NSL Consolidated Limited

A.B.N. 32 057 140 922

Appendix 4D
Half Year Report for the 6 months ended 31 December 2014

The information in this Report is provided in accordance with ASX Listing Rule 4.2A and should be read in conjunction with the 2014 Annual Report.

Results for Announcement to the Market

				$A
Revenues from ordinary activities	-	-	to	-
Loss from ordinary activities after tax attributable to members	Up	127%	to	3,001,837
Net Loss for the period attributable to members	Up	127%	to	3,001,837

Dividends *	Amount per security	Franked amount per security
Final dividend	-¢	-¢
Interim dividend	-¢	-¢
Previous corresponding period	-¢	-¢

* No dividends have been paid or declared since the start of the financial period, and the directors do not recommend the payment of a dividend in respect of the financial period.

+Record date for determining entitlements to the dividend	-

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to Directors' report for further commentary regarding half-year 2014 results and the operations of the Company

NET TANGIBLE ASSET BACKING	Half-Year 31 Dec 2014 Cents	Full Year 30 June 2014 Cents
Net tangible asset backing per ordinary security	(0.5)	(0.2)

NSL CONSOLIDATED LIMITED AND CONTROLLED ENTITIES

ABN 32 057 140 922

Interim Financial Report for the half year ended 31 December 2014

Contents

CORPORATE DIRECTORY

Directors	P I Richards B.Comm Chairman / Non-Executive Director C F Goode MBA Managing Director / CEO P Linford Non-Executive Director
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

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of NSL Consolidated Limited (**NSL**) and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of NSL Consolidated Limited during the whole of the half year and up to the date of this report:

Peter Richards	Chairman
Cedric Goode	Managing Director/CEO
Peter Linford	Non Executive Director

Management

Sean Freeman	Chief Operating Officer
Timothy Lee	Financial Controller
Sean Henbury	Company Secretary

Review of Operations

STRATEGY

Over the course of the half year, the Company continued to execute upon its bulk mineral commodities exploration, development and growth strategy, with emphasis on Indian iron ore and south Queensland thermal coal opportunities.

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.

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.

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

The Global Steel Conference is an annual event that is now in its ninth year, at which delegates of market participants come together to debate upon the issues, challenges and bottlenecks confronting the Indian steel industry today. India is currently the 3rd largest economy in the world in Purchasing Power Parity (PPP) terms, with domestic steel growth expected to grow by up to 140 million tonnes by 2016 and up to 300 million tonnes by 2030.

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.

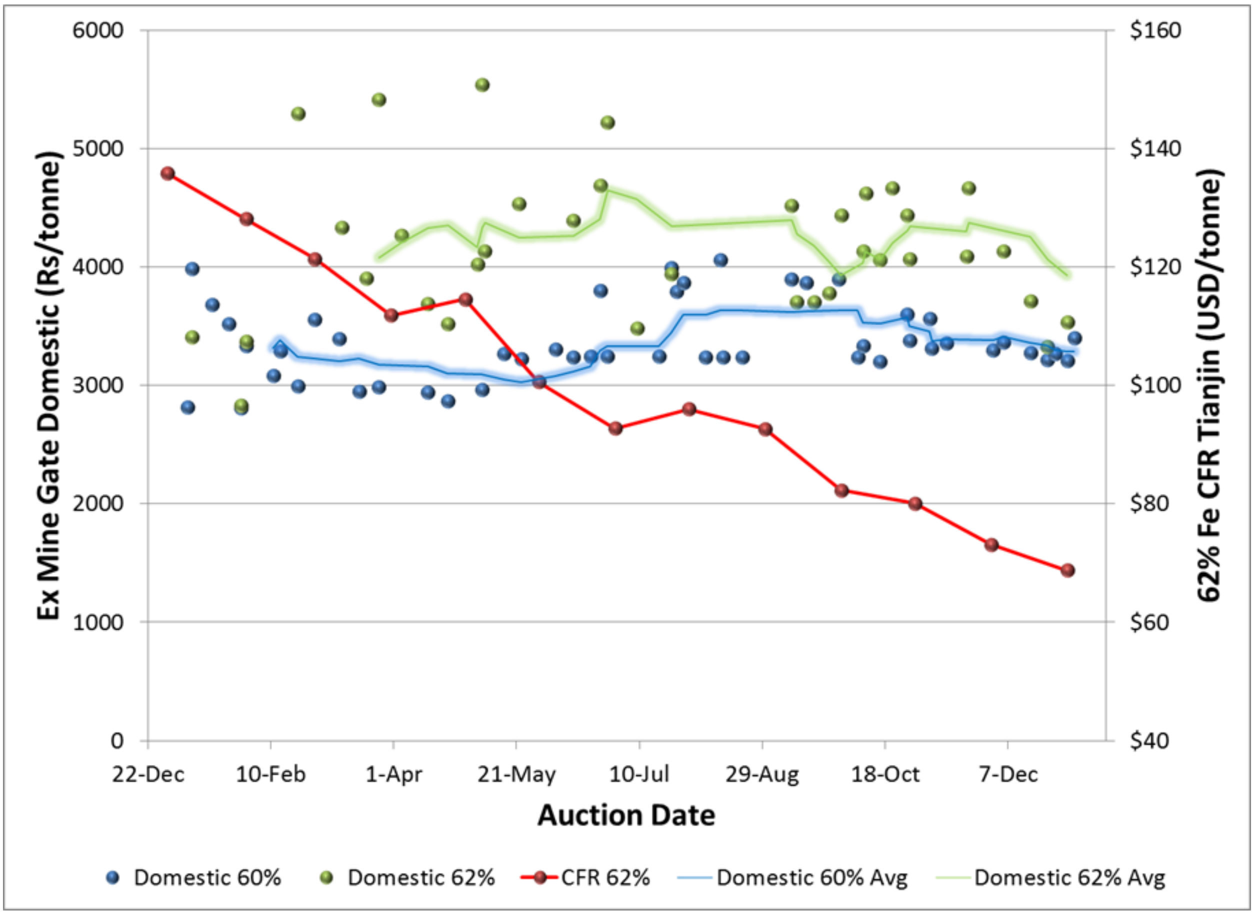
No junior resources explorer/developer should, however, focus all of their resources into a single market or commodity. Encouraged by our Indian alliances, NSL continues its additional focus on thermal coal opportunities, a commodity that is well understood by domestic and international consumers, joint venture partners, financiers and the equities market.

IRON ORE - INDIA

INDIAN DOMESTIC IRON ORE PRICING

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

A detailed analysis was conducted to assist in defining domestic pricing mechanisms and models. The following chart shows the weighted average ex mine gate pricing data from all auctions in Karnataka, charted against the monthly spot pricing CFR China.



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

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

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

MARKETING

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

The Global Steel Conference is an annual event that is now in its ninth year, at which delegates of market participants come together to debate upon the issues, challenges and bottlenecks confronting the Indian steel industry today. India is currently the 3rd largest economy in the world in Purchasing Power Parity (PPP) terms, with domestic steel growth expected to grow by up to 140 million tonnes by 2016 and up to 300 million tonnes by 2030.

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

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

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

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

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

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

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

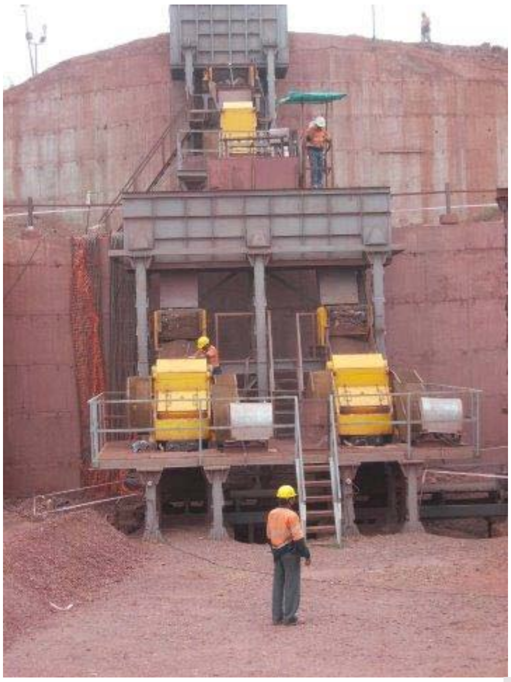
KURNOOL IRON ORE BENEFICIATION PLANT

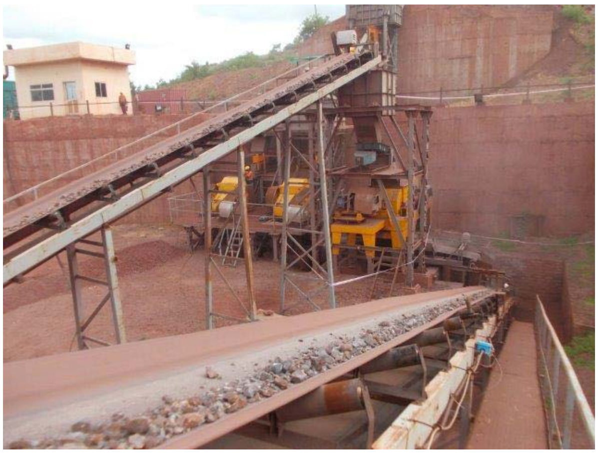
Phase One Plant (Dry)

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

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

The iron ore trader did not met its obligations under the sales agreement so operations were scaled back pending the opportunity to deliver directly to the medium to large Indian domestic steel producers and tier one global steel mills, and replace utilising traders, thus reducing transactional performance risks for the future.






Phase Two Plant (Wet)

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

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

AP14 MAGNETITE DEPOSIT – ANDHRA PRADESH

During the course of the half year the Company continued the processes related to gaining the grant of the Mining Lease (**ML**) by the Central Government in Delhi.

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

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

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

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

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

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

Project Summary

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

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

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

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

Magnetite Head Grade Quality

Fe %	FeO %	SiO_2 %	Al_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

APPLICATIONS PROCEEDING THROUGH GRANT PROCESS

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

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 previously 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 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 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

SHARE PLACEMENTS

As approved by Shareholders at a General Meeting held on 11 August 2014:

- 7,500,000 fully paid ordinary shares in relation to related party participation in a prior period Placement, as announced on 11 June 14;
- 58,000,000 listed options with an exercise price of 0.01 cent and expiring on 31 December 2016. These listed options were free attaching to the Placement announced on 11 June 2014;
- 190,000,000 unlisted options with an exercise price of 0.0096 cents and expiring on 31 December 2016. These unlisted options were issued to Directors, senior management and consultants;
- 10,000,000 fully paid ordinary shares in relation to the related party participation in a prior period Placement, as announced on 14 October 2013, which required re-approval from shareholders; and
- 40,186,000 fully paid ordinary shares and 20,093,000 listed options with an exercise price of 0.01 cent and expiring on 31 December 2016. These securities were issued to Resources First

nominee, Mighty River International Ltd, in consideration for convertible note interest and marketing fees due.

The Company also issued the following securities under the Company's 15% capacity which were subsequently ratified by shareholders at the Company's Annual General Meeting held on 19 November 2014:

- 55,000,000 fully paid ordinary shares of which approximately 25,000,000 of the issued Shares remaining on trust as security over future Share issues in accordance with the Efectivo finance arrangement dated 12 August 2014. As announced on 17 September 2014, a net amount of approximately $322,000 has been utilised through the facility;

- 1,800,000 fully paid ordinary shares in accordance with the Coal tenement acquisition agreement dated 15 June 2011;

- 7,000,000 fully paid ordinary shares in relation to the final acquisition payment in accordance with the coal tenement acquisition agreement dated 15 June 2011; and

- 5,000,000 fully paid ordinary shares as consideration for consulting fees.

SUBSEQUENT EVENTS

US$4M FINANCING FACILITY

As announced on 15 January 2015, the Company secured a US$4M Convertible Loan Facility obtained from US based investment firm, Magna Equities II LLC (**Magna**).

Under the Magna Facility, the Company receives US$125,000 on the date of closing (subject to satisfactory fulfilment of standard closing conditions) and an additional US$125,000 within 30 trading days of closing (or earlier if certain conditions are met).

Subsequent funding in tranches of up to US$250,000 is available every 60 calendar days (to a maximum of US$3,750,000) at the Company's election subject to customary conditions including no events of default or termination events having occurred).

The Magna Facility has a 24 month term from the date of each drawdown, is unsecured, bears no interest costs, can be repaid at any time by the Company with a 15% premium and can be converted into NSL shares at any time by Magna during the term at a 20% discount to the 5-day volume weighted average price (VWAP) of NSL's ordinary shares. Magna will receive a 5% commitment fee on all drawdowns, as and when they occur, to be paid in NSL ordinary shares

On 28 January 2015, the initial tranche of $US125,000 was received from Magna Equities.

As announced on 5 February 2015, the Company issued a total of 5,333,333 fully paid ordinary shares as a result of receiving a conversion notice from Magna in relation to US$20,000 of initial tranche 1 drawdown.

On 24 February 2015, the second tranche of $US125,000 was received from Magna Equities, with subsequent tranches of US$250,000 being available every 60 calendar days from 16 March 2015.

AUSTRALIA BUSINESS WEEK IN INDIA

As announced on 10 February 2015, the Company participated in the largest trade delegation to visit India. The delegation visited with Steel and Mines Minsters to discuss foreign investment into mining and hurdles for foreign companies.

The event was hosted by the Australian Government and Austrade, with Minister Andrew Robb AO leading the 450 strong Australian delegation which was broken into 13 key focus groups. Resources and Energy was represented by approximately 40 delegates, and participated in sessions across Delhi and Mumbai.

During the week there were a number of key statistics quoted by the Minister, namely

- Australia has approximately $185 billion worth of bilateral trade with China and at present only $15 billion of bilateral trade with India;
- There are approximately 11,500 Australian companies operating in the USA, 16,500 Australian companies operating in New Zealand, and only 350 Australian companies operating in India.

Presentations, high level meetings and subsequent one on one discussion were programmed through the week. Indian company representation included:

- NMDC Limited;
- Coal India Limited;
- Jindal Steel and Power Limited;
- JSW Limited;
- Aditya Birla and Essel Mining; and
- Essar Group Limited

The Australian Government and Austrade, enabled in particular by the local Austrade business and trade representatives put on a valuable and well executed program, which has assisted in NSL's networking and exposure to the steel and resources industry in India.

OFFTAKE AGREEMENT WITH BMM ISPAT

As announced on 16 February 2015, the Company signed an offtake agreement with significant Indian steel producer BMM Ispat for the Company's first 200,000 tonnes of future Phase Two 58-62% Fe wet beneficiation plant fines product.

The agreement has the capability of absorbing all the expected output from our wet plant, but being non-exclusive, it allows the Company to also diversify its customer base going forward. Commercial terms are market based, availing the Company to access the current robust market conditions in the domestic Indian iron ore sector. 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.

Importantly, it was achieved directly with the end user, avoiding the need for traders and the uncertain credit worthiness inherent with this medium, and therefore reducing the sales transactional risk

It is expected that this agreement, as the last piece of the Indian operations puzzle, will also aid the Company in finalising non-equity funding to build its wet beneficiation plant.

Both parties are working closely at finalising offtake/purchase agreements for the existing Phase One, 50-55% Fe lump product.

LEGAL NOTICE

As announced on 16 February 2015, the Company received a writ of summons in relation to a Coal Acquisition Agreement dated 15 June 2011 with Birmanie Nominees Pty Ltd (the vendor under the agreement) relating to 4 coal EPCs in Queensland.

The writ alleges that NSL has failed to meet various obligations under the Coal Acquisition Agreement and is claiming unspecified damages.

The Company believes it has a strong legal position in response to the writ and is currently taking legal advice to defend the claim.

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 25.

This report is made in accordance with a resolution of directors

On behalf of the Directors

Cedric Goode
Director
Perth, 12 March 2015

Competent Person's Statement

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 information in this report relating to the exploration results and exploration target is based on information assessed 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.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2014

	Notes	31 Dec 2014 $	31 Dec 2013 $
Revenue from continuing operations		-	-
Other income		6,129	5,710
Unrealised foreign exchange differences		(592,695)	(99,326)
Depreciation and amortisation		(54,662)	(52,144)
Employment benefits expenses		(608,111)	(584,842)
Exploration expenditure written off	3	(1,026,075)	(654)
Finance and administration		(1,223,497)	(281,676)
Corporate expenses		(72,548)	(85,976)
Interest expense		(164,448)	(148,488)
Loss from continuing operations before income tax		**(3,735,907)**	**(1,247,396)**
Income tax expense		-	-
Loss from continuing operations after income tax		**(3,735,907)**	**(1,247,396)**
Other comprehensive income			
Items that may be reclassified to Profit or Loss			
Foreign currency translation		734,070	(74,947)
Other comprehensive income/(loss) for the half-year, net of tax		**734,070**	**(74,947)**
Total comprehensive loss for the half-year		**(3,001,837)**	**(1,322,343)**
Loss for the half year is attributable to the owners of NSL Consolidated Limited		**(3,735,907)**	**(1,247,396)**
Total comprehensive loss for the half-year is attributable to the owners of NSL Consolidated Limited		**(3,001,837)**	**(1,322,343)**
Loss per share for the half year attributable to the members of NSL Consolidated Limited			
Basic loss per share attributable to ordinary equity holders (cents)		(0.57)	(0.33)
Diluted loss per share attributable to ordinary equity holders (cents)		(0.57)	(0.33)

The above consolidated statement of profit and loss or other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position
As at 31 December 2014

	Notes	31 Dec 2014 $	30 Jun 2014 $
ASSETS			
Current assets			
Cash and cash equivalents		196,719	923,111
Trade and other receivables		200,809	178,799
Total current assets		**397,528**	**1,101,910**
Non-current assets			
Other financial assets		6,481	6,166
Property, plant and equipment	5	1,007,226	973,634
Intangible assets		5,253	6,219
Exploration & evaluation	3	-	961,732
Development expenditure capitalised	4	13,495,047	12,421,132
Total non-current assets		**14,514,007**	**14,368,883**
Total Assets		**14,911,535**	**15,470,793**
LIABILITIES			
Current liabilities			
Trade and other payables		1,420,692	1,135,609
Derivative financial instruments	6	400,160	373,661
Interest bearing liabilities	6	3,136,265	-
Total current liabilities		**4,957,117**	**1,509,270**
Non-current liabilities			
Interest bearing liabilities	6	-	2,622,628
Deferred tax liabilities		168,324	165,797
Total non-current liabilities		**168,324**	**2,788,425**
Total Liabilities		**5,125,441**	**4,297,695**
Net assets		**9,786,094**	**11,173,098**
EQUITY			
Contributed equity	9	36,895,988	36,091,672
Reserves		145,641	(1,398,946)
Accumulated losses		(27,255,535)	(23,519,628)
Total equity		**9,786,094**	**11,173,098**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2014

	Contributed Equity $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Total Equity $
Balance at 1.7.2013	**33,470,304**	**(21,537,939)**	**(2,672,604)**	**1,630,181**	**10,889,943**
Total comprehensive loss for the half-year	-	(1,247,396)	(74,947)	-	(1,322,343)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	1,382,829	-	-	-	1,382,829
Balance at 31.12.2013	**34,823,133**	**(22,785,335)**	**(2,747,551)**	**1,630,181**	**10,920,428**
Balance at 1.7.2014	**36,091,672**	**(23,519,628)**	**(3,029,127)**	**1,630,181**	**11,173,098**
Total comprehensive loss for the half-year	-	(3,735,907)	734,070	-	(3,001,837)
Transactions with owners in their capacity as owners					
Share based payments	-	-	-	810,517	810,517
Contributions of equity, net of transaction costs	804,316	-	-	-	804,316
Balance at 31.12.2014	**36,895,988**	**(27,255,535)**	**(2,295,057)**	**2,440,698**	**9,786,094**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2014

	Half-Year 2014 $	Half-Year 2013 $
Cash flows from to operating activities		
Cash receipts from customers	-	-
Payments to suppliers and employees	(746,676)	(881,372)
Interest paid	-	(79,898)
Interest received	6,129	5,710
Net cash outflows from operating activities	**(740,547)**	**(955,560)**
Cash flows from investing activities		
Payments for exploration and evaluation	(1,043)	(105,728)
Payments for development expenditure	(288,155)	(148,125)
Payment for Property, plant & equipment	-	(16,850)
Net cash outflows from investing activities	**(289,198)**	**(270,703)**
Cash flows from financing activities		
Proceeds from the issue of shares	347,000	1,352,829
Proceeds from the issue of convertible note	-	-
Net cash inflows from financing activities	**347,000**	**1,352,829**
Net cash increase (decrease) in cash and cash equivalents	**(682,745)**	**126,566**
Cash and cash equivalents at the beginning of half year	**923,111**	**460,440**
Net foreign exchange differences	**(43,647)**	**(15,293)**
Cash and cash equivalents at the end of half year	**196,719**	**571,713**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by NSL Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has had no effect on the amounts reported for the current or prior periods.

(a) Changes in Accounting Policies

The accounting policies and methods of computation adopted in the preparation of this financial report for the period under review are consistent with those adopted in the annual financial statements for the year ended 30 June 2014.

(b) Going Concern

The consolidated financial statements have been prepared on the basis of a going concern.

At 31 December 2014, the Company had a working capital deficiency of $4,559,589 (2013: working capital deficiency of $285,220) which includes convertible note liabilities of $400,160 (30 June 2014: $373,661), a cash balance of $196,719 (30 June 2014: $923,111) and incurred a loss of $3,735,907 (2013: $1,247,396) for the 6 months to 31 December 2014. The loss incurred included non-cash costs in relation to a write off of capitalised exploration and evaluation expenditure of $1,026,075 (2013: 654) and in relation to a fair value option expense of options issued of $810,517 (2013: $nil).

During the period, the Company continued to execute its bulk iron ore and thermal coal commodities exploration, development and growth strategy, with emphasis on Indian iron ore opportunities. The execution of the strategy included, subsequent to the period end, the execution of a non-binding offtake agreement with BMM Ispat, a significant Indian pellets, power & steel producer. The agreement is for the first 200,000t of future Phase Two 58-62% Fe wet beneficiation plant fines product.

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. The recently signed offtake agreement now provides the Company with the additional leverage required to potentially secure the Phase two wet plant project funding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014 (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 15 January 2015, the Company secured a US$4M Convertible Loan Facility obtained from US based investment firm, Magna Equities II LLC (**Magna**). Under the Magna Facility, the Company received US$125,000 (tranche 1) on 28 January 2015 and an additional US$125,000 (tranche 2) on 24 February 2015. Subsequent funding in tranches of up to US$250,000 is available every 60 calendar days (to a maximum of US$3,750,000) at the Company's election subject to customary conditions including no events of default or termination events having occurred.

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 our 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.

2. SEGMENT INFORMATION

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.

	31 Dec 2014	31 Dec 2013
	$	$
Revenue from external sources	6,129	5,710
Reportable segment loss		
– Iron Ore in India	(253,059)	(243,682)
– Thermal Coal in Queensland	(1,026,752)	(724)
Reconciliation of reportable segment loss		
Reportable segment loss		
- Iron Ore in India	(253,059)	(243,682)
- Thermal coal in Queensland	(1,026,752)	(724)
Other profit	-	-
Unallocated:		
Corporate expenses	(2,456,096)	(1,002,990)
Loss before tax	**(3,735,907)**	**(1,247,396)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014 (Continued)

2. SEGMENT INFORMATION (Continued)

	31 Dec 2014 $	30 Jun 2014 $
Reportable segment assets		
- Iron Ore in India	14,705,259	13,583,740
- Thermal Coal in Queensland	52	962,407
Reconciliation of reportable segment assets		
Reportable segment assets		
- Iron Ore in India	14,705,259	13,583,740
- Thermal coal in Queensland	52	962,407
Other assets	-	-
Unallocated:		
Corporate assets	206,224	924,916
Total assets	**14,911,535**	**15,470,793**
Reportable segment liabilities		
- Iron Ore in India	(218,487)	(90,799)
- Thermal Coal in Queensland	(152,983)	(160,087)
Reconciliation of reportable segment liabilities		
Reportable segment liabilities		
- Iron Ore in India	(218,487)	(90,799)
- Thermal coal in Queensland	(152,983)	(160,087)
Other liabilities	-	-
Unallocated:		
Corporate liabilities	(4,753,971)	(4,046,809)
Total liabilities	**(5,125,441)**	**(4,297,695)**

3. EXPLORATION & EVALUATION EXPENDITURE

	31 Dec 2014	30 Jun 2014
Exploration costs brought forward	961,732	529,501
Additions	64,343	433,511
Impairment	(1,026,075)	(1,280)
Deferred exploration costs carried forward	**-**	**961,732**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014 (Continued)

4. EXPLORATION & EVALUATION EXPENDITURE (Continued)

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 statement of profit or loss and other comprehensive income.

All expenditure for the exploration and evaluation of thermal coal in Queensland is included in Exploration and evaluation expenditure. Exploration and evaluation expenditure is recorded at historical cost. The Company has assessed the assets for impairment, and as there are facts and circumstances suggesting that the carrying amount exceeds the recoverable amount, all capitalised expenditure has been written off amounting to $1,026,075 (2013: $654).

5. DEVELOPMENT EXPENDITURE

	31 Dec 2014	30 Jun 2014
Development costs brought forward	12,421,132	12,543,398
Additions	431,086	144,375
Exchange differences	642,829	(266,641)
Deferred development costs carried forward	**13,495,047**	**12,421,132**

At 31 December 2014, the consolidated entity had $13,495,047 capitalised as mine development expenditure. The future recoverability 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 be no 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, purchase and successfully commission the wet beneficiation plant to efficiently process, upgrade and sell a saleable grade iron ore within the Indian domestic market.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014 (Continued)

6. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Furniture and fixtures	Computer equipment	Land	Buildings	Total
	$	$	$	$	$	$
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)	-	(21,660)	(422,370)
Net book amount	**797,219**	**22,646**	**8,685**	**111,174**	**33,910**	**973,634**
Half-year ended 31 December 2014						
Opening net book amount	797,219	22,646	8,685	111,174	33,910	973,634
Additions	1,975	2,760	-	-	-	4,735
Disposal/written-off	-	(369)	-	-	-	(369)
Depreciation charge	(45,216)	(2,289)	(2,039)	-	(3,703)	(53,247)
Exchange differences	68,662	474	621	9,885	2,831	82,473
Closing net book amount	**822,640**	**23,222**	**7,267**	**121,059**	**33,038**	**1,007,226**
At 31 December 2014						
Cost or fair value	1,168,978	45,203	112,419	121,059	60,511	1,508,171
Accumulated depreciation	(346,338)	(21,981)	(105,153)	-	(27,473)	(500,945)
Net book amount	**822,640**	**23,222**	**7,267**	**121,059**	**33,038**	**1,007,226**

7. DERIVATIVE LIABILITIES AND INTEREST BEARING LIABILITIES

	31 Dec 2014	30 Jun 2014
Current		
Derivative – Foreign exchange	64,130	74,034
Derivative – Convertible option	336,030	299,627
Convertible note	3,136,265	-
	3,536,425	**373,661**
Non-Current		
Convertible note	-	2,622,628
	-	**2,622,628**

During the 30 June 2013 financial year, the Group issued a US$ denominated 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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014 (Continued)

8. 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.

Fair Values versus Carrying Amounts

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

	Carrying Amount	
In AUD	**31 Dec 2014**	**30 Jun 2014**
On Statement of Financial Position		
Convertible note liability	**3,136,265**	**2,622,628**

Given the conversion features associated with the Note, there was no comparable instrument with which to determine the fair value.

Fair value hierarchy

The following tables classify financial instruments recognised in the statement of financial position 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).

Comparative information has not been provided as permitted by the transitional provisions of the new rules.

In AUD	**Level 1**	**Level 2**	**Level 3**	**Total**
Fair value through profit or loss:				
Convertible note derivatives	**-**	**400,160**	**-**	**400,160**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014 (Continued)

9. EQUITY SECURITIES ISSUED

	31 Dec 2014 Shares	31 Dec 2013 Shares	31 Dec 2014 $	31 Dec 2013 $
Issue of ordinary shares during the half-year				
Exercise of options issued under the NSL Consolidated Limited	-	-	-	-
Issue of shares	14,300,000	126,456,215	25,000	1,499,662
Issue of shares – share based payments *	47,186,000	-	471,860	-
Issue of shares under Efectivo facility **	55,000,000	-	379,118	-
Less: equity raising costs	-	-	(71,662)	(116,833)
	116,486,000	**126,456,215**	**804,316**	**1,382,829**

* Fully paid ordinary shares issued at 0.01 per share.

** During the 31 December 2014 period, the Company entered into a standby finance facility with Efectivo Pty Ltd. Key terms are:

- up to A$2,500,000 over a 12 month period;
- utilised at the Company's discretion based on quantum and floor price;
- facility can be terminated by the Company without penalty;
- Efectivo subscribe for shares at a discount not exceeding a 15% discount to the VWAP;
- 25,000,000 Collateral shares issued and held on trust with Efectivo as security for future issues; and
- facility does not restrict the Company from raising funds from other sources.

10. DIVIDENDS

No dividends have been declared or paid since the start of the financial period, and none are recommended.

11. CONTINGENCIES

There has been no change in contingencies since the 30 June 2014 reporting period.

12. COMMITMENTS

There has been no change in commitments since the 30 June 2014 reporting period.

13. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the period, as approved by shareholders at the Company General Meeting held on 11 August 2014:

- 7,500,000 fully paid ordinary shares issued to the Chairman and Directors;
- 11,250,000 listed options with an exercise price of 0.01 cent and expiring on 31 December 2016issued to the Chairman and Directors; and
- 95,000,000 unlisted incentive options with an exercise price of 0.0096 cent and expiring on 31 December 2016 issued to the Chairman and Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014 (Continued)

14. SHARE BASED PAYMENTS

Share-based payment expense recognised during the period:

	31 Dec 2014 $	31 Dec 2013 $
Shares issued as consideration for 100% of convertible note interest and marketing agreement fee	401,860	-
Shares issued as consideration in relation to the final acquisition payment in accordance with the coal tenement acquisition agreement dated 15 June 2011	70,000	-
Director, senior management & consultant options expense	810,517	-

15. EVENTS OCCURING AFTER REPORTING DATE

US$4M Financing Facility

As announced on 15 January 2015, the Company secured a US$4M Convertible Loan Facility obtained from US based investment firm, Magna Equities II LLC (**Magna**).

Under the Magna Facility, the Company receives US$125,000 on the date of closing (subject to satisfactory fulfilment of standard closing conditions) and an additional US$125,000 within 30 trading days of closing (or earlier if certain conditions are met).

Subsequent funding in tranches of up to US$250,000 is available every 60 calendar days (to a maximum of US$3,750,000) at the Company's election subject to customary conditions including no events of default or termination events having occurred).

The Magna Facility has a 24 month term from the date of each drawdown, is unsecured, bears no interest costs, can be repaid at any time by the Company with a 15% premium and can be converted into NSL shares at any time by Magna during the term at a 20% discount to the 5-day volume weighted average price (VWAP) of NSL's ordinary shares. Magna will receive a 5% commitment fee on all drawdowns, as and when they occur, to be paid in NSL ordinary shares

On 28 January 2015, the initial tranche of $US125,000 was received from Magna Equities.

As announced on 5 February 2015, the Company issued a total of 5,333,333 fully paid ordinary shares as a result of receiving a conversion notice from Magna in relation to US$20,000 of initial tranche 1 drawdown.

On 24 February 2015, the second tranche of $US125,000 was received from Magna Equities, with subsequent tranches of US$250,000 being available every 60 calendar days from 16 March 2015.

Offtake Agreement with BMM Ispat

As announced on 16 February 2015, the Company signed an offtake agreement with significant Indian steel producer BMM Ispat for the Company's first 200,000 tonnes of future Phase Two 58-62% Fe wet beneficiation plant fines product.

The agreement has the capability of absorbing all the expected output from our wet plant, but being non-exclusive, it allows the Company to also diversify its customer base going forward. Commercial terms are market based, availing the Company to access the current robust market conditions in the domestic Indian iron ore sector. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014 (Continued)

15. EVENTS OCCURING AFTER REPORTING DATE (Continued)

Importantly, it was achieved directly with the end user, avoiding the need for traders and the uncertain credit worthiness inherent with this medium, and therefore reducing the sales transactional risk

It is expected that this agreement, as the last piece of the Indian operations puzzle, will also aid the Company in finalising non-equity funding to build its wet beneficiation plant.

Both parties are working closely at finalising offtake/purchase agreements for the existing Phase One, 50-55% Fe lump product.

Legal Notice

As announced on 16 February 2015, the Company received a writ of summons in relation to a Coal Acquisition Agreement dated 15 June 2011 with Birmanie Nominees Pty Ltd (the vendor under the agreement) relating to 4 coal EPCs in Queensland.

The writ alleges that NSL has failed to meet various obligations under the Coal Acquisition Agreement and is claiming unspecified damages.

The Company believes it has a strong legal position in response to the writ and is currently taking legal advice to defend the claim.

DIRECTORS' DECLARATION
31 December 2014

In the directors' opinion:

a) the financial statements and notes set out on pages 11 to 23 are in accordance with the *Corporations Act 2001,* including:

   (i) complying with Accounting Standards, AASB 134 *Interim Financial Reporting*, 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 31 December 2014 and of its performance for the half-year ended on that date; and

b) there are reasonable grounds to believe that NSL Consolidated Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors

Cedric Goode
Director

Perth, 12 March 2015

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

As lead auditor for the review of NSL Consolidated Limited for the half-year ended 31 December 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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, 12 March 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of NSL Consolidated Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of NSL Consolidated Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NSL Consolidated Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NSL Consolidated Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

We draw attention to Note 5 in the half-year financial report which describes uncertainty relating to the recoverability of Development Expenditure. Our conclusion is not modified in respect of this matter.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 (b) in the half-year 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.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 12 March 2015