



4 April 2017

STRATEGIC EPC CO-OPERATION AGREEMENT

HIGHLIGHTS

- Company signs high level Memorandum of Understanding (MoU) outlining way forward for strategic cooperation with large experienced Chinese global EPC provider, Shandong Xinhai Mining Technology & Equipment Inc (Xinhai)
 - Xinhai has completed over 500 mining EPC projects globally.
 - The Company and Xinhai are cooperating to secure financing for future beneficiation plants, up to a production target of 2.5 million tonnes per annum.
 - Cooperation will enable the Company to pursue processing technology and equipment capable of producing iron ore concentrate with the design ranging between 63-65% Fe, targeting 65% Fe, versus current 58-62% Fe.
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NSL Consolidated Limited (Company, ASX: **NSL**, **NSLO**), wishes to update the market regarding the enhancement of our deepening Chinese relations, with execution of a strategic cooperation agreement for the provision of wet beneficiation plant Engineering, Procurement and Construction (EPC) services.

Founded in 1997, Shandong Xinhai Mining Technology & Equipment Inc, is a Beijing listed high and new technology enterprise to provide "Turnkey Solutions" for mineral processing plants; including design and research, machine manufacturing, equipment procurement, management services, mine operation, mine materials procurement & management, as well as industry resources integration.

With 500 mining EPC projects, 70 kinds of ores mining technologies and experience and 20 patents, Xinhai has established overseas offices in Sudan, Zimbabwe, Tanzania, Peru and Indonesia, and has exported to more than 20 countries.

For further information on Xinhai, please visit: <http://www.xinhaimining.com/>.

Xinhai has previously exported equipment to India, and is now looking to further its exposure in the growing Indian economy through the provision of EPC services, seeing an Australian company operating in India as an ideal opportunity.

The MoU, further to the existing Huate relationship, enhances the Company's relationships and expertise in China. More Chinese companies are looking to Indian business opportunities for their future growth.

Xinhai has a strong history with Chinese import/export banks to provide funding for EPC projects throughout its global footprint. The Company and Xinhai are cooperating to secure financing for future beneficiation plants up to a concentrate production target of 2.5 million tonnes per annum.



Xinhai will immediately commence comprehensive sample testing from samples already in China to finalise the process flow and equipment requirements to produce a routine operating concentrate grade ranging between 63-65% Fe, targeting 65% Fe.

Xinhai engineers will be on site in India in the coming weeks to review existing operations.

The results of the Xinhai site visit and testing, will then flow into the upcoming expansion projects as outlined previously in investor presentations, whereby, Xinhai as an EPC contractor will have the opportunity, based on acceptable commercial terms to:

1. Build an additional 200,000 tonnes of concentrate capacity, with commissioning targeted to commence in July 2017, subject to the above,
2. Build a 1 million tonne concentrate plant, with commissioning targeted to commence in December 2018,
3. Build a 1 million tonne concentrate plant, with commissioning targeted to commence in December 2019,

Xinhai will also optimise the existing beneficiation plant to produce a routine operating concentrate grade ranging between 63-65% Fe.

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