NSL CONSOLIDATED LTD

QUARTERLY ACTIVITIES REPORT

SEPTEMBER 2014

Issued 31 October 2014

SEPTEMBER QUARTER HIGHLIGHTS

IRON ORE

HIGHLIGHTS

- NSL starts the Company's existing dry beneficiation plant.
- NSL contractors complete mobilisation of earthmoving equipment.
- Indian domestic iron ore prices surged in June and continued to remain at these levels as domestic markets in India continued 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 expected to deliver robust commercial fundamentals for NSL as its delivery price is insulated from the international seaborne iron ore market.
- Dry beneficiation plant produced up to a 58% Fe finished product from a 28% Fe ROM feed grade.
- Iron ore sale agreement finalised in October for first 5,000 tonne of +45% Fe material with a sales agreement value of A$230,000, ex mine gate.
- Longer term ongoing +45% Fe supply agreement in discussions.
- Negotiations for +50% Fe sales agreements continuing.
- AP14 Mining Lease designated a critical project to the national interest by the Government of India.

- AP14 has been sponsored by Government of India to remove implementation bottlenecks with the project on a fast-track basis.

- Fast track to start production from targeted second (AP14) mining area in line with the company's strategy and budget.

- AP14 represents significant scale project development pathway for NSL.

CORPORATE

- Arbitrational award of approximately A$250,000 entirely in the Company's favour

- Finance arrangement entered into with Efectivo Pty Ltd with a standby facility of up to A$2.5m

IRON ORE - INDIA

During the course of the quarter, the Company successfully started the existing Phase one iron ore dry beneficiation plant located at its Stockyard in the Kurnool district of Andhra Pradesh, India.

Contractors mobilised earthmoving equipment, labour, spares and other relevant support requirements to the Stockyard in support of full time operations and production ramp up.

State-owned iron ore miner NMDC kept prices of lump ore and iron ore fines unchanged for September. While NMDC had taken a similar stance in the last two months - July and August, it had revised rates of lump ore and fines upwards by 7-9 per cent in June this year.

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.

In a significant step forward for the Company, it executed its first sales agreement for 5,000 tonnes of +45% Fe at an ex mine gate price of approximately A$46/t totalling a value of A$230,000, ex mine gate.

This significant step forward marks the beginning of the Company's production plans for Indian iron ore. NSL is the only foreign company to own and operate iron ore mines in India, a market of circa 150 million tonnes to supply the world's fourth largest steel industry. The Indian domestic steel industry is planning to triple in size over the next 10 years, NSL is ideally positioned to expand alongside this growth.

In a sign of the potential for the domestic market, a buyer has requested the Company provide 5,000 tonnes of +45% Fe. In line with normal domestic sales processes, the buyer will pay in advance and take ownership of the iron ore in tranches ex mine gate.

Importantly if +45% sales are to continue there is an opportunity for the Company to increase plant yield and output above that currently planned.

In addition the Company is currently continuing negotiations with several buyers for 50-55% Fe iron ore.

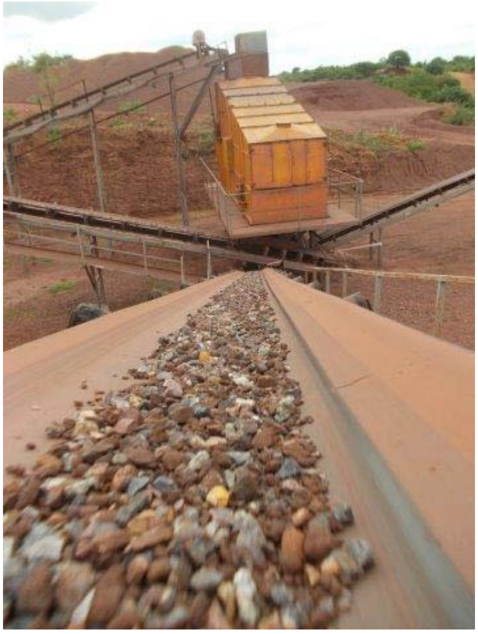
KURNOOL IRON ORE BENEFICIATION PLANT

Phase One Plant (Dry)

During the quarter contractors mobilised earthmoving equipment, labour, spares and other relevant support requirements to the Stockyard in support of full time operations and production ramp up.

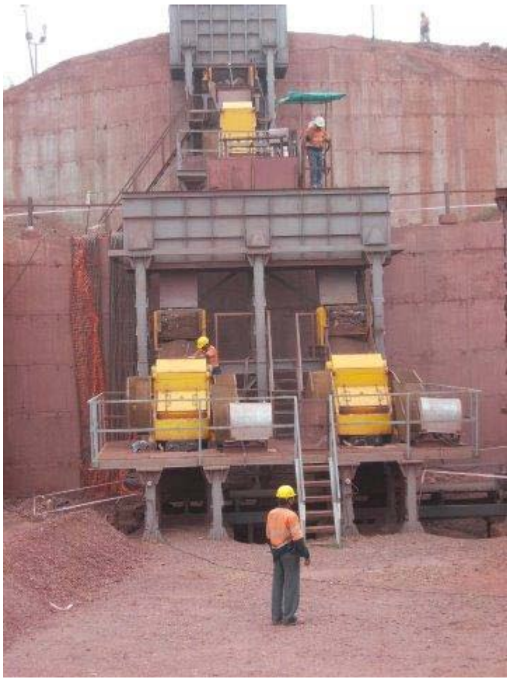
During the course of the quarter, the Company successfully started the existing Phase one iron ore dry beneficiation plant located at its Stockyard in the Kurnool district of Andhra Pradesh, India.

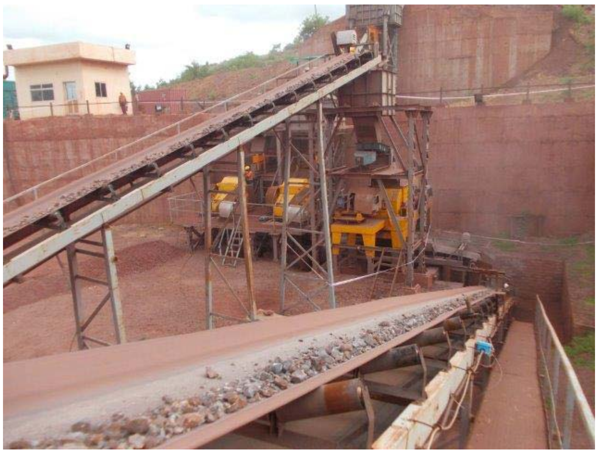


The Company's plant is currently producing finished product grades ranging between 50% Fe and 58% Fe from a 28% Fe ROM feed grade for domestic sale. The Company is highly encouraged by this result for the future, as this has been achieved despite persistent rain in the last months of the quarter hampering plant dry separation and throughput performance.

Based on actual historic operational costings, test work, plant performance and adjacent operations, the Company anticipates producing a 50-55% Fe product with steady state costs of production expected to be approximately A$28 per tonne. The current sales price for 50% Fe, ex mine gate is INR3100 ($A56) per tonne.





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

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

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

Operations on site have been temporarily scaled back as a result of category four cyclone Hudhud crossing the Andhra Pradesh (AP) coast during October, bringing significant rainfall to areas of AP. Rain has had an effect on plant dry separation and plant throughput performance.

Prior to Hudhud the Company's plant has been producing finished product grades ranging between 50% Fe and 58% Fe from a 28% Fe third party ROM feed grade for domestic sale.

The Company is highly encouraged by this result for the future. To the end of September, persistent intermittent rain continued to hamper plant dry separation and plant throughput performance. When the rain ceased, plant performance improved in line with the Company's expectations. The Company expects this to continue on the return to dry operating conditions post cyclone Hudhud.

Phase Two Plant (Wet)

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

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

KURNOOL MINING

During the quarter as a further reinforcement of the Company's business plan, the Company identified a number of third party mines within trucking distance to the existing plant site. The Company transported ROM material to its Stockyard from adjacent third party mines whilst awaiting government issued royalty passes for AP23 material. The Company resolved governmental requirements for the issue of royalty passes and is now awaiting the authorised representative of the Lessee to collect the initial passes which is expected to occur in the near term.

The availability of such third party ROM material, in conjunction with AP23 ROM and Mangal and Kuja ROM could significantly increase the production rate and profitability of the business further.

AP 14 MINING LEASE

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

The Company was pleased to announce that 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.

The Chief Minister and his team of advisors are 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 generation 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.

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

Project Summary

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

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

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

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

Magnetite Head Grade Quality

Fe %	FeO %	SiO_2 %	Al_2O_3 %	P %	S %	LOI %
33.89	7.62	50.66	0.23	0.03	0.02	0.31

Magnetite Concentrate Quality

Recovery %	Fe %	FeO %	SiO_2 %	Al_2O_3 %	P %	S %	LOI %
33.4	68.93	19.65	3.00	0.18	0.02	0.02	<0.10

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

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

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

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

THERMAL COAL - QUEENSLAND

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

NSL's coal tenements (EPCs 2198, 2336, 2337 and 2338) cover 2,585 km² in the Eromanga Basin in southwest Queensland and are adjacent to similar projects held by East Energy Resources (ASX: EER, Inferred Resource of 1.74 Billion Tonnes) and International Coal Limited (ASX: ICX, Inferred Resource of 1.2 Billion Tonnes).

JOINT VENTURE UPDATE

During the quarter, the Company continued to work with potential JV and alternative funding parties to the potential completion of a transaction.

CORPORATE

GENERAL MEETING

On 11 August 14, the Company held a General Meeting of shareholders, at which all resolutions were unanimously passed on a show of hands. (Refer to ASX announcement on 11 August 14, “Results of Meeting” for resolutions).

STANDBY FINANCE FACILITY

As announced on 12 August 14, the Company entered into an agreement with Efectivo Pty Ltd to provide the Company with a standby facility of up to A$2.5 million, which may be drawn down, at anytime, over a period of 12 months.

As drawn down, Efectivo has agreed to subscribe for shares in the Company at a discount of not exceeding a 15% discount to the VWAP (calculated in accordance with the agreement).

The facility provides the Company with the flexibility to draw down funds as and when required, and within complete control of the Company. Relevantly, the Company is not required to draw down on the facility and may terminate it at anytime without penalty.

The facility does not restrict the Company from raising funds from other sources.

ARBITRATION AWARD

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

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

NSL are now in the process of preparing execution papers for filing with the courts to further progress the recovery of the award.

POTENTIAL ACQUISITIONS

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

CASH FLOW – APPENDIX 5B

At the commencement of the September quarter, the Company had an opening cash balance of approximately $926,000. The closing cash balance for the quarter ending 30 September 2014 was approximately $640,000.

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

INTERESTS IN MINING TENEMENTS

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Kuja	Andhra Pradesh, India	100%	-	-
Mangal	Andhra Pradesh, India	100%	-	-
AP14	Andhra Pradesh, India	100%	-	-
EPC 2198	Queensland, Australia	100%	-	-
EPC 2336	Queensland, Australia	100%	-	-
EPC 2337	Queensland, Australia	100%	-	-
EPC2338	Queensland, Australia	100%	-	-

Regards
NSL Consolidated Limited

Cedric Goode
Managing Director/CEO

For more information:

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

Kevin Skinner
Field Public Relations

(08) 8234 9555 / 0414 822 631

Competent Person's Statement

AP14
The information in this statement relating to the iron ore exploration results is based on information compiled by Mr Paul Blackney who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Blackney is employed by Optiro Pty Ltd. Mr Blackney has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Paul Blackney consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

AP23
The information in this report relating to the exploration results and exploration target is based on information assessed by Mr Anirudh Sharma who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Sharma is employed by Rock Geo Consulting Pvt Ltd. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sharma consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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

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

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

782Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

NSL Consolidated Limited

ABN	Quarter ended ("current quarter")
32 057 140 922	30 September 2014

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(1)	(1)
	(b) development	(228)	(228)
	(c) production	-	-
	(d) administration	(365)	(365)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(591)	(591)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	(591)	(591)

1.13	Total operating and investing cash flows (brought forward)	(591)	(591)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	347	347
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	347	347
	Net increase (decrease) in cash held	(244)	(244)
1.20	Cash at beginning of quarter/year to date	926	926
1.21	Exchange rate adjustments to item 1.20	(42)	(42)
1.22	**Cash at end of quarter**	640	640

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

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	95
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Wages, superannuation and car lease.

Non-cash financing and investing activities

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

-

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

-

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter *

		$A'000
4.1	Exploration and evaluation	-
4.2	Development	333
4.3	Production	-
4.4	Administration	476
	Total	809

* Not included above, based on existing operating parameters and subsequent testing, it is anticipated that estimated cash inflows for the next quarter from the Indian iron ore operation, stand at approximately $554k.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	640	926
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other	-	-
	Total: cash at end of quarter (item 1.22)	640	926

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

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

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

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

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	**Preference +securities** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	**+Ordinary securities**	710,004,921	710,004,921		
7.4	Changes during quarter (a) Increases through issues (b) Exercise of options (c) Decreases through return of capital, buy-backs (d) Increase pursuant to underwriting of options	96,393,000 - - -	96,393,000 - - -	$0.01 - - -	$0.01 - - -
7.5	**+Convertible debt securities** *(description)*	1	-	US$2.5M	US$2.5M
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	**Options** *(description and conversion factor)*	295,373,562 23,510,000 6,000,000 190,000,000	295,373,562 - - -	*Exercise price* $0.01 $0.04 $0.07 $0.0096	*Expiry date* 31/12/2016 30/6/2015 30/6/2015 31/12/2016
7.8	Issued during quarter	-	-	-	-

+ See chapter 19 for defined terms.

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

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here:.............Sean Henbury.............. Date: 31 October 2014
(Company Secretary)

Print name: Sean Henbury

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent, which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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