



NSL Consolidated

24 July 2017

COMPANY UPDATE

NSL Consolidated Limited (Company, ASX: **NSL**), wishes to update the market regarding the progress of the Company. As the market is aware the Company's share price has come under considerable pressure in the past week, with significant scaremongering being circulated through social media as to the financial and operational status of the Company. Other aspects of the Company's operations not covered below will be updated in the coming quarterly report.

Financial Status

As at the end of the June quarter the Company had cash in bank of approximately \$1.1 million.

Managing Director, Cedric Goode and Chief Operating Officer, Sean Freeman are planning to repay deemed loans of approximately \$1 million during this September quarter. The loans were provided as a result of prior options conversions, and are not due for repayment until 31 December 2017.

When combining the current cash position, sales and the repayment of the loans, the Company continues to further advance its Indian operations.

Sales Status

The Company recently announced that sales orders have been directly received from the Indian steel industry, with the receipt of an initial 5,000 tonne order (previously announced as 4,000 tonnes). The order size represents the Indian industry norm.

Advance payment from Minera Steel and Power Pvt Ltd (**Minera**) on terms similar to other purchase orders announced has been received. The exact terms remain commercial in confidence.

Dispatch of the premium 60/61% Fe to Minera commenced on Saturday 22nd July. The fast turnaround of order, advance payment, commencement of dispatch, and coupled with Minera reconfiguring their plant to accept NSL product, highlights Minera's intent. The supply of the initial Minera order is expected to be completed in the following weeks from stockpiles. Minera have communicated with the Company they desire 15,000 tonnes per month of this premium 60/61% Fe product for their operations.



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Minera dispatch from the specific 60/61% Fe stockpile

The Company continues to work closely with Infinity Ores (**IFO**) in relation to their orders, as IFO has delivered approximately 10,000 tonnes of feed to the Company, part of which has not met required raw material quality specifications. This feed may be utilised by the Company in the production of iron ore concentrate for any customer. The Company continues to discuss BMM's order to improve the credit terms to be in line with other orders as part of their purchase order.

Negotiations are ongoing with various other customers including JSW Steel, Gerdau Steel, Srikalahasthi and other smaller steel plants.

All steel mill visitors to the wet beneficiation plant are very complimentary of the plant, technology, operation and what the Company has been able to achieve in India.

The Company expects sales to increase progressively month on month from August, of between 5,000 -10,000 tonnes to achieve a run rate of 200,000 tonnes per annum in October 2017.

Plant Update

Optimisation of plant throughput and output has been ongoing, successfully beneficiating material within the plant design of 58-62% Fe from the Company's own ROM material and blends of third party feed. Grades in excess of 62% Fe have also been achieved. During this optimisation period the company has employed local personnel and trained them to operate the plant on a 24 hours basis.

The Company has been working through production optimisation test work to determine the most suitable blend of feed in order to obtain the optimum feed blend/grade (utilising NSL ROM and third party ROM) vs final product grade vs yield vs sales price. This test work will continue in line with production over the coming months as there represents an opportunity to increase nameplate capacity as a result of the test work seen thus far.

To further enhance efficiency of the plant, the Company is close to completing the addition of a thickening circuit in the process flow to assist with water recycling and is expected to improve yields and grades. The thickening circuit will be operational in September.

The plant is currently producing iron ore concentrate to the specifications required by Minera and the wider market, with production increasing progressively in line with the sales expectations above.



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60/61% Fe stockpile and 62/63% Fe stockpile



Part of additional 58-62% Fe general stockpiles

As articulated previously, we have worked extremely hard over a long period of time to be the only foreign company to own and operate iron ore mines in India. With continued hard work and dedication from all stakeholders, the Company has a promising and exciting future. We are ramping up to our 200,000 tonne per annum plant capacity of final concentrate in the coming months.

The company appreciates the ongoing support of our shareholders.

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