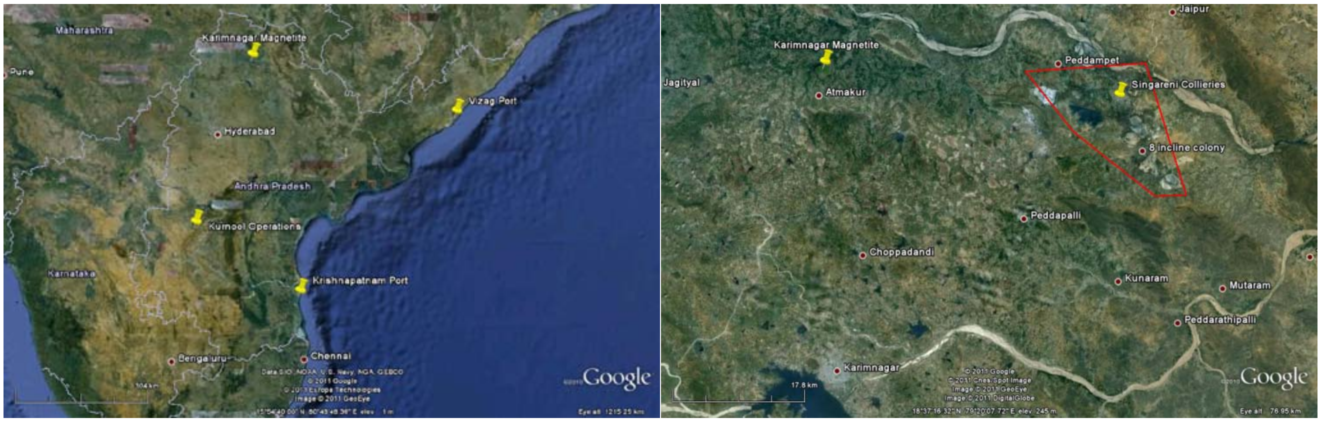
FUTURE DEVELOPMENT SCENARIO

Based upon the geology and tested material beneficiation quality and recovery characteristics, the company has considered high level future development scenarios to guide project development activities. At this stage, a high level operational concept is being pursued which will include an initial phase 1 mining operation with an associated beneficiation plant. Phase 2 operations will include a pellet plant and consider capacity expansions.

Given the potential nature of the deposit the company is evaluating a Phase One project scale including the following:

- 10 million tonne per annum mining operation;
- 10 million tonne per annum associated crushing, screening and beneficiation plant; and
- 4 million tonne per annum high grade concentrate production.

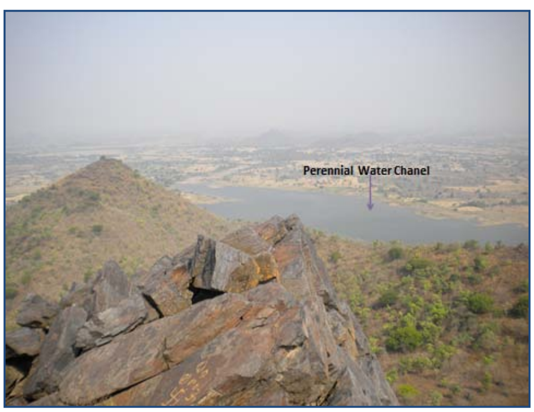
DIRECTORS' REPORT (CONTINUED)



Region Map Overview

The project area is well served by local infrastructure including:

- Vizag Port and Krishnapatnam Port for international export;
- Railway siding within 30km, connected by bitumen road and National Highway;
- Domestic power line within 5km and significant power generation capacity associated with nearby coal mines; and
- Perennial surface water resource adjacent to project, available for industrial use with Government approval.



View from top of AP14 project

AP14 Location showing nearby water resource

DIRECTORS' REPORT (CONTINUED)

Thermal Coal – Queensland

FOUR EXPLORATION PERMITS GRANTED

During the year, the Company completed the final granting process for the fourth and remaining coal tenement - EPC 2336.

NSL's four thermal 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).

As announced on 15 January 2014, independent geologists have estimated a combined exploration target of between 6.6 billion and 18.7 billion tonnes of thermal coal for the four tenements. The grade and quality of the exploration target is as follows:

Relative Density (Kg/m3; adb)	Range of Raw Ash %adb	Range of Raw Calorific Values (MJ/kg adb)
1.5 -1.55	15 - 45	15.5 – 21.5

Refer to table 1 and 2 of the 15 January 2014 ASX announcement for further details on the grade and quality. The above exploration target has been based on actual historical exploration programs. Refer to Appendix One of the 15 January 2014 ASX announcement for a detailed explanation of the basis for the exploration target, including specific description of the level of exploration activity already completed.

It should also 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.

The Company continues to conduct ongoing assessments on the tenements and their potential. The company strongly supports the exploration conducted thus far in the region and agrees with its peers in recognising the long-term significance of the vast sub-bituminous coal deposits contained within the Winton Formation of the Eromanga Basin. The company does believe, however, that to gain further market acceptance ongoing work is required to distinguish in these vast deposits what proportion is Inventory coal and what proportion is a Coal Resource under the 2012 Code. Inventory Coal is a Non-JORC term that applies to all coal in the ground that can be estimated and classified according to geological confidence, without a need for a Competent Person to account for either potential commercial considerations or land use constraints when identifying Inventory Coal. A Coal Resource is all coal that can be estimated on the basis of relative confidence levels, and having passed the "reasonable prospects for eventual economic extraction" test can then become a Coal Resource as defined by the JORC Code.

Corporate

INDIAN IRON ORE JOINT VENTURE

Underpinning the strategic future for NSL's Indian iron operations was the emergence of a significant and strong level of interest from domestic and international companies which have been monitoring the Company's progress at Kurnool.

At the end of the half year, the Company terminated the Joint Venture Agreement (**JVA**) with the Vijay Group (**Vijay**) as announced on 13 March 2013.

The Company continues to progress discussions with parties to replace Vijay in the JV.

DIRECTORS' REPORT (CONTINUED)

POTENTIAL ACQUISITIONS

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

Statement of Profit or Loss and Other Comprehensive Income

At reporting date the Company incurred a loss after interest, taxation, depreciation, amortization and impairment was $2.34 million (2013: $1.87 million).

Impacting the net loss of $2.34 million for the year were the following non-cash items:

- Depreciation charges of $0.12 million.
- Income tax expense reversal of $0.21 million relating to its 100% owned subsidiary IS Iron Ore Pte Ltd.
- Exchange differences on translation of foreign operations of $0.356 million

Statement of Financial Position

Total assets at reporting date were $15.47 million. The following significant items impacted on assets:

- Property, plant and equipment of $0.98 million. The decrease of approximately $0.16 million primarily relating to the translation of foreign operations.
- Exploration and Mineral Properties expenditure totaled approximately $0.96 million;
- Mine development of $12.42 million. The decrease of approximately $0.12 million primarily relating to the translation of foreign operations.

Total liabilities at reporting date were $4.29 million. The following significant items impacted on liabilities:

- Derivative financial instruments & Interest bearing liabilities totaling $2.99 million, which relates to a USD$2.5 million unsecured convertible note.

Total equity attributable to shareholders increased by $0.28 million to $11.17 million due primarily to:

- An increase in share capital due to capital raisings totaling $2.62 million.
- An increase in accumulated losses totaling $1.98million.

Statement of Cash Flow

Consolidated cash flows from operating activities resulted in a net cash outflow of $1.71 million, representing a decrease of $0.74 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 $0.52 million due primarily to payments associated with mine development and exploration and evaluation.

Net cash inflows from financing activities resulted in a net cash inflow of $2.62 million primarily due to proceeds received from capital raisings.

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.

DIRECTORS' REPORT (CONTINUED)

Events since the end of the financial year

Discretionary Subscription Deed

As announced on 12 August 2014, the Company entered into an agreement with Efectivo Pty Ltd pursuant to which Efectivo has agreed to provide the Company with a standby finance facility of up to $2.5 million ("**Finance Arrangement**").

Under the Finance Arrangement, Efectivo has agreed to provide a standby finance facility to the Company which may be draw down, at any time, over a period of up to 12 months.

As security for the facility, the Company has agreed to issue Efectivo with 25 million shares, which will be held by Efectivo as security against future issues of shares by the Company when the facility is drawn down. As the Company draws down on the facility, Efectivo has agreed to subscribe for shares in the Company at a discount not exceeding a 15% discount to the VWAP (calculated in accordance with the Facility Arrangement).

The facility provides the Company will the flexibility to draw down funds as and when required, and within the complete control of the Company. Relevantly, the Company is not required to draw down on the facility and may terminate it at any time (without penalty). The facility also does not restrict the Company from raising funds from other sources.

Arbitration Award

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.

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.

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.

AP14 Designated as Critcal Major National Project

As announced on 25 August 2014, the Government of India, through the Prime Minister's Office and Cabinet Secretariat has accepted the AP14 project into the Project Monitoring Group (**PMG**) which is designed to remove implementation bottlenecks in Major National Projects on a fast-track basis.

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, Government of India to proactively pursue new major infrastructure projects and any stalled projects to ensure that the projects are commissioned on time.

DIRECTORS' REPORT (CONTINUED)

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.

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.

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 32.

This report is made in accordance with a resolution of directors

On behalf of the Directors

Cedric Goode
Director
Perth, 24 September 2014

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

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.

P I Richards B.Comm. ***Non-Executive Chairman***
Non-Executive Chairman
Appointed as a Non-Executive Director on 13 August 2009
Appointed as Non Executive Chairman on 10 February 2014

Experience and expertise
Mr Richards has more than 31 years of business and international experience with global companies including BP plc, Wesfarmers Limited, Dyno Nobel Limited and Norfolk Holdings Limited. He recently retired as 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 and his global experience provides him with direct exposure to diverse cultures and societies.

Other current directorships
Bradken Limited
Emeco Holdings Limited
Sedgman Limited
Cockatoo Coal Limited

Special responsibilities
Non-Executive Chairman.

Interest in shares and options
20,509,438 shares and 38,750,000 options in NSL Consolidated Ltd

J Muir. Non-Executive/Chairman
Appointed as a Non-Executive Chairman on 13 August 2009
Resigned as Non Executive Chairman on 10 February 2014

Experience and expertise
Mr. Muir brings more than 31 years' experience in global mining and mining services. Jock held the position of Non-Executive Director of Dyno Nobel Ltd, an ASX 200 company, prior to a merger with Incitec Pivot in 2008. 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.

Other current directorships
Barminco Ltd – Non Executive Chairman

Special responsibilities
Non- Executive Chairman

Interest in shares and options
10,067,718 shares and 1,500,000 options 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 21 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 and 55,000,000 options in NSL Consolidated Ltd

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
5,900,000 shares and 17,500,000 options in NSL Consolidated Ltd

INFORMATION ON DIRECTORS (Continued)

W Richards B.Comm, B.Sc, Grad Diploma of Business Management, Graduate Diploma in Directorships
Non-Executive Director

Appointed as a Non-Executive Director on 15 March 2013.
Resigned as a Non-Executive Director on 23 September 2013.

Experience and expertise

Mr Richards has a career that expands greater than 26 years in the design, development and commissioning/expansion of several of the major iron ore and nickel projects (Greenfield and Brownfield) within Australia, combining an extensive mining background at a senior management level, with in-depth experience in mineral processing and project management.

Mr Richards was recently Managing Director of Brockman Resources Ltd and previously worked with BHP Billiton Iron Ore, Anaconda Nickel and QNI-Billiton. Mr Richards also has extensive experience and knowledge in the transformation of early-stage companies into producers, strong corporate governance and fiduciary knowledge, as well as public company directorship experience.

Other current directorships

Special responsibilities
Non- Executive Director

Interest in shares and options
Nil

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 14 years experience in public practice with three of Perth's major Accounting firms. He was a founding director of the accounting firm FJH Solutions Pty Ltd, where he continues to provide client support across a wide range of industries including mining, exploration, research and development, construction and manufacturing. Mr Henbury's primary areas of expertise include taxation consulting, taxation compliance, corporate restructuring, financial reporting, and Company secretarial requirements.

Mr Henbury has been company secretary of a number of companies and is regularly called upon to advise Directors of their duties.

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 2014, 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
P I Richards *	31	30	2	2	-	-	-	-
J Muir **	31	16	2	1	-	-	-	-
C F Goode	31	29	2	2	-	-	-	-
P Linford ***	31	12	2	1	-	-	-	-
W Richards ****	31	7	2	-	-	-	-	-

* appointed as Non Executive Chairman on 10 February 2014
** resigned as Non Executive Chairman on 10 February 2014
*** appointed as Non Executive Director on 10 February 2014
**** resigned as Non Executive Director on 23 September 2013

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 19 to 21 above	
Other key management personnel of the Group.	
S M Freeman	Chief Operating Officer
T K S Lee	Financial Controller

REMUNERATION REPORT – AUDITED (Continued)

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.

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

Name	2014 $	2013 $
Chairman	60,000	60,000
Other non-executive directors (in aggregate)	96,000	88,580

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. The Group does not offer any retirement benefits to Executive Directors. The only performance related links to the existing remuneration policies are the vesting conditions placed upon performance share options granted and the cash bonus.

Use of remuneration consultants
During the year 30 June 2014 the Company did not engage any remuneration consultants.

REMUNERATION REPORT – AUDITED (Continued)

Voting and comments made at the company's 2013 Annual General Meeting

The Company received more than 87% of "yes" votes on its remuneration report for the 2013 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 2011 $	30 June 2012 $	30 June 2013 $	30 June 2014 $
Closing Share price	0.055	0.054	0.017	**0.007**
% Change	-11%	-1.8%	-68.52%	**-58.82%**

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.

2014	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments		Proportion of remuneration that is performance based	% of Value of remuneration that consists of options
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options	Total		
	$	$	$	$	$	$	$	$	%	%
Non-executive Directors										
P I Richards[1]*	57,200	-	-	-	-	-	-	57,200	-	-
J Muir[1]**	36,643	-	-	-	-	-	-	36,643	-	-
P Linford[1]***	18,571	-	-	-	-	-	-	18,571	-	-
W Richards****	12,000	-	-	-	-	-	-	12,000	-	-
Executive Director										
C F Goode[1]	350,000	-	1,347	42,000	-	-	-	393,347	-	-
Other key management personnel										
S M Freeman[1]	250,000	-	16,334	30,000	-	-	-	296,334	-	-
T Lee	135,393	-	-	14,664	-	-	-	150,057	-	-
Total key management personnel compensation										
	859,807	**-**	**17,681**	**86,664**	-	**-**	**-**	**964,152**	**-**	**-**

* Appointed as Non Executive Chairman on 10 February 2014. ** Resigned as Non Executive Chairman on 10 February 2014.
*** Appointed as Non Executive Director on 10 February 2014. **** Resigned as Non Executive Director on 23 September 2013.
[1] At the elections of the Directors and Officer, a portion of their fees have not been paid and deferred (Directors 100%, Executive Director 43% & Officer 40%).

2013	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments		Proportion of remuneration that is performance based	% of Value of remuneration that consists of options
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options ***	Total		
	$	$	$	$	$	$	$	$	%	%
Non-executive Directors										
J Muir	60,000	-	-	-	-	-	-	60,000	-	-
P C Wall	26,580	-	-	-	-	-	-	26,580	-	-
P I Richards	48,000	-	-	-	-	-	-	48,000	-	-
W Richards	14,000	-	-	-	-	-	-	14,000	-	-
Executive Director										
C F Goode	350,000	-	15,208	42,000	-	-	(531,125)	(123,917)	-	-
Other key management personnel										
S M Freeman	250,000	-	10,026	30,000	-	-	(265,563)	24,463	-	-
T Lee	170,000	-	-	19,125	-	-	-	189,125	-	-
Total key management personnel compensation										
	918,580	**-**	**25,234**	**91,125**	-	**-**	**(796,688)**	**238,251**	**-**	**-**

REMUNERATION REPORT – AUDITED (Continued)

Service agreement

Service contracts have 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 do 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.

The Company has 3 year contracts with the following personnel;

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

These contracts are renewable on expiry. A summary of the terms and conditions of the service agreements is as follows

- Cedric Goode – 3 years commencing on 28th August 2012.

  Annual salary is $350,000. Other benefits include a Company provided car, 12% superannuation contribution by the employer, short term incentive options, long term performance options and performance based bonus.

  The performance bonus will be awarded on milestones, subject to production and profitability conditions which are;

  (a) 0.25 years Salary on achievement of 20Kt ore shipped from acquired mine(s);
  (b) 0.50 years Salary on achievement of 250kt ore shipped from acquired mine(s;
  (c) 0.75 years Salary on achievement of 500kt ore shipped from acquired mine(s);
  (d) 1.5 years Salary on achievement of 1Mt ore shipped from acquired mine(s); and
  (e) 2 years Salary on achievement of 2Mt ore shipped from acquired mine(s).

  Performance based bonuses (c), (d) and (e) above:

  (f) will be paid in the year following achievement after the audited financial report for the prior year is available; and
  (g) are subject to the net profit before tax and financing costs (NPBTFC) per tonne of ore mined and sold:

    - US$12 per tonne NPBTFC = pay performance bonuses in full; and
    - US$6 per tonne NPBTFC = 50% of performance bonus to be paid.

  The performance bonus will be paid pro-rata between US$6 per tonne and US$12 per tonne, with no additional bonus being payable if NPBTFC is greater than US$12.

  Termination benefits

  The Company may at its sole discretion terminate the employment with reasons according to clause 14.1 of the service agreement, or without reason by giving 6 months written notice and making a payment of 12 months salary after the expiry of the 6 months written notice period. If the Company elects to pay the equivalent of the 6 months salary and dispense with the notice period, the total payment inclusive of the 12 months notice period will be equivalent of 18 months salary.

REMUNERATION REPORT – AUDITED (Continued)

Service agreement (Continued)

- Sean Freeman – 3 years commencing on 28th August 2012.

  Annual salary is $250,000. Other benefits include 12% superannuation contribution by the employer, short term incentive options, long term performance options and performance based bonus.

  The performance bonus will be awarded on milestones, subject to production and profitability conditions which are;

  (a) 0.25 years Salary on achievement of 20Kt ore shipped from acquired mine(s);
  (b) 0.25 years Salary on achievement of 250kt ore shipped from acquired mine(s;
  (c) 0.5 years Salary on achievement of 500kt ore shipped from acquired mine(s);
  (d) 0.5 years Salary on achievement of 1Mt ore shipped from acquired mine(s); and
  (e) 1 years Salary on achievement of 2Mt ore shipped from acquired mine(s).

  Performance based bonuses (c), (d) and (e) above:

  (f) will be paid in the year following achievement after the audited financial report for the prior year is available; and
  (g) are subject to the net profit before tax and financing costs (NPBTFC) per tonne of ore mined and sold:

    - US$12 per tonne NPBTFC = pay performance bonuses in full; and
    - US$6 per tonne NPBTFC = 50% of performance bonus to be paid.

  The performance bonus will be paid pro-rata between US$6 per tonne and US$12 per tonne, with no additional bonus being payable if NPBTFC is greater than US$12.

  Termination benefits

  The Company may at its sole discretion terminate the employment with reasons according to clause 14.1 of the service agreement or without reason by giving 3 months written notice and making a payment of 6 month's salary after the expiry of the written 3 months notice. If the Company elects to pay the equivalent of 3 month's salary and dispense with the notice period, the total payment inclusive of 6 months notice period will be the equivalent of 9 month's salary.

REMUNERATION REPORT – AUDITED (Continued)

Share-based compensation

The number of performance options forfeited during the year and value at expiry date are as follows:

Grant date	Vesting and exercise date	Expiry date	Options forfieted	Exercise price	Value per option at grant date	Performance milestone	Total value at date of Expiry
30 November 2009	(1)	30 November 2013	3,000,000	$0.2	$0.014	(1)	42,000
30 June 2011	(1)	30 November 2013	300,000	$0.2	$0.014	(1)	4,200
30 November 2009	(2)	30 November 2013	3,000,000	$0.4	$0.007	(2)	21,000
30 June 2011	(2)	30 November 2013	300,000	$0.4	$0.007	(2)	2,100
30 November 2009	(3)	30 November 2013	3,000,000	$0.6	$0.005	(3)	15,000
30 June 2011	(3)	30 November 2013	300,000	$0.6	$0.005	(3)	1,500

(1) Options will vest upon the Company owing projects that in aggregate have 25 million tonnes of iron ore delineated to an inferred JORC standard (grading a minimum of 55% Fe).

(2) Options will vest upon the Company owing projects that in aggregate have 50 million tonnes of iron ore delineated to an inferred JORC standard (grading a minimum of 55% Fe).

(3) Options will vest upon the Company owing projects that in aggregate have 100 million tonnes of iron ore delineated to an inferred JORC standard (grading a minimum of 55% Fe).

There are currently Nil performance options on issue.

Options granted under the plan 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.

Shares provided on exercise of remuneration options
There were no options exercised during the year.

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:

2014 Name	Balance at the start of the year	Granted as Compensation	Exercised	Other Changes	Balance at the end of the year	Vested and exercisable	Unvested
Non executive Directors							
J Muir*	1,000,000	-	-	(1,000,000)	-	-	-
P I Richards**	1,000,000	-	-	(1,000,000)	-	-	-
P Linford***	-	-	-	-	-	-	-
W Richards****	-	-	-	-	-	-	-
Executive Director							
C F Goode	7,000,000	-	-	(7,000,000)	-	-	-
Other key management personnel							
S M Freeman	3,500,000	-	-	(3,500,000)	-	-	-
T Lee	-	-	-	-	-	-	-
Total	**12,500,000**	**-**	**-**	**(12,500,000)**	**-**	**-**	**-**

* Resigned as Non-Executive Chairman on 10 February 2014. ** Appointed as Non-Executive Chairman on 10 February 2014.
*** Appointed as Non-Executive Director on 10 February 2014. **** Resigned as Non-Executive Director on 23 September 2013.

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:

2014 Name	Balance at the start of the year	Granted as compensation	Received on exercise of options or rights	Other changes	Balance at the end of the year
Directors					
J Muir*	6,067,718	-	-	6,000,000	10,067,718
P I Richards**	10,509,438	-	-	7,500,000	18,009,438
P Linford***	900,000	-	-	-	900,000
W Richards****	-	-	-	-	-
Executive Director					
C F Goode	22,419,090	-	-	5,000,000	27,419,090
Other key management personnel					
S M Freeman	8,797,199	-	-	4,250,000	13,047,199
T Lee	-	-	-	-	-
Total	**48,693,445**	**-**	**-**	**22,750,000**	**69,443,445**

* Resigned as Non-Executive Chairman on 10 February 2014. ** Appointed as Non-Executive Chairman on 10 February 2014.
*** Appointed as Non-Executive Director on 10 February 2014. **** Resigned as Non-Executive Director on 23 September 2013.

Loans and other transactions with key management personnel

There were no loans or other transactions with key management personnel during the year.

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
11/07/2013	30/06/2015	$0.04	17,010,000
21/08/2013	30/06/2015	$0.04	6,500,000
06/01/2014	31/12/2016	$0.01	217,327,062
15/01/2014	30/06/2015	$0.07	6,000,000
12/08/2014	31/12/2016	$0.01	68,000,000
12/08/2014	31/12/2016	$0.0096	190,000,000

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 22)", 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.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year are set out below.

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*.

NON-AUDIT SERVICES (Continued)

The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure that they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of *Ethics for Professional Accountants*.

	Consolidated	
	2014 $	2013 $
Taxation services		
Amounts paid or payable to:		
- BDO	-	1,041
Total fees for non-audit services	**-**	**1,041**

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 32.

AUDITOR

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

This report is made in accordance with a resolution of directors.

Cedric Goode
Managing Director
24 September 2014

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF NSL CONSOLIDATED LIMITED

As lead auditor of NSL Consolidated Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 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.

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 24 September 2014

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.

However, at this stage of the Company's corporate development, implementation of the ASX Corporate Governance Principles and Recommendations, whilst wholeheartedly supported, is not practical in every instance given the modest size and simplicity of the business. The principles and recommendations and details of the current and evolving governance practices are identified in the following pages.

Principle 1: Lay solid foundations for management and oversight

The Board has the responsibility of protecting the rights and interests of shareholders and enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for:

- Appointment of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company;
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and
- Meeting with the external auditor, at their request, without management being present.

Principle 2: Structure the Board to add value

The Board is currently made up of three directors, two (Peter Richards and Peter Linford) of whom are considered independent. The Board considers a director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the director's ability to act in the best interests of the Company.

Under the Company's Constitution and the Australian Securities Exchange Listing Rules, all directors are subject to shareholder re-election every three years.

The full Board currently hold a number of scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address significant matters as they arise.

Standing Board meeting agenda items include the Managing Director's report, financial reports, strategic matters, governance and compliance.

Board members possess complementary business disciplines and experience aligned with the Company objectives. The experience and qualifications of directors are noted in the Directors' Report.

Where any director has a personal interest in a matter, the director is not permitted to be present during discussions or to vote on the matter. The enforcement of this requirement ensures that the interest of shareholders, as a whole, are pursued and not jeopardised by a lack of a majority of independent directors.

The Company has developed Board committee charters for both the Audit Committee and Remuneration Committee, however due to the size of the Company the Board has not established committees to review compensation arrangements of senior executives or to manage Board succession. The full board approves all management remuneration including the allocation of options and involves itself in the nomination, selection and retirement of directors.

The Company will give consideration at an appropriate juncture in the Company's development, for the creation of a Nomination and Remuneration Committee. The current size of the full Board permits it to act as this committee and to regularly review membership. The Board will give consideration to appointment of specialist and independent directors when the activities and scale of operation of the Company warrant such appointments.

The Board reviews the performance of Board members regularly on an on-going basis. The reviews are conducted by the Chairman and involve an exchange of views with all the members of the Board. In particular, the Board assesses the appropriate mix of skills, experience and expertise required by the Board and assesses the extent to which the required skills and experience are represented on the Board.

The Board intends to formally introduce a formal process of self assessment of its collective performance, the performance of individual directors and of Board committees.

Principle 3: Promote ethical and responsible decision making

The Company actively promotes ethical and responsible decision-making. The Company has established a formal code of conduct that addresses practices necessary to maintain confidence in the Company's integrity. The code takes into account the Board's legal obligations and the reasonable expectations of its stakeholders. In addition, it is a condition of each employee's employment contract that they uphold minimum standards of generally accepted ethical conduct.

Dealing in Company shares

The Board has formally instituted a Company requirement that limits the purchase or disposal of shares by directors, officers and employees to the period of 4 weeks from the:

a) date of the Company's Annual General Meeting;
b) release of the quarterly results announcement to the Australia Stock Exchange (**ASX**);
c) release of the half yearly results announcement to the ASX;
d) release of the preliminary final results announcement to the ASX; or
e) release of a disclosure document offering securities in the Company.

NSL has a policy agreed to by the Board members, other Company officers and employees that any proposed trade in the Company's securities is to be firstly advised to the Chairman. Once the Chairman has given approval, the relevant person may execute the trade. Such policy clearly mitigates the risk of breaching the insider trading provisions and gives the Chairman control to restrict trading if the Chairman may be privy to sensitive information before the other Company officers and personnel are, or the Chairman has knowledge that certain sensitive information (eg. exploration results) are due for receipt within a short term timeframe.

Directors, officers and employees with any non-public sensitive information are prohibited from purchasing or disposing of Company shares, in accordance with the Corporations Act 2001.

Directors must advise the Company of any transactions conducted by them in the shares of the Company, in accordance with the Corporations Act 2001 and ASX Listing Rules.

The Board has approved and published in the public domain the Guidelines for Buying and Selling Securities which details the points listed above.

Diversity Policy

The Company recognises the benefits arising from employee and board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

The Diversity policy provides a framework for the Company to achieve:

a) diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
b) workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
c) improved employment and career development opportunities for women;
d) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity,

There are currently 2 women in the organisation, however, no women in executive roles.

Principle 4: Safeguard integrity in financial reporting

The Board has previously established an audit committee whose responsibility it was to monitor and review the effectiveness of the Company's controls in the areas of operational and Statement of Financial Position risk, legal and regulatory compliance and financial reporting.

The Company presently does not have a separately constituted audit committee as it is not presently of a size, or its affairs of such complexity, to warrant such a committee. All matters capable of delegation to such a committee are presently dealt with by the full Board. The Board is responsible for the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. A charter has been formulated and is on the Company's website.

The responsibilities include:

- reviewing and approving statutory financial reports and all other financial information distributed externally;
- monitoring the effective operation of the risk management and compliance framework;
- reviewing the effectiveness of the Company's internal control environment including compliance with applicable laws and regulations;
- the nomination of the external auditors and the review of the adequacy of the existing external audit arrangements; and
- considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence.

The external auditor, BDO, has engagement terms refreshed annually and has indicated its independence to the Board. BDO were appointed as auditors in 2008.

Principle 5 & 6: Make timely and balanced disclosures and respect the rights of shareholders

The Board adopts communications strategies and practices to promote communication with shareholders, in language capable of interpretation, and to encourage effective participation at General Meetings. The external auditor will attend the meeting to respond to specific questions from shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs, in accordance with Corporations Act 2001 and ASX Listing Rules.

The Board encourages full participation of shareholders at General Meetings to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to shareholders as single resolutions.

Shareholders are requested to vote on the appointment of Directors, the granting of options and shares to directors and changes to the Constitution. Copies of the Constitution are available to any shareholder upon request.

Material information is lodged immediately with the ASX and on acknowledgement, disseminated by posting to the website.

Principle 5 & 6: Make timely and balanced disclosures and respect the rights of shareholders (Continued)

Timely and balanced disclosure

The Board supports the Australasian Investor Relations Association "Best Practice Guidelines for Communication between Listed Entities and the Investment Community". The Board endorses a culture in favour of continuous disclosure and recognises the benefits of consistency to be achieved through a dedicated authorised spokesperson.

Material information is lodged immediately with the ASX and on acknowledgement disseminated by posting to the website. A strict protocol is practiced for all investors/ analyst/ media meetings, Group briefings and conference calls.

Principle 7: Recognise and manage risk

The Company has identified material business risks associated with its day-to-day operations and the possible impacts on the Company as a consequence. The Company aims to review its' risk management policies on a quarterly basis to mitigate material risks identified from eventuating and to ensure a sound internal control system is in place. The Managing Director is required to report to the Board if any material business risks that significantly impact on the business have arisen since the last Board meeting and if an effective internal control policy is in place and has been followed (as applicable). The Board declares that it has received assurance from the CEO and CFO that a sound and effective risk management and internal control had been adhered to during the financial year ended 30 June 2014.

As part of the Company's internal risk management policies, the CEO and CFO have recently completed a review identifying risk areas and internal controls required to mitigate such risk. The report relating thereto has been circulated to the Board concluding that an effective internal control system is in place. Such review will occur on an ongoing basis.

In summary, the Company's internal risk management policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. The Board actively promotes a culture of quality and integrity.

Principle 8: Remunerate fairly and responsibly

Due to the size of the Group the Board has not established committees to review compensation arrangements of senior executives or to manage Board succession. The full board approves all management remuneration including the allocation of options and involves itself in the nomination, selection and retirement of directors.

The Board is kept advised on remuneration and incentive policies and practices generally and makes specific recommendations in relation to compensation arrangements for executive and non-executive directors and in respect of all equity based remuneration plans.

The remuneration policy states that executive directors may participate in share option schemes with the prior approval of shareholders. Other executives may also participate in employee share option schemes, with any option issues normally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in appropriate circumstances. The Company has not distinguished the structure of the non-executive directors' remuneration from that of executive director due to its size.

Principle 8: Remunerate fairly and responsibly (Continued)

The Board also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programs and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

Access to professional advice

Issues of substance are considered by the Board with external advice from its professional advisers as required. The Board's individual members can seek independent professional advice at the Company's expense in carrying out their duties.

SUMMARY

NSL Consolidated Limited has adopted or is in the process of adopting the following policies and charters:

Board Charter, Corporate Code of Conduct, Guidelines for Buying and Selling Securities, Audit Committee Charter, Continuous Disclosure Policy, Shareholder Communication Policy, Remuneration Committee Charter and Diversity Policy.

The Company has departed from the ASX Corporate Governance recommendations with respect to the Directors being considered independent for reasons stated. The Company's full board of Directors performs the functions of the Audit Committee and the Nomination and Remuneration Committee. Other corporate practices continue to evolve.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue from continuing operations		-	-
Other income	4	113,050	(281,969)
Employee benefits expense	4	(1,133,834)	(1,374,341)
Depreciation of non-current assets	4	(121,905)	(140,659)
Corporate expenses	4	(192,228)	(298,382)
Finance & administration	4	(854,582)	(911,797)
Share-based compensation	4	-	(50,000)
Performance options expense	4	-	821,219
Impairment of exploration and evaluation costs	11	(1,280)	(17)
Loss before income tax		**(2,190,779)**	**(2,235,946)**
Income tax (expense)/benefit	5	209,090	(25,429)
Loss after tax for the year attributable to the owners of NSL Consolidated Limited		**(1,981,689)**	**(2,261,375)**

Other comprehensive Income		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translation foreign operations	(356,523)	393,099
Total comprehensive(loss) for the year attributable to the owners of NSL Consolidated Limited	**(2,338,212)**	**(1,868,276)**

Loss per share for the year attributable to the members of 'NSL Consolidated Ltd'	Note	2014 ¢	2013 ¢
Basic loss per share	28	(0.43)	(0.64)
Diluted loss per share	28	n/a	n/a

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 2014

	Note	2014 $	2013 $
Assets			
Current Assets			
Cash and cash equivalents	6	923,111	460,440
Trade and other receivables	7	178,799	349,222
Total current assets		**1,101,910**	**809,662**
Non-current assets			
Other financial assets	8	6,166	3,675
Property, plant and equipment	9	973,634	1,138,868
Intangible assets	10	6,219	10,725
Exploration and evaluation	11	961,732	529,501
Mine development	12	12,421,132	12,543,398
Total non-current assets		**14,368,883**	**14,226,167**
Total assets		**15,470,793**	**15,035,829**
Liabilities			
Current liabilities			
Trade and other payables	13	1,135,609	789,806
Derivative financial instruments	14	373,661	410,782
Total current liabilities		**1,509,270**	**1,200,588**
Non-current liabilities			
Deferred tax liabilities	16	165,797	380,386
Interest bearing liabilities	15	2,622,628	2,564,913
Total non-current liabilities		**2,788,425**	**2,945,299**
Total liabilities		**4,297,695**	**4,145,886**
Net assets		**11,173,098**	**10,889,943**
Equity			
Contributed equity	17	36,091,672	33,470,304
Other reserves	18	(1,398,946)	(1,042,422)
Capital and reserves attributable to owners of NSL Consolidated Limited		34,692,726	32,427,882
Accumulated losses	19	(23,519,628)	(21,537,939)
Total equity		**11,173,098**	**10,889,943**

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 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Cash receipts from customers		-	-
Cash paid to suppliers and employees		(1,539,591)	(2,470,475)
Interest paid		(177,645)	-
Interest received		10,629	26,534
Net cash (outflow) from operating activities	27	**(1,706,607)**	**(2,443,941)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(19,636)	(192,396)
Payment for exploration and evaluation		(267,511)	(169,587)
Payment for development		(234,803)	(1,018,611)
Net cash (outflow) from investing activities		**(521,950)**	**(1,380,594)**
Cash flows from financing activities			
Proceeds from issue of shares		2,621,367	30,000
Proceeds from borrowings		-	2,567,193
Other - Joint Venture		-	100,000
Net cash inflow from financing activities		**2,621,367**	**2,697,193**
Net increase/(decrease) in cash and cash equivalents		392,810	(1,127,342)
Net foreign exchange differences		69,861	133,284
Cash and cash equivalents at beginning of period		460,440	1,454,498
Cash and cash equivalents at end of period	6	**923,111**	**460,440**

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 2014

CONSOLIDATED	Share Capital $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2013	**33,470,304**	**(2,672,604)**	**1,630,181**	**(21,537,939)**	**10,889,943**
Other comprehensive income for the year					
Exchange differences on translation of foreign operations	-	(356,523)	-	-	(356,523)
Total other comprehensive income for the year	-	(356,523)	-	-	(356,523)
Loss for the year	-	-	-	(1,981,689)	(1,981,689)
Total comprehensive income for the year	-	(356,523)	-	(1,981,689)	(2,338,212)
Transactions with owners in their capacity as owners					
Share placement net of fees	2,621,367	-	-	-	2,621,367
Share based payments	-	-	-	-	-
Balance as at 30 June 2014	**36,091,672**	**(3,029,127)**	**1,630,181**	**(23,519,628)**	**11,173,098**
Balance at 1 July 2012	**33,390,304**	**(3,065,703)**	**2,451,400**	**(19,276,565)**	**13,499,436**
Other comprehensive income for the year					
Exchange differences on translation of foreign operations	-	393,099	-	-	393,099
Total other comprehensive income for the year	-	393,099	-	-	393,099
Loss for the year	-	-	-	(2,261,374)	(2,261,374)
Total comprehensive income for the year	-	393,099	-	(2,261,374)	(1,868,275)
Transactions with owners in their capacity as owners					
Share placement net of fees	80,000	-	-	-	80,000
Share based payments	-	-	(821,219)	-	(821,219)
Balance as at 30 June 2013	**33,470,304**	**(2,672,604)**	**1,630,181**	**(21,537,939)**	**10,889,943**

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 2014

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)(x).

b) Going Concern

At 30 June 2014, the consolidated entity had a net working capital deficiency of $407,360 (2013: $390,926), incurred a consolidated loss of $1,981,689 (2013: $2,261,375) and experienced net operating and investing cash outflows of $2,228,557 (2013: $3,824,535) for the 12 months to 30 June 2014. The working capital deficiency includes non-cash convertible note derivative liabilities of $373,661 (2013: $410,782).

During the period, the Company continued to execute upon its bulk commodities exploration, development and growth strategy, with emphasis on Indian iron ore and South Queensland thermal coal opportunities. The execution of the strategy included the securing of a strategic scale providing mining lease, AP23, through a Run of Mine (ROM) royalty based agreement. Securing of this ROM and the completion of a successful capital raising in June 14, has enabled the Company to move ahead with the recommencement of its Phase One dry beneficiation plant.

Further development in relation to the Kurnool Phase Two wet separation plant will require further funding towards the Company's working capital requirements to move ahead with the completion of the purchase, construction, commissioning and production.

Also during the period, the Company continued to pursue a remedy with its joint venture partner (Vijay Group) in regards to the breach of the financial commitments of the Joint Venture Agreement (JVA). However, an acceptable remedy could not be reached and the JVA was terminated on 20 December 2013.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Going Concern (continued)

The Company continues to progress/negotiate other opportunities for joint venture farm in structured agreements over the Company's projects across India. These opportunities remain on-going.

As announced on 12 August 2014, the Company entered into an agreement with Efectivo Pty Ltd to provide a standby finance facility of up to $2.5 million which may be draw down, at any time, over a period of up to 12 months.

The Directors have reviewed the Company's overall position and are of the opinion that the Company has currently sufficient funds to meet the Company's commitments, however are regularly monitoring its financial position and are aware that they will need to obtain additional financing as needed to meet their ongoing operational and capital commitments. The Directors are of the view that any funding requirements may be met by way of equity, debt, funding received from a joint venture partner or from production cash flows, or a combination of all four.

The Directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis. No adjustments have been made relating to the recoverability of assets and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

c) 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 2014 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.

d) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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:

- 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.

f) 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.

i) Interest income
Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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) Leases

Lease of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance for the liability of each period. The property, plant and equipment acquired under finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) 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.

j) 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.

k) 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.

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.

l) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Financial assets (continued)

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 in 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.

m) 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 and loss during the reporting period in which they are incurred.

Increase in the carrying amount arising on revaluation of land is recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase in reserves a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reserve previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Property, Plant & Equipment (continued)

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.

n) Intangible assets

i) Computer software

Costs incurred in acquiring software that will contribute to the future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Amortisation is calculated using diminishing-balance method. Depreciation rate is 40%.

o) Exploration and evaluation asset

Exploration and evaluation costs are accumulated in respect of each separate 'area of interest' or geographical segment. Costs are either expensed as incurred or capitalised as an exploration and evaluation asset provided exploration titles are current and at least one of the following conditions are satisfied:

- the expenditure is expected to be recouped through successful development and exploitation of the area of interest; or

- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amounts exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. Impairment losses are recognised in the income statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) 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.

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.

q) 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.

r) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) 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 a number of 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.

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.

t) 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 29.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Employee benefits

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

iv) Profit-Sharing and Bonus Plans
The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is past practise that has created a constructive obligation.

v) 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.

u) 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.

v) 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.

w) 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)

w) 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.

x) 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 exploration and evaluation expenditure
The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

iii) Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. 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) and changes to commodity prices.

As at 30 June 2014, the carrying value of exploration expenditure for the Group is $961,732 (2013:$529,501)

iv) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) Critical accounting estimates and judgements (continued)

v) Impairment of capitalised development expenditure.
At 30 June 2014, the consolidated entity had $12,421,132 capitalised as mine development Expenditure. The future recoverability of capitalised development expenditure is dependent on a number of factors, including whether or not 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.

Furthermore, the future recoverability of capitalised mine development and related assets is dependent upon the ability of the company to raise additional funds to purchase and successfully commission the wet beneficiation plant so that it can efficiently process and upgrade the iron ore to a saleable export grade within the International export market. Should the company not be able to achieve the above, the asset may not be recoverable at the amounts stated in these financial statements.

vi) 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.

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.

vii) Convertible Note Derivatives

A Monte Carlo Simulation Model is used to calculate the fair value of the convertible note derivatives that is dependent upon a number of estimates and assumptions. Changes to the estimates and assumptions used in the pricing model could have a material impact on fair value of the convertible note derivatives.
The fair value of the convertible note derivatives has been determined by firstly computing the fair value per convertible option feature multiplied by the number of outstanding options. The fair value per option is computed using a Monte Carlo Simulation Model that takes account of the exercise price, the terms of the option, the company's share price at the end of the reporting period, the expected volatility of the underlying share price and the risk-free interest rate (based on government bonds). The expected volatilities is based upon historic volatility (based on the remaining life of the options) adjusted for abnormal spikes in the company's share price.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) New and amended accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group has not applied any of the following in preparing this financial report:

Reference	Title	Nature of Change	Application date of standard	Impact on financial statements	Application date
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: Amortised cost Fair value through profit or loss Fair value through other comprehensive income. The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9: Classification and measurement of financial liabilities; and Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2017	Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. NSL has not yet made an assessment of the impact of these amendments.	1 January 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) New and amended accounting standards and interpretations (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on financial statements	Application date
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Makes three amendments to AASB 9: • Adding the new hedge accounting requirements into AASB 9 • Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements. Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI	Annual reporting periods beginning on or after 1 January 2015	The application date of AASB 9 has been deferred to 1 January 2017. The entity has not yet made an assessment of the impact of these amendments.	1 January 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) New accounting standards and interpretations (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on financial statements	Application date
AASB 2013-9 (issued December 2013) – continued.		• When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting.			
AASB 2013-5 (issued August 2013)	Amendments to Australian Accounting Standards - Investment Entities	The amendment defines an 'investment entity' and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendment prescribes three criteria that must be met in order for an entity to be defined as an investment entity, as well as four 'typical characteristics' to consider in assessing the criteria. The amendment also introduces disclosure requirements for investment entities into AASB 12 Disclosure of Interests in Other Entities and amends AASB 127 Separate Financial Statements.	Annual reporting periods beginning on or after 1 January 2014	As the entity does not meet the definition of an investment entity, it will continue to consolidate its investments in subsidiaries in accordance with AASB 10 Consolidated Financial Statements.	1 January 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) New accounting standards and interpretations (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on financial statements	Application date
Interpretation 21 (issued June 2013)	Levies	Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.	1 January 2014	The entity is not liable to pay any material government levies. There will therefore be no material impact on the financial statements when this interpretation is first adopted.	1 January 2014
AASB 2012-6 (issued September 2012)	Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures	Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods beginning on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	Annual reporting periods beginning on or after 1 January 2015
AASB 2013-3 (issued June 2013)	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	Clarifies the disclosure requirements for cash-generating units (CGUs) with significant amounts of goodwill and intangibles with indefinite useful lives and also adds additional disclosures when recoverable amount is determined based on fair value less costs to sell.	Annual reporting periods beginning on or after 1 January 2014	As this standard amends disclosure requirements only, there will be no impact on amounts recognised in the financial statements. The recoverable amount for CGUs with significant amounts of goodwill and intangibles with indefinite lives will only be required to be disclosed where an impairment loss has been recognised. However, there will be additional disclosures about the level of the fair value hierarchy where recoverable amount for a CGU is determined based on fair value less costs to sell.	Annual reporting periods beginning on or after 1 January 2014
IFRS 2	Share-based Payment	Definition of vesting condition The amendment clarifies the definition of vesting conditions and market conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition without themselves being specifically defined.	Share-based payments transactions for which grant date is on or after 1 July 2014	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014.	Share-based payments transactions for which grant date is on or after 1 July 2014

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:

	2014 $	2013 $
Financial assets		
Cash and cash equivalents	923,111	460,440
Trade and other receivables	178,799	216,722
	1,101,910	**677,162**
Financial liabilities		
Current		
Trade and other payables	1,135,609	500,085
Non current		
Derivative financial instruments	373,661	410,782
Interest bearing liabilities – convertible note	2,622,628	2,564,913
	4,131,899	**3,475,780**

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 exposure to foreign exchange risk at the reporting date is limited to a USD denominated convertible note held by the ultimate holding company, as follows:

	30 June 2014		30 June 2013	
	AUD	Total	AUD	Total
In AUD				
Convertible Note Derivatives	373,661	373,661	410,782	410,782
Convertible Note Liability	2,622,628	2,622,628	2,564,912	2,564,912
	2,996,289	**2,996,289**	**2,975,694**	**2,975,694**

Sensitivity analysis

Based on the financial instruments held at 30 June 2014, 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 $2,394,684 or $2,685,043 as a result of foreign exchange gains/losses on translation of USD dominated financial instruments.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Market risk (Continued)

ii) Cash flow and interest rate risk

The Group's interest rate risk arises from cash and cash equivalents and a conversion option derivative financial instrument held. Term deposits and current accounts held with variable interest rates and the variable risk free rate used as an input into the conversion option derivative fair value calculation expose the Group to cash flow interest rate risk. The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure. The Group's borrowing in the form of a convertible note has a fixed interest rate and therefore carries no interest rate risk.

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	**2014 $**	**2013 $**
Cash and cash equivalents	**923,111**	**460,440**
Weighted average interest rate	**2.28%**	**1.41%**

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:

	2014 $	**2013 $**
Cash and cash equivalents – 'AA-' S&P rating	**923,111**	**460,440**
Trade and other receivables	**178,799**	**216,722**

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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.

Group – At 30 June 2014	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	-	373,661	-	-	-	373,661	373,661
Total Derivatives	**-**	**373,661**	**-**	**-**	**-**	**373,661**	**373,661**
Non-derivatives							
Non-interest bearing	798,911	336,698	-	-	-	1,135,609	1,135,609
Interest bearing	245,597	-	3,009,903	-	-	3,255,500	2,622,628
Total non-derivatives	**1,044,508**	**336,698**	**3,009,903**	**-**	**-**	**4,391,109**	**3,758,237**

Group – At 30 June 2013	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	-	410,782	-	-	-	410,782	410,782
Total Derivatives	**-**	**410,782**	**-**	**-**	**-**	**410,782**	**410,782**
Non-derivatives							
Non-interest bearing	789,806	-	-	-	-	789,806	789,806
Interest bearing	131,656	-	164,008	2,938,822	-	3,234,486	2,564,913
Total non-derivatives	**921,462**	**-**	**164,008**	**2,938,822**	**-**	**4,024,292**	**3,354,719**

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Liquidity risk (continued)

1. As the convertible note liability can only be paid out in shares and not cash (at the election of the noteholder) during its term, the repayment is shown at maturity in 2015;
2. The maturity analysis has assumed the earliest contractual maturity of the convertible notes for a payment in cash. Interest on the convertible note is due yearly in arrears.

e) Equity Price Risk

The group is exposed to equity price risk on its financial liabilities and equity investments. The convertible note derivative fluctuates with the Company's underlying share price until either the convertible note is repaid by the Company, or the option holder converts.

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.

A sensitivity analysis has not been disclosed in relation to equity price risk as the results are not considered material.

f) Fair Values measurement

Convertible Note Liability

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

	Carrying Amount		Fair Value	
	2014	2013	2014	2013
In AUD				
On Statement of Financial Position				
Convertible note liability	2,622,628	2,564,913	2,622,628	2,564,913

The fair value of the convertible note liability has been recorded at its fair value therefore there is no difference between its fair value and carrying value.

Convertible Note Derivatives

There is no material difference between the fair value and carrying value of the convertible note.

g) 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, trade payables and interest bearing liabilities. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

FINANCIAL RISK MANAGEMENT (CONTINUED)

g) Fair value estimation (continued)

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).

2014	Level 1	Level 2	Level 3	Total
In AUD				
Fair value through profit or loss:				
Convertible note derivatives		373,661		373,661

2013	Level 1	Level 2	Level 3	Total
In AUD				
Fair value through profit or loss:				
Convertible note derivatives		410,782		410,782

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.

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 2014 $	Coal 2014 $	Total
Revenue from external sources	-	12	10,629
Reportable segment loss	(502,009)	(931)	(1,981,689)
Depreciation	(121,905)	-	(121,905)
Reportable segment assets	13,583,740	962,407	15,470,793
Additions to non-current assets	-	-	142,716
Reconciliation of reportable segment profit or loss			
Reportable segment loss	(502,009)	(931)	(502,940)
Unallocated:			
Corporate expenses	-	-	(1478,749)
Loss before tax	**(502,009)**	**(931)**	**(1,981,689)**
Reportable segment assets are reconciled to total assets as follows:			
Segment assets	13,583,740	962,407	15,470,793
Unallocated:			
Cash and cash equivalents	20,913	698	923,111
Corporate assets	-	-	14,547,682
Total assets as per the statement of financial position	**13,583,740**	**962,407**	**15,470,793**
Reportable segment liabilities are reconciled to total liabilities as follows:			
Segment liabilities – external	90,799	160,087	798,911
Segment liabilities – intra-group	246,240	806,272	-
Unallocated:			
Corporate liabilities	-	-	3,498,784
Total liabilities as per the statement of financial position	**337,039**	**966,359**	**4,297,695**

3. SEGMENT INFORMATION (Continued)

	Iron Ore 2013 $	Coal 2013 $	Total
Revenue from external sources	-	123	26,534
Reportable segment loss	(603,407)	(308)	(2,261,555)
Depreciation	(105,097)	-	(140,659)
Reportable segment assets	14,015,058	535,891	15,035,649
Additions to non-current assets	-	-	649,443
Reconciliation of reportable segment profit or loss			
Reportable segment loss	(603,407)	(308)	(603,715)
Unallocated:			
Corporate expenses	-	-	(1,632,231)
Loss before tax	**(603,407)**	**(308)**	**(2,235,946)**
Reportable segment assets are reconciled to total assets as follows:			
Segment assets	14,015,058	535,891	15,035,829
Unallocated:			
Cash and cash equivalents	16,467	6,354	460,440
Corporate assets	-	-	14,575,389
Total assets as per the statement of financial position	**14,015,058**	**535,891**	**15,035,829**
Reportable segment liabilities are reconciled to total liabilities as follows:			
Segment liabilities – external	266,412	-	500,085
Segment liabilities – intra-group	164,491	538,895	-
Unallocated:			
Corporate liabilities	-	-	3,645,801
Total liabilities as per the statement of financial position	**446,282**	**538,895**	**4,145,886**

4. REVENUE AND EXPENSES

	2014 $	2013 $
Loss before income tax includes the following items of revenue and expense:		
Other Income		
Interest revenue	10,629	26,534
Other income	102,421	(308,503)
	113,050	**(281,969)**
Expenses		
Employee benefits	(1,133,834)	(1,374,341)
Depreciation	(121,905)	(140,659)
Corporate expenses	(192,228)	(298,382)
Finance & administration	(553,924)	(911,797)
Interest expenses	(300,659)	-
Share based payments	-	(50,000)
Exploration and evaluation	(1,280)	(17)
Performance options expense reversal *	-	821,219
	(2,303,830)	**(1,953,977)**

* Relates to the reversal of performance option fair values expensed in prior periods, as it is unlikely that the milestones attached will be met prior to the expiry on 30 November 2013. Refer to share based compensation on page 28 of the directors' report for performance milestone criteria.

5. INCOME TAX

	2014 $	2013 $
The major components of income tax are:		
Statement of profit or loss and other comprehensive income		
Current income tax	5,499	(154,389)
Deferred income tax	(214,589)	179,818
Income tax expense/(benefit) reported in the statement of profit or loss and other comprehensive income	(209,090)	25,429
(a) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax expense	(2,190,779)	(2,235,946)
Tax at the Australian tax rate of 30% (2013:30%)	**(657,234)**	**(670,784)**

5. INCOME TAX (continued)

	2014 $	2013 $
Tax effect of amounts that are not deductible /(taxable) in calculating taxable income:		
Others	(475,161)	(4,255)
Tax losses and timing differences not brought to account	763,413	719,913
Foreign tax rate differential	159,892	(19,446)
Income tax expense /(benefit)	**(209,090)**	**25,429**
(b) Tax losses		
Unused tax losses for which no deferred tax assets has been recognised	18,364,269	15,819,558
Potential tax benefit at 30%	5,509,281	4,745,867
(c) Unrecognised temporary differences		
Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses	5,509,281	4,745,867
Exploration expenditure	204,457	204,457
Other temporary differences	54,664	242,846
Deferred tax liabilities		
Other temporary differences	(288,814)	(159,145)
Net deferred tax assets not recognised	**5,479,588**	**5,034,025**

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

	2014 $	2013 $
Cash at bank and in hand	**923,111**	**460,440**

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. TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current		
Security Deposits	134,098	224,520
Prepayments (1)	38,193	114,568
Other receivables (2)	6,508	10,134
	178,799	**349,222**

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 trade and other receivable above.

Ageing of trade receivables past due not impaired
As at 30 June 2014 there were no trade receivables.

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

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

8. OTHER FINANCIAL ASSETS

	2014 $	2013 $
Non-current		
Others	6,166	3,675
	6,166	**3,675**

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment $	Furniture and fixtures $	Motor Vehicles $	Computer equipment $	Land $	Buildings $	Total $
Year ended 30 June 2013							
Opening net book amount	795,930	27,793	-	43,509	110,259	18,034	995,525
Additions	222,649	12,497	-	999	-	-	236,145
Disposal/Written-off		-	-	-	-	-	-
Depreciation charge	(96,007)	(6,440)	-	(27,974)	-	(3,659)	(134,080)
Exchange differences	33,567	1,073	-	819	5,098	719	41,278
Closing net book amount	**956,140**	**34,923**	**-**	**17,353**	**115,357**	**15,094**	**1,138,868**
At 30 June 2013							
Cost or fair value	1,144,510	54,330	-	116,106	115,358	30,137	1,460,440
Accumulated depreciation	(188,371)	(19,407)	-	(98,753)	-	(15,042)	(321,572)
Net book amount	**956,140**	**34,923**	**-**	**17,353**	**115,358**	**15,094**	**1,138,868**
Year ended 30 June 2014							
Opening net book amount	956,140	34,923	-	17,353	115,357	15,094	1,138,868
Additions	-	1,408	-	-	-	27,553	28,961
Disposal/Written-off	(591)	(8,111)	-	(1,573)	-	-	(10,276)
Depreciation charge	(97,698)	(5,312)	-	(6,517)	-	(8,226)	(117,753)
Exchange differences	(60,632)	(262)	-	(577)	(4,183)	(512)	(66,166)
Closing net book amount	**797,219**	**22,646**	**-**	**8,686**	**111,174**	**33,909**	**973,634**
At 30 June 2014							
Cost or fair value	1,079,001	40,908	-	109,350	111,174	55,570	1,396,003
Accumulated depreciation	(281,782)	(18,262)	-	(100,665)	-	(21,661)	(422,370)
Net book amount	**797,219**	**22,646**	**-**	**8,685**	**111,174**	**33,909**	**973,634**

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

10. INTANGIBLE ASSETS

	Software $
Consolidated	
Year ended 30 June 2013	
Opening net book amount	**14,892**
Additions	1,929
Depreciation charge	(6,579)
Exchange differences	483
Closing net book amount	**10,725**
At 30 June 2013	
Cost or fair value	29,752
Accumulated depreciation	(19,027)
Net book amount	**10,725**
Year ended 30 June 2014	
Opening net book amount	10,725
Additions	-
Depreciation charge	(4,152)
Exchange differences	(354)
Closing net book amount	**6,219**
At 30 June 2014	
Cost or fair value	28,690
Accumulated depreciation	(22,471)
Net book amount	**6,219**

11. EXPLORATION AND EVALUATION

	2014 $	2013 $
Carrying amount at beginning of financial year	529,501	415,930
Additions	433,511	113,588
Impairment	(1,280)	(17)
Transfer to Development	-	-
Carrying amount at end of financial year	**961,732**	**529,501**

The value of the Company's interest in exploration and evaluation is dependent upon:

- the continuance of the Company's right to tenure of the areas of interest;
- the results of future exploration activities; and
- the recoupment of costs through successful development of the areas of interest or, alternatively by their sale

12. MINE DEVELOPMENT

	2014 $	2013 $
Carrying amount at beginning of financial year	12,543,398	11,107,540
Additions	144,375	1,162,295
Impairment	-	-
Exchange differences	(266,641)	273,563
Transfer from exploration and evaluation	-	-
Carrying amount at end of financial year	**12,421,132**	**12,543,398**

The future recoverability of capitalised development expenditure is dependent on a number of factors, including whether or not 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.

Furthermore, the future recoverability of capitalised mine development and related assets is dependent upon the ability of the company to raise additional funds to purchase and successfully commission the wet beneficiation plant so that it can efficiently process and upgrade the iron ore to a saleable export grade within the International export market. Should the company not be able to achieve the above, the asset may not be recoverable at the amounts stated in these financial statements.

All expenditure for the mine development in India is included in Development expenditure. Development expenditure is recorded at historical cost. The recoverable amount has been estimated as the assets value in use using the Present Value method of future cash flows. As a result of this assessment, no impairment has been deemed necessary. A reasonable and possible change in the estimated inputs could lead to a material impairment against the carrying value of mine development.

13. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade payables	467,048	416,391
Annual leave	152,146	115,268
Marketing commission	184,553	174,452
Other payables	331,862	83,695
	1,135,609	**789,806**

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.

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

Other payables represent deferred director fees and employee salary and wages and associated on costs.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Current	2014 $	2013 $
Derivative – foreign exchange	74,034	171,726
Derivative – convertible option	299,627	239,056
	373,661	**410,782**

15. INTEREST BEARING LIABILITIES

Non-Current	2014 $	2013 $
Interest bearing liabilities – convertible note	**2,622,628**	**2,564,913**

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.
- 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)

16. DEFERRED TAX LIABILITIES

Non-Current	2014 $	2013 $
Deferred tax liabilities	**165,797**	**380,386**

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

The balance comprises temporary differences attributable to:	2014 $	2013 $
Interest receivable	165,797	380,386
Total deferred tax liabilities	**165,797**	**380,386**

16. DEFERRED TAX LIABILITIES (Continued)

Movements	Interest Receivable	Total
As at 1 July 2012	200,568	200,568
Charged/(credited)		
- to profit or loss	179,818	179,818
- to other comprehensive income	-	-
As at 30 June 2013	**380,386**	**380,386**
As at 1 July 2013	380,386	380,386
Charged/(credited)		
- to profit or loss	(214,589)	(214,589)
- to other comprehensive income	-	-
As at 30 June 2014	**165,797**	**165,797**

17. CONTRIBUTED EQUITY

	2014 No.	2013 No.
Share capital		
Fully paid ordinary share capital	613,611,921	353,274,859
	613,611,921	**353,274,859**

Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$
01/07/2013	Opening balance	353,274,859		33,470,304
11/07/2013	Issue of shares	17,010,000	$0.02	340,200
21/08/2013	Issue of shares	5,000,000	$0.02	100,000
21/08/2013	Issue of shares*	1,500,000	-	-
23/10/2013	Issue of shares	92,946,215	$0.01	929,462
11/12/2013	Issue of shares	10,000,000	$0.01	100,000
15/01/2014	Issue of shares	6,000,000	-	-
15/01/2014	Issue of shares	19,380,847	$0.01	193,808
23/06/2014	Issue of shares	108,500,000	$0.01	1,085,000
30/06/2014	Placement commitment**	-		50,000
30/06/2014	**Balance as at 30 June 2014**	**613,611,921**		**36,268,774**
	Less equity raising cost	-		177,102
30/06/2014	**Balance as at 30 June 2014**	**613,611,921**		**36,091,672**

*Issue of shares in relation to 3 July 2013 placement commitment of $30,000 received prior to 30 June 2013. Shares issued during this reporting period.

**Placement commitment received from a related party which required Shareholder approval in relation to the Placement announced on 23 June 2014. Shareholder approval granted at a Company EGM held on 12 August 2014. Shares issued subsequent to financial year and EGM.

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.

18. OTHER RESERVES

	2014 $	2013 $
Foreign currency translation reserve	(3,029,127)	(2,672,604)
Share based payment reserve	1,630,181	1,630,181
	(1,398,946)	(1,042,422)
Movement:		
Foreign Currency Translation Reserve		
Balance at beginning of the financial year	(2,672,604)	(3,065,703)
Translation of foreign operations	(356,523)	393,099
Balance at the end of the financial year	**(3,029,127)**	**(2,672,604)**
Share Based Payment Reserve		
Balance at beginning of the financial year	1,630,181	2,451,400
Performance option expense reversal	-	(821,219)
Balance at the end of the financial year	**1,630,181**	**1,630,181**

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.

Option Reserve
The option reserve records items recognised as expenses on valuation of employee and consultant share options.

19. ACCUMULATED LOSSES

	Consolidated	
	2014 $	2013 $
Balance at beginning of the financial year	(21,537,939)	(19,276,564)
Loss after related income tax	(1,981,689)	(2,261,375)
Balance at the end of the financial year	**(23,519,628)**	**(21,537,939)**

20. DIVIDENDS

No dividends have been declared or paid during the period.

21. AUDITORS' REMUNERATION

	2014 $	2013 $
Amounts paid/payable for audit for review of the financial statements for the entity or any entity in the Group		
- BDO	34,238	61,963
- Grant Thornton	10,624	9,507
Taxation services		
- BDO	-	1,041
- Grant Thornton	4,092	3,889
Total auditor's remuneration	**48,954**	**76,400**

22. 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, NSL MRI continued the formal process of a claim, through Arbitration, for approximately A$250,000 which is related to unrecovered advances paid to Mega Logistics and Solutions. The final Arbitration hearing has now been held, with the Arbitrator awarding entirely in the favour of NSL MRI in August 2014.

Marketing Agreement between NSL Consolidated Ltd (NSL) and Resources First Pte Ltd (Agent)

During the 2012-13 period, NSL entered into a Marketing Agreement with Resources First Pte Ltd to market the Company's iron ore and procure sales contracts in a manner and at a price consistent with industry standards. This can include the Agent directly purchasing the iron ore. NSL retain the ultimate and final say to whom, and for what price the iron ore is sold.

Key terms to the Market Agreement:

- non exclusive Marketing Agreement is for a three year period;
- NSL will pay a 2.5% commission for any sales secured to or by Resources First Pte Ltd from Kurnool. The agreement does not apply to any other iron production projects which may be developed by NSL in India;
- The agreement caps Resources First Pte Ltd commissioned sales to 300,000 tonnes per annum with a minimum annual commission payable of $225,000 per annum.

23. COMMITMENTS

a) Capital commitments

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

	2014 $	2013 $
Within one year (1)	80,011	200,000
Later than one year but not later than five years (2)	6,041,265	6,012,130
Later than five years	-	-
	6,121,276	**6,212,130**

(1) Development costs for construction of the India Beneficiation plant.
Acquisition cost for AP14 application for Mining Lease, paid progressively over the granting process and JORC milestone achievement on Queensland EPC's.

b) Operating lease commitments

	2014 $	2013 $
Within one year	3,099	44,354
Later than one year but not later than five years	-	-
Total minimum lease payment	**3,009**	**44,354**

24. 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 25.

(c) Key management personnel compensation

	Consolidated	
	2014 $	2013 $
Short-term employee benefits	877,488	943,814
Post-employment benefits	86,664	91,125
Share-based payments	-	(796,688)
	964,152	**238,251**

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

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

25. SUBSIDIARIES

Entity	Country of Incorporation	2014 %	2013 %
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 $598,333 (2013: $1,285,053) 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 2014.

26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Discretionary Subscription Deed

As announced on 12 August 2014, the Company entered into an agreement with Efectivo Pty Ltd pursuant to which Efectivo has agreed to provide the Company with a standby finance facility of up to $2.5 million (“**Finance Arrangement**”).

Under the Finance Arrangement, Efectivo has agreed to provide a standby finance facility to the Company which may be draw down, at any time, over a period of up to 12 months.

As security for the facility, the Company has agreed to issue Efectivo with 25 million shares, which will be held by Efectivo as security against future issues of shares by the Company when the facility is drawn down. As the Company draws down on the facility, Efectivo has agreed to subscribe for shares in the Company at a discount not exceeding a 15% discount to the VWAP (calculated in accordance with the Facility Arrangement).

The facility provides the Company will the flexibility to draw down funds as and when required, and within the complete control of the Company. Relevantly, the Company is not required to draw down on the facility and may terminate it at any time (without penalty). The facility also does not restrict the Company from raising funds from other sources.

Arbitration Award

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.

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.

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.

26. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

AP14 Designated as Critcal Major National Project

As announced on 25 August 2014, the Government of India, through the Prime Minister's Office and Cabinet Secretariat has accepted the AP14 project into the Project Monitoring Group (**PMG**) which is designed to remove implementation bottlenecks in Major National Projects on a fast-track basis.

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, 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.

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.

27. CASH FLOW INFORMATION

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

	2014 $	2013 $
Operating loss after tax	(1,981,689)	(2,261,375)
Adjustment for;		
Depreciation and amortisation	121,905	140,659
Currency Gain/Loss on disposal of fixed assets	(102,421)	308,503
Equity-settled share based payments	193,808	(771,219)
Exploration and evaluation	1,280	17
Non-cash income tax expense	(209,090)	25,429
Changes in assets / liabilities		
-(increase)/decrease in trade and other receivables	76,116	(30,142)
-decrease in prepayments	94,307	81,853
-increase/(decrease) in provision for income taxes payable	-	(130,202)
-increase/(decrease) in provision for deferred tax liability	(214,589)	179,818
-increase in trade and other payables	313,766	12,718
Net cash flow used in operating activities	**(1,706,607)**	**(2,443,941)**

(b) Non-cash investing and financing activities

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

28. LOSS PER SHARE

Basic and diluted earnings per share

	2014 ¢	2013 ¢
Basic loss per share	(0.43)	(0.64)
Diluted loss per share	n/a	n/a

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

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

	2014 $	2013 $
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share.	(1,981,689)	(2,261,375)

Weighted average number of shares used as the denominator

	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	458,138,734	352,800,886
Adjustments for calculation of diluted earnings per share:		
- options (anti dilutive)	240,837,062	14,100,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**458,138,734**	**352,800,886**

Options outstanding as at 30 June 2014 have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2014. These options could potentially dilute basic earnings per share in the future.

29. SHARE-BASED PAYMENTS

The Company in its annual general meeting held on 30 November 2009, approved a Directors' share scheme which allowed the allotment and issue up to a maximum of 3,000,000 Shares (subject to adjustment by any share consolidation or split) per year to each of the directors during the 3 year period commencing from the date of this Annual General Meeting. The actual number of Shares to be acquired by the Participants under the Scheme will be determined by the Participants' election to convert all or a portion of directors' fees owed by the Company into Shares divided by the issue price of Shares. The issue price of the Shares shall be calculated on the basis of the weighted average trading price of Shares on ASX during the 5 trading days immediately preceding the last day of each calendar month of service provided to the Company by the Participant. The issue of Shares under the Scheme will be in full and final satisfaction of the Company's obligation to pay that portion of directors' fees that are subject to the Participant's election to convert. During the year, no shares were issued under the scheme.

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
2014							
30/11/2009	30/11/2013	$0.210	4,500,000	-	-	(4,500,000)	-
30/11/2009	30/11/2013	$0.200	3,000,000	-	-	(3,000,000)	-
30/11/2009	30/11/2013	$0.400	3,000,000	-	-	(3,000,000)	-
30/11/2009	30/11/2013	$0.600	3,000,000	-	-	(3,000,000)	-
30/06/2011	30/11/2013	$0.200	300,000	-	-	(300,000)	-
30/06/2011	30/11/2013	$0.400	300,000	-	-	(300,000)	-
30/06/2011	30/11/2013	$0.600	300,000	-	-	(300,000)	-
Total			**14,400,000**	**-**	**-**	**(14,400,000)**	**-**
Weighted average exercise price			$0.26			$0.26	-

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
2013							
30/11/2009	30/11/2012	$0.200	4,500,000	-	-	(4,500,000)	-
30/11/2009	30/11/2013	$0.210	4,500,000	-	-	-	4,500,000
30/11/2009	30/11/2013	$0.200	3,000,000	-	-	-	-
30/11/2009	30/11/2013	$0.400	3,000,000	-	-	-	-
30/11/2009	30/11/2013	$0.600	3,000,000	-	-	-	-
30/06/2011	30/11/2013	$0.200	300,000	-	-	(100,000)	-
30/06/2011	30/11/2013	$0.400	300,000	-	-	(100,000)	-
30/06/2011	30/11/2013	$0.600	300,000	-	-	(100,000)	-
Total			**18,900,000**	**-**	**-**	**(4,800,000)**	**4,500,000**
Weighted average exercise price			$0.297			$0.20	$0.21

29. SHARE-BASED PAYMENTS (Continued)

Weighted average contractual life of share options outstanding at the end of the period was nil (2013: 0.42 years).

Share-based payment expense recognised during the financial year:

	Consolidated	
	2014 $	2013 $
Shares issued as consideration for 50% of convertible note interest and marketing agreement fee	193,808	-
Shares issued as consideration for brokerage on convertible note transaction	-	50,000
Performance options expense reversal *	-	(821,219)

*Relates to the reversal of performance option fair values expensed in prior periods, as it is unlikely that the milestones attached will be met prior to the expiry on 30 November 2013. Refer to share based compensation on page 28 of the directors' report for performance milestone criteria.

30. PARENT ENTITY FINANCIAL INFORMATION

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

Statement of Financial Position	2014 $	2013 $
Current assets	919,024	479,589
Total Assets	15,031,323	14,353,380
Current Liabilities	(1,235,597)	(898,704)
Total Liabilities	(3,858,225)	(3,463,617)
Shareholders Equity		
Share Capital	36,091,672	33,470,304
Reserves	1,630,181	1,892,681
Accumulated losses	(26,548,755)	(24,210,723)
Loss for the year	(2,338,212)	(1,868,456)

DIRECTORS' DECLARATION

In the directors' opinion:

a) The financial statements and notes set out on page 44 to 83 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 2014 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 2014.

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 24 September 2014

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of NSL Consolidated Limited

Report on the Financial Report

We have audited the accompanying financial report of NSL Consolidated Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1(a)(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of NSL Consolidated Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of NSL Consolidated Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a)(i).

Emphasis of matter

We draw attention to Note 12 to the financial statements which describe uncertainty relating to the recoverability of Development Expenditure. Our opinion is not modified in respect of this matter.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, debt funding received from a joint venture partner or from production cash flows, or a combination of all. These conditions, along with other matters as set out in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of NSL Consolidated Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 24 September 2014

ASX ADDITIONAL INFORMATION

The securities exchange information set out below was applicable as at 18 September 2014.

Distribution of Holders of Equity Securities

Distribution of Holders of Equity Securities		Ordinary Shares	Listed Options	Unlisted Options
1 to	1,000	189	-	-
1,001 to	5,000	208	-	-
5,001 to	10,000	157	-	-
10,001 to	100,000	696	24	-
100,001 and over		567	92	8
		1,817	**116**	**8**

Twenty Largest Holders of Quoted Equity Securities

Distribution of Holders of Equity Securities	Ordinary Shares	Percentage
Twynam Agricultural Group Pty Ltd	45,934,187	6.47%
JP Morgan Nominees Australia Ltd	43,707,799	6.16%
Cedric Fraser Goode & Kylie Nicole Mann	27,419,090	3.86%
Efectivo Pty Ltd	25,327,488	3.57%
Fiori Pty Ltd	24,788,522	3.49%
GA Wood Holdings Pty Ltd	22,000,000	3.10%
AH Super Pty Ltd	21,000,000	2.96%
Peter Ian Richards & Carol Richards	20,509,438	2.89%
Cooktown Pty Ltd	15,000,000	2.11%
John Muir & Joanna Margaret Muir	12,067,718	1.70%
Tinkers Fund Pty Ltd	7,547,199	1.06%
Graeme Wood S/F A/C	7,000,000	0.99%
HSBC Custody Nominees Australia Ltd	6,503,751	0.92%
Van Styn Josie	6,446,200	0.91%
Peter Alexander Linford	5,900,000	0.83%
Paul Edwin Durey	5,792,977	0.82%
Sean Michael Freeman	5,500,000	0.77%
Benefico Pty Ltd	5,450,000	0.77%
S3 Consortium Pty Ltd	5,125,000	0.72%
John Robert Wood	5,056,000	0.71%
	318,075,369	**44.80%**

ASX ADDITIONAL INFORMATION (Continued)

Distribution of Holders of Equity Securities	Listed Options - NSLO	Percentage
Fiori Pty Ltd	75,778,000	25.65%
Elberg Alex	18,747,287	6.35%
AH Super Pty Ltd	17,500,000	5.92%
Twynam Agricultural Group Pty Ltd	15,000,000	5.08%
GA Wood Holdings Pty Ltd	14,000,000	4.74%
Euthenia Tyche Pty Ltd	9,938,396	3.36%
Elberg Liliana	8,700,000	2.95%
Gazump Res Pty Ltd	7,709,991	2.61%
Wood P & L	7,390,000	2.50%
Richards Peter Ian	6,250,000	2.12%
GA Wood Pty Ltd	5,500,000	1.86%
Tritton Simon William	5,500,000	1.86%
Mighty River International	5,024,013	1.70%
Wood Robert John	5,000,000	1.69%
O'Conner Timothy John	5,000,000	1.69%
Borgomastro Joe	4,173,850	1.41%
PL Wood Investment A/C	4,080,000	1.38%
Szesycki Bernadette	4,000,000	1.35%
Kings Park Superfund Pty Ltd	4,000,000	1.35%
Muir Joan & Joanna	3,500,000	1.18%
	226,791,537	**76.78%**

Substantial Shareholding

Ordinary Shareholders	Ordinary Shares	Percentage
Twynam Agricultural Group Pty Ltd	45,934,187	6.47%
JP Morgan Nominees Australia Ltd	43,707,799	6.16%

Number of Holders of Equity Securities

Ordinary Share Capital

There are 710,004,921 fully paid ordinary shares on issue, held by 1,817 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 295,373,562 listed options on issue, held by 116 individual holders. Listed options do not carry a right to vote.

There are 190,000,000 unlisted options on issue, held by 8 individual holders. Unlisted options do not carry a right to vote.