

11 January 2012

Company Announcements Office
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

Blackwood Resources Joint Venture Update

Australian Pacific Coal Limited ("APC") is pleased to report that Cuesta Coal Limited ("Cuesta Coal") has executed a legally binding conditional subscription agreement valued at \$20 million as detailed in the following release by Cuesta Coal.

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.

APC Group joint ventured four EPCs out to unlisted coal explorer Blackwood Coal Pty Ltd subsidiary, Blackwood Resources Pty Ltd, in April 2010. APC Group retains a 10% free carried interest up to feasibility study stage. Under the terms of the JV, Blackwood pays APC \$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 APC at no cost.

APC Group retains its 10% free carry interest up to feasibility stage in the four East Wandoan joint ventured coal exploration tenements. The Cuesta Coal subscription agreement "allows *Cuesta Coal* to continue as planned its 2012 exploration activities at the company's key project areas" and this "will enable *Cuesta Coal* to continue to increase the coal resources base quickly and sustainably over the coming 6 to 18 months".

Yours faithfully



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\$20 million funding agreement executed for Cuesta Coal IPO

Cuesta Coal Limited is pleased to announce that it has reached conditional agreement with Beijing Guoli Energy Investment Co. Ltd ("Guoli") and its related entities where Guoli has agreed to invest in Cuesta Coal Limited subject to the completion of satisfactory due diligence. The investment is for a total AUD\$20 million and is proposed to be made in two stages:

- AUD\$5 million at \$0.25 pre-IPO to be completed in January
- AUD\$15 million at the IPO price under terms of the prospectus

The investment is subject to Cuesta Coal Limited Shareholder approval, and Chinese Regulatory and FIRB approvals. Both the Chinese Regulatory and FIRB documentation has been lodged with the appropriate regulatory bodies.

Further details of the transaction are provided in the notice of meeting for an Extraordinary General Meeting (EGM) which is to be held at **11:00am on 2nd February 2012** at the offices of Norton Rose Australia, Level 18, 225 George Street, Sydney, New South Wales. The Notice of Meeting can be accessed at www.cuestacoal.com.au from Monday the 9th of January at 5:00 pm. Additionally it has been posted to all shareholders of Cuesta Coal.

At the EGM shareholders will be asked to vote on the following resolutions:

Resolution 1 – Issue of First Subscription Shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That for the purposes of Section 611 Item 7 of the Corporations Act and for all other purposes, the members approve the issue of 20,000,000 Shares to Beijing Guoli Energy Investment Co. Ltd or Longluck Investment (Australia) Pty Ltd or either of their nominees at a price of *\$0.25 per Share on the terms described in the Explanatory Memorandum which accompanies the Notice of Meeting."*

Resolution 2 – Issue of Second Subscription Shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of Section 611 Item 7 of the Corporations Act and for all other purposes, the members approve the issue of up to 60,000,000 Shares for a value of \$15,000,000.00 to Beijing Guoli Energy Investment Co. Ltd or Longluck Investment (Australia) Pty Ltd or either of their nominees at the IPO Price under the IPO on the terms described in the Explanatory Memorandum which accompanies the Notice of Meeting."

Managing Director and Chief Executive Officer of Cuesta Coal Mr. Matthew Crawford commented: "We are pleased to have attracted Guoli as a cornerstone investor and we believe it is a strong endorsement of the quality of our portfolio of assets and the strength of our Board and Management team. We have been working closely and cooperatively with Guoli's team since early November and they are very supportive of Cuesta's growth strategy. We look forward welcoming them to Cuesta.

"Guoli has committed to fund a significant proportion of Cuesta's planned IPO and this is a major strategic advantage as we approach our IPO. The two stage investment allows the company to continue as planned its 2012 exploration activities at the company's key project areas leading up to the IPO. This will enable the Company to continue to increase the coal resource base quickly and sustainably over the coming 6 to 18 months.

"Guoli will be a significant cornerstone investor in Cuesta and the Board believes they will be a long term partner as the Company matures from coal explorer to coal producer," Mr. Crawford said.

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.

For further information:

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