



NSL Consolidated

1 December 2016

PHASE TWO WET PLANT – COMPONENT FULL LOAD TESTING CONTINUES PRODUCING EXCITING RESULTS

HIGHLIGHTS

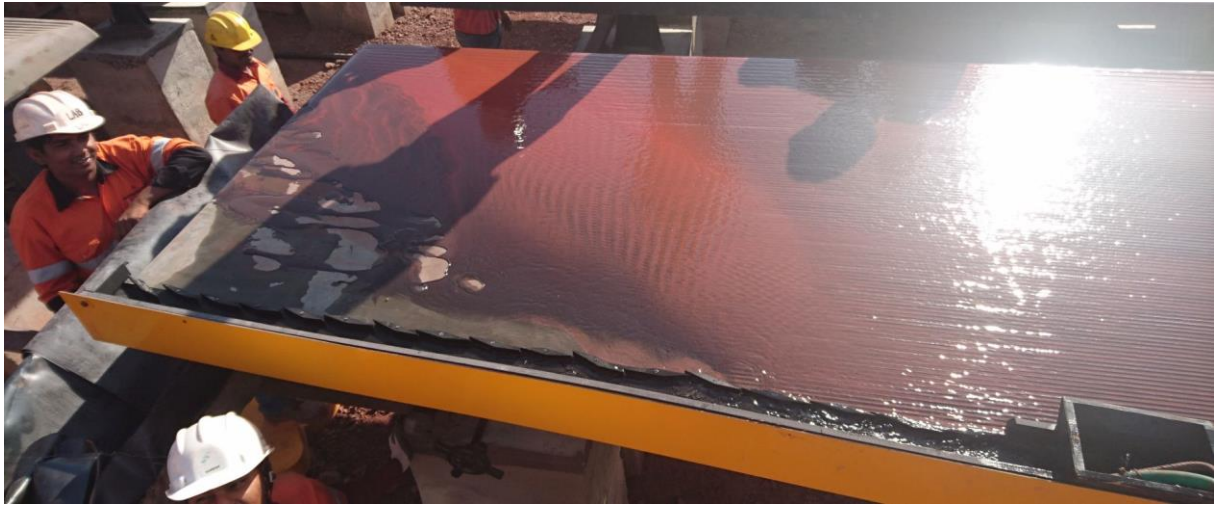
- Phase Two wet beneficiation plant wet commissioning continues according to plan.
- Very low grade waste as the material feed producing more exciting results, with material beneficiated up to 58.5% Fe.
- Result provides further confidence that normal ROM feed grade ranges between 25-35% Fe will produce high grade premium price product, grading between 58-62% Fe.
- Full plant commissioning process commencing today. Low grade iron ore will be progressively fed through the complete plant in the coming week.
- Plant on schedule for Q4 2016 positive cash flow.

NSL Consolidated Limited (Company, ASX: **NSL, NSLO**), is pleased to provide an update on the progress of its Phase Two wet beneficiation plant program.

The Company continues to progress wet commissioning according to schedule. Further to previous announcements, work on commissioning basic components with full load, utilising very low grade waste as the material feed is now producing further exciting results, beneficiated up to 58.5% Fe.

The very low grade beneficiation result provides further confidence in the process being able to achieve its desired high grade premium price product grading between 58-62% Fe, targeting 60% Fe. Normal ROM feed grade ranges between 25-35% Fe.

Anticipated full plant commissioning will commence during the day today. Low grade iron ore will be progressively fed through the complete plant in the coming week to ultimately produce a high grade premium price product, grading between 58-62% Fe.



Density Separation Equipment Commissioning



Density Separation Equipment at Steady State Production

Huate Wet Plant Agreement Details

Huate is a specialised beneficiation plant supplier, and is unique in China in that it has capability in plant design, fabrication, construction, commissioning and supporting operations of entire large scale beneficiation plants. Huate also has global experience in iron ore beneficiation, including in Australia.

The agreement with Huate further supports the confidence in the Company's Indian iron ore projects and the larger scale Indian iron ore industry, an industry in Huate desires to gain a position.

As highlighted in previous announcement the commercial terms as follows:

Capital cost: US\$1,054,000

Payment 1	Payment 2	Payment 3	Payment 4	Payment 5	Payment 6	Payment 7
On Execution – COMPLETED	Stage 1 Delivery – COMPLETED	Stage 2 Delivery COMPLETED	Stage 3 Delivery COMPLETED	Within 30 working days post Stage 3 delivery COMPLETED	Within 120 calendar days post Stage 3 delivery	Within 180 calendar days post Stage 3 delivery
25% Contract Value	25% Stage 1 equipment value	25% Stage 2 equipment value	25% Stage 3 equipment value	20% Contract Value	15% Contract Value	15% Contract Value
Mar 16	Apr 16	May 16	Jun 16	August 16	Dec 16	Feb 17

Phase Two is a wet beneficiation process, allowing NSL to produce a high grade premium price iron ore product grading between 58-62% Fe at around 200,000 tonnes p.a.

The Company has already successfully negotiated offtake agreements for Phase Two's high grade iron ore product with the US\$9 billion Indian global conglomerate, JSW Steel, also that country's leading private sector steel producer; and BMM Ispat, a leading pellet, power and steel producer.

NSL, the only Australian or foreign company to own and operate in India's massive iron ore market, has an established dry processing plant operation for iron ore product at Kurnool and is serviced by two of its local mines nearby, Kuja and Mangal. These mines will also provide the feedstock for the Phase Two wet beneficiation plant.

CONTACT:

Cedric Goode
NSL Consolidated
+61400 408 477