



NSL Consolidated

19 May 2016

INDIAN STEEL MILL MOU FURTHER DETAILS

HIGHLIGHTS

- Company signs Memorandum of Understanding (MOU) for building a steel making plant in Andhra Pradesh, India.
- MOU executed with Wei Hua Group Co Ltd, China's largest heavy equipment crane building company, with revenues in excess of US\$1 billion in 2015.
- MOU outlines the understanding on initial set up and cooperation intentions through a Joint Venture.
- Joint Venture will have a 50/50 shareholding.
- NSL not required to fund any aspect of the Joint Venture.
- NSL will be responsible for all associated approvals for the construction and operation of the steel plant. This forms the basis of the Company's free carry 50% shareholding.
- NSL will be responsible for the operation of the steel plant and the sales of the finished product.
- NSL has the option to sell iron ore to the steel plant or into the local market at market prices.
- Wei Hua to provide all steel mill equipment, with majority already acquired and ready for deployment.
- NSL to leverage the existing MOU directly with the Andhra Pradesh Government (GoAP) to provide approvals for land, power, water and other utilities.
- JV to leverage the Chinese Government "one road, one belt" investment strategy with the Asian Infrastructure Investment Bank.

NSL Consolidated Limited (Company, ASX: **NSL, NSLO**), is pleased to announce further information pursuant to its 17 May release on establishing a steel making plant in Andhra Pradesh.

As announced, the Company has signed a MOU with Wei Hua Group Co Ltd, China's leading heavy equipment crane building company for the establishment of a steel making plant in Andhra Pradesh.

The Joint Venture Company will be established with a 50/50 shareholding, and importantly NSL is not required to fund any aspect of the Joint Venture.

NSL will be responsible for all associated approvals for the construction and operation of the steel plant. This forms the basis of the Company's free carry 50% shareholding.

These approvals range from land, power, water, other utilities, roads, and environmental clearances.

When the steel plant is in operation NSL will be responsible for the operation of the steel plant, culminating with the marketing and the sales of the finished product.

NSL has the option to sell iron ore to the steel plant or into the local market at market prices.

Wei Hua to provide all steel mill equipment, with majority already acquired and ready for deployment. Some of this equipment includes but is not limited to; blast furnace shell, cast iron staves, inlaid spheroidal graphite staves, AG scrubber, AG element, pump station, gravity dust separator.

Wei Hua Group Co Ltd, with revenues in excess of US\$1 billion in 2015, has already acquired significant parts of the future steel making plant, with the remainder to be purchased as required, based on Indian progress. Wei Hua is looking to diversify its revenue stream, both in location and source generation (Reference <http://www.weihuagr.com/>).

Wei Hua views the Indian economy as one of the most attractive up and coming investment opportunities in the world. India is expected to become the world's second largest producer of crude steel in the next 10 years, moving up from the third position, as its capacity is projected to increase to about 300 MT by 2025 from 81 MT in 2013-14. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

In addition to this, Wei Hua also sees significant value in what NSL has been able to achieve in India, as the only foreign company to own and operate iron ore mines and also with the significance and progress made by the Company and the Andhra Pradesh Government (GoAP) as part of the existing joint MOU.

The Wei Hua Group has already been procuring key components for a steel plant, and has the majority warehoused in China ready for deployment.



Blast furnace shell

As announced previously the Company has signed an MOU directly with GoAP, whereby GoAP will facilitate the provision of necessary assistance for the Company to grow its Andhra Pradesh mining, beneficiation and value addition activities to in excess of 8 million tonnes per annum of iron ore production, which includes prompt land acquisition,

adequate infrastructure development and offering attractive incentives as per the policies / rules and regulations of the State Government.

In addition, the 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 the Government's focus on promoting manufacturing and industrialization in the state and facilitating a conducive investment environment.

One key enabler to the execution of the MoU was the GoAP 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. NSL will be proposing utilising this industrial hub as a foundation for the MOU with Wei Hua Group.

The Wei Hua Group also brings strong ties into the Asia Infrastructure Investment Bank (AIIB). The AIIB is a newly established international financial institution that aims to support the building of infrastructure in the Asia-Pacific region. The bank has 37 member states and was proposed as an initiative by the government of China. The capital of the bank is \$100 billion, equivalent to 2/3 of the capital of the Asian Development Bank and about half that of the World Bank.

NSL and Wei Hua will continue to work closely to convert this MOU into binding JV agreements and progress development of this steel investment in line with the Company's Andhra Pradesh growth strategy.

CONTACT:

Cedric Goode
NSL Consolidated
+61 400 408 477

Kevin Skinner
Field Public Relations
+61 414 822 631