NSL Consolidated Limited

12 October 2012

MARKET UPDATE – OFFTAKE AGREEMENT

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HIGHLIGHTS

➢ 3 month, 5,000 tonnes per month iron ore off-take agreement executed

➢ Extension possible with mutual consent and agreeable terms

➢ Ramp continues to advance, but slower than anticipated

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The Directors of NSL Consolidated Ltd (**NSL or Company**) are pleased to report that the Company has executed an off-take agreement for iron ore produced at the Kurnool dry separation iron ore plant located in the southeast Indian state of Andra Pradesh.

The buyer (a domestic steel producer) has agreed to purchase up to 5,000 tonnes of iron ore per month ex gate with a view to using the material as feedstock for its steel manufacturing plant. The initial agreement is for three months, with extensions possible based on mutual agreement. The offtake partner has been working with NSL during the quarter, and has trialled and tested product produced through the dry separation plant in its kilns with good results.

Pricing is in line with the prevailing market where 54-58% iron ore can be sold ex gate to domestic steel mills for between INR 3400 - INR 4900 per tonne, depending on the final grade. Using a six month average exchange rate, this represents approximately US$62 - 90 per tonne ex gate.

During the quarter, material advancement has been made in improving the mechanical reliability of the plant, employment and training of local operators at the Kurnool dry separation iron ore plant. However, the ramp up has been slower than anticipated due, in part, to the monsoon season which has seen consistent sporadic showers impacting plant operation and output. As a result, production tonnes are much lower than internal forecasts, impacting revenue from operations over the quarter.

With the end of the monsoon season, the Company is cautiously optimistic about the continuing ramp up in production and sales tonnages over the next few months.

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