NSL Consolidated Limited

A.B.N. 32 057 140 922

Appendix 4D
Half Year Report for the 6 months ended 31 December 2015

The information in this Report is provided in accordance with ASX Listing Rule 4.2A and should be read in conjunction with the 2015 Annual Report.

Results for Announcement to the Market

				$A
Revenues from ordinary activities *	-	-	to	-
Loss from ordinary activities after tax attributable to members	Down	3.7%	to	3,599,187
Net Loss for the period attributable to members	Down	3.7%	to	3,599,187

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

* Pre-production revenues for the period from the Phase One dry plant of $25,733 have been offset Against capitalised development costs in line with the International Financial Reporting Standards.

** 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 2015 results and the operations of the Company

NET TANGIBLE ASSET BACKING	Half-Year 31 Dec 2015 Cents	Full Year 30 June 2015 Cents
Net tangible asset backing per ordinary security	(0.6)	(0.6)

NSL CONSOLIDATED LIMITED
AND CONTROLLED ENTITIES

ABN 32 057 140 922

Interim Financial Report for the half year ended 31 December 2015

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/- Athans & Taylor Suite 3, 17 Foley Street Balcatta WA 6021 Telephone: (08) 6168 8000 Facsimile: (08) 6168 8039
Corporate Office	Suite 3, Level 1 14-16 Rowland Street SUBIACO WA 6005
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 2015.

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.

India as a country is experiencing strong economic growth, currently 7.6%, making it the fastest growing major economy in the world. In support of this strong economic growth, India recently became the 3rd largest producer of steel in the world, with its steel industry growing at 7% per annum.

As the world's 3rd largest steel producer, India also produces approximately 160 million tonnes of iron ore for use in the domestic steel market. 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, while it can also leverage its cash flow and asset base in line with India's economic growth.

The Company has the funding and approvals to progress with the construction and commissioning of the already fabricated Phase Two wet beneficiation plant. As with the existing plant, the future production from the Phase Two plant is already provided for under offtake agreements directly with Indian domestic large scale sophisticated steel producers JSW Steel (**JSW**) and BMM Ispat (**BMM**).

The Company continues to be heartened by Indian state and central Government's support of our business through the recent execution of a Memorandum of Understanding directly with the state government of Andhra Pradesh and the continued success in gaining relevant approvals to support the Indian business strategy.

The MoU and the approvals are further acknowledgement of the integrity with which the Company is moving forward towards a sturdier commercial footing to support all stakeholders.

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!

Iron Ore – India

KURNOOL IRON ORE BENEFICIATION PLANT

Phase One Plant (Dry)

During the period, pre-production sales from the Phase One dry plant of $25,733 were off-set against capitalised development expenditure in line with International Financial Reporting Standards.

In late November, the Company received its second Purchase Order (**PO**) from BMM. The second PO for 5,000 tonnes of +55% Fe lump iron ore will be used for direct feed into BMM's DRI kiln process in the production of sponge iron. The PO was secured at the current market rate at the time of Rs 2,500 (A$53) per tonne.

The Company's Phase One Beneficiation plant in Kurnool changed over product specifications to commence producing product for despatch into the BMM PO, however, subsequently the Company received notification from BMM of the closure of its sponge iron kilns in December. As a result of BMM's decision, it is anticipated that NSL will commence delivery into the 5,000 tonne purchase order when BMM restart its sponge iron kilns. To date BMM have not provided a restart date for its kilns.

During the half year the Company conducted further market evaluation and technical reviews with key steel industry producers in addition to the current offtake agreements in place. One of the key outcomes from this exercise has been the ability to fully understand the required product mix and technical requirements needed by individual blast furnaces.

In addition to the +56% Fe lump material, the Company has received PO's for a specialised product that is relatively unique to NSL as a result of the ore geology and beneficiation process at the Company's operations. The specialised blend of iron, silica and alumina is critical to the performance of the furnace and quality of the finished cast iron.

PO's have been received from:

- Srikalahasthi Pipes Limited (SPL),
- Sathavahana Ispat Limited (SI); and
- Small scale steel mill.

The Company commenced supplying into these PO's in small quantities. The requirements of these smaller scale steel mills have been sporadic.

Product despatch to Sathavahana Ispat

Product despatch to Krishna Industries

Phase Two Plant (Wet)

During the half year the Company, as the only Australian or foreign company to own and operate in India's massive iron ore market, continued to progress its Phase Two wet beneficiation project.

Phase Two will be a wet beneficiation process, allowing NSL to produce a high grade premium price iron ore product grading between 58-62% Fe at around 200,000 tonnes p.a. The Phase Two wet beneficiation plant proposed for the existing NSL stockyard will be fed material from NSL's Kuja and Mangal mines.

NSL's Managing Director, Mr Cedric Goode, visited China, conducting a plant inspection of the fabricated wet beneficiation plant, and confirmed that all major components are at a completion stage, with only minor components yet to be completed.

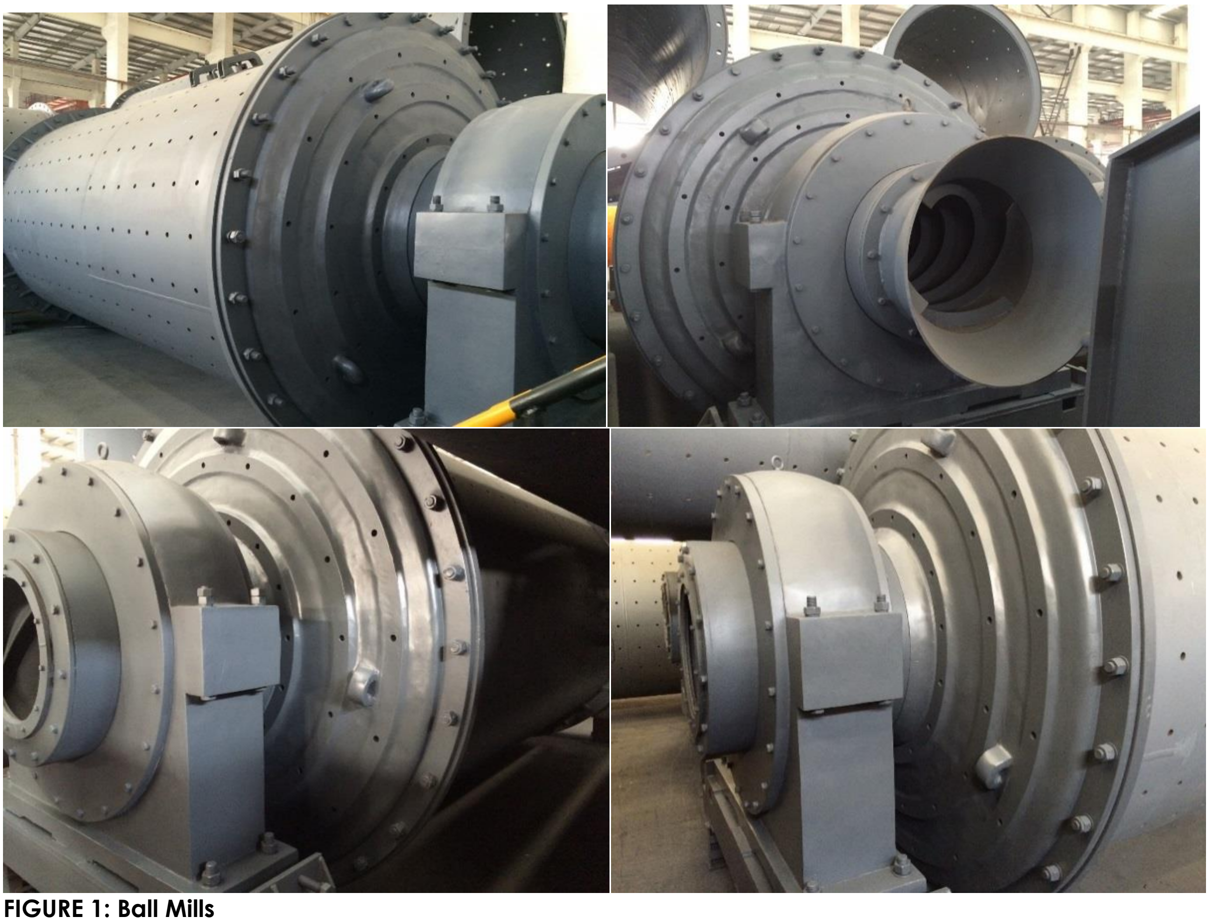

FIGURE 1: Ball Mills

FIGURE 2: Low Intensity Magnets

FIGURE 3: Vacuum Disc filters for water extraction

MARKETING AND OFFTAKE

OFFTAKE AGREEMENT - FINES

During the half year, the Company continued to engage with JSW Steel (**JSW**) and BMM Ispat (**BMM**) regarding its non-exclusive offtake agreements for its first 200,000 tonnes of future Phase Two 58-62% Fe wet beneficiation plant fines product.

Both JSW Steel and BMM Ispat are actively encouraging the Company to fast track the construction and commissioning of the Phase Two wet beneficiation plant.

The offtake agreements with JSW Steel and BMM Ispat, reflect the demand of the Indian steel industry for the Phase Two wet beneficiation plant material.

JSW is India's leading private sector steel producer and among the world's most illustrious steel companies. JSW Steel is a circa $9 billion global conglomerate spread over six locations in India and a footprint that extends to the US, South America and Africa.

The JSW steel complex is approximately 160kms from NSL operations and located within the Hospet region of Karnataka, southern India's main steel producing belt.

Production facilities located at the JSW steel complex include; Beneficiation Plant, Pellet Plant, Coke Plant, Hot Metal Plant, Steel Plant, Mill Plant and a R&D Facility. The plant consumes in excess of 20 million tonnes of iron ore per annum and is the largest steel producer in Southern India.

Importantly during the course of the offtake discussions, JSW considered the NSL fines product to be a premium product due to its size, grade and low level contaminants. Specifically the NSL wet plant fines product is able to be inserted into the steel process further downstream creating operational, cost and quality advantages. In addition the low Alumina, Phosphorous and Sulphur offer blending opportunities for the steel manufacturing process. For further information on JSW, please refer to www.jsw.in

The offtake agreement executed with BMM, also 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.

During detailed evaluations, both parties confirmed the strong alignment in the Company's iron ore specifications and BMM's required iron ore raw material specification.

The BMM steel complex is approximately 240kms from NSL operations and located within the Hospet region of Karnataka, southern India's main steel producing belt.

Production facilities located at the BMM steel complex are:

- Beneficiation Plant of 2.60Million Tonnes per annum (**MTPA**);
- Pellet Plant of 2.60 MTPA;
- Sponge Iron Plant of 0.73 MTPA;
- Induction Furnace of 0.10 MTPA;
- Rolling Mill of 0.09 MTPA; and
- Power Plant of 95 MW.

BMM has embarked upon an expansion projects which will result in new capacities for:

- Integrated Steel Plant of 1.25MTpa;
- Power Plant of 140 MW.

For further information on BMM, please refer to www.bmm.in

Importantly, the offtake agreements have been achieved directly with the end users, avoiding the need for traders and the uncertain credit worthiness inherent with this channel to market, and therefore reducing the sales transactional risk

Commercial terms of both the offtake agreements are market based, availing the Company to access the domestic Indian iron ore sector, a market of circa 150 million tonnes supplying the world's fourth largest steel industry. The Indian domestic steel industry is planning to triple in size over the next 10 years.

Memorandum of understanding with Government of Andhra Pradesh

In continuing important steps, the Company has further progressed actions pertaining to the Memorandum of Understanding (**MoU**) with the Government of Andhra Pradesh (**GoAP**) for collaboration in the mining, beneficiation and value addition of low grade iron ores that are abundant in the State.

The MoU, executed directly with the GoAP, is overarching to the previous MoU executed in June 2015 with the AP Mineral Development Corporation (the GoAP State mining Company), and covers the mining, beneficiation and pelletisation of low grade iron ores in the State.

The basis of the MoU could position NSL to be producing in excess of 8 million tonnes per annum of iron ore in the newly formed State. In addition, the MoU includes the construction and operation of a centralised pellet plant, again reinforcing NSL's strategy of value addition in the Indian iron ore industry.

The MoU would also realise the generation of 1,800 jobs directly associated with the Company, and an additional 1,000 supporting jobs.

GoAP will facilitate the provision of necessary assistance for the Company which includes prompt land acquisition, adequate infrastructure development and offering attractive incentives as per the policies / rules and regulations of the State Government.

GoAP will support the Company's participation in significant projects in Andhra Pradesh, wherever feasible. Such participation may include providing advisory services/setting up manufacturing facilities/ Infrastructure development/ R & D/ Implementation support.

The Company can support the development of infrastructure in Andhra Pradesh, considering the Government's focus on promoting manufacturing and industrialization in the state and facilitating a conducive investment environment.

Both sides recognized the need to promote mutual cooperation to expand bilateral collaborative relationships in industrial development in Andhra Pradesh and supported the signing of MoU.

One key enabler to the execution of the MoU was the AP Government committing to the development of the Orvakallu Mega Industrial Hub, located in the Kurnool District some 30km from NSL's existing operations. The 28,000 acre hub will include access to water, power, rail and road. The site is also proposed for one of AP's four greenfield airports outlined in the strategic infrastructure plan for the State.

The MoU was executed during the Investment Summit, and was overseen by the Honourable Chief Minister of Andhra Pradesh, Sri Chandrababu Naidu, and the Australian Consul General for South India Mr Sean Kelly.

Honourable Chief Minister, Sri Chandrababu Naidu overseeing the signing of the MoU

Key Facts

During a World Bank survey in 2015 Andhra Pradesh was rated as #2 state in India for ease of doing business.

The 15-year business plan sees an expected14% growth rate projected out to 2029 for the State, based on an aggressive infrastructure program including airports, ports, highways and a new greenfield Capital City located at Amaravati.

The State has implemented a dedicated single window process for investments and projects, with a guaranteed 21-day approval timeframe for all state permissions.

Two major initiatives that will impact on the State are the Vizag – Chennai and Bangalore – Chennai infrastructure corridors. The Asian Development Bank (ADB) is supporting the AP Govt in the development of the Vizag - Chennai corridor. The $900m project will have $700m funded by the ADB and $200m to be provided by the State Govt. This linkage is part of the much larger Pan Asia land bridge connecting India to China and South East Asia.

State GDP	US$8 Billion
Per Capita Income	$1,500
Capital City	Amaravati
Largest City	Visakhapatnam
Cities with more than 1m people	27

SUBSEQUENT EVENTS

CAPITAL RAISING - PLACEMENT

As announced on 2 March 2016**,** the Company secured commitments predominately from existing top 20 shareholders, investment funds and high net worth investors for the placement of 400,992,936 fully paid shares at an issue price of $0.008 cent per share, raising $3,207,943 before costs of the offer.

Board and management committed $407,000 as participation in the placement, in satisfaction of existing accrued fees and salaries. Thereby, further strengthening the balance sheet and reinforcing the Board and management's belief in the Company and its strategic direction.

The Company engaged Sanlam Private Wealth as lead manager to the Placement.

The Placement will occur in two tranches, with up to approximately 177,500,000 million shares being issued under the Company's 15% and additional 10% placement capacity, with the balance of the Shares (including related parties) subject to shareholder approval at a General Meeting of Shareholders expected to be held mid-April 2016.

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

The funds raised pursuant to the Placement will be used to augment the existing Magna senior secured loan for the following purposes:

- To fund the acquisition, construction and commissioning of the Phase Two wet beneficiation plant in India; and
- For general working capital.

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 23.

This report is made in accordance with a resolution of directors

On behalf of the Directors

Cedric Goode
Director
Perth, 15 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2015

	Notes	31 Dec 2015 $	31 Dec 2014 $
Revenue from continuing operations		-	-
Other income		938	6,129
Unrealised foreign exchange differences		(169,311)	(592,695)
Depreciation and amortisation		(89,469)	(54,662)
Employment benefits expenses		(574,811)	(608,111)
Impairment of development costs	3	(1,771,045)	-
Exploration expenditure written off		(10,239)	(1,026,075)
Finance and administration		(612,806)	(1,223,497)
Corporate expenses		(372,444)	(236,996)
Loss from continuing operations before income tax		**(3,599,187)**	**(3,735,907)**
Income tax expense		-	-
Loss from continuing operations after income tax		**(3,599,187)**	**(3,735,907)**
Other comprehensive income			
Items that may be reclassified to Profit or Loss			
Foreign currency translation		(234,647)	734,070
Other comprehensive income/(loss) for the half-year, net of tax		**(234,647)**	**734,070**
Total comprehensive loss for the half-year		**(3,833,834)**	**(3,001,837)**
Loss for the half year is attributable to the owners of NSL Consolidated Limited		**(3,599,187)**	**(3,735,907)**
Total comprehensive loss for the half-year is attributable to the owners of NSL Consolidated Limited		**(3,833,834)**	**(3,001,837)**
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)		(0.42)	(0.57)

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

Consolidated Statement of Financial Position
As at 31 December 2015

	Notes	31 Dec 2015 $	30 Jun 2015 $
ASSETS			
Current assets			
Cash and cash equivalents		63,855	198,248
Trade and other receivables		235,618	260,659
Total current assets		**299,473**	**458,907**
Non-current assets			
Other financial assets		6,769	6,728
Property, plant and equipment		760,118	838,301
Intangible assets		2,487	3,365
Development expenditure capitalised	3	7,473,903	8,959,135
Total non-current assets		**8,243,277**	**9,807,529**
Total Assets		**8,542,750**	**10,266,436**
LIABILITIES			
Current liabilities			
Trade and other payables		2,212,593	1,496,561
Derivative financial instruments		185,933	292,439
Interest bearing liabilities	4	3,241,343	3,537,529
Total current liabilities		**5,639,869**	**5,326,529**
Non-current liabilities			
Non-interest bearing liabilities	5	968,707	703,726
Deferred tax liabilities		277,122	263,794
Total non-current liabilities		**1,245,829**	**967,520**
Total Liabilities		**6,885,698**	**6,294,049**
Net assets		**1,657,052**	**3,927,387**
EQUITY			
Contributed equity	7	39,052,499	37,534,000
Reserves		323,465	558,112
Accumulated losses		(37,718,912)	(34,119,725)
Total equity		**1,657,052**	**3,927,387**

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 2015

	Contributed Equity $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Total Equity $
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	-	(10,600,099)	(1,146,541)	-	(9,453,556)
Transactions with owners in their capacity as owners					
Share based payments	-	-	-	810,517	810,517
Contributions of equity, net of transaction costs	1,442,328	-	-	-	1,442,328
Balance at 1.7.2015	**37,534,000**	**(34,119,725)**	**(1,882,586)**	**2,440,698**	**3,927,387**
Total comprehensive loss for the half-year	-	(3,599,187)	(234,647)	-	(3,833,834)
Transactions with owners in their capacity as owners					
Share based payments	358,892	-	-	-	358,892
Option based payments	243,506				243,506
Contributions of equity, net of transaction costs	916,101	-	-	-	916,101
Balance at 31.12.2015	**39,052,499**	**(37,718,912)**	**(2,117,233)**	**2,440,698**	**1,657,052**

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 2015

	Half-Year 2015 $	Half-Year 2014 $
Cash flows from to operating activities		
Cash receipts from customers	17,799	-
Payments to suppliers and employees	(862,157)	(746,676)
Interest paid	(50,000)	-
Interest received	938	6,129
Net cash outflows from operating activities	**(893,420)**	**(740,547)**
Cash flows from investing activities		
Payments for exploration and evaluation	(10,913)	(1,043)
Payments for development expenditure	(142,751)	(288,155)
Net cash outflows from investing activities	**(153,664)**	**(289,198)**
Cash flows from financing activities		
Proceeds from the issue of shares	132,300	347,000
Proceeds from borrowings	792,676	-
Net cash inflows from financing activities	**924,976**	**347,000**
Net cash increase (decrease) in cash and cash equivalents	**(122,108)**	**(682,745)**
Cash and cash equivalents at the beginning of half year	**198,248**	**923,111**
Net foreign exchange differences	**(12,285)**	**(43,647)**
Cash and cash equivalents at the end of half year	**63,855**	**196,719**

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 2015

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2015 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 2015 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 2015.

(b) Going Concern

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

At 31 December 2015, the Company had a working capital deficiency of $5,340,396 (2014: working capital deficiency of $4,559,589) which includes convertible note liabilities of $3,427,276 (30 June 2015: $3,829,968), a cash balance of $63,855 (30 June 2015: $198,248) and incurred a loss of $3,599,187 (2014: $3,735,907) for the 6 months to 31 December 2015. The loss incurred included non-cash costs in relation to a write off of capitalised exploration and evaluation expenditure of $10,239 (2014: $1,026,075), a write off of capitalized development expenditure of $1,771,045 (2014: Nil) and in relation to a fair value option expense of options issued of $243,506 (2014: $810,517).

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. In addition to the off-take agreements executed in the prior period with JSW Steel and BMM Ispat, the Company also entered into a Memorandum of Understanding (MoU) directly with the Andrah Pradesh Government which covers the mining, beneficiation and pelletisation of low grade iron ore within the State. In addition to the MoU, the Company secured funding for the further development of the Kurnool Phase Two wet separation plant via a A$5M conventional secured loan with MG Partners II Limited ("Magna"), as announced on 13 August 2015.

Also, as announced on 2 March 2016, the Company secured commitments predominately from existing top 20 shareholders, investment funds and high net worth investors for the placement of 400,992,936 fully paid shares at an issue price of $0.008 cent per share, raising $3,207,943 before costs of the offer.

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

(b) Going Concern (Continued)

Continuing to execute on our strategy, during the current period, the Company will be utilizing the equity raising and current Magna loan facility to fund the wet plant capital expenditure, construction and commissioning and mining activities.

The Directors have reviewed the Company's overall position and are of the opinion that the Company will have sufficient funds to meet the Company's commitments. However, the Directors are regularly monitoring its financial position and are aware that they may 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 or debt, or a combination of the two.

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. However, in the event that the consolidated entity does not achieve the above milestones, there exists material uncertainty that may cast significant doubt as to whether the consolidated entity will be able to continue as a going concern and realise its assets and extinguish it liabilities in the normal course of business. No adjustments have been made relating to the recoverability of assets and classification of liabilities that might be necessary should the 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 2015	31 Dec 2014
	$	$
Revenue from external sources	937	6,129
Reportable segment loss		
– Iron Ore in India	(2,177,812)	(253,059)
– Thermal Coal in Queensland	(109,874)	(1,026,752)
Reconciliation of reportable segment loss		
Reportable segment loss		
- Iron Ore in India	(2,177,812)	(53,059)
- Thermal coal in Queensland	(109,874)	(1,026,752)
Other profit	-	-
Unallocated:		
Corporate expenses	(2,289,105)	(2,456,096)
Loss before tax	**(3,599,188)**	**(3,735,907)**
Reportable segment assets		
- Iron Ore in India	8,476,017	10,011,816
- Thermal Coal in Queensland	135	20
Reconciliation of reportable segment assets		
Reportable segment assets		
- Iron Ore in India	8,476,017	10,011,816
- Thermal coal in Queensland	135	20
Other assets	-	-
Unallocated:		
Corporate assets	66,598	254,600
Total assets	**8,542,750**	**10,266,436**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2015 (Continued)

2. SEGMENT INFORMATION (Continued)

Reportable segment liabilities		
- Iron Ore in India	(571,685)	(215,229)
- Thermal Coal in Queensland	(223,242)	(113,252)
Reconciliation of reportable segment liabilities		
Reportable segment liabilities		
- Iron Ore in India	(517,685)	(215,229)
- Thermal coal in Queensland	(223,242)	(113,252)
Other liabilities	-	-
Unallocated:		
Corporate liabilities	(6,090,771)	(5,965,568)
Total liabilities	**(6,885,698)**	**(6,294,049)**

3. DEVELOPMENT EXPENDITURE

	31 Dec 2015	**30 Jun 2015**
Development costs brought forward	8,959,135	12,421,132
Additions	196,000	582,438
Impairment	(1,771,045)	(5,191,453)
Exchange differences	89,814	1,147,018
Deferred development costs carried forward	**7,473,903**	**8,959,135**

(a) Capitalised development expenditure, plant and equipment

During the period, pre-production sales from the Phase One dry plant of $25,733 were off-set against capitalised development expenditure in line with International Financial Reporting Standards.

The recoverable amount of capitalised development expenditure has been estimated based on the value in use of the group's Indian assets. The estimated recoverable amount of $7,473,903 was below the carrying value of the CGU and an impairment of $1,771,045 has been recorded. Value in use was determined using an income approach based on the net present value of future cash flows projected over the current mine plan. The nominal post-tax discount rate applied to the cash-flows is 27% (2014: 10%). The valuation is categorised within level 3 of the fair value hierarchy due to the unobservable nature of some of the inputs used.

Future changes in assumptions upon which these estimates are based may give rise to material adjustments, including further impairments or possible impairment reversals. For example a 10% decrease in the average forecast iron ore price, while holding other factors constant, would result in a further impairment charge of $2,238,103.

Revenue assumptions

Cash flow projections used to estimate recoverable amounts include assumptions on revenue. The assumptions used for revenue in impairment testing are summarised below:

	Dec 2015	June 2015
Ex-gate 62% Fe iron ore price (INR/dmt, nominal)		
Years 1-5	**2,244**	2,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2015 (Continued)

3. DEVELOPMENT EXPENDITURE (Continued)

Key estimates and judgements

The recoverable amount of capitalised development expenditure and property, plant and equipment is estimated on the basis of the discounted value of future cash flows. The estimates of future cash flows are based on significant assumptions including:

- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and resources;
- future iron ore prices;
- production rates, production costs and capital expenditure based on approved budgets and projections including inflation factors; and
- the asset specific discount rate applicable to the cash generating unit.

(b) Recoverability of capitalised mine development

Furthermore, the future recoverability of capitalised mine development and related assets is dependent upon the ability of the company to successfully commission the wet beneficiation plant so that it can efficiently process and upgrade the iron ore to a saleable export grade and quality within the domestic 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.

4. INTEREST BEARING LIABILITIES

	31 Dec 2015	30 Jun 2015
Current		
Convertible note liability	3,241,343	3,537,529
	3,241,343	**3,537,529**

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. Subsequent to the 30 June 2015 financial year, the maturity term to the note was extended by 1 year to September 2016.
- 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 2015 (Continued)

5. NON-INTEREST BEARING LIABILITIES

	31 Dec 2015	30 Jun 2015
Non-Current		
Non-interest bearing liabilities – converting loans	968,707	703,726
	968,707	**703,726**

During the 30 June 2015 period, the Group entered into a US$4M denominated Convertible Loan Facility with Magna Equities II LLC.

Key terms are:

- NSL received US$125,000 on execution followed by another US$125,000 within 30 trading days.
- Subsequent funding in US$250,000 tranches every 60 days (to a maximum of US$3,750,000) at NSL election.
- Each loan has a 24 month term from each drawdown date.
- NSL can repay early at a 15% premium.
- At the election of Magna, the loans can be converted into shares at a 20% discount to the 5-day VWAP at time of conversion notice.

The convertible note is recognised as financial liability at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised on the profit and loss as finance costs.

6. 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, interest bearing liabilities and non-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 notes at reporting date is:

	Carrying Amount	
	31 Dec 2015	30 Jun 2015
In AUD		
On Statement of Financial Position		
Convertible note liability	**3,241,343**	**3,537,529**
Magna convertible note liability	**968,707**	**703,726**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2015 (Continued)

6. FAIR VALUE ESTIMATION (Continued)

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	-	185,933	-	**185,933**
Magna convertible notes	-	-	968,707	**968,707**

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.

The fair value of convertible note not traded in an active market is determined using an internally prepared discounted cash flow valuation technique using a combination of observable inputs (such as share price and the terms and conditions of the convertible notes as disclosed per note 7) and unobservable inputs (discount rate – 11.19% to calculate the present value of estimated future cash flows. The Group has determined that there is a relationship between the unobservable inputs (discount rate) and the fair value but do not consider it to be material unless there is a change in the terms and conditions of the convertible note.)

The recoverable amount of capitalised development expenditure has been estimated based on the value in use of the group's Indian assets. Value in use was determined using an income approach based on the net present value of future cash flows projected over the current mine plan. The valuation is categorised within level 3 of the fair value hierarchy due to the unobservable nature of some of the inputs used. Refer to mine development note (note 3), for valuation technique used to determine the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2015 (Continued)

7. EQUITY SECURITIES ISSUED

	31 Dec 2015 Shares	31 Dec 2014 Shares	31 Dec 2015 $	31 Dec 2014 $
Issue of ordinary shares during the half-year				
Issue of Shares - exercise of options – issued at $0.01	750,000	-	7,500	-
Issue of Shares - exercise of options – issued at $0.0096	13,000,000	-	124,800	-
Issue of Shares – share based payments – issued at $0.01	6,000,000	47,186,000	60,000	471,860
Issue of Shares – share based payment – issued at $0.012	24,907,634	-	298,892	-
Issue of Shares – issued at $0.011	22,239,011	-	244,629	-
Issue of Shares – issued at $0.0077	15,454,766	-	118,460	-
Issue of Shares – issued at $0.0089	15,149,874	-	134,834	-
Issue of Shares – issued at $0.0119	18,548,195	-	220,723	-
Issue of Shares – issued at $0.012	6,000,000	-	72,000	-
Issue of Shares – issued at $0.0109 *	-	-	10,000	-
Issue of Shares under Efectivo facility	-	55,000,000	-	379,118
Less: equity raising costs		-	(16,844)	(71,662)
	122,049,480	**116,486,000**	**1,274,993**	**804,316**

* Shares were issued subsequent to 31 December 2015.

8. DIVIDENDS

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

9. CONTINGENCIES

There has been no change in contingencies since the 30 June 2015 reporting period.

10. COMMITMENTS

There has been no change in commitments since the 30 June 2015 reporting period.

11. RELATED PARTY TRANSACTIONS

There were no related party transactions occurred during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2015 (Continued)

12. SHARE BASED PAYMENTS

Share-based payment expense recognised during the period:

	31 Dec 2015 $	31 Dec 2014 $
Shares issued as consideration for deferral of 2015 convertible note interest and marketing agreement fee	60,000	-
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
Shares issued as consideration for 2015 of convertible note interest and marketing agreement fee	298,892	401,860
Director, senior management & consultant options expense	-	810,517

13. EVENTS OCCURING AFTER REPORTING DATE

CAPITAL RAISING - PLACEMENT

As announced on 2 March 2016, the Company secured commitments predominately from existing top 20 shareholders, investment funds and high net worth investors for the placement of 400,992,936 fully paid shares at an issue price of $0.008 cent per share, raising $3,207,943 before costs of the offer.

Board and management committed $407,000 as participation in the placement, in satisfaction of existing accrued fees and salaries. Thereby, further strengthening the balance sheet and reinforcing the Board and management's belief in the Company and its strategic direction.

The Company engaged Sanlam Private Wealth as lead manager to the Placement.

The Placement will occur in two tranches, with up to approximately 177,500,000 million shares being issued under the Company's 15% and additional 10% placement capacity, with the balance of the Shares (including related parties) subject to shareholder approval at a General Meeting of Shareholders expected to be held mid-April 2016.

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

The funds raised pursuant to the Placement will be used to augment the existing Magna senior secured loan for the following purposes:

- To fund the acquisition, construction and commissioning of the Phase Two wet beneficiation plant in India; and
- For general working capital.

DIRECTORS' DECLARATION
31 December 2015

In the directors' opinion:

a) the financial statements and notes set out on pages 10 to 21 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 2015 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, 15 March 2016

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF NSL CONSOLIDATED LIMITED

As lead auditor for the review of NSL Consolidated Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2016

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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 2015, 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 2015 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 2015 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 3 in the half-year financial report which describes uncertainty relating to the recoverability of Development Expenditure and related assets. 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 describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions 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

Dean Just

Director

Perth, 15 March 2016