



NSL Consolidated

4 October, 2011

CONSTRUCTION PHASE COMMENCES ON IRON ORE BENEFICIATION PLANT IN INDIA BY AUSTRALIA'S NSL CONSOLIDATED

HIGHLIGHTS

- Ø Site works programme underway at Kurnool stockyard for US\$2.3 million iron ore beneficiation project
 - Ø Order process continues for US\$2.3 million iron ore beneficiation project
 - Ø On track for staged commissioning commencing end 2011
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Dual bulk commodity developer, NSL Consolidated Ltd (NSL or Company), is pleased to confirm that the construction phase has commenced on the Company's US\$2.3 million iron ore beneficiation project in India under the schedule to initiate first stage commissioning by year's end and deliver maiden revenues in 1H 2012.

The plant site works programme on the 12 acre stockyard site at Kurnool in the south-eastern Indian state of Andhra Pradesh is underway with the site surveys completed and earthworks contractor selection finalised and in process of mobilising. The stockyard is located adjacent to NSL's existing Kuja mine and 5kms from NSL's Mangal mine, both of which are currently the subject of mine design and production schedule work as the ore sources for plant start-up.

The order process with suppliers for equipment continues as part of the beneficiation plant project.

NSL is so far the only foreign company granted the right to own and operate iron ore mines in India, which is the world's third largest iron ore exporter in parallel with having a strong domestic steel market.

NSL Managing Director, Mr Cedric Goode:

"The Kurnool plant has the potential to lift our ROM iron ore grades to between 58-61% Fe from as low as 25-27% Fe, and with good yield and recovery rates. Our ability to value-add low grade ores from the area was highly supported by the Expert Appraisal Committee from the Ministry of Environment and Forests.

"Our trial mining has provided NSL with accurate cost estimates for all aspects of mining, crushing, screening and transport to port from Kurnool and our financial modelling suggests a return on capital within just three months of reaching full commissioning.

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"The Kurnool plant will have the capacity for annual throughput of 196,000 tonnes of concentrate, which would deliver a steady net cash flow of US\$800,000 per month once commissioning is completed and throughput stabilised."

Final commissioning will deliver maiden revenue for NSL but also opens up additional revenue generating opportunities from beneficiation of third party ores from a number of iron ore deposits within the Cuddapah Basin area of Andhra Pradesh. NSL is currently in discussions with project owners to gain access to these additional iron ore sources.

Development of an Indian iron ore production business is one of two bulk commodity growth strategies for NSL Consolidated – the other being exploration and development of its suite of thermal coal assets in Queensland.

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