



# NSL Consolidated

10 June 2016

## PHASE TWO WET PLANT THIRD AND FINAL SHIPMENT COMMENCES

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### HIGHLIGHTS

- Third and final stage delivery of equipment fabricated, inspected and prepared for shipment from Qingdao to Krishnapatnam, with sailing expected on 11 June.
  - Huate equipment delivery complete, Huate focus now moves to construction and commissioning assistance.
  - Specialist Huate team scheduled to arrive on site during the second half of June.
  - Phase Two wet beneficiation plant on schedule for Q3 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 to be achieved with NSL's Managing Director, Mr Cedric Goode, visiting China as part of the inspection and verification process for the third stage delivery of equipment under the equipment supply agreement.

The third and final stage delivery of equipment has now been fabricated, tested and prepared for shipping from Qingdao port to Krishnapatnam port in accordance with the previously announced timeline.

Final testing, quality inspection and verifications were conducted by SGS Industrial Services in the presence of NSL and Huate.

Post the delivery of equipment to port Huate will change its focus from equipment fabrication to that of construction and commissioning. To assist the Company through construction and commissioning a specialist team of Mechanical Engineers, Electrical Engineers, Process Engineers, Ball mill specialists and WHIMS specialists will arrive in India and on site during the second half of June. The specialist team will remain on site until completion of construction and commissioning.

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**Ball mills being prepared for shipping**



**Classifiers being prepared for shipping**

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Liquid Resistor starters and high voltage switch panels being prepared for shipping



Ball mill loading



A group of containers departing factory

## 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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