



NSL Consolidated

14th November 2016

PHASE TWO WET PLANT – POWER ENERGISED

HIGHLIGHTS

- Phase Two wet beneficiation plant grid power energised successfully.
 - Seamless grid power transmission line, multiple transformer and control rooms energisation.
 - Beneficiation equipment power fully transitioned to mains supply.
 - 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.

A significant milestone was achieved with the energising of the grid power transmission line for the delivery of 33kV power to the site. The site is now fully functioning on mains power.

After energising the line and sending power through to the Main Receiving Sub Station (MRSS) 33kV Vacuum Circuit Breaker (VCB) Panel, power was then sent through to the 5MVA transformer which charges the 10kV VCB High Tension Panel.

Subsequent to this the team then prepared and energised the 2.5MVA transformer which provides 415V power to the Powered Motor Control Centre (PMCC) Panel and controls all motors in the plant. From the PMCC the team have also successfully sent 415V back to the Remote Tap Change Circuit (RTCC) Panel in the MRSS for monitoring the 5MVA Transformer.

As a result of the successful energisation the team on site has transitioned operating beneficiation equipment through diesel generator to mains power.

"The safe, seamless energisation of grid power supply from the main 33kV power line to our plant is a major milestone and a fantastic achievement for the Company and our site team. Now the plant and associated infrastructure is fully functioning on grid power.

The safe, seamless energisation has drawn praise from the government, electrical contractors and transformer suppliers. All have stated they have never been involved with such a successful energisation start up in their experience. What a fantastic compliment to Company and its site team!" Managing Director, Cedric Goode commented.



The moment of energisation



Performing the Puja to bless the connection and energisation process



33kV Vacuum Circuit Breaker (VCB) Panel powered up



Powered Motor Control Centre (PMCC) Panel powered up

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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