

16 March 2012

Company Announcements Office
Australian Stock Exchange
20 Bridge Street
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Cuesta Coal (Blackwood) JV Update – East Wandoan Drilling

Australian Pacific Coal Limited (“AQC”) is pleased to report that Cuesta Coal Limited (“ASX:CQC”) has announced the commencement of a 32 hole, 3,000 metre drilling program at the company’s East Wandoan JV project. Full details are set out in the following announcement by Cuesta Coal Limited.

AQC Group joint ventured four EPCs out to coal explorer Cuesta Coal Limited subsidiary, Blackwood Resources Pty Ltd (“Blackwood”), in April 2010. AQC Group retained a 10% free carried interest up to feasibility study stage. Under the terms of the JV, Blackwood pays AQC \$125,000 upon grant of each EPC and is required to expend at least the minimum exploration commitment with the aim to prove up a coal resource and complete a feasibility study for the project(s). Blackwood can withdraw at any time and offer the project(s) back to AQC at no cost.

AQC Group retains its 10% free carry interest up to feasibility stage in the four East Wandoan joint ventured coal exploration tenements.

Yours faithfully



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Cuesta Coal commences drilling at East Wandoan

- **Cuesta Coal 2012 Drilling Campaign Commences**
- **Drilling of 32 holes totalling 3,000m over 6 weeks has commenced at EPC 1955**
- **Drilling to significantly expand existing resource base**
- **IPO offer period commenced**

16 March 2012: Cuesta Coal (ASX:CQC) is pleased to announce the commencement of a 32 hole, 3,000m drilling program at the company's East Wandoan project in the Surat Basin Queensland (Figure 1).

The East Wandoan project is targeting Taroom Coal Measures less than 100 m from surface. The program is focussed in the southern portion of EPC 1955, where the previously announced inferred resource is located (refer ASX announcements by ARE and AQC dated 6th February 2012).

The drilling program is expected to run for six weeks consisting of 32 holes, including 6 cored holes, for a total of 3000m of drilling to further define and expand the existing JORC resource.

On March 7, 2012, CQC announced that it had opened the offer for its Initial Public Offering ('IPO') on the Australian Securities Exchange (ASX). The Company is pleased to announce that they are receiving interest in the IPO from a mix of retail and institutional investors from both Australian and international markets. CQC seeks to raise a maximum of \$34 million by the offer of 113,333,333 shares at an offer price of \$0.30 with a minimum subscription of 80,000,000 shares to raise \$24 million.

Cuesta Coal's Managing Director, Mr Matthew Crawford said: "We are pleased to get our 2012 drilling campaign underway as planned, underpinning our exploration goals for the year ahead. The Board is confident that our resource drilling campaign will result in a significant resource increase at East Wandoan.

"We are pleased to report that the company has opened the IPO offer period and we will be able to provide a further update on our progress to shareholders very shortly."

About Cuesta Coal Limited

Cuesta Coal Limited (Cuesta Coal) was formed in September 2011 to acquire all the securities on issue in a private Queensland focused Australian coal exploration company called Blackwood Coal Pty Limited (Blackwood Coal) in preparation for a public listing.

The Company has a portfolio of 33 EPCs/EPCAs in the Bowen, Surat/Clarence Moreton and Galilee coal basins in Queensland, 9 of which have been granted. It has a pipeline of projects which range from advanced exploration requiring resource definition drilling to conceptual lateral opportunities to be tested by scout drilling. Coal target types include thermal, PCI and Coking Coals.

Cuesta Coal's tenements are geologically well placed with over 11,000km² of exploration ground across all of Queensland's major Coal bearing basins. Drilling commenced in June 2011 with over 6,000 metres of drilling completed on three project locations. The exploration focus for 2012 will be on six key projects.

The Company's strategy over the next 12-18 months is to significantly increase its resource base and verify the viability of 1-2 key projects for medium term development.

ENDS

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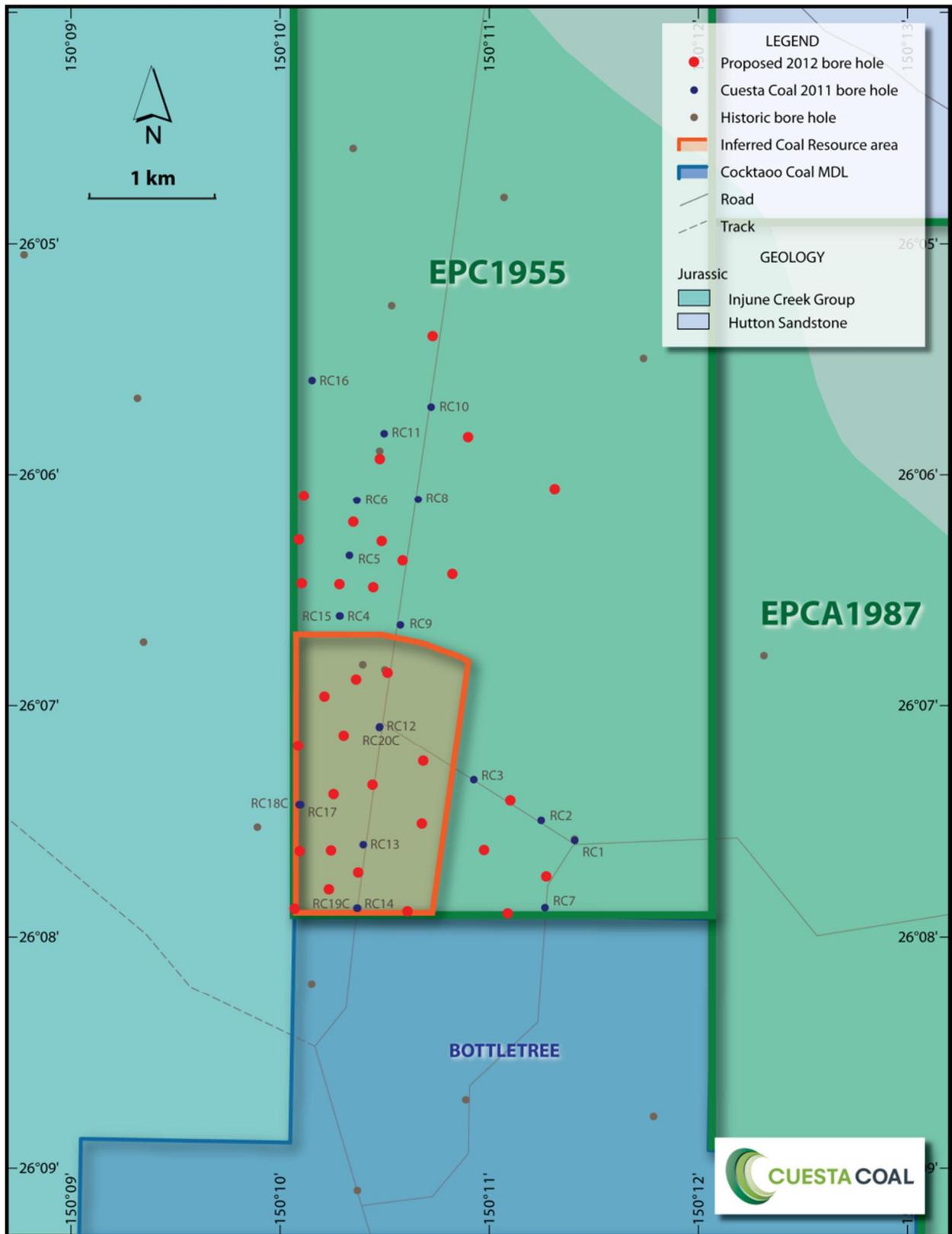


Figure 1 – East Wandoan project