



# NSL Consolidated

16<sup>th</sup> February 2015

## OFFTAKE AGREEMENT SIGNED WITH SIGNIFICANT INDIAN STEEL PRODUCER

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### HIGHLIGHTS

- NSL executes its first non-exclusive fines offtake agreement with BMM Ispat.
  - Agreement potential for up to A\$14,000,000 in sales.
  - BMM Ispat is a significant expanding producer of pellets, power and steel.
  - Critical milestone achieved for the future Phase Two wet beneficiation plant.
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NSL Consolidated Limited (Company, ASX: **NSL, NSLO**) is pleased to advise that it has entered into an offtake agreement for its first 200,000 tonnes of future Phase Two 58-62% Fe wet beneficiation plant fines product.

Executed with BMM Ispat (**BMM**), this agreement 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. Commercial terms are market based, availing the Company to access the current robust market conditions in the domestic Indian iron ore sector. A market of circa 150 million tonnes to supply the world's fourth largest steel industry. The Indian domestic steel industry is planning to triple in size over the next 10 years.

Importantly, it was achieved directly with the end user, avoiding the need for traders and the uncertain credit worthiness inherent with this medium, and therefore reducing the sales transactional risk

It is expected that this agreement, as the last piece of the Indian operations puzzle, will also aid the Company in finalising non-equity funding to build its wet beneficiation plant.

Both parties are working closely at finalising offtake/purchase agreements for the existing Phase One, 50-55% Fe lump product. The Company expects to be able to make a further announcement in this regard soon.

BMM's current and future expanding production of steel can easily absorb 100% of the Company's production. During detailed evaluations both parties confirmed the strong alignment in the Company's iron ore specifications produced 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 2.60 Million Tonnes per annum (MTpa)
- Pellet Plant of 2.60 MTpa
- Sponge Iron Plant of 0.73MTpa
- Induction Furnace of 0.10MTpa
- Rolling Mill of 0.09MTpa
- 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](http://www.bmm.in)

"The engagement by steel producers post the November Global Steel conference and subsequently the Australia Business Week in India (**ABWI**) has further enhanced the Company's profile and reputation as the only foreign company to own and operate its own iron ore mines in India, with steel producers, Indian and Australian governmental departments and the wider Indian community.

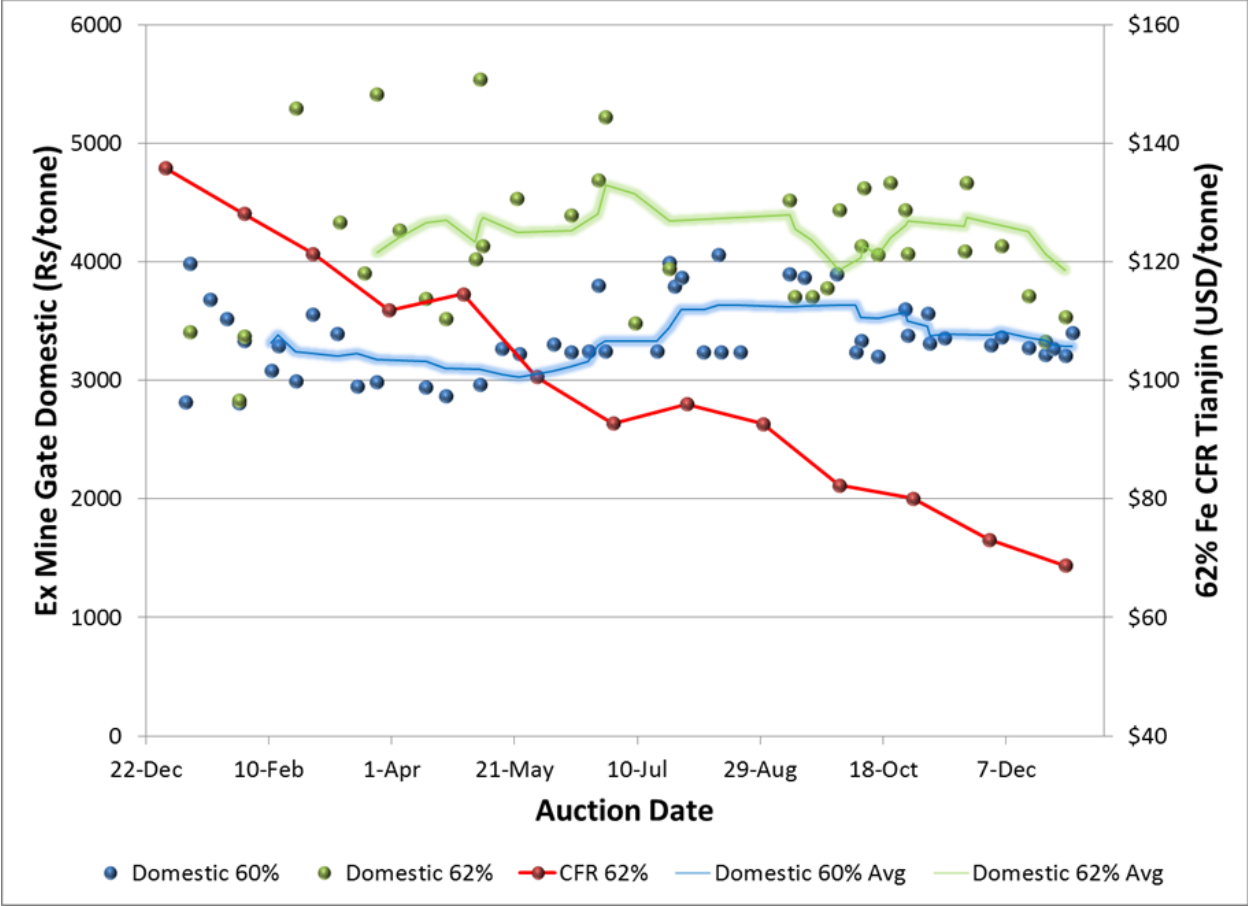
The continued increasing levels of exposure and understanding of the Company, positions the Company to be a leader in Indian and Australian bilateral trade process, which assisted NSL's networking and exposure to the steel and resources industry in India" said Mr Goode.

It was in follow up discussions post these events that the Company was able to demonstrate its capabilities which has led to the execution of an offtake agreement.

As part of these discussions the Company's view continues to become more enthusiastic about the iron ore opportunity afforded to it in India and its strong demand for domestic supply. The Company expects to be able to make further offtake announcements with other parties relating to its 50-55% Fe lump and its 58-62% Fe fines products, in this regard soon.

Indian ex mine gate domestic pricing continues to outperform the global seaborne pricing of iron ore. Transparent pricing in the Company's operating region is provided by the electronic auction (e-auction) in the neighbouring state of Karnataka.

The following chart shows the weighted average ex mine gate pricing data from all auctions in Karnataka, charted against the monthly spot pricing CFR China.



For the December 2014 quarter, at the current exchange rates the following table highlights the Indian domestic fines ex mine gate pricing.

Fines Grade	EXW Pricing (INR)	EXW Pricing (AUD)
62%	4,120	\$83.89
60%	3,334	\$67.88

During the same quarter the CFR prices delivered into China averaged US\$74.00 per dry metric tonne.

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