

21st October 2016

PHASE TWO WET PLANT – COMMISSIONING UPDATE

HIGHLIGHTS

- Phase Two wet beneficiation plant commissioning continues according to plan with electrical testing and Chinese equipment fitouts nearing completion and the grid power transmission line complete.
 - Deployment of technical specialists to support Company and Huate engineers in material feed commissioning of plant.
 - 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 commenced late September 2016. The Company continues to progress commissioning according to schedule, with the key focus currently on electrical components.

A significant milestone was achieved with the completion of the grid power transmission line for the delivery of 33kV power to the site. The team are currently completing statutory activities around earthing and protection systems to enable final inspections by the State prior to the lines being energised.

The electrical teams commissioning activities, with the use of the Company's site based power generator, continue and are currently focussed on main control room safety testing and no load testing for most remaining motor components planned for the coming days.

Mechanical teams continue to work on critical ball mill alignment activities, final fitout of Chinese equipment, and ancillary equipment interfaces to be ready for upcoming material feed.

In addition to the significant progress being made on site, the Company is pleased to confirm the appointment of Mineral Engineering Technical Services (**METS**) to support the material feed commissioning activities. METS have been a long-term partner with NSL during the initial design and equipment procurement phases, providing independent expert advice in support of the Company's investment approvals process.

Personnel from METS will be arriving on site in the coming days. There will be significant technical, process and quality support coming from METS, China Huate and independent Chinese Research Institutes to ensure the material feed commissioning phase moves quickly and safely.

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



Final Fitout of Chinese Equipment



Final Fitout of Chinese Equipment



Switchyard to Main Transformer



Internal Control Room Testing



Site Overview

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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