

CUESTA COAL – BLACKWOOD RESOURCES JOINT VENTURE UPDATE FOR EAST WANDOAN



6 February 2012

Australian Pacific Coal

Australian Pacific Coal ASX: AQC

Australian Pacific Coal (AQC) is an emerging ASX coal explorer focused on the Bowen Basin, Queensland.

Through a series of acquisitions, AQC has positioned itself with both metallurgical and thermal coal projects potentially suited for underground and open cut mining.

The projects are located close to the existing network of rail and port infrastructure in the Bowen Basin.

The Company ultimately seeks to be a coal miner in its own right, or to value add these projects for joint venture or divestment.

The Company is currently focusing exploration activities on its Cooroorah and Middlemount projects.

On 30 June 2011 the Company announced a non-binding Letter of Intent with Rio Tinto Exploration Pty Ltd in respect of the potential acquisition or joint venture of the Company's Mt Hillalong project.

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Cuesta Coal Announces maiden Inferred 23.9Mt Thermal Coal resource for East Wandoan

KEY POINTS

- AQC Group holds 10% Interest in JV with Cuesta Coal Limited (Cuesta Coal) subsidiary Blackwood Resources Pty Ltd (Blackwood)
- Cuesta Coal has announced maiden Inferred 23.9Mt Thermal Coal resource for East Wandoan.
- Announcement by Cuesta Coal is attached to this release.

Blackwood JV

Four EPCs (EPC1955, EPC 1979, EPCA 1957 and EPCA 1987) were joint ventured out to unlisted coal explorer Blackwood Coal Pty Ltd subsidiary, Blackwood Resources Pty Ltd, in April 2010. AQC Group retains 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.

Cuesta Coal was formed in September 2011 to acquire all of the securities on issue in Blackwood Coal Pty Limited in preparation for a public listing. AQC Group retains its 10% free carry interest up to feasibility stage in the four East Wandoan joint ventured coal exploration tenements.



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Cuesta announces maiden 23.9 Mt Thermal Coal resource for East Wandoan

- **Maiden JORC resource achieved after 1 year of exploration**
- **Significant increase in resource estimate expected in 2012**
- **Drilling to recommence at East Wandoan in late March to expand resource**
- **On track for proposed IPO on ASX in March 2012**

6 February 2012: Cuesta Coal Limited ('Cuesta Coal') is pleased to announce the results of the initial maiden JORC resource estimate for the company's East Wandoan project in the Surat Basin in Queensland (Figure 1). The East Wandoan project consists of EPCs 1955, 2237 and EPCAs 1987, 2481.

The independent estimate, carried out by Encompass Mining Pty Ltd ('Encompass Mining'), estimated a total inferred coal resource of 23.9Mt calculated in accordance with the JORC code. The estimate is in line with Cuesta Coal's expectations.

The total of the Company's Inferred Resource across the Moorlands and East Wandoan projects now totals 51.2 Mt

The resource area is present in the south western corner of EPC1955 (Figure 2). There are a total of 5 seams present in the area, A to E inclusive. The A to C seams are included in the current resource estimate.

Full coal quality data of the cored plies (Table 2) indicates that the coal has low sulphur and ash and energy levels consistent with Surat Basin Coals.

Cuesta Coal expects to significantly increase the size of the maiden resource estimate in the coming months. A 3000m drilling program at East Wandoan is planned to commence in late March of this year and this will be the first step in building a large resource at this project.

Closer spaced drilling in the current resource area should be sufficient to allow the lower two seams to be more clearly defined and included in the resource estimate. The current resource area is open to the north and east, and further drilling outside of the current resource area is planned as part of the 2012 drilling campaign (Figure 2).

Cuesta Coal's Managing Director Mr Matthew Crawford said: "The initial JORC resource estimate for the East Wandoan Project is another significant milestone for Cuesta. We are focussed on developing all of our projects and to be able to report a JORC compliant resource estimate, within one year of commencing drilling, at East Wandoan is particularly encouraging. It illustrates the strength and capabilities of our technical team and the quality of our projects.

"Cuesta is actively progressing with its capital raising activities and we continue to target an ASX listing in the first quarter of this calendar year. With drilling expected to commence shortly at East Wandoan, a strong asset portfolio, and the recent agreement with Beijing Guoli Energy Investment Co. Ltd ("Guoji") to invest \$20 million into the company (subject to due diligence), Cuesta is well placed for growth."

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.

Blackwood Coal is a coal exploration and development company established in November 2009. Since then the Company has acquired 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.

Cuesta Coal is seeking to list on the ASX in Q1 of 2012 and Austock have been appointed as the Lead Manager.

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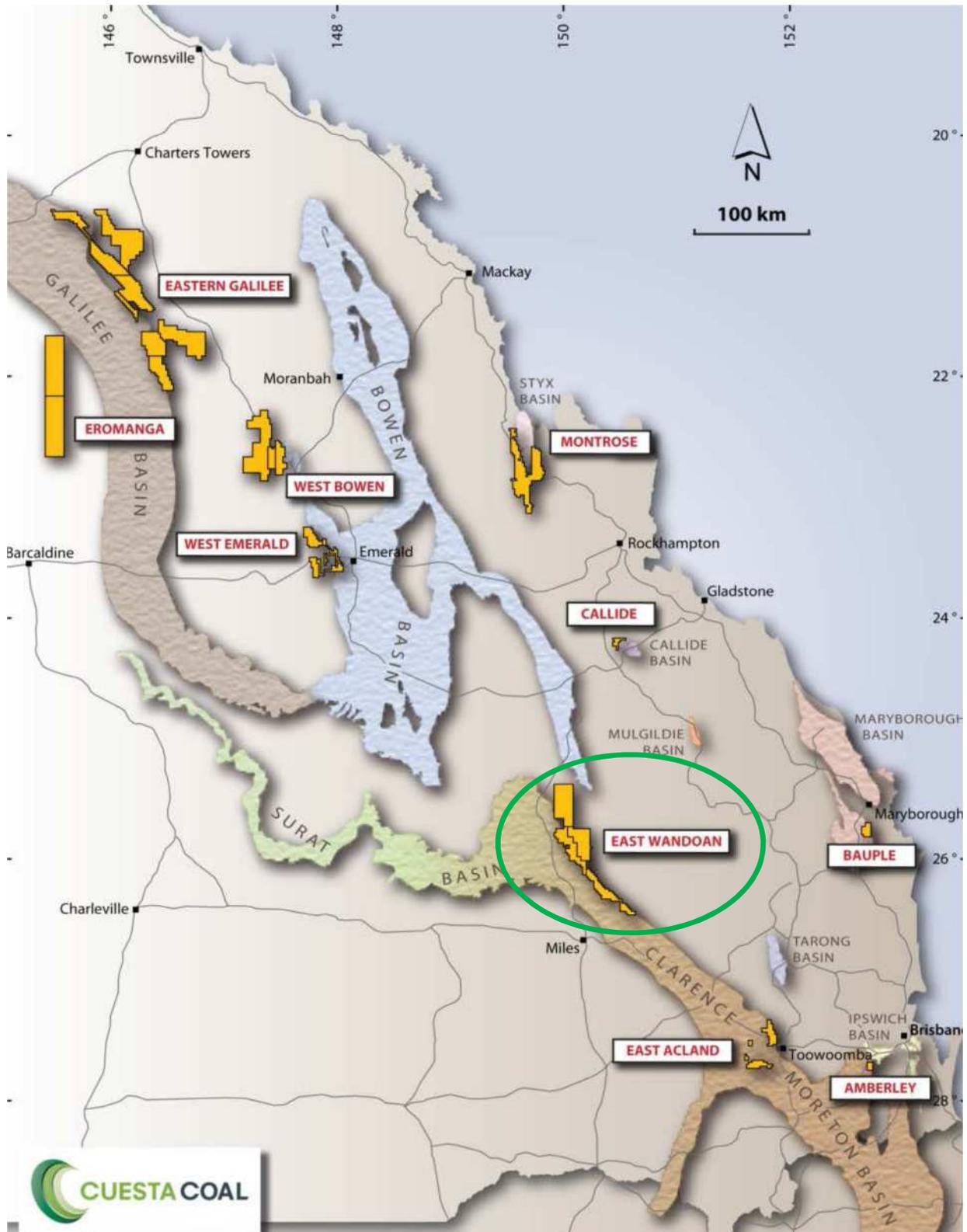


Figure 1 – Cuesta Coal's tenements in QLD

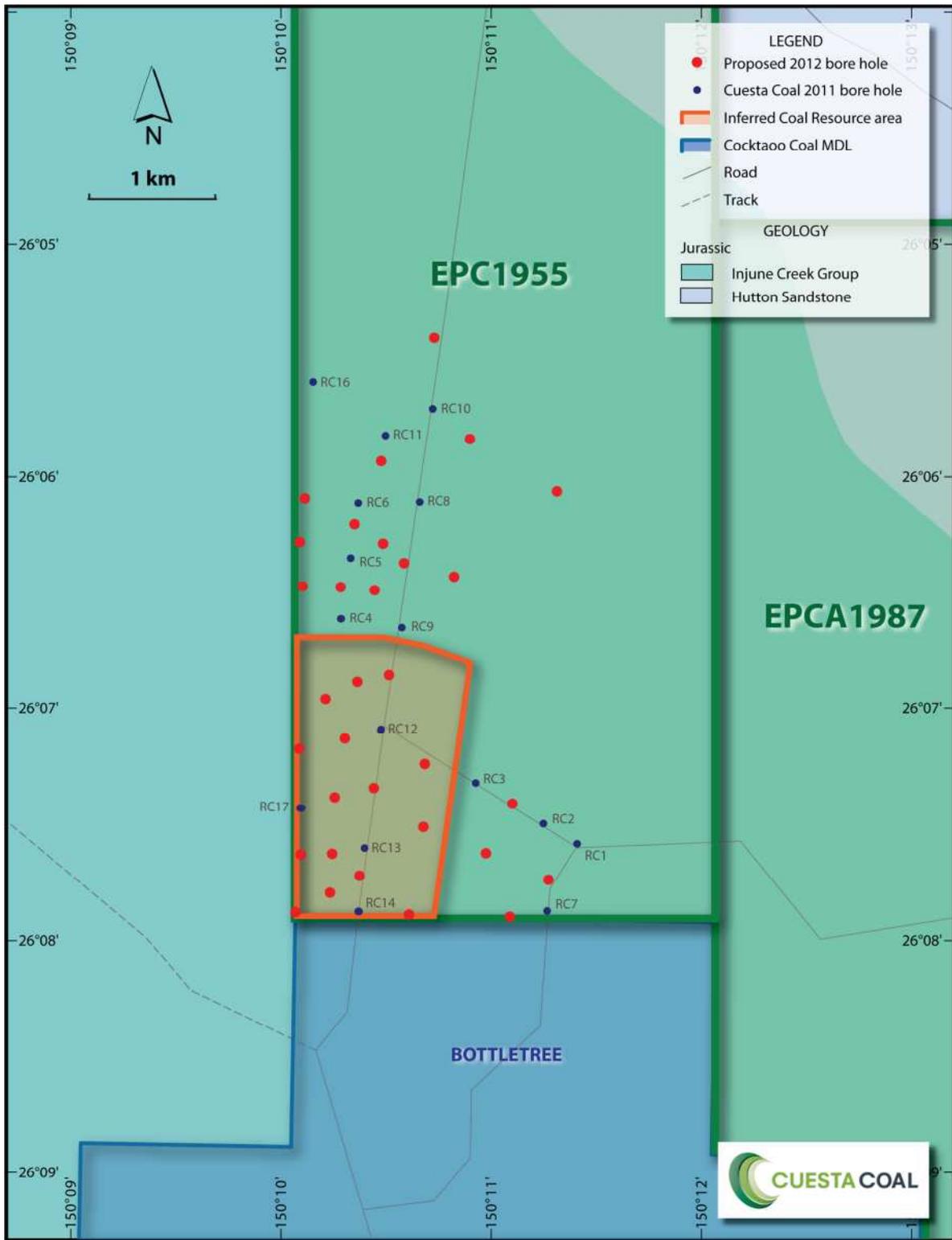


Figure 2 – East Wandoan project

Table 1 – East Wandoan Project Resource table

Resource and Reserve Statement							
	Coal Resources (Mt)				Coal Reserves (Mt)		
	Measured	Indicated	Inferred	Total	Proved	Probable	Total
East Wandoan Deposit	0	0	23.9	23.9	0	0	0

Competent Persons Statement

A report entitled 'East Wandoan Project JORC Resources' dated 2nd February 2012, has been made by Lyndon Pass of Encompass Mining, and it reflects his current view of the East Wandoan coal deposit resource. In the future, as additional information may become available, this view could be subject to modification. The full report contains detailed information regarding the East Wandoan deposit.

Lyndon Pass is a Member of the Australian Institute of Mining & Metallurgy (AusIMM). Lyndon Pass consents to the inclusion in the current document of the matters concerning Coal Resources at East Wandoan 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).

Technical Information

The below table has been directly taken from the Encompass Mining 'East Wandoan Project JORC Resources' which indicates the individual seam allocation of the inferred resource.

Table 1
Blackwood Coal Pty Ltd
East Wandoan Project (EPC 1955) Coal
Resources – 2nd February 2012
Resource Classification in Accordance with JORC Code (2004) Guidelines

Resource Category	Value	Upper Walloon Coal Measures					Total Tonnes (Mt)
		A	B	C	D	E	
Measured	Volume (Mm ³)	-	-	-	-	-	
	Relative Density (t/m ³)	-	-	-	-	-	
	Sub-total Tonnes (Mt)	-	-	-	-	-	
Indicated	Volume (Mm ³)	-	-	-	-	-	
	Relative Density (t/m ³)	-	-	-	-	-	
	Sub-total Tonnes (Mt)	-	-	-	-	-	
Inferred	Volume (Mm ³)	3.7	4.6	8.4	-	-	
	Relative Density (t/m ³)	1.46	1.47	1.40	-	-	
	Sub-total Tonnes (Mt)	5.4	6.8	11.7	-	-	
Grand Total Tonnes (Mt)		5.4	6.8	11.7		-	23.9

