



# NSL Consolidated

24<sup>th</sup> November 2015

## 5,000 TONNE +55%FE LUMP PURCHASE ORDER RECEIVED FROM BMM ISPAT

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### HIGHLIGHTS

- BMM +55% Fe, Purchase Order received.
  - BMM are a repeat customer, with proven successful BMM/NSL transactions.
  - Executed non-exclusive lump offtake agreement with BMM Ispat in place.
  - BMM Ispat is a significant and expanding producer of pellets, power and steel.
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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.

The Company has now received its second Purchase Order from BMM. The second PO is for 5,000 tonnes of +55% Fe lump iron ore for its successfully enhanced lump product, which will be used for direct feed into BMM's DRI kiln process in the production in the production of sponge iron.

The PO was secured at the current rate of Rs 2,500 (A\$53) per tonne, with payment for the product to follow 7 days from invoice.

As the commercial terms are market based, this enables 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 third largest steel industry, the Indian domestic steel industry is planning to triple in size over the next 10 years, after nearly doubling in the past 5 years. Indian domestic iron ore pricing continue to perform strongly due to India's own domestic supply and demand thematic.

NSL Consolidated Managing Director, Cedric Goode says,

"The receipt of this commercial scale PO from BMM is a further significant step forward for the Company's business goals, as the only foreign company to own and operate iron ore mines in India. BMM are supporters of the Company and our goals as we progress on our Phase One Beneficiation production journey and move towards the establishment of our Phase Two wet beneficiation plant."

The Company's Phase One Beneficiation plant in Kurnool will change over product specifications to commence producing product for despatch into the BMM PO immediately. It is expected suitable Run of Mine (ROM) at the Company's Mangal mine will begin moving within the coming days, with processing and despatch to commence shortly thereafter.

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The Company has previously successfully produced, delivered and received payment from iron ore with BMM as a customer. The continuing offtake process represents repeat business with an important existing and future customer.

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.

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](http://www.bmm.in)

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