



24 August 2016

PHASE TWO WET PLANT ERECTION STAGE ON SCHEDULE

HIGHLIGHTS

- Phase Two wet beneficiation plant erection stage accelerates according to schedule.
 - Specialist plant erection contractor on site working closely with NSL and Huate teams, providing the resourcing to move to completion on schedule.
 - The arrival on site of large scale cranes enables the larger Chinese equipment to safely be transported, traversed and placed into final plant position.
 - Key magnetic separation componentry erection complete, classifiers and ball mills commenced.
 - The electrical and piping installation will occur in parallel to the Chinese equipment.
 - 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 acceleration of the erection stage. Now on site, a specialised, experienced plant erection contractor is working closely with NSL and Huate teams to provide the resourcing required for the plant erection to move quickly to completion according to schedule. The contractor, RVPR Construction Pvt Ltd (**RVPR**), has a strong track record in the timely construction of major mining, pellet and steel plant projects. For more information on RVPR, please visit <http://www.rvpr.in/>

Mobilisation of large scale cranes to site has and will enable the Chinese equipment to safely be transported, traversed and placed into final plant position.

In addition, subsequent to the erection stage commencing, key magnetic separation componentry erection has been safely completed, with the Huate team now moving to piping and machine hook-ups. Preparatory works for the classifiers and ball mills erection has also commenced, including risk assessments and lift planning for the large loads, along with critical base plate levelling works and foundation bolt preparations. The electrical and

pipng installation will occur in parallel to the Chinese equipment erection, with dedicated teams engaged to complete these work packages.



Completed LIMS Erection and the Team



WHIMS Number One Erection



WHIMS Number Two Erection



The Two WHIMS Safely in Place

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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