



## QUARTERLY ACTIVITIES REPORT For the period ending 31 March 2013

### HIGHLIGHTS

#### CORPORATE

- ✓ Company-transforming bolt-on acquisition of the Orion Coal Project completed and integrated into Cuesta's Priority Moorlands Project.
- ✓ \$12m Share Placement Agreement executed with Beijing Guoli for funding of the Orion Coal acquisition and Moorlands Project development.
- ✓ Brian Johnson appointed as Non-executive Chairman of Cuesta Coal.
- ✓ Cash on hand \$5.618m.

#### PRIORITY PROJECT

- ✓ **Moorlands Deposit**
  - Moorlands Project geological model completed with revised resource of ~146Mt of thermal coal with significant exploration upside. The project is located 14km from the Blair Athol Coal Mine.
  - Mine Scoping Study commenced and due for completion May 2013.
  - Cuesta's flagship priority project, to fast-track Cuesta from explorer to developer.

## 1. QUARTERLY OVERVIEW

The March 2013 quarter marked another busy period for Cuesta with the achievement of two significant corporate milestones as plans to transform the Company from explorer to developer continue to be executed.

Cuesta completed the bolt-on acquisition of the Orion Coal Project (EPCs 775 and 776) for \$18.2m, which has been integrated with Cuesta's existing Moorlands Deposit to the immediate south, creating Cuesta's flagship development project.

On 22<sup>nd</sup> February 2013, Cuesta announced that it had executed a \$12m Share Placement Agreement at 18 cents per share with major shareholder Beijing Guoli. This will provide adequate funding to progress initial development plans for Moorlands and assist with the Company's working capital requirements. It is anticipated that the placement will be completed by Q2 2013.

Operational planning work commenced for the 2013 drill season along with substantial desktop geological evaluation activities for Cuesta's projects.

During the quarter, Cuesta consolidated all of the geological data into a robust 3D geological model. A revised resource of 146Mt was estimated from the geological model and this was provided to Xenith Consulting (Xenith) who are using it as the basis to complete a Mine Scoping Study. Cuesta expects that the Mine Scoping Study will be completed in May 2013.

Key advantages of the Moorlands Deposit include:

- Shallow and thick coal seams allowing the Scoping Study to target a <5:1 strip ratio
- Primary coal seams consist of B4 averaging 6m, B8 averaging 10m and B9 averaging 3m
- Secondary coal seams consist of B5 and B7, both averaging 1.5m-2m
- Several coal seams and individual coal plies will not require washing, enhancing project economics
- Located 14km from existing infrastructure at the Blair Athol Mine.

Cuesta continues to investigate rail and port infrastructure options for the Moorlands Project and is targeting formal agreements in 2013.

The Moorlands Project is Cuesta's priority development project which the Company believes will be a robust open cut thermal coal project.

During the quarter, Cuesta conducted an internal review of its projects and will seek divestment opportunities where appropriate of non-core assets. No exploration activity was undertaken on any of Cuesta's projects during the quarter; however exploration planning activities are well advanced for the 2013 drill season.

Cuesta announced the appointment of Mr Brian Johnson as Non-executive Chairman of the Company on 12<sup>th</sup> of March 2013.

At the end of March 2013, Cuesta had cash and cash equivalents of \$5.618m (excluding the funds from the \$12m share placement).

Project	Status
<b>Moorlands Project</b>	<p>A total of 146.1Mt of Thermal Coal Resource (14.6Mt Measured, 36.4Mt Indicated and 95.1Mt Inferred Resource in accordance with JORC code (2004) guidelines).</p> <p>Combined resource estimate and Geological Model completed for consolidated Orion and Moorlands Project and announced on 9<sup>th</sup> April 2013.</p> <p>Mine Scoping Study is underway.</p>
<b>East Wandoan (Thorn Hill Deposit)</b>	<p>A total of 44.6Mt of Thermal Coal Resource (22.5Mt Inferred Resource and 22.1Mt Indicated Resource, in accordance with JORC code (2004) guidelines).</p> <p>8.2: 1 stripping ratio open cut resource defined from near surface to a depth of 100m.</p> <p>Further exploration planning underway to expand resource and to acquire further resources.</p>
<b>Eastern Galilee (Yellow Jacket Project)</b>	<p>Coal discovered further east of the known coal limits in 2011 scout drilling.</p> <p>In 2012 drilling coal was intersected over ~ 15km<sup>2</sup>, at depths less than 130m from the surface, with two seams present across all the drilled area.</p> <p>Coal quality testing and analysis underway prior to generating a maiden resource estimate.</p>
<b>West Emerald</b>	<p>50-200Mt Coking / PCI / Thermal Coal Exploration Target.</p> <p>Desktop study focusing on historic drilling data and geophysical analysis to prioritise target areas for drilling in 2013.</p>
<b>Other Projects</b>	<p><b>Amberley Project</b></p> <p>54.7Mt of Thermal Coal Inferred Resource, in accordance with the JORC code (2004) guidelines.</p> <p>Considering option to expand the resource or divest the project.</p> <p><b>Montrose Project</b></p> <p>0-70Mt Exploration Target for Metallurgical Coal of the Permian Age Back Creek Group.</p> <p>Desktop Study completed by SRK Consulting. Internal review underway for a 5 hole scout drilling program in 2013.</p>

## 2. ACQUISITION OF ORION COAL PROJECT

During the quarter, Cuesta completed the company-transforming acquisition of the Orion Coal Project (EPCs 775 and 776). The transaction was formally completed on 28<sup>th</sup> February 2013.

The Orion Coal Project has been consolidated with Cuesta's existing Moorlands Project and significant technical development has been completed over the past quarter.

## 3. PRIORITY PROJECTS EXPLORATION ACTIVITY REVIEW

### Moorlands Project

#### *EPCs 775, 776 and 1738 (CQC: 100%)*

The Moorlands Project is a ~146Mt (in accordance with the JORC code (2004) guidelines) open cut thermal coal project located 14km west of the historic Blair Athol Coal Mine in the Western Bowen Basin, Queensland.

The project offers Cuesta a long-life asset with significant resource upside potential in the area. It is anticipated that capital costs can be minimized in a staged start-up of the future mine and the overall economics will be robust due to the following attributes of the project:

- Target initial production rate of 1.5 - 2Mtpa to minimise CAPEX upon start-up
- Thick coal seams allowing the Scoping Study to target a <5:1 strip ratio
- Depth to first coal in the extreme south of the Moorlands Deposit is approximately 30-40m from surface
- Primary coal seams consist of B4 averaging 6m, B8 averaging 10m and B9 averaging 3m. Secondary coal seams consist of B5 and B7, both averaging 1.5m-2m
- Several coal seams and individual coal plies will not require washing, enhancing project economics
- Located 14km from the existing coal infrastructure at the Blair Athol Mine.

### Quarterly Activities

During the quarter, the consolidated Geological Model and Resource Estimate was completed and Cuesta engaged Xenith to complete a Mine Scoping Study at the Moorlands Project.

Key highlights of the Moorlands drilling activities and results are as follows:

- Resource increase to 146.1Mt following acquisition and consolidation of the Moorlands Deposit (EPC 1738) with the Orion Coal Project (EPC 775 and 776)
- 14.6Mt Measured, 36.4Mt Indicated and 95.1Mt Inferred JORC Resource in open cut target
- Raw Coal Analysis in line with expectations
- Washability results will be provided in the Mine Scoping Study.

### Geological Model and Resource Calculation

The geological model was produced by combining geological data following the acquisition of EPCs 775 and 776 with Cuesta's existing data base (notably on EPC 1738 where Cuesta has drilled 44 holes for 5,382m since 2011), creating a robust 3D geological model confirming the north / south continuity of the coal seams throughout the basin. The resource has been calculated at 146.1Mt with 86% of the resource being less than 150m from the surface. Details of the resource are shown in Table 1.

The Geological Model has been provided to Xenith including the coal washability work indicating good washability characteristics with good to excellent recoveries. Importantly early indications are that several raw coal seams can bypass the requirement for washing, thus reducing capital and operating expenditure in the development and operation phase of the project.

Cuesta intends to drill the resource base to a JORC Indicated/ Measured category in the lead up to commencing feasibility studies.

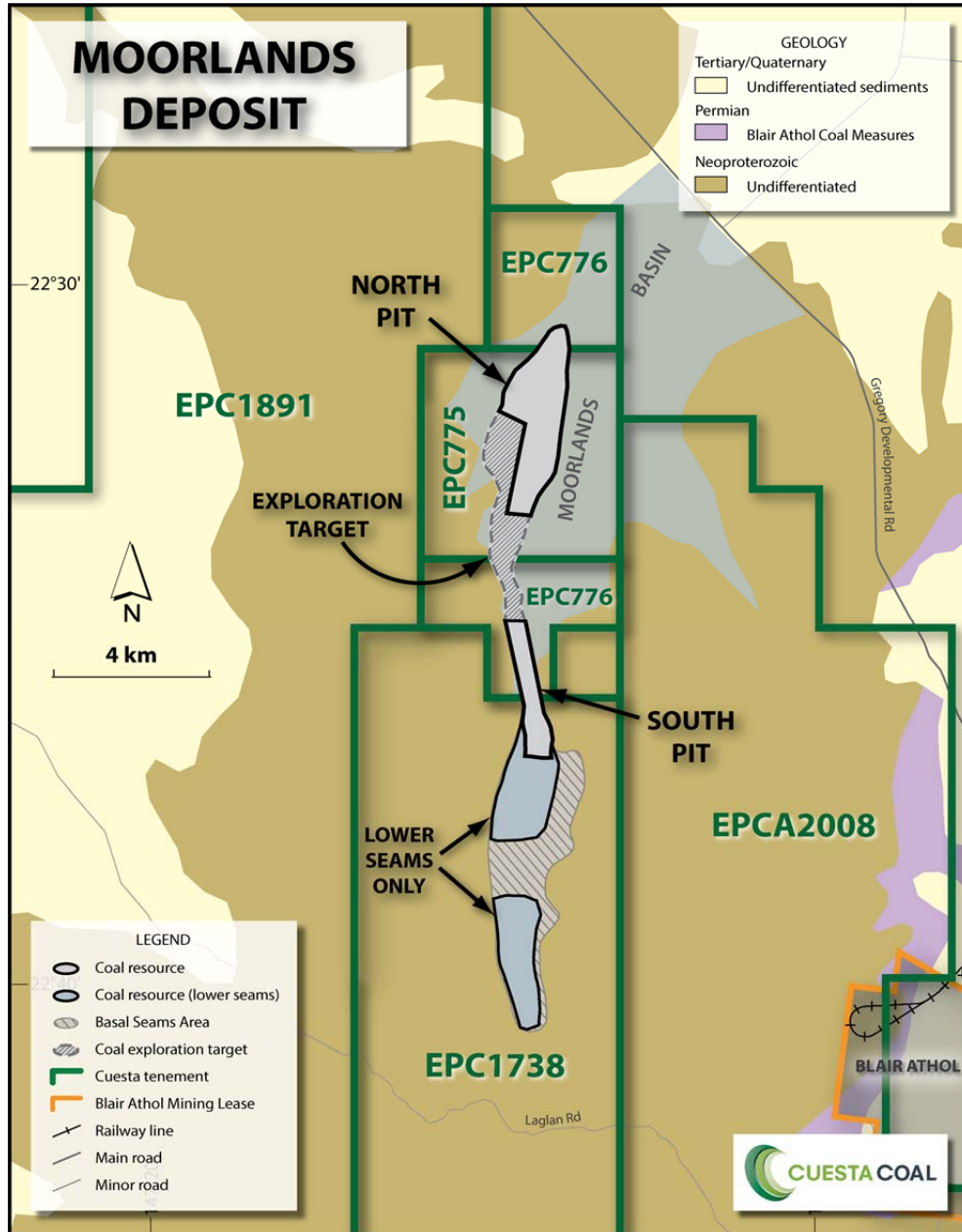


Figure 1: Moorlands Project (EPCs 775, 776 and 1738)

**Table 1: Moorlands Project (EPC 775, 776 and 1738 Resources – Resource Classification in Accordance with JORC Code (2004))**

Resource Category	Value	Moorlands Project								Total Tonnes (Mt)
		B4	B5	B7	B8	B9	B11	B12	B13	
Measured	Volume (Mm <sup>3</sup> )	-	-	-	7.5	2.2	-	-	-	
	Thickness (m)	-	-	-	7.99	2.35	-	-	-	
	Relative Density (t/m <sup>3</sup> )	-	-	-	1.51	1.49	-	-	-	
	<b>Sub-total Tonnes (Mt)</b>	-	-	-	<b>11.3</b>	<b>3.3</b>	-	-	-	<b>14.6</b>
Indicated	Volume (Mm <sup>3</sup> )	-	0.85	0.74	15.09	7.63	-	-	-	
	Thickness (m)	-	1.84	0.87	5.86	2.57	-	-	-	
	Relative Density (t/m <sup>3</sup> )	-	1.42	1.53	1.51	1.48	-	-	-	
	<b>Sub-total Tonnes (Mt)</b>	-	<b>1.2</b>	<b>1.1</b>	<b>22.8</b>	<b>11.3</b>	-	-	-	<b>36.4</b>
Inferred	Volume (Mm <sup>3</sup> )	9.8	0.14	2.16	35.16	8.17	3.85	3.6	11.9	
	Thickness (m)	4.62	1.22	1.61	4.62	2.71	2.25	0.67	2.15	
	Relative Density (t/m <sup>3</sup> )	1.47	1.42	1.51	1.51	1.48	1.50	1.50	1.50	
	<b>Sub-total Tonnes (Mt)</b>	<b>14.4</b>	<b>0.2</b>	<b>3.3</b>	<b>36.0</b>	<b>12.1</b>	<b>5.8</b>	<b>5.4</b>	<b>17.9</b>	<b>95.1</b>
<b>Grand Total Tonnes (Mt)</b>		<b>14.4</b>	<b>1.4</b>	<b>4.4</b>	<b>70.1</b>	<b>26.7</b>	<b>5.8</b>	<b>5.4</b>	<b>17.9</b>	<b>146.1</b>

- Notes:
- \* Volumes and tonnages have been rounded.
  - \* Coal tonnes stated are on an in situ basis using estimated default in situ relative densities.
  - \* The project area is within EPC 1738, EPC 775 & EPC 776.
  - \* The target mineralisation is the Late Permian coal measures within the Moorlands & Bendemeer Basins.
  - \* The coal is found in ten seam groups – Bendemeer Seams (B4, B5, B6, B7, B8, B9, B10, B11, B12, B13). Resources have been estimated only for the B4, B5, B7, B8, B9, B11, B12 & B13 seam groups.
  - \* A minimum seam thickness of 0.3 metres has been used.
  - \* A depth cut off of 250 metres has been used to limit resources.
  - \* A stratigraphic model generated in Minescape has been used. Gridded seam surfaces, base of tertiary and weathering surfaces have been created on a 25 m by 25 m grid cell size. All seams are clipped to the base of weathering.
  - \* As of the 5<sup>th</sup> April 2013, the Moorlands Project is estimated to contain a total Resource of 146.1 Mt, being composed of 14.6 Mt of Measured, 36.4 Mt Indicated and 95.1 Mt Inferred resource.
  - \* The coal present is a sub-bituminous coal with moderate ash (adb), moderate specific energy (adb) and low to moderate sulphur (adb).
  - \* Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and quality. This classification was completed in accordance with the guidelines as set out in the JORC Code (2004).

Table 2 below summarises average coal quality by seam for the Moorlands Project.

**Table 2: Moorlands Project – Average Raw Coal Quality by Seam**

Seam Name	No. of Quality Holes	Total Moisture % (ar)	Moisture % (ad)	Ash % (ad)	Volatile Matter % (ad)	Fixed Carbon % (ad)	Specific Energy MJ/kg (ad)	Total Sulphur % (ad)	Relative Density gm/cc (ad)
B4	1	-	12.2	20.7	28.1	39.1	20.85	0.49	1.47
B5	3	19.9	9.5	12.8	34.1	43.5	24.97	2.25	1.42
B7	5	19.7	9.6	22.2	27.1	41.1	21.28	0.52	1.51
B8	11	18.0	9.3	19.4	27.4	44.0	22.42	0.49	1.45
B9	9	18.1	10.0	14.7	31.3	44.0	23.79	0.74	1.41
B11	2	-	11.4	11.3	30.9	46.4	24.63	0.72	1.40
B12	7	-	8.2	14.1	34.3	43.5	25.29	1.13	1.48

## **East Wandoan Project**

### ***Thorn Hill Deposit (CQC: 90%)***

The East Wandoan Project stretches over an area of 1089km<sup>2</sup> and is situated approximately 15km east of the township of Wandoan, Queensland. It comprises EPCs 1955, 1987 and 2237, situated along the north-eastern fringe of the Surat Basin. Cuesta is exploring for shallow units of the lower Walloon Coal Measures, referred to as the Taroom Coal Measures.

### **Quarterly Activities**

No further exploration activities were undertaken at the Thorn Hill Deposit during the March 13 quarter.

The Company will continue to monitor infrastructure development in the Surat Basin and the impact it will have on the Thorn Hill Deposit future mine development, to determine the amount of funds to be invested in the project in the immediate future.

## **Eastern Galilee Project**

The Eastern Galilee Project covers a total area of approximately 4,000km<sup>2</sup> extending in a south-easterly direction from the township of Pentland, located midway between Charters Towers and Hughenden in Queensland.

Cuesta holds five tenements in total consisting of EPC 1802 ("Yellow Jacket Project"), 1957 (90%) and EPCAs 1983, 2688 and 2699.

A further two tenements (EPC 2080 and EPCA 2079) are subject to a Farm-In and Joint Venture Agreement with QCI (Galilee) Pty Limited (QCI). Upon successful granting of the two tenements, QCI can earn 51% through expending \$3 million on exploration.

The target objective is to identify multiple deposits of open cut coal measures sized between 200 and 1,000Mt. The coal is expected to be of the Late Permian Betts Creek Beds Sequence; regionally this sequence contains net coal thickness greater than ten metres in substantial tonnages.

In its drilling activities during 2011 and 2012, Cuesta has intersected coal over an extensive area on EPC 1802, which it has called the Yellow Jacket Project.

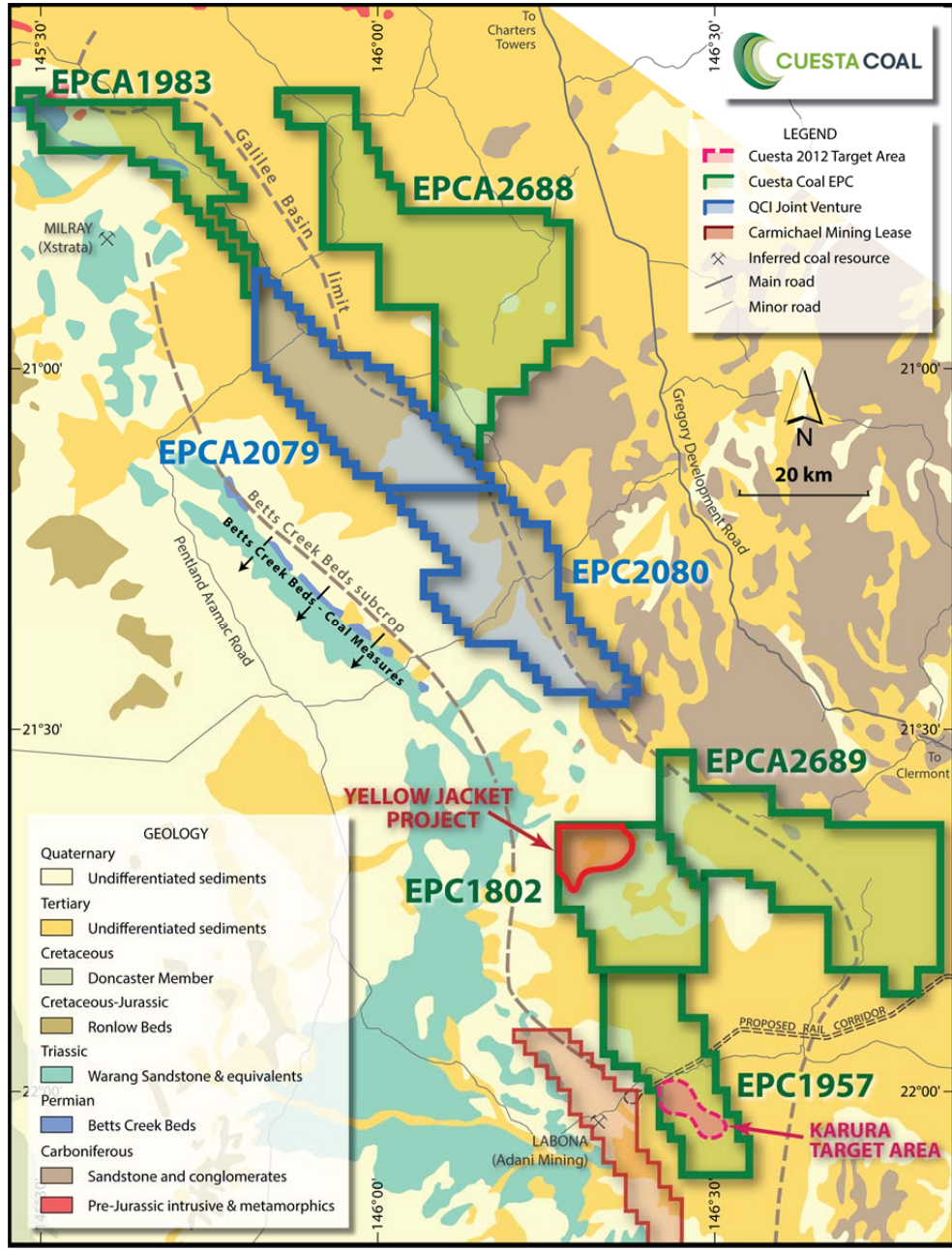


Figure 2: Cuesta’s Eastern Galilee Tenure including the Karura Target Area in EPC 1957

**Yellow Jacket - EPC 1802 (CQC: 100%)**

**Quarterly Activities**

Coal samples have been submitted to the laboratory for analysis including total moisture, proximate analysis, specific energy and coal washability testing.

Palynology testing is also being used to determine the age of the coal enabling correlation to occur in other betts creek bed sequences in the Galilee Basin. There was some ambiguity in the initial results and additional analysis is being carried out. The primary importance of this is due to a lack of any previous exploration occurring in this greenfield project area.

A small exploration program of 3km wide spaced step out holes is being planned to determine the easterly extent of the basin margin.



## **Amberley Project**

### ***Amberley Deposit (CQC: 100%)***

EPC 2127 comprises 12 sub-blocks within the mining district of South Brisbane, and is located 5km south of Amberley RAAF Base near Ipswich, Queensland. The project is located approximately 8km south east of the Jeebropilly coal mine and 5km from the soon to be re-commissioned Ebenezer Mine.

### **Quarterly Activities**

No further exploration activities were undertaken at the Amberley Deposit during the past quarter. The Company continues to consider the cost/ benefit of expanding the resource against potential divestment opportunities.

Key Highlights of the deposit are as follows:

- 54.7Mt JORC Inferred Coal Resource
- Resources defined to a depth of 150m.

## **4. OTHER PROJECTS ACTIVITY REVIEW**

### **Montrose**

Cuesta engaged SRK Consulting to conduct a desktop review of the Montrose Project. The Montrose Project is targeting Permian Coal of the Back Creek Group which are known to occur in the Bowen Basin. Montrose is a greenfield project but has the potential to host metallurgical coal.

Over the coming months, Cuesta will evaluate conducting a small 5-8 PCD open hole scout drilling program to test the occurrence of coal in the area.

### **Other Projects**

Cuesta has commenced an internal review of its portfolio of projects which will be completed over the next six months. The review will rank projects against the current strategic priorities to determine whether to develop, seek a partner to joint venture or to divest. The purpose of this exercise is to enable Cuesta to concentrate on the development of Moorlands and to identify the pipeline projects which have the ability for both medium and long term development.

## **5. JOINT VENTURES**

The Joint Venture with QCI (Galilee) Pty Limited is pending the granting of EPCA 2079. EPC 2080 was granted on 11 February 2013.

## **6. TENEMENT GRANTING**

The following tenements were granted during the quarter.

- EPC 2080 as part of the Eastern Galilee Project
- EPC 2356 as part of the East Acland Project.

No new applications for tenure were submitted.

## 7. INFRASTRUCTURE

As stated previously, Cuesta has engaged Balance Resources Pty Ltd to investigate potential infrastructure options, including port, rail, power and water, for its key projects. A full report has been generated outlining options and strategy.

Cuesta is targeting to progress its infrastructure options for its Moorlands Project by the end of 2013. Cuesta will update its shareholders of progress throughout the year.

## 8. HEALTH & SAFETY

Cuesta is pleased to report that it continues to maintain its strong commitment to health and safety overseen by the Health and Safety Committee.

A comprehensive review of the Health & Safety Management System was carried out during the quarter as part of the Company's commitment of continuous improvement.

## 9. CORPORATE

### Financial

On 28 February 2013, Cuesta announced it had completed the Company-transforming acquisition of the Orion Coal Project. Cuesta made a final cash payment of \$3.2m under the terms of the Share Sale Agreement (SSA) during the quarter and issued 10,000,000 convertible notes in settlement of the acquisition.

Cuesta received \$18k in interest which had accrued on the \$5m deposit up until the settlement date.

Transaction costs of \$152k relating to the acquisition were paid during the quarter. Stamp duty in respect of the acquisition is currently being assessed in Queensland.

On 22 February 2013, Cuesta announced that it had executed a \$12m Share Placement Agreement at 18 cents per share with major shareholder Beijing Guoli. The placement is expected to be completed in the June 2013 Qtr. The funds will be used to repay \$5,000,000 of the Convertible Note liability arising as part of the Orion Coal Project Acquisition.

The remaining \$7,000,000 will be added to the Company's existing cash reserves to fund initial development plans for Moorlands and the Company's working capital requirements.

During the quarter, Cuesta received a BAS refund of \$252k and paid \$734k in administrative expenses. Cuesta made payments of \$1,082m for exploration activities undertaken in the Dec 12 Qtr and technical analysis of resources during the quarter.

At the end of the March 2013 quarter Cuesta had cash and cash equivalents of \$5.618m.

### Vendor Payments

An amount of \$389,189 payable to ACN Mining Pty Ltd and an amount of \$87,500 (GST exclusive) payable Mining Investments One Pty Limited have been paid subsequent to quarter end.

The amount of \$1,832,433 (GST exclusive) is payable upon the granting of tenements to ACN Mining Pty Ltd.

## 10. CONTACTS

For further information, please contact:

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## 11. COMPETENT PERSONS STATEMENT

The information in this report/statement relating to the resource of EPCs 1738, 775 & 776 is based on information reviewed by Blair Richardson, who is a member of the Australasian Institute of Mining and Metallurgy. He is a full time employee Cuesta Coal Limited.

Blair Richardson has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a 'Competent Person' as defined in the 2004 edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. Blair Richardson consents to the inclusion in this report of matters based on this information in the form and context in which it appears.

A report entitled 'East Wandoan Project JORC Resources dated June 2012' and 'Amberley Project (EPC 2127) – Resource Estimate' dated 4<sup>th</sup> September 2012', have been compiled by Lyndon Pass of Encompass Mining, and it reflects his current view of the Moorlands, East Wandoan and Amberley coal deposit resources. In the future, as additional information may become available, this view could be subject to modification. The full reports contain detailed information regarding the Moorlands, East Wandoan and Amberley deposit.

Lyndon Pass is a Member of the Australasian Institute of Mining & Metallurgy (AusIMM). Lyndon Pass consents to the inclusion in the current document of the matters concerning Coal Resources at Moorlands, East Wandoan and Amberley based on his information in the form and context in which they appear. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' published by the Joint Ore Reserves Committee (JORC).

Sections of information contained in this report that relate to all Exploration Results were compiled or supervised by Blair Richardson, who is a Member of the Australasian Institute of Mining and Metallurgy and is General Manager of Exploration for Cuesta Coal Limited. Mr Richardson has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Richardson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Sections of information contained in this report that relate to Exploration Results and Targets were compiled or supervised by Brice Mutton, who is a Fellow of the Australasian Institute of Mining and Metallurgy and is Technical Director of Cuesta Coal Limited. Mr Mutton has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Mutton consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

All statements contained in the announcement as to exploration targets are conceptual in nature. There has been insufficient exploration undertaken to date to define a coal resource and identification of a resource will be totally dependent on the outcome of further exploration. Any statement as to exploration targets has been made consistent with the requirements of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves' published by the Joint Ore Reserves Committee (JORC).

## **12. ABOUT CUESTA COAL LIMITED (ASX CODE: CQC)**

Cuesta Coal Limited ("Cuesta") is an ASX listed coal exploration company with a pipeline of coal projects ranging from development to greenfield exploration. Cuesta has a JORC Resource of 245Mt and is targeting a significant increase in 2013.

The Company is supported by a strong cornerstone investor and is targeting coal production from its Moorlands Project in a 3–5 year timeframe. The Moorlands Project is an open cut thermal coal project with a resource of 146Mt, with significant exploration upside identified.

Cuesta has a diverse portfolio of thermal and coking coal exploration prospects within the Bowen, Surat and Galilee basins, with the Company's core projects well situated geographically and close to existing infrastructure.

Cuesta's Board and Senior Management has extensive experience in the domestic and international coal industry. It has proven technical and management ability in large bulk commodity development projects, which is demonstrated by senior roles with major companies.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Cuesta Coal Limited

ABN

36 153 351 994

Quarter ended ("current quarter")

March 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(1,082)	(4,739)
(b) development	-	-
(c) production	-	-
(d) administration	(734)	(1,817)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	143	600
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 GST Refund	252	910
R & D Tax Refund	-	205
	(1,421)	(4,841)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	(3,352)	(8,677)
(b) equity investments	-	-
(c) other fixed assets	(5)	(117)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	(3,357)	(8,794)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(4,778)	(13,635)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(4,778)	(13,635)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(4,778)	(13,635)
1.20	Cash at beginning of quarter/year to date	10,396	19,253
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	5,618	5,618

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	208
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of Directors' Fees, Executive Directors salaries and consultancy fees payable to Directors' related entities.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

n/a

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

n/a

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,524
4.2 Development	-
4.3 Production	-
4.4 Administration	821
<b>Total</b>	<b>2,345</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	394	1,203
5.2 Deposits at call	5,224	9,193
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,618</b>	<b>10,396</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Exploration Permit for Coal ("EPC")		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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6.2	Interests in mining tenements acquired or increased	EPC 775	Exploration Permit for Coal ("EPC")	0%	100%
		EPC 776	acquired through Orion Coal Project Acquisition	0%	100%
		EPC 2080	Exploration Permit for Coal ("EPC")	0%	100%
		EPC 2356	Application granted during the period	0%	100%

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+ See chapter 19 for defined terms.



### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	219,622,713	150,891,074		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	28,000,000 <sup>(a)</sup>	-		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	10,000,000	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	10,000,000 <sup>(b)</sup>	-		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	8,035,718		<i>Exercise price</i> \$0.20 per Option	<i>Expiry date</i> 31 December 2015
	59,763,237 600,000		\$0.25 per Option \$0.25 per Option	31 December 2015 29 October 2015
7.8 Issued during quarter	9,333,333 <sup>(c)</sup>	-	\$0.25 per Option	31 December 2015
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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7.11	<b>Debentures</b> <i>(totals only)</i>	-	-
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	

**Note:**

- (a) Series One and Series Two shares issued under the Executive Share and Option Plan (EXSOP) as announced on 31 January 2013.
- (b) Convertible Notes issued as part of the settlement of the Orion Coal Project as announced 028 February 2013.
- (c) Series One and Series Two options issued under the Executive Share and Option Plan (EXSOP) as announced on 31 January 2013.

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(CFO/ Company Secretary)

Date: 30 April 2013

Print name: Megan McPherson

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+ See chapter 19 for defined terms.

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.