



QUARTERLY ACTIVITIES REPORT

DECEMBER 2016

Issued 31 January 2016

DECEMBER QUARTER HIGHLIGHTS

IRON ORE

- Phase Two wet beneficiation plant wet commissioning continued with electrical commissioning of entire plant completed, rendering plant electrically fully operational.
- Material fed into plant for first time with successful testing of materials handling systems, with plant producing first product through full plant process.
- Very low grade waste material feed utilised in commissioning producing exciting results, with ROM feed grade ranges between 25-35% Fe will produce high grade premium price product, grading between 58-62% Fe.
- Transition from commissioning to optimisation and production ramp commenced at the time the Phase two wet plant reached safety milestone of 250,000 hours LTI free.
- Offtake partner BMM Ispat Ltd (**BMM**) delegation visit site to review plant progress, and re-confirm BMM are able to consume all 200,000 tonnes per annum (**tpa**) of material produced by the plant and in addition will also consume proposed expansion production of additional 200,000 tpa.
- Successful Chinese delegation visit to India hosted by NSL and Government of Andhra Pradesh in support of NSL's business strategy, with follow-up round of visits to India and NSL's operations conducted by several Chinese design, engineering procurement and construction (EPC) contractors.
- Focus on the proposed steel and pellet plant locations, NSL's operations and other critical Andhra Pradesh infrastructure opportunities. The Company has received multiple proposals from large scale EPC contractors, with technical reviews and discussions occurring during the visit.



- Current Indian industry norms indicate a possible A\$44-\$52 per pellet tonne operating profit for a NSL owned pellet plant.
- NSL secures access to the second largest mining lease in the region, 77 acres containing a significant quantity of iron ore amenable to NSL's beneficiation process. Designated AP3, it is located only 10kms from to its wet beneficiation plant and stockyard.
- AP3, when combined with AP 26 and 27 acres of land area, represent an 800% increase in total mining lease area compared to existing leases, Kuja and Mangal.
- NSL to take full control of all aspects of the AP3 mining lease in exchange for a beneficiated Run of Mine royalty payment of circa \$1/tonne.
- AP3 further supports and potentially enhances regional production plan.

IRON ORE - INDIA

KURNOOL IRON ORE BENEFICIATION PLANT

PHASE TWO WET PLANT

During the quarter, the Company, as the only Australian or foreign company to own and operate in India's massive iron ore market continued to progress is Phase Two wet beneficiation project. The Company has successfully completed the erection stage of the plant, and then further significantly progressed the commissioning of the plant.

A significant milestone was achieved with the energising of the grid power transmission line for the delivery of 33kV power to the site. The site is now fully functioning on mains power. After energising the line and sending power through to the Main Receiving Sub Station (**MRSS**) 33kV Vacuum Circuit Breaker (**VCB**) Panel, power was then sent through to the 5MVA transformer which charges the 10kV VCB High Tension Panel.

Subsequent to this, the team then prepared and energised the 2.5MVA transformer which provides 415V power to the Powered Motor Control Centre (**PMCC**) Panel and controls all motors in the plant. From the PMCC the team have also successfully sent 415V back to the Remote Tap Change Circuit (**RTCC**) Panel in the MRSS for monitoring the 5MVA Transformer.

As a result of the successful energisation the team on site transitioned operating beneficiation equipment through diesel generator to mains power.

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The moment of energisation



Performing the Puja to bless the connection and energisation process

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33kV Vacuum Circuit Breaker (VCB) Panel powered up



Powered Motor Control Centre (PMCC) Panel powered up

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Post the successful power generation, the Company continued to progress wet commissioning with work on commissioning basic components with full load, utilising very low grade waste as the material feed and producing exciting results, beneficiated up to 58.5% Fe. After the quarter, process optimisation results have exceeded expectation, with full plant process beneficiating low grade iron ore waste from as low as 14% Fe feed up to as high as 65.3%Fe. Normal ROM feed grade ranges between 25-35% Fe.

The results of this testing further increase confidence in achieving our targeted 58–62% Fe and means there is potential upside to the expected plant production grades and as a result, sales prices. This potentially presents even further exciting commercial opportunities for the Company both in profitability and breadth of customer base.



Density Separation Equipment Commissioning

The electrical team were then able to fully complete all requirements associated with the electrical commissioning phase of the project, and therefore rendering the wet plant electrically fully operational.



The Company were then able to successfully test the material handling system, with low grade iron ore fed into the plant as the first stage of full load commissioning. Subsequent to this, the Company ran water through the plant, optimising product and water transfer chutes and piping works between equipment.



Plant being loaded with first iron ore

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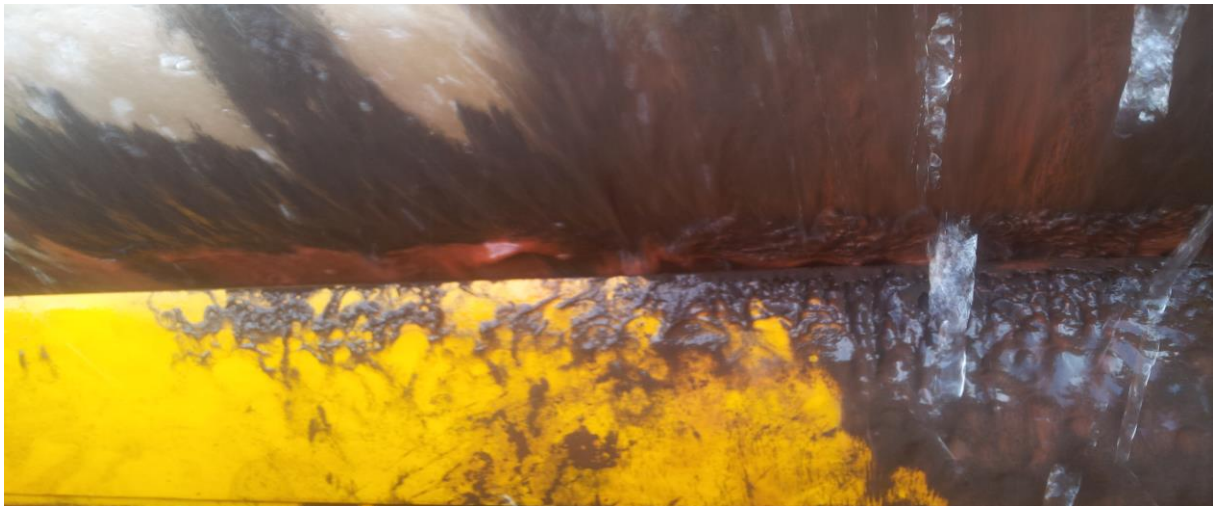


Towards the end of the quarter, a number of further key milestones were achieved:

- Ball mill run times have increased according to the commissioning schedule, with 6-8 hour single shift tests to occurring;
- Classifier commissioning complete;
- Conveyor system commissioning complete;
- Low intensity magnetic separation commissioning complete;
- Material handling system commissioning complete;
- Plant based pump systems commissioning complete;
- Recirculation and fresh water feed pumps installed and commissioned;
- Vacuum disc filters commissioning complete;
- High intensity magnetic separation commissioning complete; and
- All equipment commissioning complete.

The Company has now transitioned from equipment commissioning, to complete plant process flow optimisation and commencement of production ramp up.

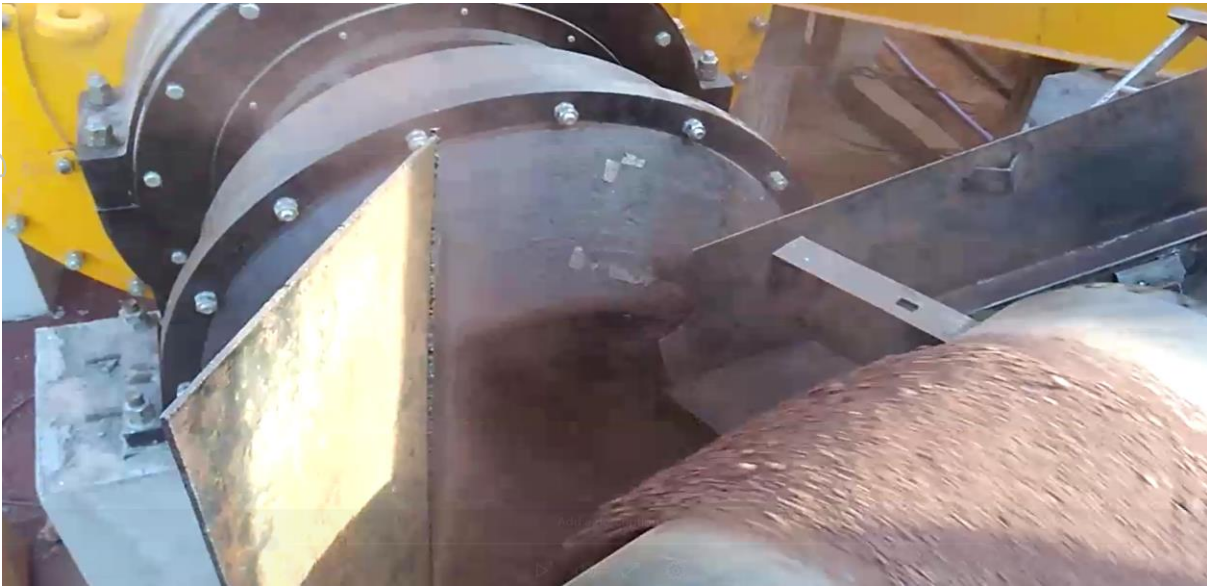
In a major safety milestone, and testament to the onsite team's safety focus the phase two wet beneficiation plant project has reached 250,000 hours without a lost time injury (LTI).



LIMS product



Ball mill and classifier



Low grade fines into ball mill



First product from plant product stream



Product from vacuum disc filter and ball mill/classifier feed and return

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Wet plant overview

Offtake Customer Site Visit

The Company hosted a delegation visit by BMM. The purpose of the BMM visit was to review plant progress, prepare both companies for the first wet plant product transaction and further discuss BMM's iron ore needs.

During discussions BMM confirmed they require, and will consume all 200,000tpa of material produced by the Phase Two wet plant. In addition, the BMM representatives were briefed on the next phase of expansion and have confirmed the desire to purchase the Company's proposed 200,000 tpa production volumes when they become available.

As part of these discussions, BMM reiterated strongly their desire for a single user/supply arrangement with the Company, whereby the Company would exclusively supply all material to BMM.

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

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Phase Two wet plant anticipated economics:

Phase 2: Historical operating costs and plant modelling overview¹ – Focus on domestic sales



Historical Operating Costs (A\$ per tonne)²

Mining (inc royalty)	\$9
Maintenance	\$1
Beneficiation (modelled)	\$12
Total modelled cash cost	A\$22
All costs are per tonne of saleable concentrate produced	

Estimated Plant Performance³

Potential output (annual)	200,000 t
Modelled ROM input grade	25-27% Fe
Recovery (at input grade)	74-76%
Yield per 100t	36-37 t
Final product grade	58-62% Fe

Current Pricing

Current Indian domestic price (grade 60%)	INR 2,444/t
	A\$52/t

Plant Design Capacity³

Total throughput (per hour)	100 tonnes
Total throughput (annual)	~ 496,000 t

Modelled financial outcomes⁴

NET CASH FLOW	A \$500 000 PER MONTH
	A \$6M PER ANNUM

1. The numbers in the tables above are based on the theoretical plant design capacity. They are not a forecast and actual results may vary significantly after the plant has been commissioned.
 2. These costs are based on the actual mining costs incurred under contracts by NSL from its Mangal and Kuja projects historically at the time of first mining, and through subsequent equipment contracts.
 3. This plant performance has been modelled on the lowest proposed feed grade, and a two shift operation, however increasing feed grade, based on the test work to date, is expected to have a positive impact on the recovery, and more specifically an impact on the yield of the plant.
 4. These outcomes are based on achieving an outcome as presented in the historical operating costs and plant modelling overview above, including achieving an annual throughput of 496,000 tonnes of iron ore. The ability of the Company to achieve these results will depend on the Company mining or securing the required throughput and grade to feed the beneficiation plant as modelled. In the event that any of the variables in the above tables are not achieved, it could significantly impact the modelled returns to the company.

AP 3

During the quarter the Company continued to secure important wet beneficiation production expansion mining leases, with a sixth project designated AP3, through a Run of Mine (ROM) royalty based agreement.

The acquisition through a royalty agreement means the Company has secured a substantial footprint in the Kurnool region.

Under the agreement, the lessee agrees to grant the Company exclusive operation and management rights over the subject mining assets for a period equal to the length of the Mining Lease (ML) and any extensions thereto.

Importantly, the AP3 mine is the second largest ML in the area, hence a significant milestone for the Company as it further consolidates the region and feed for production expansion. Combined with AP26 and 27 land area, these ML's represent an 800% increase on existing ML's, Kuja and Mangal. The securing of AP3, 26 and 27 in addition to AP23 provides significant upside to the Company, and again moves NSL another step closer to achieving our strategy.

The material, is hosted as both Banded Hematite Quartzite (BHQ), and in-situ ore which is located within the mining lease of 31.16 hectares (77 acres). In addition, there is a further 11.9 hectares (29 acres) mining lease which lies adjacent to the existing mine lease and is held by the same lessee. This second lease is still being processed through the required environmental and forest clearances.

The AP3 project is ready to operate with all clearances obtained from concerned departments. The ML was issued on 3 August 1974 for a 30 year period, with the first renewal taking place during 2010 for a period of 20 years, with effect from 3 August 2004. All government clearances pertaining to the mine lease have been completed and mining operations are at initial stages.

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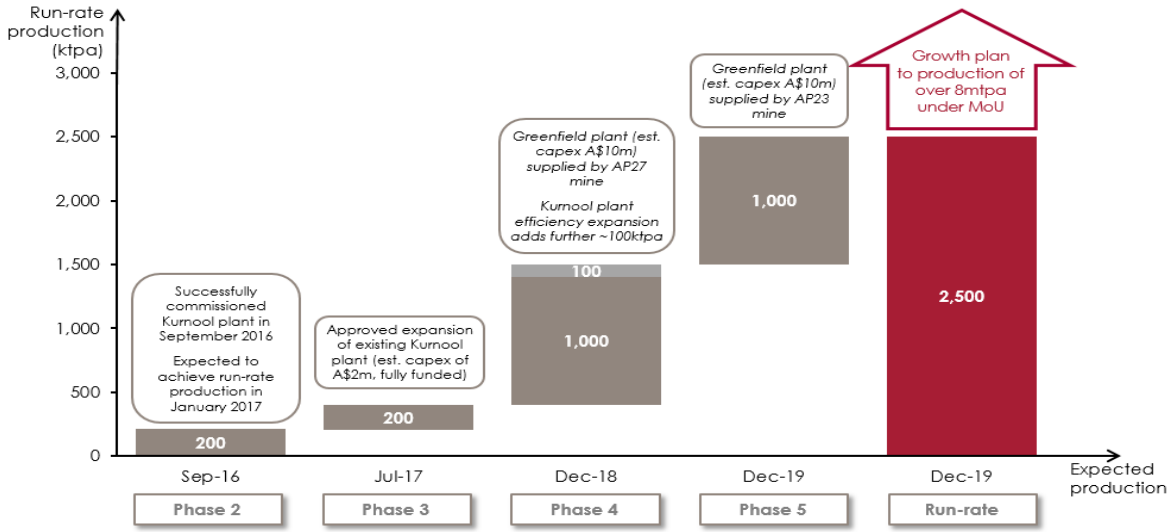


The AP3 project further supports and potentially enhances the regional production plan.

Clear pathway to production ramp-up
Projects in-hand to deliver strong cash flow & profitability



- Pipeline of projects in-hand to achieve 2.5mtpa run-rate production by end-2019
- Significant upside potential beyond planned expansion under MoU with Andhra Pradesh Government



Note: Phase 1 was dry beneficiation plant which is front-end of the Phase 2 wet beneficiation plant.

Location and accessibility:

AP3 ML approximately 10 km north west of AP2 mine and the stockyard and can be approached by well metalled road which is running adjacent to the lease area.

Google Map showing aerial view of the study area and connectivity

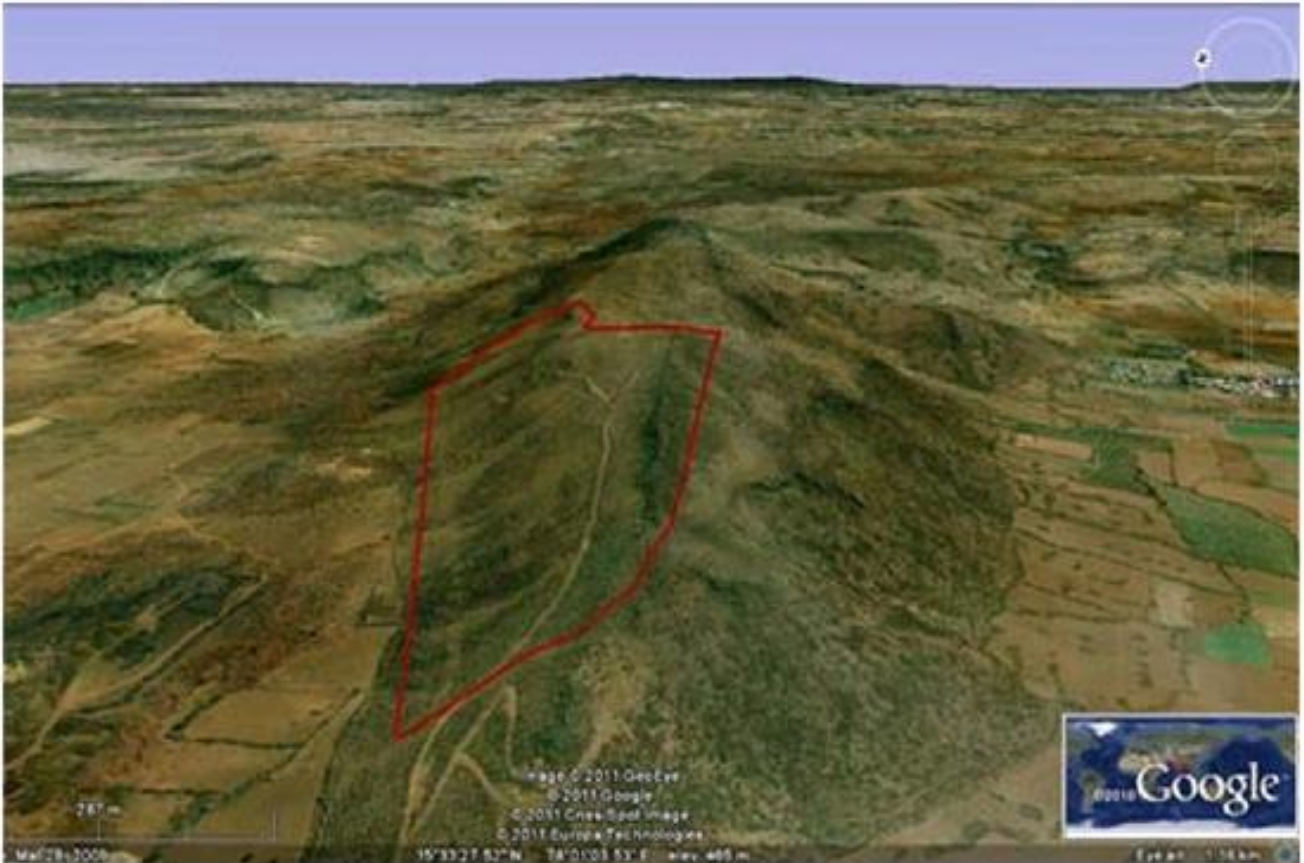


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Topography of the ML area

The mining lease area covers the plateau and Northern slope of hillock. The highest and lowest elevations are 500m and 375m above mean sea level. There is no river or major nallahs within or near the lease hold area. There are few seasonal nallahs which drains the rain water during the monsoon period and there are two small earthen dams towards southern side of the lease.



Topography of the area



BINDING AGREEMENT FOR JOINT DEVELOPMENT OF GREENFIELD STEEL PLANT

During the quarter, the Company announced further significant progress on the Binding Joint Venture Agreement (**JVA**) for the establishment of a greenfield steel making plant in Andhra Pradesh (**AP**) with the initial priority under the agreement is on the completion of a pre-feasibility of the front end of the steel plant, being a pellet plant.

In furthering the prefeasibility process, Managing Director, Cedric Goode led a high level Chinese delegation visit to India during November, 2016. The delegation visit was hosted by the Government of Andhra Pradesh in support of the Company's business strategy.

The delegation travelled from Hyderabad to the new AP state capital, Amaravati and Vijayawada where meetings and discussions took place with the state government dignitaries and bureaucrats.

The meetings focussed primarily on the Company's pipeline of projects and the government support required to facilitate completion of all the projects. In addition, the Chinese members of the delegation had the opportunity to engage directly with the state in regards to their support of the Company and its growth in AP.

The delegation met with the Chief Minister (**CM**) of AP, Honourable Chandrababu Naidu. During the meeting with the CM, the Company took the opportunity to discuss:

- Progress of both the Company and the AP Govt under the two State Government Memorandum of Understanding's (**MoU**);
- The current level of NSL operations in AP, with progress on the Phase Two wet beneficiation plant commissioning;
- Future business plans and operational expansion;
- The proposed Pellet and Steel plants at Orvakal, Kurnool;
- Potential employment opportunities to more than 6000 personnel in beneficiation plants, pellet and steel plants if/when all are operational; and
- The need/requirement to work together to establish a "School of Technical Excellence" to meet NSL requirements.

Throughout the meeting, the CM assured all support from Government of Andhra Pradesh (**GoAP**) around the Company's requirements, whereby he welcomed both NSL and the Chinese delegation and hoped for continued support in developing the state. The CM directed the Secretary of Mines to work immediately on non-active mines to provide additional beneficiation feedstock to facilitate the Company's expansion plans and requested NSL accelerate the beneficiation plant production. The CM also directed the Principal Secretary (to CM) to have GoAP work with NSL in an integrated manner to assist the set-up of a steel plant at Kadapa in addition to Orvakal.



Cedric Goode reviewing NSL's progress with Chief Minister

Similar discussions were also held separately with the Chief Secretary (**CS**) of the GoAP. In addition to the above points of discussion Mr Goode further discussed:

- Additional 20 acres of land for expansion of current beneficiation plant;
- The need to focus on skill development to meet NSL's requirement;
- The land requirement for the proposed pellet (250 acres) and steel plant (750 acres) at Orvakal; and
- The submission of a preliminary project report and formal application for the land.

The Chief Secretary appreciated the progress made to date, while assuring the expeditious clearing of the additional land of 20 acres for expansion of our current beneficiation plant, to work with NSL for a "Technical Excellence Centre" at Kurnool, to hand over the "Letter of Sanction" for the land and to provide all basic infrastructure facilities at Orvakal.

The delegation also took the opportunity to meet with the Secretary of Mines and other government officials.

The delegation then moved to Kurnool, where the focus was firmly on the Company's current operations and interactions at a local level. The delegation met with the Deputy Chief Minister (**DCM**) of AP, the District Collector (**DC**), General Manager of the District Industries Centre and Zonal Manager, AP Industrial Infrastructure Corporation. The meetings discussions also focused on progress made to date, and the future plans/requirements for the Company's current beneficiation operations and expansions and proposed pellet/steel plants.

During the meeting, the DCM and DC assured all support to provide all basic infrastructure facilities, expeditious clearances required, help to provide skilled personnel and to provide training to upgrade skills.



The final stage of the delegations visit, was to visit the Oravakal Industrial Park to see the location of the proposed pellet and steel plants. The delegation was accompanied by the District Administration team.

Further to the successful visit in November, and in line with the pre-feasibility requirements, a second round of visits were conducted during the week of 12th December. The primary focus of second visit incorporated the following:

- Review of the Indian pellet market utilising available and determined market norms;
- Presentation of EPC proposals by Chinese companies; and
- Technical reviews and discussions on proposal merits and design.

Based on current Indian mining and pellet industry norms for integrated plants, this indicates a possible A\$44-\$52 per pellet tonne operating profit for a NSL JV pellet plant.

With the favourable analysis obtained to date, the Company is continuing to progress the pellet plant pre-feasibility in line with its Indian iron ore beneficiation strategy.

Mr Goode commented "We are very pleased with the successful visits of the Chinese delegations to India, which has further strengthened and underpinned the relationship with the Company, and further progressed the proposed pellet and steel plants pre-feasibility. It is also very reassuring to receive the support that was committed and has been demonstrated by the Government of Andhra Pradesh during the delegation visits".

MEMORANDUM OF UNDERSTANDING WITH ANDHRA PRADESH GOVT

During the Quarter, the Company 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.

Over the past 12 months the Company has executed agreements with both the GoAP and the Andhra Pradesh Mineral Development Corporation (**APMDC**), the State-owned enterprise charged with maximising utilisation of mineral resources.

The scope of the MoU is to define a collaboration between the Company and Andhra Pradesh, whereby the Company will work with APMDC in the reconnaissance and exploration for minerals in the State. The Company has also agreed to provide state of the art testing, process flow development and technology for the setting up of value addition plants such as beneficiation and pellet plants for low grade iron ore located in the State of Andhra Pradesh, an endeavour which the APMDC has agreed to assist.

To develop this MoU further both parties have been conducting detailed legal and technical reviews of potential target projects within the State. This work is expected to accelerate during the coming months.

As announced previously, the Company had signed an MOU directly with GoAP, whereby GoAP will facilitate the necessary assistance for the Company to grow its Andhra Pradesh mining, beneficiation and value addition activities to in excess of 8 million tonnes per annum of iron ore; such assistance includes prompt land acquisition, adequate infrastructure development and attractive incentives as per the policies / rules and regulations of the State Government.



In addition, the 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, and implementation support. Through this relationship, the Company is aiming to support the development of infrastructure in Andhra Pradesh, leveraging the Government's focus on promoting manufacturing and industrialization in the state and facilitating a conducive investment environment.

One key enabler to the execution of the MoU was the GoAP committing to the development of the Orvakallu Mega Industrial Hub, located in the Kurnool District some 30 km from NSL's existing operations. This 28,000-acre hub will include access to water, power, rail and road and is also proposed for one of AP's four greenfield airports outlined in the strategic infrastructure plan for the State. The Company will be proposing utilising this industrial hub as a foundation for the binding agreement with Wei Hua, and continues to leverage the GoAP MoU, with discussions on providing the approvals for the land, power, water and other utilities for the steel project JV already commenced.

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 expected 14% 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 \$900 m project will have \$700 m funded by the ADB and \$200 m 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

AP 14 MINING LEASE

During the quarter, the Company continued to work with the Indian Government to progress the grant of AP14 through Delhi. Specifically, the Company made detailed representations to the Prime Minister's Office Project Monitoring Group (**PMG**) and state Government meetings held in Hyderabad.

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.



CORPORATE

ARBITRATION AWARD

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

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

During the quarter, the Company continued to further progress the recovery of the award.

SUPREME COURT WRIT OF SUMMONS

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, **Birmanie**) relating to 4 coal EPCs in Queensland.

The writ alleges that NSL has failed to meet various obligations under the Coal Acquisition Agreement. Birmanie has claimed \$2.5m in damages.

NSL has subsequently lodged its defence, in which it vigorously denies Birmanie's Claim. The Company is of the view that Birmanie is not entitled to the damages sought or to any other damages.

During the quarter, in line with the view above, the Company continued with the litigation process.

OPTION CONVERSIONS

During the quarter, a total of 181,605,862 shares in the capital of the Company were issued as a result of conversion of 151,605,862 listed \$0.01 options (**NSLO**) and 30,000,000 unlisted \$0.0096 employee share options (**ESOP**).

Importantly, NSL's Chairman, provided significant support with the conversion of 15,250,000 \$0.01c and 30,000,000 \$0.0096c options totalling \$440,500. This is in addition to his current substantial investment in the Company, which further underpins the Boards belief and confidence in the Company's strategy going forward.

LISTED OPTION UNDERWRITING

As announced on 30 December 2016, the Company entered into an underwriting agreement with Filmrim Pty Ltd (**Underwriter**), to partially underwrite the listed \$250,000 options due to expire at 5:00pm (AEST) on 31 December 2016 under the ASX Code NSLO.

The Underwriting was up to a maximum of 25,000,000 shortfall shares (being the underlying securities) resulting from unexercised NSLO options at expiry. The Underwriter was not paid an underwriting fee.

The shortfall shares were issued on 5 January 2017.



FINANCIAL ASSISTANCE

As announced on 30 December 2016, the Board agreed to provide financial assistance, in compliance with Section 260A of the Corporations Act, Managing Director and CEO, Mr Cedric Goode and, Chief Operating Officer, Mr Sean Freeman (**the parties**), in the form of deemed loans (no actual funds will be provided by the Company to the parties) totalling \$957,000. The Board undertook thorough analysis and consideration in order to be satisfied compliance with Section 260A was maintained. The loans are in order to assist Cedric and Sean to acquire an aggregate of 99,583,333 shares upon the exercise of the options expiring 31 December 2016 in the respective proportions held by each of the parties. The deemed loans consist of:

- (a) \$505,000 to Mr Cedric Goode, being for 50,000,000 \$0.0096 unlisted options and 2,500,000 \$0.01 listed options (NSLO); and
- (b) \$452,500 to Mr Sean Freeman, being 45,833,333 \$0.0096 unlisted options and 1,250,000 \$0.01 listed options (NSLO).

The parties each entered into individual loan agreements (on an arm's length basis) in respect of the loans. No actual funds were provided by the Company to the parties rather the total amount of the exercise price for the Options will be deemed to have been loaned to the parties and will be a debt due and owing to the Company on the terms contained in the Loan Agreements.

For Key Terms of the loan agreements, refer to announcement released on 30 December 2016.

MAGNA A\$5M SENIOR SECURED LOAN

On 13 August 2015, the Company entered into a conventional secured funding loan agreement totalling A\$5 million to allow the construction, commissioning and operation of its Phase Two wet beneficiation plant.

As announced on 22 November 2016, the Company extinguished the remaining outstanding loan balance in full, circa A\$385,000.

RESOURCES FIRST US\$2.5M CONVERTIBLE NOTE

During the quarter, the Company worked closely with the Convertible Note holder, Resources First, and at their election, agreed to convert the principal amount of US\$2.5m to fully paid ordinary shares in the Company at \$0.038 per share for which the Company will issue 90,672,814 shares and a cash payment of A\$500,000.

Under the terms of the Convertible Note, Resources First had the ability to convert at a 10% discount to the 20 day VWAP, however, in a sign of confidence and belief in the Company's progress to date and strategy going forward the Company was able to negotiate more favourable terms than those contained in the note.

The notes were issued during September 2012 and originally had a three-year term and paid a 6% annual coupon rate, the notes were subsequently extended for 12 months.

As a result of the conversion, **the Company now has eliminated all outstanding debt**, and with the retention of cash has significantly strengthened the balance sheet moving forward.

The Shares were issued subsequent to the quarter on 5 January 2017.



ANNUAL GENERAL MEETING

On 25 November 2016, the Company held its Annual General Meeting of Shareholders, with all resolutions unanimously carried on a show of hands.

POTENTIAL ACQUISITIONS

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

CASH FLOW – APPENDIX 5B

At the commencement of the quarter, the Company had an opening cash balance of approximately \$1,960,000. The closing cash balance for the quarter ending 31 December 2016 was approximately \$4,337,000.

INTERESTS IN MINING TENEMENTS

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

Regards

NSL Consolidated Limited

Cedric Goode
Managing Director/CEO

For more information:

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

NSL Consolidated Ltd

ABN

32 057 140 922

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3	7
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(188)	(327)
(c) production	-	-
(d) staff costs *	(552)	(1,001)
(e) administration and corporate costs *	(669)	(1,080)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,405)	(2,398)

* Costs incurred by Parent Company and its subsidiaries (Singapore and India) and reflects the increase in activities.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,176)	(2,367)
(b) tenements (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,176)	(2,367)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	3,102
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	5,471	6,133
3.4	Transaction costs related to issues of shares, convertible notes or options	(29)	(198)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(296)
3.7	Transaction costs related to loans and borrowings **	(498)	(531)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,944	8,210

** Relates to conversion of Resources First Convertible Note, refer to ASX announcement 30 December 2016.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,960	919
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,405)	(2,398)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,176)	(2,367)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,944	8,210
4.5	Effect of movement in exchange rates on cash held	14	(27)
4.6	Cash and cash equivalents at end of period	4,337	4,337

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	4,337	1,960
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,337	1,960

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

200

-

Wages, superannuation and car lease.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

-

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development (inc PPE) *	870
9.3 Production	-
9.4 Staff costs	409
9.5 Administration and corporate costs	268
9.6 Other (provide details if material) **	330
9.7 Total estimated cash outflows	1,877

* Development costs include associated plant commissioning and production ramp up costs in relation to the Phase Two wet beneficiation plant.

** Relates to conversion of Resources First Convertible Note, refer to ASX announcement 30 December 2016.

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10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Sean Henbury
(Company secretary)

Date: 31 January 2017

Print name: Sean Henbury

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.