



NSL Consolidated

14 January 2016

NSL EXECUTES MOU DIRECTLY WITH GOVERNMENT OF ANDHRA PRADESH

HIGHLIGHTS

- NSL executes MoU to support 5 year growth strategy in Andhra Pradesh.
 - MoU executed directly with State Government of Andhra Pradesh (GoAP).
 - MoU to unlock significant iron ore production potential for NSL in the newly formed State.
 - GoAP will facilitate provision of necessary assistance for the Company which includes prompt land acquisition, adequate infrastructure development and offering attractive incentives.
 - MoU reinforces NSL's strategy of value addition in the Indian iron ore industry.
 - Huge 28,000 acre industrial park to be developed 30kms from NSL's operations.
 - More than 1,400 delegates from 42 countries attend Investment Summit.
 - Andhra Pradesh on track for +14% growth for next 15 years as a result of building a new state.
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Perth-based iron ore miner, NSL Consolidated Limited (Company, ASX: **NSL, NSLO**), is pleased to update the market regarding its business development activities in the State of Andhra Pradesh.

During the 10th – 12th January 2016 NSL representatives have attended the Andhra Pradesh Investment Summit located in the port city of Visakapatnam, Andhra Pradesh.

The Summit, now in its 22nd iteration, was a joint program sponsored by the Chamber of Indian Industry, Department of Industry and Policy Promotion (Govt of India) and the Government of Andhra Pradesh (GoAP).

During the summit NSL executed a Memorandum of Understanding directly with the GoAP to support the iron ore growth strategy within the state.

The MoU, executed between NSL and the GoAP directly, is overarching to the previous MoU NSL have executed during 2015 with the AP Mineral Development Corporation (the GoAP State mining Company), and covers the mining, beneficiation and pelletisation of low grade iron ores in the State.

The basis of the MoU would position NSL to be producing in excess of 8 million tonnes per annum of iron ore in the newly formed State. In addition, the MoU includes the construction

and operation of a centralised pellet plant, again reinforcing NSL's strategy of value addition in the Indian iron ore industry.

The MoU would also realise the generation of 1,800 jobs directly associated with the Company, and an additional 1,000 supporting jobs.

GoAP will facilitate provision of necessary assistance for the Company which includes prompt land acquisition, adequate infrastructure development and offering attractive incentives as per the policies / rules and regulations of the State Government.

GoAP will support the Company's participation in significant projects in Andhra Pradesh, wherever feasible. Such participation may include providing advisory services/setting up manufacturing facilities/ Infrastructure development/ R & D/ Implementation support.

The Company can support the development of infrastructure in Andhra Pradesh, considering Government's focus on promoting manufacturing and industrialization in the state and facilitating conducive investment environment.

Both sides recognized the need to promote mutual cooperation to expand bilateral collaborative relationship in industrial development in Andhra Pradesh and supported the signing of Memorandum of Understanding.

One key enabler to the execution of the MoU was the AP Government committing to the development of the Orvakallu Mega Industrial Hub, located in the Kurnool District some 30km from NSL's existing operations. The 28,000 acre hub will include access to water, power, rail and road. The site is also proposed for one of AP's four greenfield airports outlined in the strategic infrastructure plan for the State.

The MoU was executed during the Investment Summit, and was overseen by the Honourable Chief Minister of Andhra Pradesh, Sri Chandrababu Naidu, and the Australian Consul General for South India Mr Sean Kelly.



Honourable Chief Minister, Sri Chandrababu Naidu overseeing the signing of the MoU

Key messages were highlighted throughout the Summit, with the most notable being made by the Hon Sri Arun Jaitley, Finance Minister to the Government of India. Mr Jaitley highlighted that under the new Modi regime India was encouraging a shift from cooperative federalism to one of competitive federalism. This has been highlighted specifically since the bifurcation of AP into two new states, with both now looking to grow, and as such competing for investments and growth opportunities.

In addition, the alignment of "Make in India" as a key initiative being implemented by the Modi Government in Delhi is being translated to a strong Make in AP platform by the State Government. The need for the country to convert the percentage of GDP coming from the Services industry and shifting to the manufacturing industry was seen as critical to driving the required growth trajectory of the Country.

The most consistent message throughout the summit was regarding the Strength of Leadership coming from the AP Chief Minister, Sri Chandrababu Naidu. His passion for the State is clear, his track record of success is tangible, and his business friendly approach is being seen permeating through all levels of his Government.

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.

The State has implemented a dedicated single window process for investments and projects, with a guaranteed 21-day approval timeframe for all state permissions.

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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