
ASX Announcement

Moorlands Project Concept Mining Study Update

- **Concept Mining Study confirms the proposed South Pit as initial mining focus at the Moorlands Project with:**
 - **Strip ratios of 2 to 4 bcm/tonne, average of 3.2:1**
 - **30 year mine life at rate of 2mtpa ROM**
 - **89% recovery rate**
 - **Singular coal product consisting of Ash of 10.4% and Calorific Value of 6,077 k/cal adb**
- **North of proposed South Pit provides a potentially larger additional mine area with strip ratios of 3 to 6 bcm/tonne**
- **Concept Mining Study capital and operating costs being optimised**
- **Drilling activities progressing as planned at Moorlands**

19th August 2013: Cuesta Coal Limited (ASX: CQC) (“Cuesta”) is pleased to announce an update on the Concept Mining Study currently underway at the Company’s flagship open cut Moorlands Project in the Western Bowen Basin of Queensland. The Moorlands Project, located 14km from the Blair Athol Coal Mine (where mining activities have ceased), has a current JORC Resource of 146.1Mt, including a JORC Resource of 53.5Mt in the Measured and Indicated category (**Table 1**).

Work Completed

Cuesta has been working closely with Xenith Consulting Pty Ltd (“Xenith”), a specialist mining consultancy based in Brisbane, to complete the Concept Mining Study.

A margin ranking exercise has been carried out by Xenith on the Moorlands deposit to identify the most economic coal zones by dividing the deposit into 100 x 100m vertical blocks and applying cost, revenue and operating assumptions to ascertain the economic cut off strip ratio for the initial pit shell.

The lowest strip ratio is found in the proposed South Pit, typically between 2 and 4 bcm/tonne, and averaging 3.2bcm/tonne over the life of mine. Finalisation of the Concept Mining Study will focus on a potential 2Mtpa run of mine (ROM) project in the South Pit with a mine life of 30 years (**Figure 1 and 2**).

The northern area of the deposit has a larger resource potential and will provide a longer term target for Cuesta with strip ratios typically between 3 and 6 bcm/tonne.

Laboratory results of the 2012 drilling campaign confirm similar coal quality in the proposed South Pit to neighbouring Blair Athol and Clermont mines. A single product stream coal specification on the Measured, Indicated and Inferred South Pit resource includes:

- 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 >1,500 °C

Work to Complete

In the coming weeks Cuesta and Xenith will finalise the Concept Mining Study at the Moorlands Project, focusing on the proposed South Pit, including capital and operating cost estimates. Cuesta has commenced drilling activities at Moorlands and is pleased to report good progress is being achieved.

The 2013 drilling campaign has been designed to enable Cuesta to commence a Detailed Feasibility Study for the Moorlands Project during 2014.

Cuesta Coal's Managing Director, Mr Matthew Crawford commented: "We are pleased to be able to report that the Concept Mining Study at our Moorlands Project is progressing well and has exceeded expectations particularly in terms of stripping ratios.

"The Board believes that Moorlands, which boasts a JORC Resource of 146.1Mt and is located only 14km from existing rail infrastructure at the Blair Athol Mine, possesses very attractive value upside to be unlocked through low Capex and Opex development.

"We look forward to updating shareholders in the near future with the finalised Concept Mining Study and also the results of the 50 hole drilling program at Moorlands.

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 strongly supported by its major cornerstone investor and is targeting coal production from its Moorlands Project in a 3 year 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.

The company is intending to focus on the Moorlands Project in its development objectives for the next 3 years.

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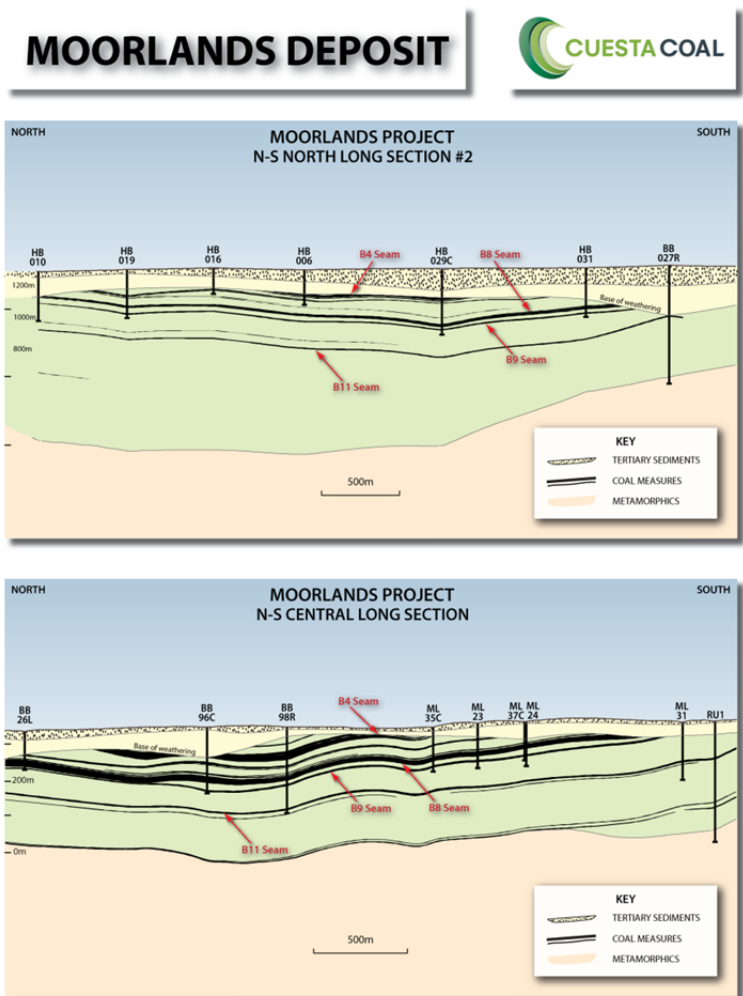
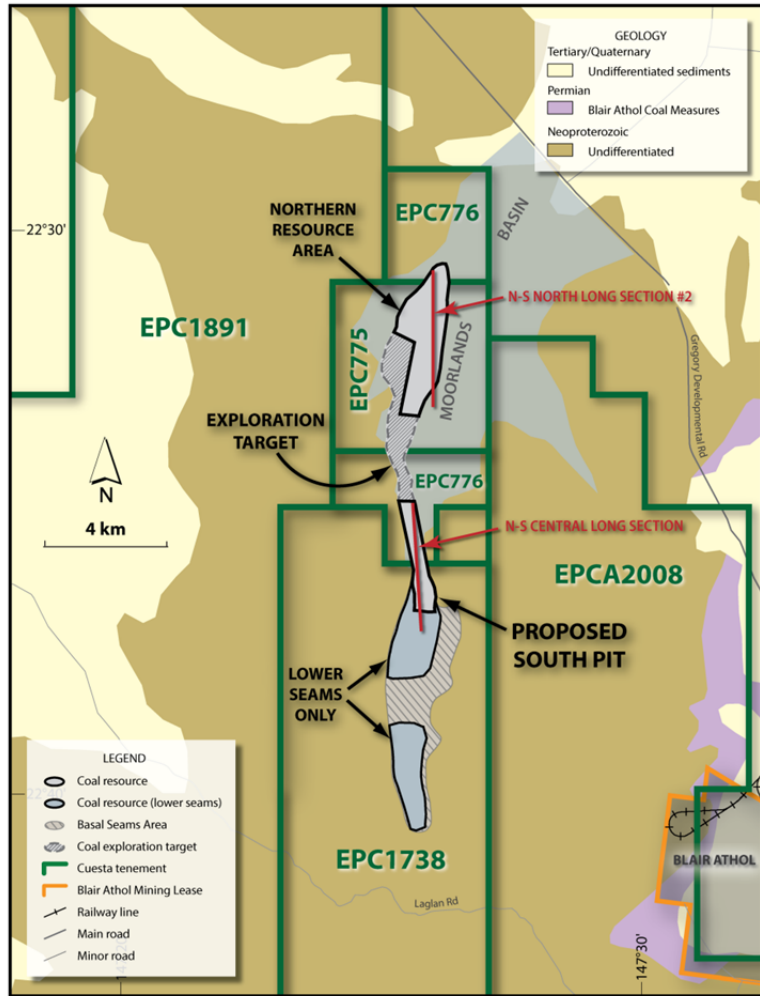


Figure 1: Map showing the Moorlands deposit and long section of the proposed South and North Pits

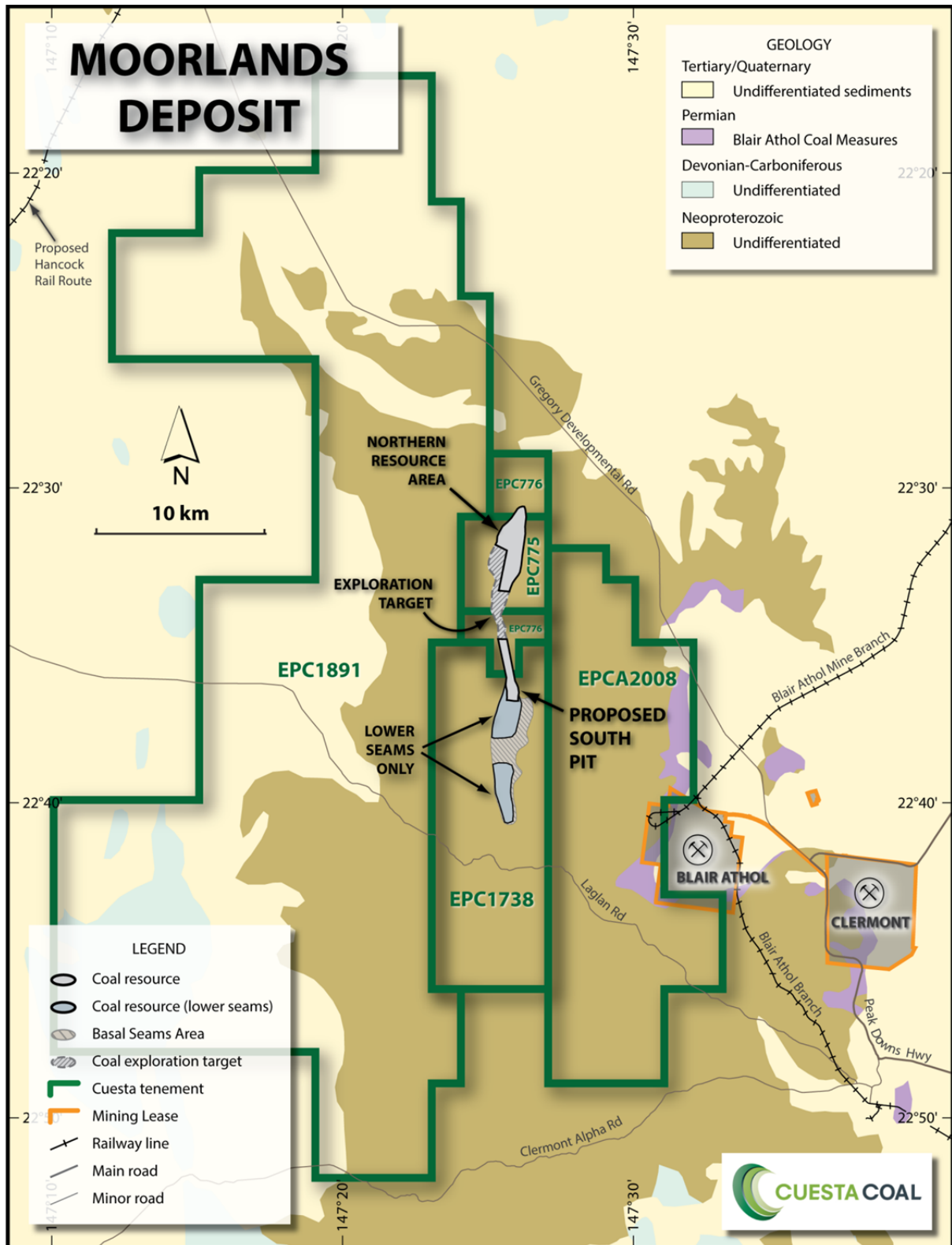


Figure 2: Map of the Moorlands Project in relation to the producing Clermont Coal mine and recently closed Blair Athol Coal Mine. The Moorlands Project is located 14kms from the Blair Athol rail loadout facility.

Table 1: Moorlands Project (EPC 1738, 775 and 776) 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 ³)	-	-	-	7.5	2.2	-	-	-	
	Thickness (m)	-	-	-	7.99	2.35	-	-	-	
	Relative Density (t/m ³)	-	-	-	1.51	1.49	-	-	-	
	Sub-total Tonnes (Mt)	-	-	-	11.3	3.3	-	-	-	14.6
Indicated	Volume (Mm ³)	-	0.85	0.74	15.09	7.63	-	-	-	
	Thickness (m)	-	1.84	0.87	5.86	2.57	-	-	-	
	Relative Density (t/m ³)	-	1.42	1.53	1.51	1.48	-	-	-	
	Sub-total Tonnes (Mt)	-	1.2	1.1	22.8	11.3	-	-	-	36.4
Inferred	Volume (Mm ³)	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 ³)	1.47	1.42	1.51	1.51	1.48	1.50	1.50	1.50	
	Sub-total Tonnes (Mt)	14.4	0.2	3.3	36.0	12.1	5.8	5.4	17.9	95.1
Grand Total Tonnes (Mt)	14.4	1.4	4.4	70.1	26.7	5.8	5.4	17.9	146.1	

- 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 5th 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).

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.