

ASX Announcement

Moorlands South Pit Coal Quality Results

- Laboratory results of 2012 drilling campaign confirm coal quality similar to neighbouring Blair Athol and Clermont Coal Mines
- Excellent washability recovery rates of 90%
- Current resource in south pit has 25% of coal not requiring washing i.e. bypass coal
- A single product stream coal specification on the Measured, Indicated and Inferred South Pit resource include:
 - Ash of 10.4%
 - Inherent moisture of 9.5%
 - Calorific Value of 6,077 k/cal adb
 - HGI of 59
 - Ash fusion initial deformation of >1500°C

26th June 2013: Cuesta Coal Limited (ASX: CQC) (“Cuesta”) is pleased to announce the detailed coal quality results for the flagship Moorlands Project in the Western Bowen Basin of Queensland. The Moorlands Project has a current JORC Resource of 146.1Mt, including 53.5Mt of JORC Measured and Indicated Resources.

Work completed includes washability analysis of individual coal seams and detailed analysis of the washed coal comprising proximate and ultimate analysis, ash analysis, ash fusion and HGI.

These results are from samples collected during the 2012 drilling campaign, where 6 cored holes in the Moorlands south pit were completed. Cored holes recovered samples from the B5, B7, B8 and B9 seams.

Product Recovery, Ash and Energy Contents

Particularly encouraging, is the product recovery rates on the washed coal samples which average 90% while producing a 10.4% ash product with an acceptable energy content of 6,077 k/cal adb, as shown in the table below.

YIELD (%)	INHERENT MOISTURE % (ad)	ASH % (ad)	VOLATILE MATTER % (ad)	FIXED CARBON % (ad)	CALORIFIC VALUE MJ/kg (ad)	CALORIFIC VALUE Kcal/kg (ad)	TOTAL SULPHUR % (ad)	HGI
89.9	9.5	10.4	30.7	49.4	25.44	6077	0.72	59

The combination of the washability recovery rates and thick coal seams enhance the economics of future mining operations due to the high product coal ratio versus ROM Coal. Within the individual coal seams in the south pit, washability recovery rates vary from 87.1 – 96.8% and within the south pit area, 25% of the ROM feed will not require washing and will be run as bypass coal.

Importantly, the 10m thick B8 seam averages 88.3% recovery, producing a product coal containing 9.9% ash, energy content of 6139 k/cal adb and 0.53% sulphur.

In addition to this, the 4m thick B9 seam averages 90.4% recovery, producing a product coal containing 10.9% ash, energy content of 6,041 k/cal adb and 0.65% sulphur.

Detailed breakdown of the ash analysis, ultimate analysis and ash fusion are shown in tables at the end of this announcement.

Hargroves Grindability Index

The HGI of the Moorlands coal averages 59 across the deposit. Within the individual seams, the hardest coal is rated with a HGI of 56 and the softest at 61, making it a relatively narrow band.

The HGI of this coal will be attractive to end users due to the mid-range nature of the coal. This coal has a superior HGI to that of the much harder Surat Basin coals and is typical of Permian aged coals in the region.

Summary of Laboratory Results

The detailed laboratory results are pleasing and will be a key input into the mine scoping study which is due to be finalised shortly. Encouragingly a single low ash, moderate energy coal specification can be generated from the south pit deposit.

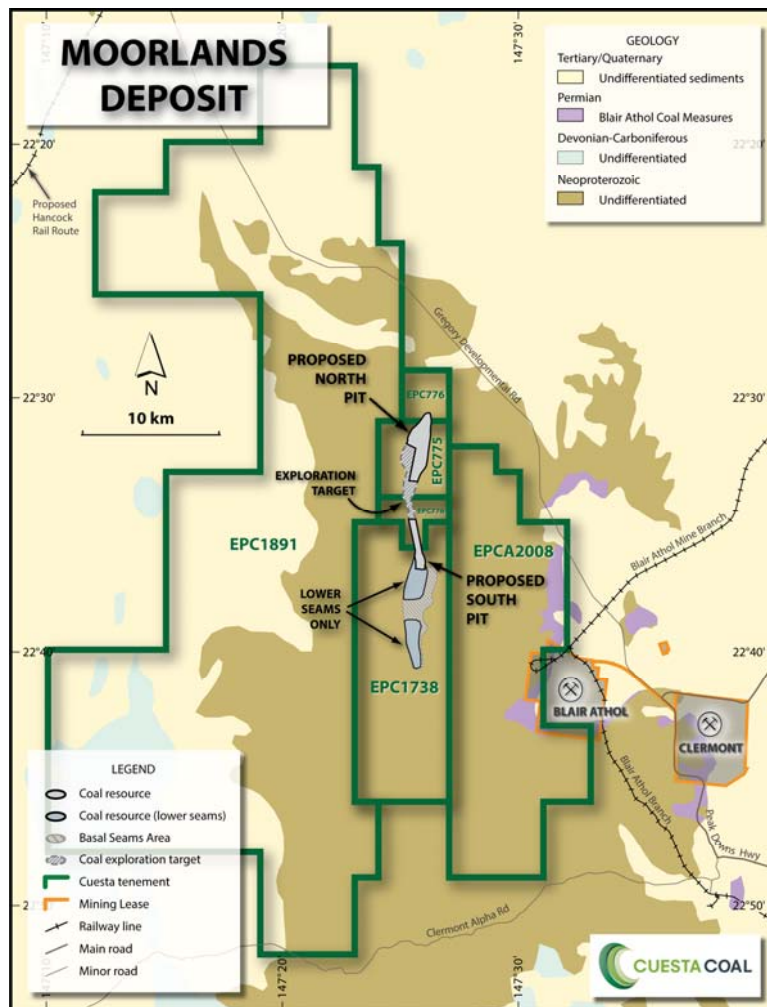


Figure 1: Map of the Moorlands Project in relation to the producing Clermont Coal mine and recently closed Blair Athol Coal Mine. The Moorlands Project is located 14kms from the Blair Athol rail loadout facility.

ENDS

About Cuesta Coal

Cuesta Coal Limited (“Cuesta”) is an ASX listed coal exploration company with a pipeline of coal projects ranging from development to greenfield exploration. The Company is supported by a strong cornerstone investor and is targeting coal production from its Moorlands Project in a 3 – 5yr timeframe.

Cuesta has a diverse portfolio of thermal and coking coal exploration prospects within the Bowen, Surat and Galilee basins, the Company’s core projects are well situated geographically.

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Competent Persons’ Consent

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.

Sections of information contained in this report that relate to Exploration Results for EPCs 1738, 775 & 776 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 and Development 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.

Ash Analysis

Ash Analysis %														
SiO ₂	Fe ₂ O ₃	Al ₂ O ₃	TiO ₂	P ₂ O ₅	Mn ₃ O ₄	CaO	MgO	Na ₂ O	K ₂ O	SO ₃	V ₂ O ₅	ZnO	BaO	SrO
55.81	5.66	32.83	1.76	0.22	0.07	0.89	0.82	0.61	0.19	0.32	0.06	0.03	0.07	0.04

Ultimate Analysis

Ultimate Analysis (% daf)				
C	H	N	S	O (by diff)
78.07	4.98	1.86	0.95	14.14

Ash Fusion

Ash Fusion °C (Reducing)			
Initial Deformation	Spherical	Hemispherical	Flow
1538	1563	1568	1578