



NSL Consolidated Limited

13 March 2013

JOINT VENTURE AGREEMENT EXECUTED: NSL AND VIJAY GROUP

HIGHLIGHTS

- JV Agreement executed with prominent Andhra Pradesh-based, Vijay Group
 - Vijay Group is a large Indian company, with significant experience in the mining industry (particularly iron ore)
 - \$12.2 million cash injection into NSL's existing Indian business
 - Clear pathway for rapid expansion through this strategic alliance
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The Directors of NSL Consolidated Ltd (**NSL or Company**) are pleased to announce that the Company has formally executed a Joint Venture Agreement (**JV**) with prominent Andhra Pradesh-based, Vijay Group. The main objective of the JV agreement and strategic alliance is for both partners to focus on expanding NSL's current iron ore operations and other sites - primarily throughout Andhra Pradesh.

NSL Managing Director, Mr Cedric Goode:

"The signing of this JV with Vijay Group reflects the sector's recognition of NSL's success and the calibre of our approvals and project development pathways in India."

"It also acknowledges NSL's unique position and achievements with substantial growth potential in a commodity and country with its own strong growth fundamentals. During April - November 2012, the Indian steel industry achieved a growth rate of 5.36 per cent, the highest in the world. The existing domestic production of approximately 74 million tonnes per annum is expected to grow to 200 million tonnes per annum by 2020."

"In previous calendar years, the Vijay Group's extensive iron ore and coal mining contracting business has been operating at a 70 million tonne per annum rate. Their existing equipment and operating/management expertise will be integrated into the JV as quickly as possible which has significant strategic benefit to NSL."

"The Vijay Group has a history of rapid business growth, coupled with local expertise specialising in mining operations and mining equipment related businesses. NSL and Vijay are targeting the JV to be operating at an estimated 1.5 million tonnes per annum of saleable iron ore within two years, with potential to increase this target further in the next 4-5 years."

"The First Tranche funds will be immediately utilised in completing the purchase, construction and commissioning of the Phase 2 wet beneficiation plant."

"The Company looks forward to working closely with Vijay Group as we jointly strengthen our positions in the Indian mining industry."

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The JV is between NSL Mining Resources Pvt Ltd (**NSLMRI**) (a wholly owned subsidiary of NSL and owner/operator of NSL's Indian assets) and Vijay Mining Pvt Ltd (**VMPL**) – a wholly owned subsidiary of the larger Vijay Group. Under the agreement, VMPL has agreed to inject INR 658,844,636 (approx US\$12.2M, based on a 12 month average exchange rate) into NSLMRI in multiple staged, tranches, with the first tranche due on or before 6th April 2013.

In return for this investment, VMPL will earn an initial 40% interest in NSLMRI. All payments will be subject to forfeiture by VMPL if the total INR 658,844,636 investment is not received.

In addition, VMPL will also be issued a final 9% free equity interest in NSLMRI if it delivers two identified operating iron mines to the JV on terms acceptable to NSL.

The JV will focus on developing iron ore assets with profit sharing commensurate to the percentage equity held by each party. This focus will include the development and expansion of existing mining assets and pursuing additional avenues for growth including future mine acquisitions.

Staged tranche payments are to be made in the following manner in the new Indian Financial Year (Indian Financial Year runs from 1 April to 31 March):

- On or before April 6th 2013 – INR 50,000,000;
- On or before April 29th 2013 – INR 100,000,000;
- On or before July 6th 2013 – INR 150,000,000;
- On or before October 4th 2013 – Remaining balance INR.

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