

13 December 2016

## **DEFINITIVE DOCUMENTS EXECUTED FOR PRODUCTION EXPANSION PLANS FOR KURNOOL REGION**

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### **HIGHLIGHTS**

- Definitive documentation executed for the life of the mining leases, and any extension thereto for AP26 and AP27.
  - NSL secures access to production expansion through additional strategically located mining leases, AP26 and AP27,
  - NSL to take full control of all aspects of the mining leases in exchange for a beneficiated Run of Mine (ROM) royalty payment of circa \$1/tonne.
  - AP26 and AP 27 contain a significant quantity of iron ore material amenable to NSL's beneficiation processes.
  - AP26 and AP27 are located only 1.5kms and 9kms from existing plant at NSL's stockyard.
  - AP26 and AP27, with a combined 100 acres of land area represent a 300% increase in total mining lease area compared to Kuja and Mangal.
  - All approvals in place, ready to operate in support of iron ore production and expansion plans.
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NSL Consolidated Limited (**NSL** or the **Company**) is pleased to provide the following update relating to securing important wet beneficiation production expansion mining leases, designated AP26 and AP27, through a Run of Mine (**ROM**) royalty based agreement.

As previously announced, the Company entered into a Heads of Agreement (**HOA**), binding on the Lessee, whereby the Lessee agrees to grant the Company exclusive operation and management rights over the subject mining assets for a period equal to the length of the Mining Lease and any extensions thereto.

The Company has moved from the HOA, binding on the lessee, to the execution of the definitive documentation.

AP26 and AP27 are mining leases of a combined 100 acres. They are located in the district of Kurnool, and importantly only 1.5kms and 9kms from NSL's existing stockyard with its beneficiation plants.

AP26 and AP27 are located in the same geological basin as the NSL owned Kuja and Mangal mining leases and as such, the geology and beneficiation characteristics are similar in nature and contain a significant quantity of iron ore material amenable to NSL's processes.



**Figure 1 – AP27 Pit Workings**



**Figure 2 – AP26**





**Figure 3 – AP26 existing crushing plant**



**Figure 4 & 5 – AP26 existing crushing plant**

As outlined previously, GoAP representatives worked closely with both the Company and the Lessee to finalise an agreement on the pathway forward. The Memorandum of Understanding (**MoU**), executed between NSL and the GoAP directly covers the mining, beneficiation and pelletisation of low grade iron ores in the State.

NSL continues to receive the highest levels of support from the GoAP, and in turn the Chief Minister of the State is constantly pushing to ensure conversion of the MoU executed in January 2016 into real growth and employment creation for the fledgling State.



# NSL Consolidated

## **Key Facts**

During a World Bank survey in 2015 Andhra Pradesh was rated as #2 state in India for ease of doing business.

The 15-year business plan sees an expected 14% growth rate projected out to 2029 for the State, based on an aggressive infrastructure program for the new State including airports, ports, highways and a new greenfield Capital City located at Amaravati.

Two major initiatives that will impact on the State are the Vizag – Chennai and Bangalore – Chennai infrastructure corridors. The Asian Development Bank is supporting the AP Govt in the development of the Vizag - Chennai corridor. The \$900m project will have \$700m funded by the ADB and \$200m to be provided by the State Govt. This linkage is part of the much larger Pan Asia land bridge connecting India to China and South East Asia.

State GPD	US\$86 Billion
Per Capita Income	\$1,500
Capital City	Amaravati
Largest City	Visakhapatnam
Cities with more than 1m people	27

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