



NSL Consolidated

1 March 2011

MARKET UPDATE

HIGHLIGHTS

- NSL has selected a preferred Chinese factory for Indian iron ore beneficiation plant.
 - Detailed design work to commence immediately.
 - Multiple investor visits to site planned in March.
-

Beneficiation Project – Selection of Preferred Supplier

NSL Consolidated Limited (**NSL** or **Company**) is pleased to advise that the Company has selected the preferred Chinese supplier for the Indian iron ore beneficiation plant.

The supplier will design, manufacture, procure and construct all necessary equipments in China and erect and commission the plant in India. The plant will be erected in the existing stock yard being operated by NSL, where laboratory, weighbridge and logistical support facilities are already in operation.

Specific terms with selected supplier are as follows:

- The supplier will immediately send engineers to the Project Site in India. Engineers must conduct site inspections and surveys to facilitate detailed plant design.
- Supplier must complete and present final designs for approval, at which stage the detailed and final project cost will be provided.
- Both parties intends to draft and execute formal Purchase Agreements in due course, subject to NSL Board approval during the detailed Engineering design phase.

Funding Update

The CMMC Heads of Agreement expired on 28 February 2011. The expiration of the HOA is not expected to diminish the ongoing process with CMMC to finalise investment and continue the current good work being conducted on the beneficiation project by CMMC and NSL.

In addition to the CMMC process, the Company has the ability under the HOA to continue to pursue other sources of funding. The Company has generated significant interest from a variety of different funding parties. These parties include multiple Chinese State Owned Enterprises, Chinese private investors, Korean Investors and other international investors.



NSL Consolidated

The interest, in several cases has resulted in terms sheets, transaction document exchanges, and letters of intent/agreement. The Company names and commercial terms associated with the interest are sensitive and have not progressed far enough for the Company to announce details to ASX. As soon as binding agreements are completed to a satisfactory status, the Company will reveal full details.

A series of site visits are currently planned to be conducted by various Chinese and Korean investors during the month of March.

Comments from the Managing Director

"This is an important phase in the development of our Andhra Pradesh operations" stated NSL's Managing Director Cedric Goode. "The factory chosen as our preferred partner has shown a strong technical and engineering capability, as well as proven experience in international project delivery.

"In addition to the progress on the Beneficiation project, we are making good headway with securing additional investment to underpin our growth strategy. The site and general India visits planned this month are a part of each company's due diligence process for investment. NSL look forward to hosting our potential investment partners and completing the transactions thereafter."

- Ends -