



8 May 2014

INDIAN OPERATIONS RECOMMENCEMENT PLAN

HIGHLIGHTS

- Test work confirms material suitable for treatment at the Company's existing dry beneficiation plant 13km away
- Previous trial mining stockpile testing indicates the material can be upgraded at the Company's existing dry beneficiation plant to a circa 55% Fe product suitable for domestic sale
- Approximately 200,000 tonnes of Phase One feedstock already stockpiled on site
- Planning and risk assessment completed to restart the existing NSL Phase One dry beneficiation plant and commence processing stockpiles
- Cash flows expected within 3 months of recommencement
- Concurrent development of additional capacity at both existing operations and AP23

NSL Consolidated Limited (**NSL** or the **Company**) is pleased to provide the following update relating to the recommencement of operations at its Kurnool Stockyard.

The Company has completed the planning and risk assessment process to restart the existing NSL Phase One dry beneficiation plant and commence processing AP23 stockpiles.

The Company is planning a ramp up of production in two concurrent Phases.

Phase One Domestic Sales – AP23 Existing Dumps and AP23 Dry Separation Plant.

As announced on 5th May 2014, there is approximately 200,000 tonnes of low grade stockpiles on site that were developed during the extensive trial mining conducted during 2013. Testing indicates the material can be upgraded at the Company's existing dry beneficiation plant to a circa 55% Fe product suitable for domestic sale.

The Company will transport the stockpiles to its Kurnool stockyard and process the material through the existing NSL plant and equipment which has been under care and maintenance. Post the recommencement of operations at the stockyard, it is envisaged that the Company will be able to generate sales and cash flow within three months.

Based on existing operating parameters and subsequent testing it is anticipated that:

- the Company will be able to transport approximately 25,000 tonnes of stockpiled material from AP23 to the existing dry beneficiation plant at the stockyard, per month,
- the material can be upgraded at the Company's existing dry beneficiation plant to a circa 55% Fe product suitable for domestic sale,
- the Company can expect this 25,000 tonnes per month to produce approximately 7,000t per month of saleable material suitable for domestic sale,
- at this production rate, the anticipated cost per tonne is A\$28 per tonne,
- domestic demand for 50-55% Fe material is strong, and;
- the current sales price for 50% Fe, ex mine gate is INR3100 (\$A56) per tonne.

Based on actual historic operational costings, test work, plant performance and adjacent operations, it is anticipated that the Phase One AP23 existing dumps may generate free cash of approximately A\$200,000 per month from the stockpiles and existing NSL plant and equipment as a result of 7,000t per month in sales.

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

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

In addition to the NSL test work, the neighbouring mine is also operating a similar technology to that deployed by NSL and is daily producing material for ex mine gate sales.

Further, NSL has identified a number of similar assets within trucking distance to the existing plant site (i.e. within 20kms). NSL has completed preliminary geological and legal due diligence on these projects, and is engaged in discussions with the owners of the projects.

Acquisition of these projects would be on favourable terms (similar to AP23) and could significantly increase the production rate and profitability of the business. We note NSL has only targeted projects with mining licences already in place.

Phase Two Export Sales – Kurnool Wet Beneficiation Plant

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 and commissioning of the wet beneficiation plant will occur in the 12 months post recommencement of NSL Phase One dry beneficiation plant processing operations. The project has all approvals in place for construction and operations.

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

AP23 – In summary

AP23 is a mining lease of 72 Hectares in size. It is located in the district of Kurnool, 13kms from NSL’s existing stockyard, 5km from a national highway and 13km from rail, with significant supporting infrastructure in place.



NSL Indian Iron Ore Project Locations

AP23 is located in the same geological basin as the NSL owned Kuja and Mangal mining leases. It contains a significant quantity of iron ore material amenable to both NSL’s Phase One dry beneficiation plant and Phase Two wet beneficiation plant.



Hematite and Ferruginous Chert Exposures in Trial Pits

As announced on 5th May 2014, the Company is expecting an exploration target ranging from 38mt – 95mt of Iron mineralisation with grades ranging from 20-55% Fe, which will be amenable to beneficiation utilising the existing plant located at the stockyard, with technology and process flow sheets already developed by NSL for the ferruginous material in the Cuddapah Basin.

Refer to the AP23 Project Geology, Exploration Target Tonnage, Grade Potential and Forward Work Program sections of the Geological Report as announced on 5 May 2014 for further details on the grade and quality, and a detailed explanation of the basis for the exploration target, including specific description of the level of activity already completed. Refer to Figure 1 below for summary of AP23 Fe test results to date.

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.

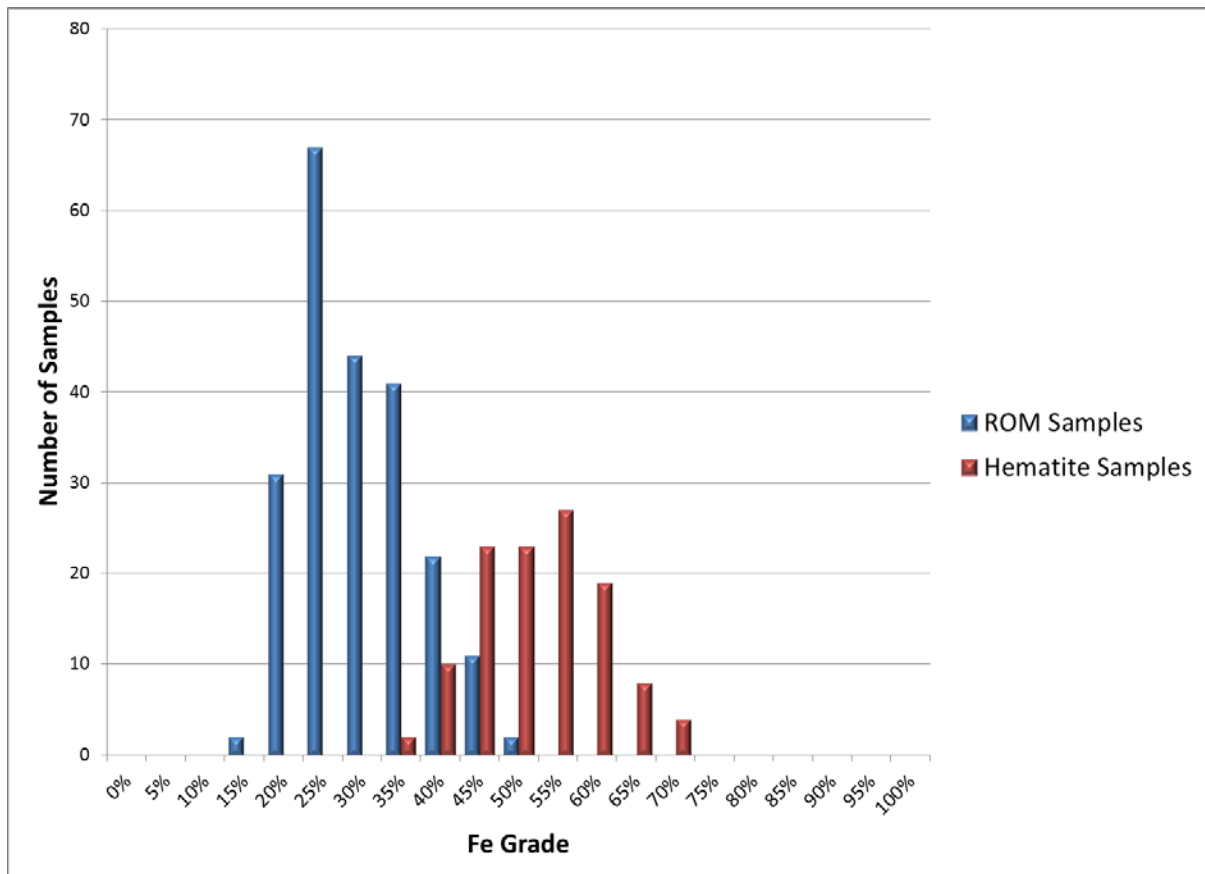


Fig 1. Fe Grade Distribution for ROM and Hematite

The existing NSL Phase One beneficiation plant:



Previous material dispatch to customers:



Existing ROM Stockpiles available for immediate feedstock

Competent Person's Statement

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

Name	Job Title	Registration	Experience (Years)	Signed
Anirudh Sharma	Chief Operating Officer RockGeo Resources Pvt Ltd	AusIMM	12 years	

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