



# NSL Consolidated

8 September 2014

## PLANT PRODUCING PRODUCT FOR DOMESTIC SALE

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### HIGHLIGHTS

- NSL restarts the Company's existing dry beneficiation plant.
  - Currently producing a 52% Fe finished product from a 28% Fe ROM feed grade.
  - The current sales price for 50% Fe, ex mine gate is INR3100 (\$A56) per tonne.
  - Iron ore sales on track to commence prior to the end of this September quarter.
  - Indian domestic iron ore prices surged in June and continue to remain at these levels as domestic markets in India continue to be independent from international seaborne trade pricing falls.
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NSL Consolidated Limited (Company, ASX: **NSL, NSLO**) is pleased to provide an update to investors in relation to its Indian iron ore operations. As announced previously 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's plant is currently producing a 52% Fe finished product from a 28% Fe ROM feed grade for domestic sale. The current sales price for 50% Fe, ex mine gate is INR3100 (\$A56) per tonne.



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

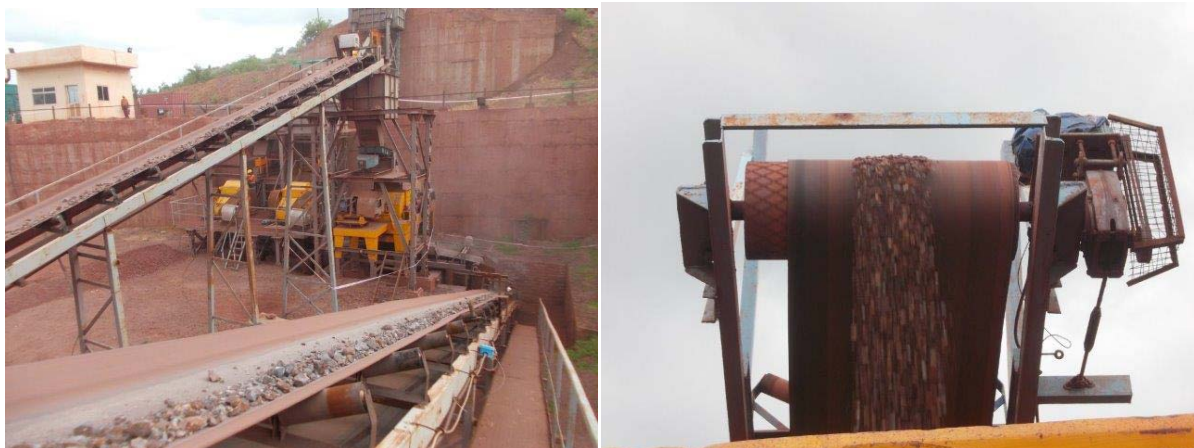


As a further reinforcement of the Company's business plan, the Company has identified a number of third party mines within trucking distance to the existing plant site. The Company is currently transporting ROM material to its Stockyard from adjacent third party mines whilst awaiting Government issued royalty passes for AP23 material.

The availability of such third party ROM material could significantly increase the production rate and profitability of the business further.



State-owned iron ore miner NMDC has decided to keep prices of lump ore and iron ore fines unchanged for September. While NMDC had taken a similar stance in the last two months - July and August, it had revised rates of lump ore and fines upwards by 7-9 per cent in June this year.



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 sales by 23% in August 2014 compared to August 2013.

As announced on previously, based on existing operating parameters and subsequent testing it is anticipated that at steady state:

- the Company will be able to transport approximately 25,000 tonnes of material 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 at steady state 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.

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