



NSL Consolidated

28 September 2016

PHASE TWO WET PLANT - COMMENCEMENT OF COMMISSIONING

HIGHLIGHTS

- Phase Two wet beneficiation plant commissioning stage commences on schedule.
 - Phase Two wet beneficiation plant on schedule for Q4 2016 positive cash flow.
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NSL Consolidated Limited (Company, ASX: **NSL, NSLO**), is pleased to provide an update on the progress of its Phase Two wet beneficiation plant program.

The Phase Two wet plant commissioning program has now commenced. Commissioning has initially begun with the mechanical and electrical components of the plants four process tanks, agitators and mixers undergoing no-load and load testing. The commissioning will continue with further plant and equipment to follow, according to the Company's project schedule.

The project remains on schedule for Q4 2016 positive cash flow.

Mr Goode commented, "We are very pleased that the exciting times for the Company and its shareholders continue. We are very proud of our project team and the achievements to date around the Phase Two wet plant program. The team on site have done a fantastic job in keeping the project on schedule in spite of heavy rainfall at site during the past two weeks and a hectic festival season in Southern India. It is a pivotal time for NSL, as we prepare to make the transition from a mine developer to producer with the commencement of the commissioning process progressing according to the project timeline".



Equipment prepared for commissioning



Equipment prepared for commissioning

Huate Wet Plant Agreement Details

Huate is a specialised beneficiation plant supplier, and is unique in China in that it has capability in plant design, fabrication, construction, commissioning and supporting operations of entire large scale beneficiation plants. Huate also has global experience in iron ore beneficiation, including in Australia.

The agreement with Huate further supports the confidence in the Company's Indian iron ore projects and the larger scale Indian iron ore industry, an industry in Huate desires to gain a position.

As highlighted in previous announcement the commercial terms as follows:

Capital cost: US\$1,054,000

Payment 1	Payment 2	Payment 3	Payment 4	Payment 5	Payment 6	Payment 7
On Execution - COMPLETED	Stage 1 Delivery - COMPLETED	Stage 2 Delivery COMPLETED	Stage 3 Delivery COMPLETED	Within 30 working days post Stage 3 delivery COMPLETED	Within 120 calendar days post Stage 3 delivery	Within 180 calendar days post Stage 3 delivery
25% Contract Value	25% Stage 1 equipment value	25% Stage 2 equipment value	25% Stage 3 equipment value	20% Contract Value	15% Contract Value	15% Contract Value
Mar 16	Apr 16	May 16	Jun 16	August 16	Dec 16	Feb 17

Phase Two is a wet beneficiation process, allowing NSL to produce a high grade premium price iron ore product grading between 58-62% Fe at around 200,000 tonnes p.a.

The Company has already successfully negotiated offtake agreements for Phase Two's high grade iron ore product with the US\$9 billion Indian global conglomerate, JSW Steel, also that country's leading private sector steel producer; and BMM Ispat, a leading pellet, power and steel producer.

NSL, the only Australian or foreign company to own and operate in India's massive iron ore market, has an established dry processing plant operation for iron ore product at Kurnool and is serviced by two of its local mines nearby, Kuja and Mangal. These mines will also provide the feedstock for the Phase Two wet beneficiation plant.

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