



NSL Consolidated

30 July 2014

INDIAN IRON ORE PRODUCTION UPDATE

HIGHLIGHTS

- NSL restarts the Company's existing dry beneficiation plant.
 - Iron ore sales to commence prior to the end of this September quarter.
 - Indian domestic iron ore market very strong, prices increased by 9% in June.
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NSL Consolidated Limited (Company, ASX: NSL, NSLO) is pleased to announce that the Company has successfully restarted the existing Phase one iron ore dry beneficiation plant located at its Stockyard in the Kurnool district of Andhra Pradesh, India.

The Company is on track to commence iron ore sales prior to the end of this September quarter.

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

NSL remains confident in the strength of the Indian domestic iron ore demand which has been reflected by the national iron ore miner NMDC, increasing domestic prices by 9% in June.

As announced on previously, there is approximately 200,000 tonnes of low grade stockpiles on AP23 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.

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 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.

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.

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, moving up to approximately A\$530,000 per month from 16,700 tonnes per month of iron ore lumps for sale into the domestic market.

The existing NSL Phase One beneficiation plant:



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