



# NSL Consolidated

28 July 2016

## PHASE TWO WET PLANT ERECTION STAGE COMMENCES

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### HIGHLIGHTS

- Phase Two wet beneficiation plant moves into the erection phase with the erections of transformers at the electrical switchyard and control room.
  - Ball mills arrived on site and have been successfully unloaded.
  - Phase Two wet beneficiation plant on schedule for September 2016 commissioning and Q4 2016 positive cash flow.
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NSL Consolidated Limited (Company, ASX: **NSL, NSLO**), is pleased to provide an update on its Phase Two wet beneficiation plant program. As announced on 21 March 2016, the Company entered into a ground-breaking equipment supply agreement with Shandong Huate Magnet Technology Co. Ltd or Huate Magnetism (**Huate**), one of China's premier global beneficiation plant suppliers (refer <http://www.chinahuate.com/>).

Significant steps forward continue, with the wet beneficiation plant now commencing the erection stage and the ball mills successfully arriving and being unloaded at site. The 5MVA and 2.5MVA transformers underwent final inspection testing and shipment from Hyderabad, and were erected on site in readiness for grid power connection.



Transformer Unloading and Erection



**Transformer Erection**

In addition, the largest components of the plant cargo from China was delivered to NSL's site and unloaded during the week. The ball mill transportation, with each more than 9 metres in length and weighing over 35 tonnes, was a complex task that involved significant community interaction and support.



**Ball Mill Arrival Through Local Village**



Ball Mills Arrival On Site



Ball Mill Unloading

## 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 - <b>COMPLETED</b>	Stage 1 Delivery - <b>COMPLETED</b>	Stage 2 Delivery <b>COMPLETED</b>	Stage 3 Delivery <b>COMPLETED</b>	Within 30 working days post Stage 3 delivery	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	Sept 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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