NSL Consolidated

18 July 2011

QUEENSLAND THERMAL COAL 6.6 – 18.7 BILLION TONNES[1] EXPLORATION TARGET

DUE DILIGENCE AND SETTLEMENT COMPLETE

HIGHLIGHTS

- Final due diligence on acquisition of Queensland exploration permits for coal (EPC Applications) 2198, 2336, 2337 & 2338 is now complete – settlement of the acquisition has occurred;
- In addition to previously established exploration target of between 500 million and 600 million tonnes[1] of thermal coal for EPC Application 2198 (South Bulburrum), Independent Geologist's Report in relation to EPC Applications 2336, 2337, 2338 establishes exploration target of between 6.6 billion and 18.1 billion tonnes[1] of thermal coal product in the Winton Formation;
- Independent Geologist's Report confirms that the Winton Formation is the main targeted coal-bearing structure, similar in mineralisation style to East Energy Resources (ASX:EER) 1.2 billion tonne JORC Inferred resource at the Blackall Coal Deposit (EPC 1149)[2];
- Proposed initial exploration plan, including drilling, now under review.

NSL Consolidated Limited (ASX: NSL, Company) is pleased to announce that final due diligence including a technical review via an Independent Geologist's Report (Mark Biggs, Moultrie Group, July 2011) is complete and the Company has settled on the acquisition of EPC Applications 2198, 2336, 2337 & 2338 (**Projects**) in Queensland, which are considered highly prospective for Thermal Coal.

The Projects are located in the Eromanga Basin in South-western Queensland, adjacent to similar projects held by East Energy Resources (ASX: EER) and the soon to be listed International Coal Limited (ASX: ICX).

NSL Managing Director, Mr Cedric Goode, said that the increased Exploration Target at the Projects was a significant first step in their potential development.

"We are delighted and excited by the initial independent geological review at the projects. Clearly there is a lot of initial promise shown at the projects, and we will now move on to evaluating the best way to progress the projects with an initial exploration program, including drilling,"

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[1] It should be noted that the tonnages quoted above are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

[2] Refer EER ASX Announcement 17 May 2011 – Investor Presentation

"The project area is girt by a number of other highly prospective properties, including the substantial resource at the Blackall Coal deposit and very encouraging reports from US firm Sentry Petroleum," said Mr Goode.

Table 1[3] – Calculation of Exploration Target Tonnage Range of the Winton Formation for the Project Area

Tenement	Formation	Area (m^2)	Average Cumulative Thickness (m)	Relative Density (Kg/m^3 ;adb)	Gross Tonnage tonnes	Unexpected Geological Loss %[3]	Exploration Target [1] (Million tonne)
EPC 2198	Winton	200,000,000	2.4	1.50	820,800,000	30	500 – 600
EPC 2336	Winton	334,587,000	4.0	1.55	2,074,439,400	30	500 – 1,400
EPC 2338	Winton	270,190,000	6.0	1.55	10,555,402,500	30	2,000 – 7,400
EPC 2337	Winton	240,990,000	8.5	1.55	14,743,285,500	30	4,000 – 8,500
Total							**7,000 – 17,900**

Table 2[3] – Calculation of Exploration Target Tonnage Range of the Mackunda Formation for the Project Area

Tenement	Formation	Area (m^2)	Average Cumulative Thickness (m)	Relative Density (Kg/m^3 ;adb)	Gross Tonnage tonnes	Unexpected Geological Loss %[3]	Exploration Target [1] (Million tonnes)
EPC 2198	Mackunda	105,000,000	1.0	1.50	63,000,000	40	0 – 50
EPC 2336	Mackunda	334,587,000	0.5	1.55	259,304,925	35	0 – 250
EPC 2338	Mackunda	270,190,000	1.0	1.55	418,794,500	35	100 – 400
EPC 2337	Mackunda	240,990,000	0.5	1.55	186,767,250	35	0 – 100
Total							**100 – 800**

Independent Geologist's Report at EPC Applications 2336, 2337, 2338

Collectively, the EPC Applications comprising the Adavale-Quilpie project area cover 733 sub-blocks covering 2,261 km^2. The project area covers sedimentary and volcanic rocks from the Eromanga, Galilee and Adavale Basins. The Eromanga and Galilee Basins are known to contain significant coal seams.

In terms of infrastructure, the project area is located 62km due east of Mount Morris in south western Queensland. The railway line is 34km south of the project area, and continues to the port in Brisbane. Surrounding infrastructure includes rail and a major road, the Landsborough Highway (A2). This highway runs north-south between the Capricorn Highway and the Warrego Highway which is located 165km to the east of the tenement area. The project area is bisected by the Charleville-Adavale Road.

The project area covers sedimentary rocks from the Eromanga, Galilee and Adavale Basins. The Eromanga and Galilee Basins are known to contain coal seams. The Eromanga Basin is present across the entirety of the project area, outcropping in part due to the anticlinal structure to the east.

The Galilee Basin and Adavale Basin are both present at depth over EPC Applications 2336 and 2338 and in part on EPC Application 2337.

[3] It should be noted that the tonnages quoted above are conceptual in nature and there has been insufficient exploration to define a coal resource. No coal quality data for the project area was uncovered in previous reports. Although a preliminary analysis was undertaken, insufficient data exists to confidently correlate coal seams and generate a grid mesh model. Unexpected Geological loss is designed to account for seam splitting and thinning.

It is uncertain whether further exploration may lead to the reporting of a JORC- standard resources, however there is considerable evidence to support the current Exploration Tonnage calculations, and the sufficient coal thicknesses interpreted from historical drilling warrant further investigation.

Recent exploration in the Eromanga Basin by East Energy Resources Ltd (ASX: EER) has resulted in the announcement of a 1.2 Billion tonnes JORC Inferred Coal Resource approximately 62km north the project area (East Energy Resources Ltd, 2009). The "Blackall Coal Deposit" in EPC 1149 is expected to produce a domestic thermal coal product.

Immediately west of EPC 1149, Sentry Petroleum Limited's (NASDAQ OTC: SPLM) Exploration Permits for Petroleum (ATP's) 862 and 864 (see location map in appendix) have been announced as containing a "2,000 square mile" coal deposit (non-JORC, Sentry Petroleum Limited, 2011).

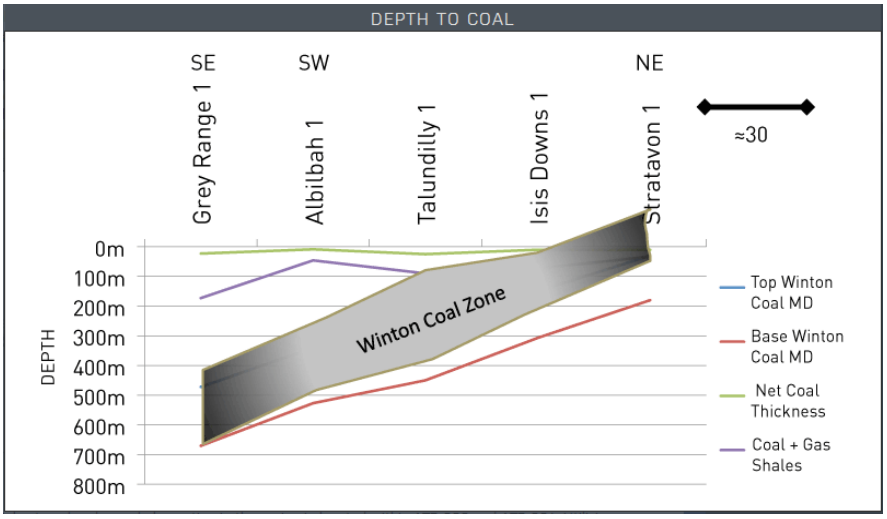

Figure 1 - Source: Sentry Petroleum Ltd website 15 July 2011
http://www.sentrypetroleum.com/projects/unconventional/permits/atp-862-864

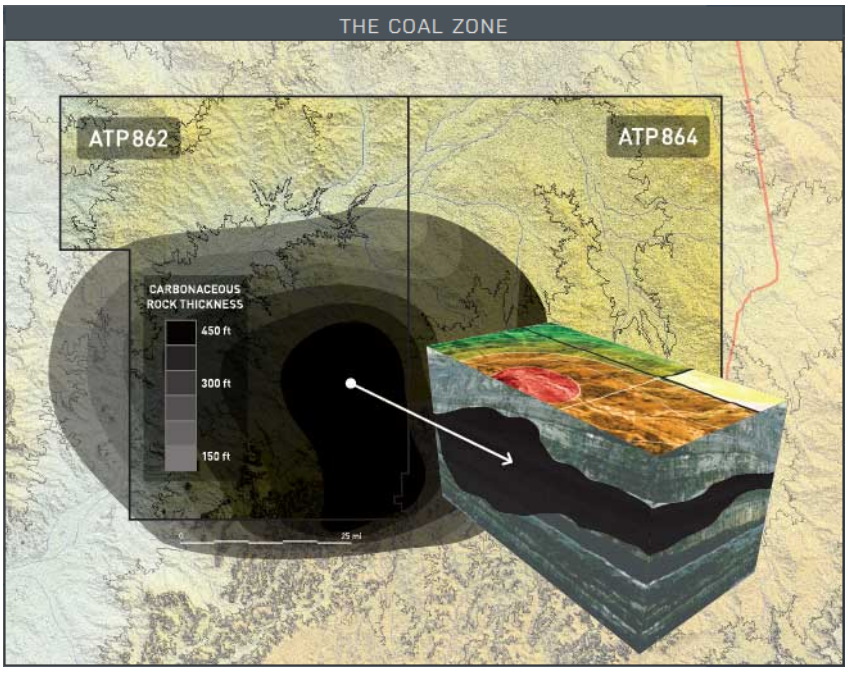

Figure 2 - Source: Sentry Petroleum Ltd website 15 July 2011
http://www.sentrypetroleum.com/projects/unconventional/permits/atp-862-864

In the locality of the project area there has been previous petroleum, coal bed methane, and coal exploration. It has been documented that the region also includes deeper sedimentary rocks from older Eromanga Basin formations (Westbourne, Birkhead,

and Poolwanna Formations) that also contain coal. No resource calculations from these sequences have been included in Tables 1 & 2 as seams intersected occurs at depths greater than 700m. There are no structural interferences other than a slight folding of the targeted Eromanga Basin.

The Winton Formation, within the Eromanga Basin, is the main targeted-formation over NSL's EPC Applications 2337, 2338 which contains some 15 coals seams from surface to 130m at an average thickness of 3-5m per seam. Further coal seams continue from 130m-250m and deepen to 480m in the north before petering out.

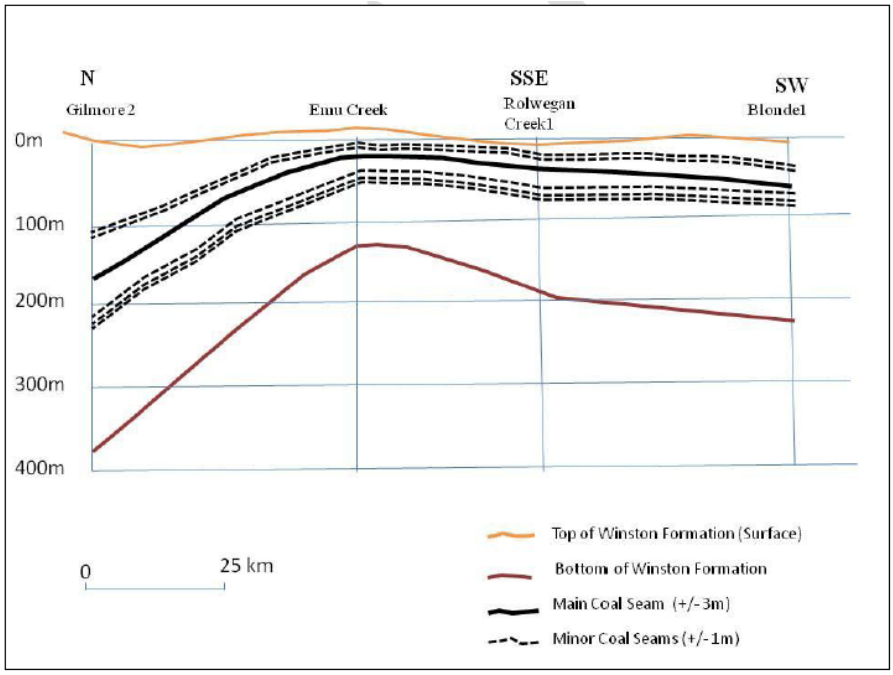

Figure 3 - Source: Independent Geologist Report Moultrie Group July 2011

The Winton Formation is the coal-bearing Formation of interest in the project area. The base of this formation has been deduced from extrapolating intersections in petroleum wells. This base varies from approximately 130-250m deep over EPC Applications 2337 and 2338 deepening in the north to 480m in EPC Application 2336. **The main coal seam within the Winton Formation occurs at 130m from this base.** The coal seams generally noted in the surrounding exploration areas seems to include a series of 1m seams above the main seam that is around 3-5m thick followed with three 1m seams, Figure 3. The cumulative thickness varies the depth of weathering across the project area is not well defined, but has elsewhere been reported as varying between 20-60m deep.

There were fifty-eight (58) historical holes drilled in the northern section of this project area with the closest of these holes approximately 30km to the north-west of the project area. In the south the 30 holes of which six are within 10km of the project area.

These holes were analysed and a cumulative thickness assigned of 8.5m for the Winton Formation and 0.5m for the Mackunda Formation. There is sufficient seismic data to run a full seismic study of this area. The quality of these holes indicates a thermal coal product with an exploration target tonnage range of between **6,600-18,050 Million tonnes[1]** within the Winton Formation (Table 1) and **100-750 Million tonnes[1]** for the Mackunda Formation (Table 2).

The thickness of coal is based on the lithological information recorded from the historical exploration in close proximity to the project area, and correlated with the coal noted in

petroleum well chip logs. In the available borehole data there are up to 15 seams present that vary in thickness.

In the partially cored borehole C2 (1981, Pacific Coal), the defined Winton Formation coal seam is 6.66m thick and cumulatively there is 9.36m of coal. Geophysical logging of the lower part of the Winton Formation in the petroleum wells shows numerous seams of varying thickness and coal density. An average cumulative coal thickness of 10.9m was estimated from the cumulative coal isopach map produced from previous coal exploration, petroleum drill chip logs, and available geophysical logging, and is considered to be a conservative estimate. For each successive EPC moving north this thickness was decreased. A seam thickness of 0.5m has been used for the Mackunda Formation.

Independent Geologist's Report at EPC Application 2198

EPC Application 2198 covers an area of 75 sub-blocks (approximately 213km^2). The Tenement EPC Application 2198 is located in the Blackall Tambo shire region in Queensland, Australia, near the township of Emerald, which hosts the nearest airport. The tenement is situated 330km southwest from Emerald, 310km northwest of Roma. The closest town to the tenement is Mount Morris which is <30km northeast of EPC Application 2198.

Some infrastructure is close to the tenement, including: the railway is 90km and the Warrego and Landsborough highway are approximately 50km away with minor roads providing access to the tenement. The railway is the most common form of transporting coal to port for exportation. The Barney Point Terminal in Gladstone is the nearest coal port. This port is set up for coal and has a laboratory and power station associated with it.

Similar to the other EPC's, the Winton Formation covers most of the tenement area and has been the focus of recent nearby exploration efforts by other exploration companies to find large quantities of thermal coal amenable to beneficiation and open cut extraction. The intersected Winton Formation coal seams range in thickness from 1-7m. The main seam averages 3m in thickness.

From preliminary investigations into historic drilling records, a gross in-situ tonnage estimate calculation was completed, using a 2.4m average cumulative thickness assigned across most of the tenement area. As previously reported, for EPC Application 2198 (South Bulburrum) these calculations resulted in an Exploration Target ranging between **500-600 Million tonnes**[1] for the project, and this is included in the tables of all EPC's (table 1 and 2) on page 2 above.

Future Work Program

NSL is now reviewing a potential future work program for the Projects, based upon the recommendations of the Independent Geologist. These programs will potentially involve geophysical surveys and ultimately evaluation drilling. NSL's early priority for the projects is to establish an outline of the necessary work required to reach resources to the JORC-standard at the projects in the shortest time frame.

Concurrently with the evaluation of a potential future work program, NSL will seek to expedite the full grant of the exploration permit applications.

- Ends -

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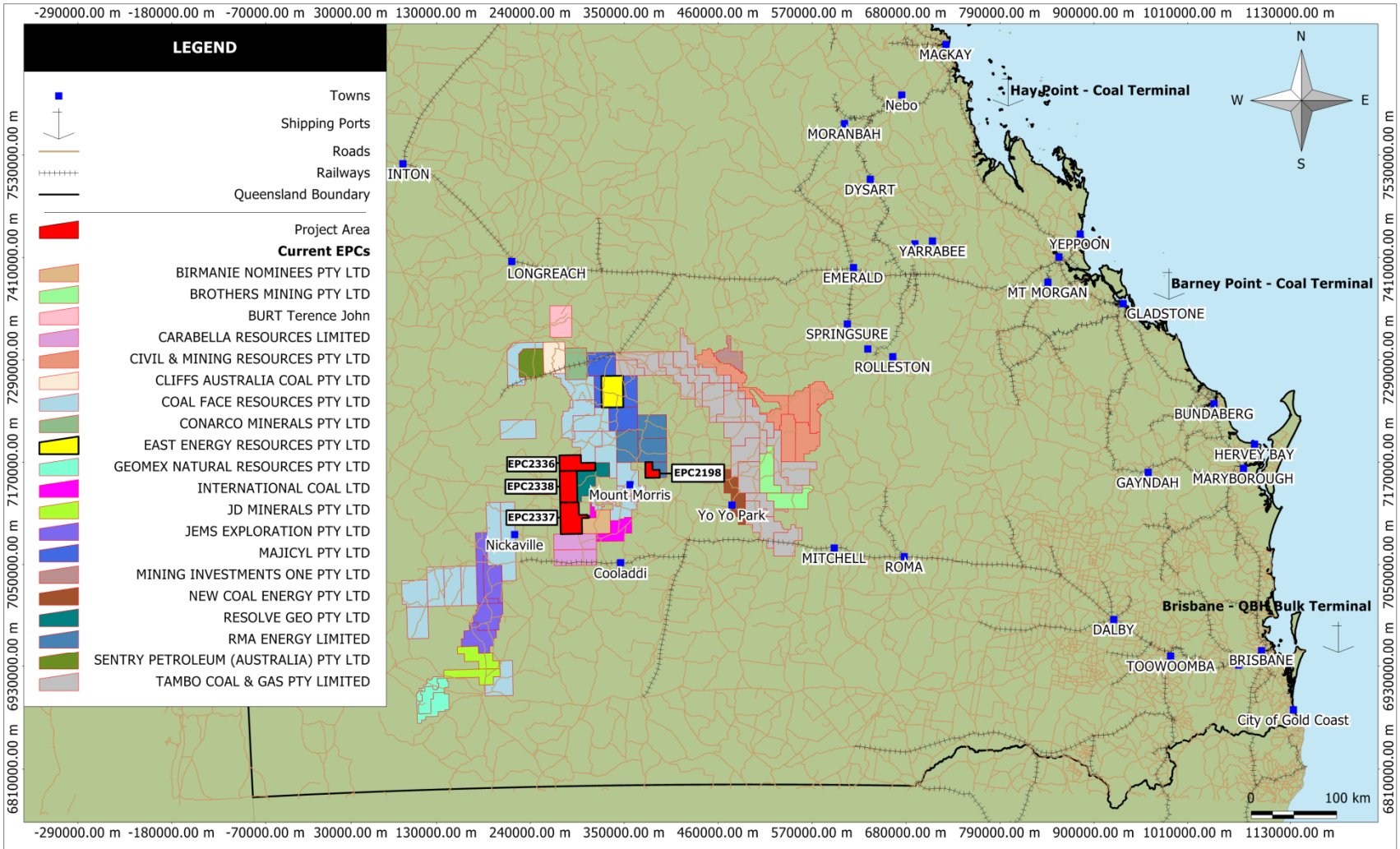
COMPETENT PERSON'S STATEMENT

Technical information relating to the coal projects in this announcement has been compiled by Mr Mark Biggs, Principal Geologist of Moultrie Database and Modelling. Mr Biggs is a member of the Australasian Institute of Mining and Metallurgy and has over 24 years of experience relevant to the style and type of coal mineralisation under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2004. The estimates of the Coal Resources presented in this Report are considered to be a true reflection of the Coal Resources as at 1st July 2011 and have been carried out in accordance with the principles and guidelines of the Australian Code for Reporting of Coal Resources and Coal Reserves published in September 2004 (JORC Code). Mr Mark Biggs consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

APPENDIX

Project Locations with surrounding tenures



Moultrie Database & Modelling

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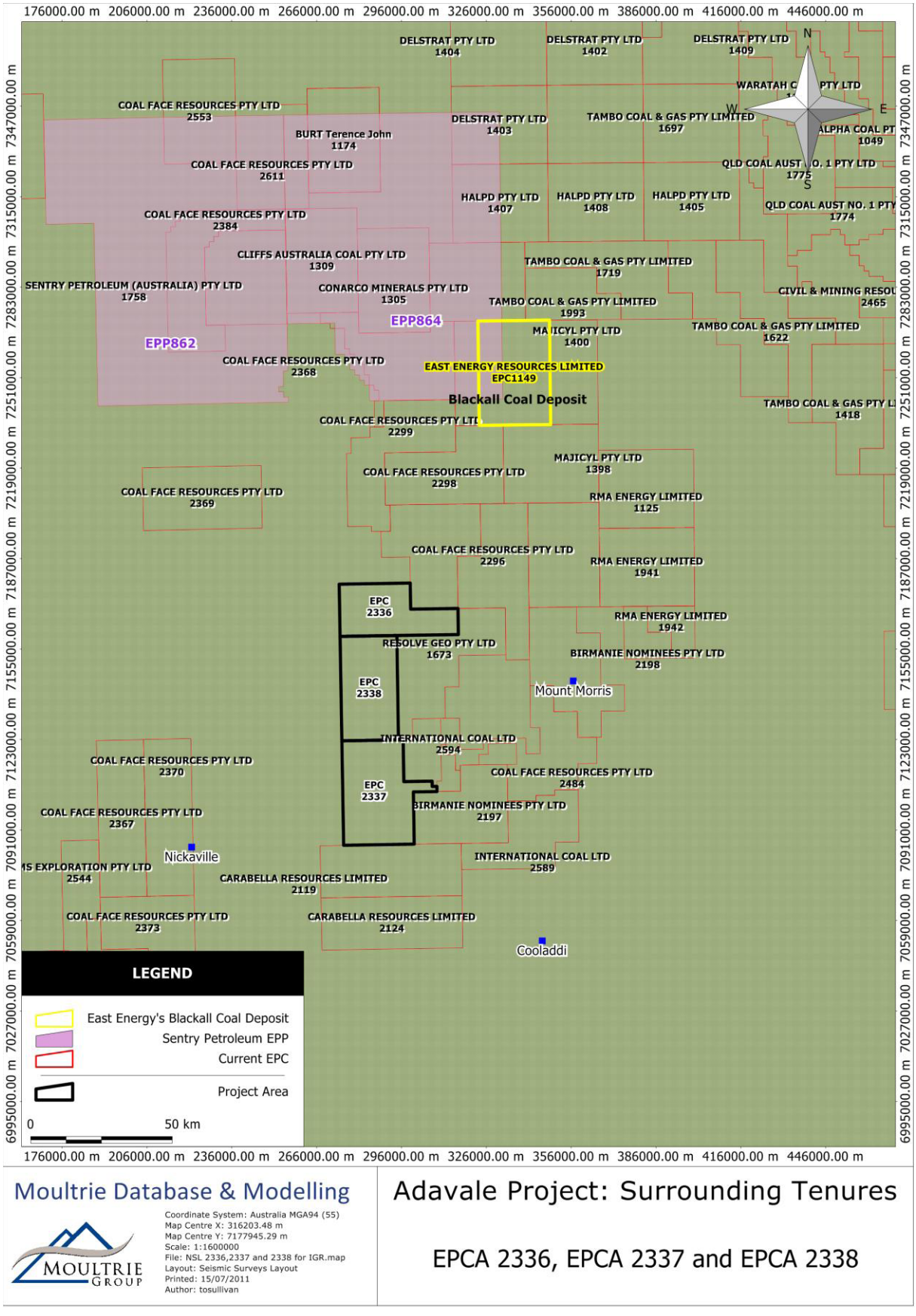
Map Centre X: 439875.21 m
Map Centre Y: 7215910.13 m
Scale: 1:5700000

File: NSL 2336,2337 and 2338 for IGR.map
Layout: Location Layout
Printed: 18/07/2011
Author: tosullivan

Adavale Project: Surrounding EPC's

EPCA 2336, EPCA 2337, EPCA 2338 and EPCA 2198

Location Map with surrounding tenures for East Energy, Sentry Petroleum and others



Moultrie Database & Modelling

MOULTRIE GROUP

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Layout: Seismic Surveys Layout
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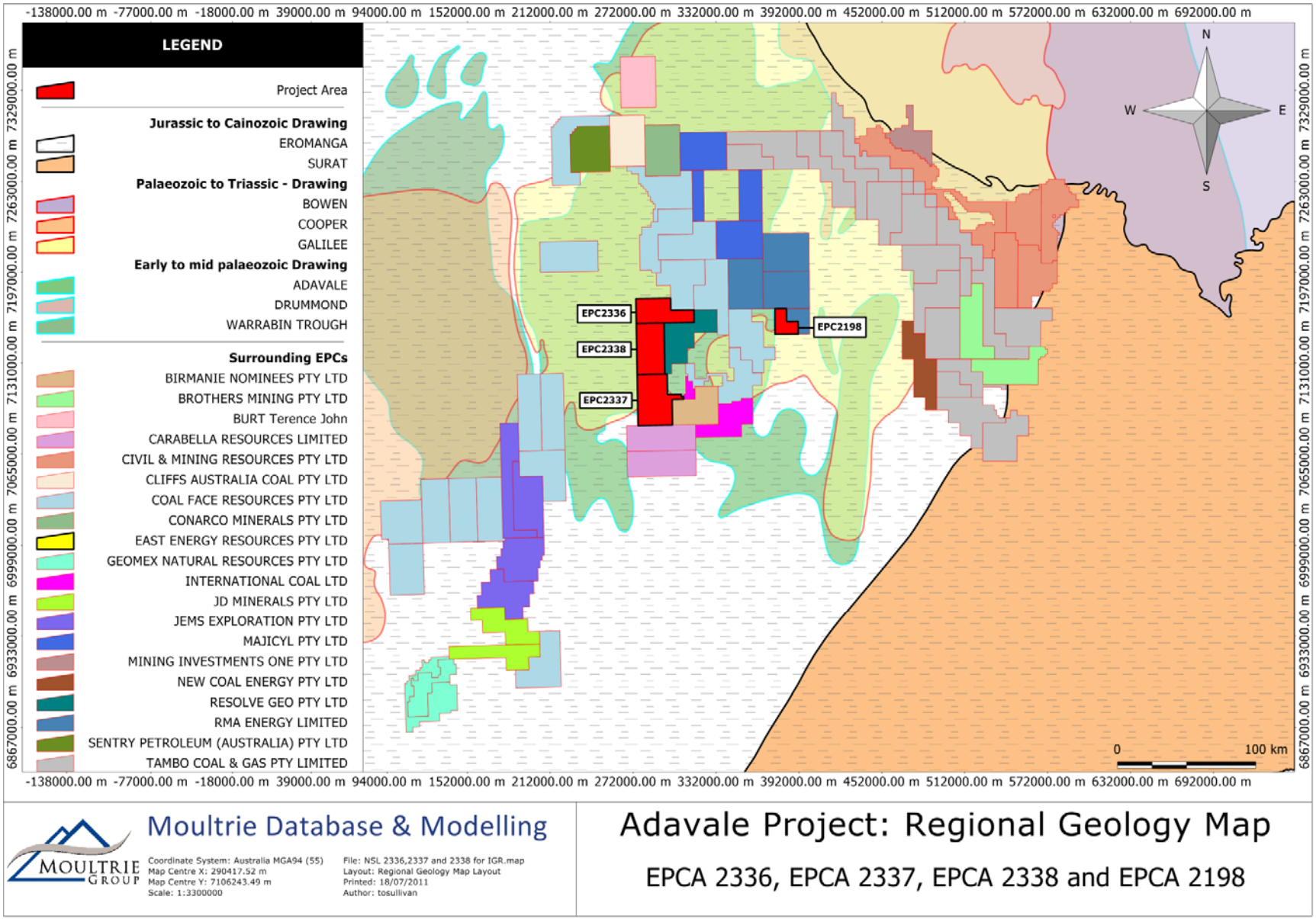
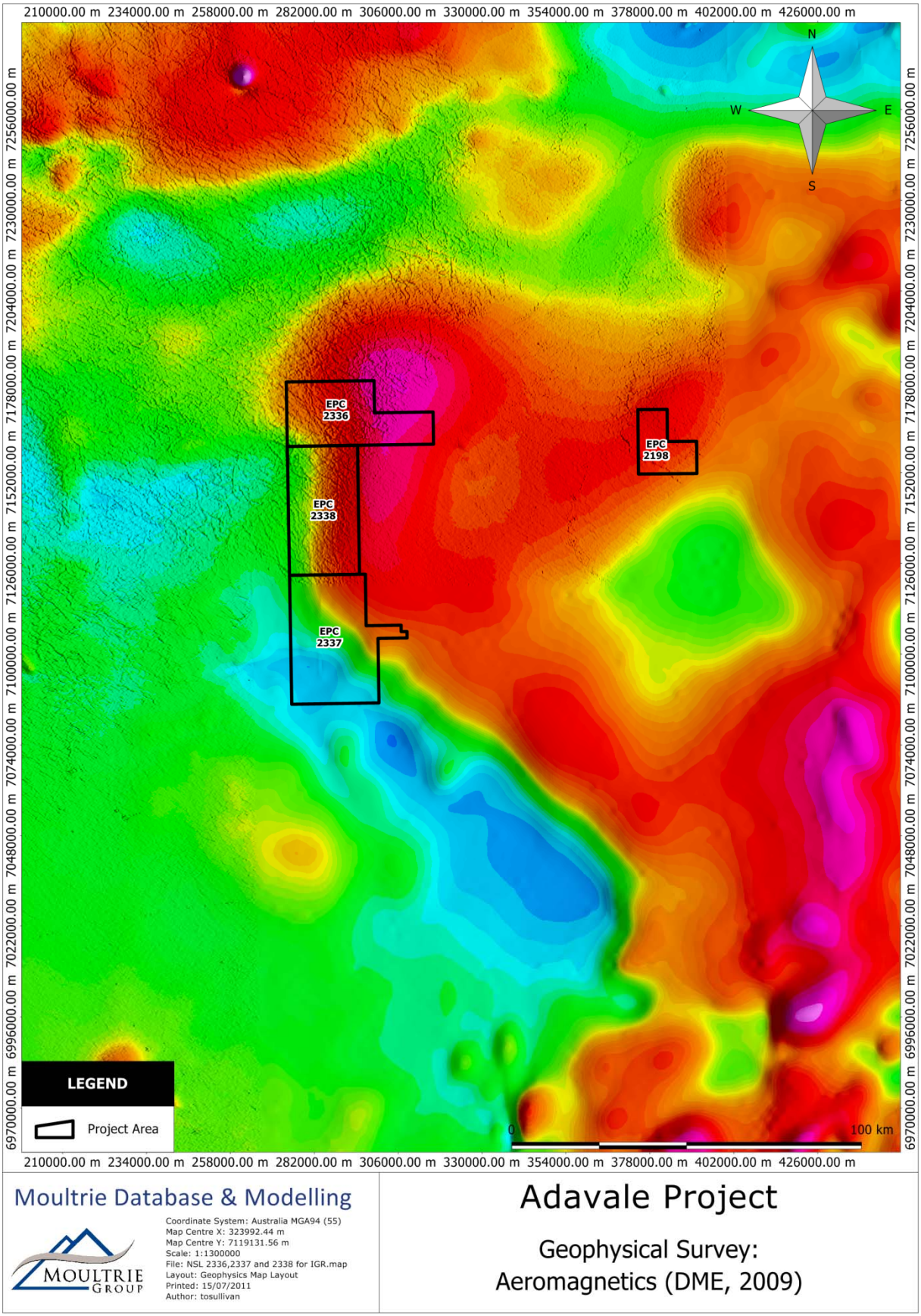
Adavale Project: Surrounding Tenures

EPCA 2336, EPCA 2337 and EPCA 2338

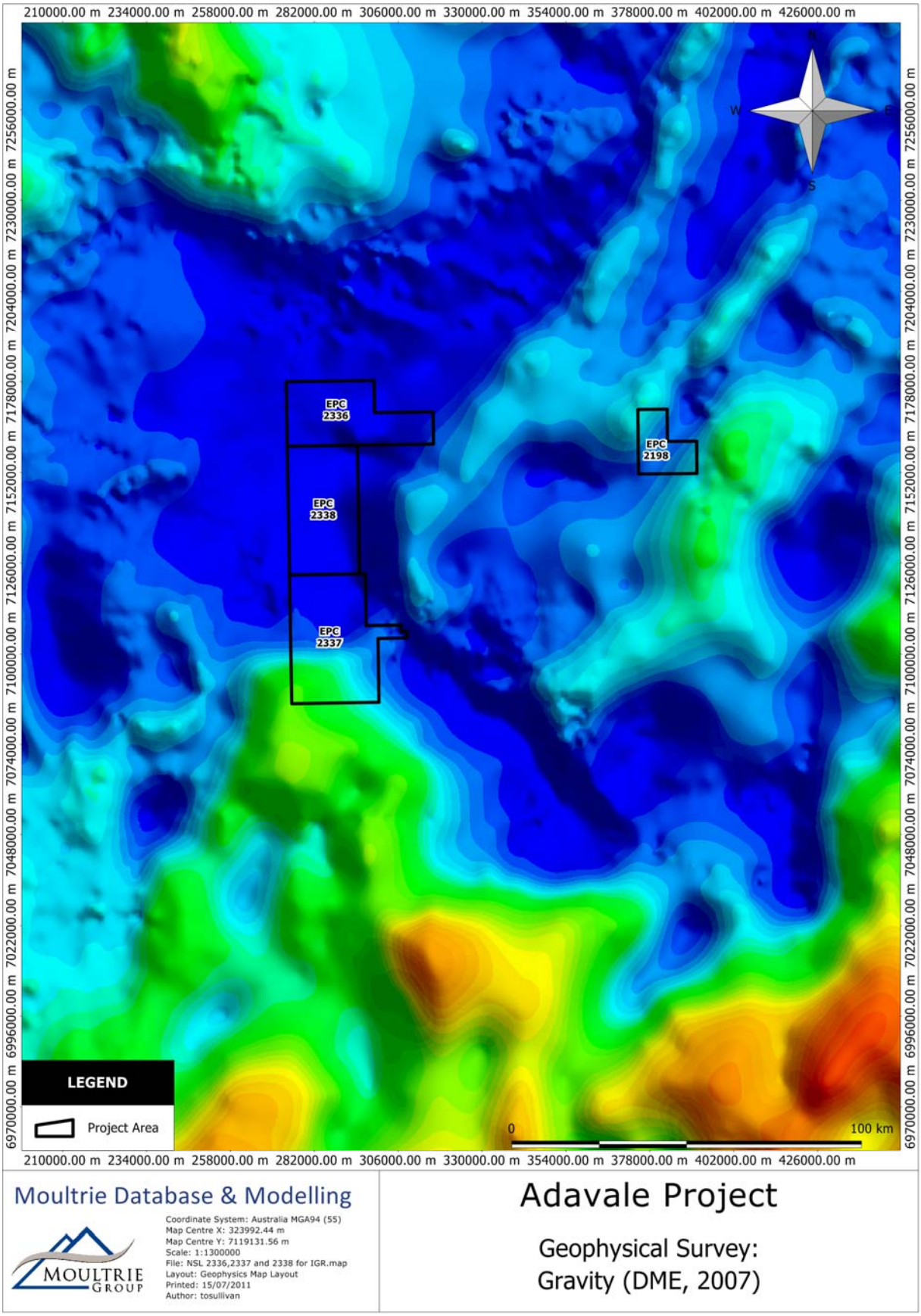
Three sedimentary basins Eromanga, Galilee, and Adavale



Regional Aeromagnetic Survey Adavale Project



Regional Gravity Survey Adavale Project



Independent Geologist Report 2236, 2337, 2338 - Summary of historical Petroleum Well Data

Basin	Period	Formation	Blondie 1		Emu Creek		Kaloola 1		Rolwegan Creek 1		Formation	Gilmore 2		Gumbardo 1	
			From	To	From	To	From	To	From	To		From	To	From	To
Eromanga	Cretaceous	Winton Formation	Surface		Surface	136	4	484	4	197	Winton		385	0	244
		Mackunda Formation			136	288	484	566	197	240	U Tambo	385	492	244	396.5
		Allaru Mudstone		452	288	432	566	786	240	369					
		Toolebuc Formation	452	454	432	435	786	815	369	379	L Tambo	492	599	396.5	579.5
		Wallumbilla Formation	454	717	435	704	815	1036	379	662					
		Cadna-owie Formation	717	818	704	779	1036	1142	662	735	Roma	599	802	579.5	854
	Upper Jurassic to Lower Cretaceous	Hooray Sandstone	818	934	779	872	1142	1218	735	872					
	Jurassic	Westbourne Formation	934	1014	872	982	1218	1309	872	967	Blythesdale	802	1096	854	1189.5
		Adori Sandstone	1014	1027.5	982	1024	1309	1339	967	999					
		Birkhead Formation	1027.5	TD	1024	1096	1339	1412	999	1075	Walloon	1096	1398	1189.5	1250.5
		Hutton Formation			1096	1250	1412	1585	1075	1194	Hutton	1398	1511	1250.5	1372.5
		Poolwanna Formation			1250	1310	1585	1653	1194	1213	L Permian	1511	1756		
Galilee	Carboniferous	Buckabie					1653	1685	1213	1237	Buckabie	1756	1992	1372.5	2470.5
	Devonean	Etonvale			1310	1327					Etonvale	1992	3247		3904