

28 February 2017

PHASE TWO WET PLANT UPDATE

NSL Consolidated Limited (Company, ASX: **NSL, NSLO**), wishes to update the market regarding the progress of its Phase Two Wet Beneficiation Plant.

A site visit by BMM Ispat (**BMM**), will be conducted for specification inspection of initial tonnes produced under the Purchase Order (**PO**) for the supply of 4,000 tonnes of 63% Fe filter cake (wet plant product). The site visit is expected towards the end of next week. Subsequent to the inspection, despatch of the wet plant product will then commence. For further PO details refer to announcement on 14 February 2017.

The Company also continues to progress other commercial discussions with multiple customers for its wet plant product, and also continues to investigate exporting prospects into the improving seaborne iron ore market.

During the past two weeks of optimisation ramp up the operation has experienced reduced iron ore slurry pump performance. This is now being rectified with spare parts due on site in the coming days. Replacements are expected to be completed progressively this week.

Further to the positive results released to the market whereby the Company has been able to repeatedly beneficiate low grade iron ore waste as low as 14% Fe feed regularly to in excess of 62% Fe and with the confirmed imminent sales, the Company continues the process of employing shift supervisors, plant operators, and mobilising plant mobile fleet with goal of ramping up of throughput and production to a 24-hour operation over the coming months.

A complete second shift is expected to be employed early March and operational late March, with 24 hour operations scheduled to commence in late April.

The Company, the only Australian or foreign company to own and operate in India's massive iron ore market has established its Phase Two wet beneficiation plant that will produce premium price iron ore product nominally grading between 58-62% Fe at around 200,000 tonnes p.a. The Phase Two wet beneficiation plant at the existing NSL stockyard will be fed material from NSL's mines and third party sources.

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