



NSL Consolidated

2nd July 2015

SUCCESSFUL ENHANCEMENT OF LUMP ORE FOR BMM ISPAT

HIGHLIGHTS

- Executed non-exclusive lump offtake agreement with BMM Ispat in place.
 - BMM Ispat is a significant and expanding producer of pellets, power and steel.
 - Batch of existing 53% Fe stockpile successfully enhanced to +57% Fe for DRI production scale test.
 - BMM test +57% Fe, Purchase Order committed, documents being prepared.
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NSL Consolidated Limited (Company, ASX: **NSL, NSLO**) is pleased to provide an update in relation to its offtake agreement with BMM Ispat (**BMM**) for up to 200,000 tonnes of the existing Phase One dry beneficiation plant lump product with typical specifications up to 58%Fe.

As announced on 15th June, the Company and BMM have continued working together to, finalise and agree the scope of the technical testing process through the DRI kilns of a production scale batch of iron ore. In order to meet the current end user requirements, BMM required a +56% Fe lump product for its DRI kilns.

The Company has successfully enhanced iron ore from its stockpile of 53%Fe to +57%Fe, thereby meeting BMM's requirement for +56%Fe for direct feed into BMM's DRI kiln process in the production scale testing process.

BMM have taken samples for testing and confirmed the products suitability for the production scale test, with the Purchase Order committed and document preparation underway.

As announced previously, BMM has already successfully completed laboratory scale testing through their process simulators of small batches of the Company's iron ore. Post this, the larger full production test aims to further strengthen the alignment of offtake requirements between the Company and BMM, with a key outcome being to be able to finalise product specifications for further long term supply.

The lump offtake agreement has the capability of absorbing 100% of the expected output from our existing dry beneficiation plant, but being non-exclusive, it allows the Company to also diversify its customer base going forward.

Commercial terms for the agreement are market based, enabling the Company to access the current robust market conditions in the domestic Indian iron ore sector. A current market of circa 150 million iron ore 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.

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 include:

- Beneficiation Plant of 2.60 Million Tonnes per annum (**mtpa**)
- Pellet Plant of 2.60mtpa
- 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 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

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