



NSL Consolidated

23 August 2016

NSL COMMUNITY ENGAGEMENT PROGRAMS GAINING MOMENTUM

NSL Consolidated Limited (Company, ASX: **NSL, NSLO**) is pleased to update the market regarding progress of its Indian iron ore business.

As announced to the market previously, NSL has signed an MoU with the Government of Andhra Pradesh (**GoAP**) for the growth and expansion of its mining and beneficiation operations within the State. The targeted production in excess of 8mtpa will translate into a need of approximately 2,800 employees working for NSL and the associated industries in the Kurnool District. This presents both a local employment challenge and a unique opportunity for targeted Corporate Social Responsibility (**CSR**) programs.

The Kurnool district is characterised by poverty, lack of empowerment for women, high rates of farmer suicide and a seasonal, subsistence lifestyle. Government programs have been focussed on food security, but other key areas are not drawing national attention.

In 2007–2008 the International Institute for Population Sciences interviewed 1,247 households in 38 villages across the Kurnool district. They found the following key statistics:

- 94% of households had access to some form of electricity;
- 89.7% of households had drinking water;
- 34.6% of households had toilet facilities;
- 51.6% lived in a pucca (permanent) home; and
- In addition, 30.6% of girls wed before the legal age of 18.

NSL has been an active part of the local community, and has been able to develop a deep understanding of the key drivers and needs. To support these needs NSL's CSR program is broken into the following key focus areas.

Healthcare

In the Kurnool district there are no medical facilities within 20km of the project site, and the 4 surrounding villages have no access to healthcare. There are no government programs to assist with healthcare and sanitation. Water is generally available, but quality is problematic. No sanitation facilities are available in the 4 surrounding local villages.

Education and Skill Development

Local schools do not currently extend to high school. Any students wishing to obtain further education must attend boarding schools. Local schools also have a teacher ratio of 1:50 so resourcing is a significant issue. There are also significant skills gaps in the mining industry in general, and no national framework for skills development is in place.

Agriculture and Water Management

Local agriculture is heavily labour intensive, with no mechanisation. The majority of farmers are using bullocks and hand held techniques. The local district is arid and produces a single

For personal use only

dry ground crop during the monsoon. Soil quality and use of groundwater resources is problematic. A village cooperative mindset is evident, and may be beneficial with any CSR based activities

Sustainable Employment

NSL is aiming to recruit approximately 70% of our required workforce from the local village populations. This local employment is very welcome, however is in itself problematic with the patriarchal structure meaning we may remove the main farming assets from the agricultural industry. This needs to be linked with productivity improvements in agriculture to ensure a sustainable resourcing model for all stakeholders

Each of these key areas is then further broken down into local and state wide programs, and short and long term time horizons.

Over the course of the past few months as NSL move closer to commissioning of the Kurnool Phase Two beneficiation plant, the Company has been focussing on a number of critical areas within our local community. These are outlined briefly as follows:

1. Schools and Education

NSL representatives have been actively engaging with Principals of the surrounding primary schools to gain a better insight into their functions and standards, and also to get a different window into the needs of each community.

During this time, Company representatives have been assisting with teaching English in schools, exposing students to e-learning, and understanding future directions for education in the District.

One critical and successful example of the engagement process came from the local school at Muddavaram Village. On discussion with the Principal at the school it was discovered that there was no running water available to the students due to a broken pipeline. **NSL staff were able to complete repairs and the school now has safe access to fresh water.**



NSL Staff Repairing Water Pipes for Local School

For personal use only

This engagement process has also started with higher education facilities, and has resulted in **NSL making a donation of chemicals and laboratory equipment to one of the local colleges.**



NSL Lab Staff Donating Supplies to Local College

2. Healthcare and Emergency Planning

The Company has also been engaging with the local hospital at Betamcherla through bilateral visits and workshops. For NSL this has practical benefits, such as allowing for detailed emergency preparedness planning and first aid training for staff, whilst the medical staff were notably impressed with NSL's systems, processes and induction methods, which they hope to roll out in their hospital.



NSL Representatives at Local Hospital Function

For personal use only

For personal use only



Local Doctor Site Inspection and Planning Session



Local Hospital Facilities

3. Borewell Monitoring and Environmental Impact Measurements

Although the Company is under obligations to ensure compliance to stringent environmental conditions as part of the licence to operate, it is always seeking to move beyond environmental compliance and take a position of leadership in this arena.

One small measure showing this depth of commitment has been in the conduct of a regional borewell survey and monitoring program. The Company has been gathering data from 20 borewells within a 5km radius of the plant location, monitoring depth variations to water table and various water quality parameters.

Understanding the nature of the water table and seasonal changes through the monsoon will allow better utilisation of this resource, and is linked to the drive for productivity improvements for the local farmers.

4. Agriculture Programs

The International Crops Research Institute for the Semi-Arid Tropics (**ICRISAT**) is an international non-profit organization that undertakes scientific research for development. Over the past month the Company has been in discussions with ICRISAT about areas for collaboration and joint research focussed on productivity improvement in agriculture and better channels to market for rural communities.

The semi-arid tropics (**SAT**) region is characterised by highly variable, low-to-medium rainfall and poor soils, further characterised by lack of irrigation. In general, the historical average annual rainfall in the SAT is below 700 mm.



Pre Monsoon Field Preparation in Kurnool District

ICRISAT adopts Integrated genetic and natural resources management as its overarching research strategy. The aim is to combine tested methods of crop commodity research with well-established practices in research in natural resources management. The original goal was to use crop improvement research as the basis to improve food availability in drought-prone areas of the tropics.

In the last ten years, ICRISAT research, especially in India, China, the Philippines and Vietnam, has tended to emphasise creation and sustenance of rural livelihoods in addition to releasing crop varieties that yield better.

The Company expects to be able to formalise a long term relationship with ICRISAT, who already are running programs in Andhra Pradesh, that align strongly with NSL's CSR Strategy.

Mining is a relatively new industry in the State, and as such NSL has significant potential to start CSR activities in a meaningful and targeted way. CSR in India is seen by many organisations as an obligation and not an opportunity. It is in fact a critical component of any licence to operate.

Even our small commitments to date have produced positive impacts to our local communities, and our focus on integrated solutions and not cash charity is being well received.

NSL will continue to engage with Village, Community and Government institutions to support the Kurnool District and ensure the establishment of a sustainable business model for what is predominantly an agriculture based economy as it transitions towards more intensive industry.

CONTACT:

Cedric Goode
NSL Consolidated
+61 400 408 477

For personal use only