



**WORKING  
THE PLAN**

## ABOUT CUESTA COAL

Cuesta Coal Limited (“Cuesta”) listed on the Australian Stock Exchange on the 4th of May 2012 raising \$20 million to fund an aggressive 2 year exploration, mine scoping and feasibility study program on four key projects areas in the Queensland Coal Basins.

Cuesta has assembled 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 with over 11,000km<sup>2</sup> of exploration ground in total. Cuesta’s balanced exploration portfolio consists of a pipeline of projects ranging from advanced exploration requiring resource definition drilling, to conceptual lateral opportunities requiring scout drilling.

Cuesta has total coal resources across three projects of 138Mt total JORC Resources (22.1Mt Indicated, 116.7Mt Inferred) being;

- Amberley Deposit in the Clarence Moreton Basin 54.7Mt
- Thorn Hill Deposit in Surat Basin 44.6Mt
- Moorlands Deposit in Western Bowen Basin 39.5Mt.



ADVANCED  
EXPLORATION  
PROGRAMME





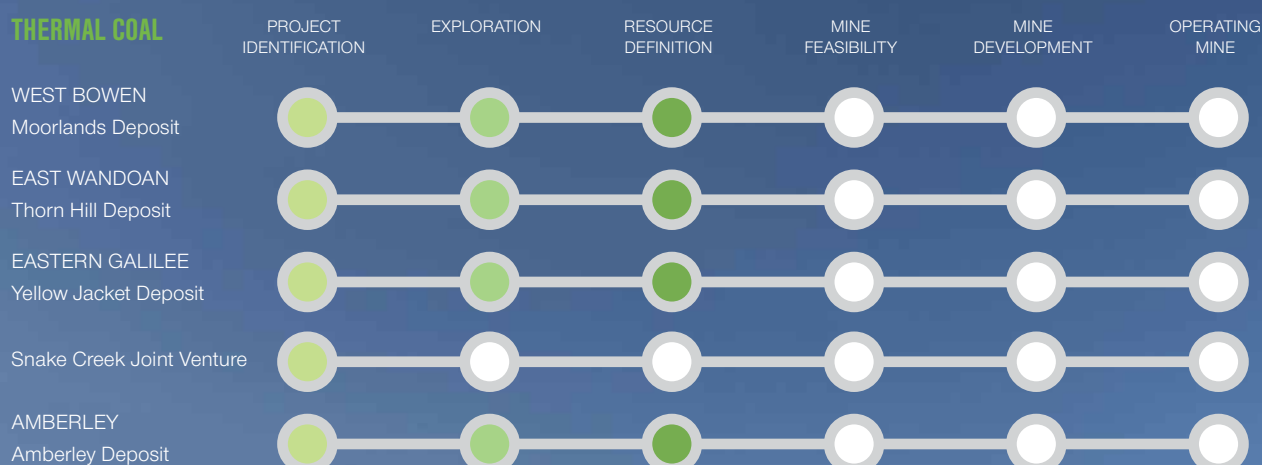
PROVEN AND  
EXPERIENCED  
MANAGEMENT  
TEAM

## WORKING THE PLAN

Exploration activities have consisted of extensive desktop geological studies leading up to the Company's maiden drilling campaign in June 2011 with over 6,000m of drilling completed at three project locations in 2011. The Company commenced the 2012 drilling season in March with over 12,000m of drilling planned.

The Company's strategy over the next 12–18 months is to increase its JORC resources and to identify 1–2 key projects for medium term development.

### THERMAL COAL



### METALLURGICAL COAL



ATTRACTIVE  
GEOGRAPHIC  
LOCATION

SIGNIFICANT  
GROWTH UPSIDE





**THERMAL, PCI  
& COKING COAL**

**CLOSE  
PROXIMITY TO  
INFRASTRUCTURE**

## CHAIRMAN'S REVIEW

### DEAR SHAREHOLDER,

I present to you Cuesta Coal's inaugural Annual Report for the financial year ended 30 June 2012. In a year that marked a significant milestone for the Company, listing on the ASX on 4 May 2012, Cuesta has continued to actively "work the plan" with multiple programs progressing as outlined in the prospectus.

The 2012 financial year commenced with a successful scout drilling campaign at the Company's 100% owned EPC 1802 in the Eastern Galilee Basin. Cuesta intersected coal 8km further east than what was conventionally known allowing for the possibility of a significant coal resource to be identified through further exploration in this region. Cuesta holds eight tenements in the Eastern Galilee Basin covering a total area of approximately 4,000km<sup>2</sup>.

The drilling at EPC 1802 completed Cuesta's maiden drill campaign of 6,000m across three project areas. Combining the new drill data with historic data enabled three JORC Resources to be calculated and significant exploration targets to be identified across our projects.

In January 2012, Cuesta Coal attracted a major cornerstone investor in Beijing Guoli, a Chinese based ¥4.5bn industrial conglomerate. Beijing Guoli's assets include producing coal mines, equity share in 10,000mW electrical generation and chemical refining plants. Beijing Guoli invested \$5 million in February 2012 and a further \$15 million as part of a \$20 million capital raising when the Company successfully completed its IPO and listed on the ASX.

Since listing, Cuesta has completed two exploration programs resulting in resource upgrades at its newly named "Thorn Hill Deposit", East Wandoan Project in the Surat Basin and at its "Amberley Deposit" in the Clarence Moreton Basin. A resource increase in the Moorlands Deposit was achieved by combining data from drilling completed in 2011 with a new geological model produced during 2012.

Drilling has recently recommenced at the Company's Eastern Galilee Basin Project. This is an exciting discovery and early drilling results indicate that this could be a highly prospective project for the Company and we look forward to updating the market when drilling has been completed.

Importantly, in addition to the above on 8 August 2012, Cuesta executed a Joint Venture and Farm-In Agreement with QCI (Galilee) Pty Limited (a wholly owned subsidiary of Hancock Prospecting) over two coal tenement applications, EPCa 2079 & EPCa 2080, which has

been named as the Snake Creek Project in the north-eastern Galilee Basin margin. The Joint Venture will formally commence on the successful granting of the tenements which we expect will be early next year.

We have strengthened both the executive team and the Board with the appointment of Ms Megan McPherson as full-time Company Secretary and CFO. In July 2012, the Company announced the appointment of Beijing Guoli representative, Mr Huaixi Zheng, as non-executive Director further solidifying the relationship with Beijing Guoli.

The Company continues to aggressively implement its development strategy as outlined in the prospectus and is achieving its stated objectives ahead of time and within budget whilst maintaining its commitment to best practices in governance and safety standards. As the Company forges ahead, Cuesta is setting itself apart from other junior coal explorers by engaging with strategic partners and infrastructure providers to explore opportunities to fast track key projects to production. To this end we are vigorously pursuing these opportunities with a view to be in production within 3-5 years.

The 2013 financial year is already off to an impressive start with the Company continuing with its exploration plans in the lead up to scoping studies on key projects and corporate initiatives in seeking joint venture partners on prospective tenements and reviewing other prospective opportunities.

I would like to take the opportunity to formally congratulate and thank my fellow Board members, the executive team and staff of Cuesta Coal for their effort and dedication in ensuring the Company's listing.

In closing, I would like to thank the shareholders of Cuesta Coal for their support in the IPO and since, through very difficult market conditions. Cuesta firmly believes the future outlook for the coal industry and industry fundamentals are strong given the energy demand in Asia, in particular China and India- and the Company will continue to work hard to reward this support. We look forward to a very successful 12 months.



**Ian Richer**

Non-Executive Chairman

# CEO AND MANAGING DIRECTOR'S REVIEW OF OPERATIONS

## OVERVIEW

Cuesta has been busy developing its Queensland coal projects and is currently halfway through its 12,000m drilling programme for 2012, following drilling of 6,000m across three projects during 2011.

Cuesta has focused its exploration activities during the year on its core Queensland thermal coal deposits namely, Moorlands (West Bowen Basin), Thorn Hill (Surat Basin) and Amberley (Clarence-Moreton Basin) and significantly for the Company, has discovered coal outside of the eastern margin of the Galilee Basin in what is now known as its Yellow Jacket Prospect in EPC 1802.

Drilling by Cuesta in the past year at the Thorn Hill Deposit has resulted in a 44.6Mt JORC Coal Resource (22.5Mt Inferred and 22.1Mt Indicated), being defined over two exploration programmes. A 45% increase to the inferred JORC resource to 39.5Mt was achieved following a new geological model being produced following drilling activities at the Moorlands Deposit during August and September 2011. Further drilling is expected to commence in September 2012.

At the Company's Amberley Project 2,040m of open PCD drilling including four cored holes was completed in April and May of 2012 enabling a 54.7Mt Inferred Coal Resource to be calculated. This represents a significant increase from the 5.1Mt resource calculated prior to drilling, whilst still allowing for further resource growth.

The Company's Total Coal Resource across these three deposits is now 138Mt.

At Cuesta's Yellow Jacket Project (EPC 1802) coal was intersected 8km further east than what was previously thought to occur at the Galilee Basin, highlighting an exciting opportunity for the Company to delineate significant coal occurrences. Recent drilling encountering additional coal intersections in August 2012 provides Cuesta with further optimism for this project area.

Cuesta initiated a desktop geological review of all its' projects, including geophysical assessments to prioritise target areas for both resource definition and future scout drilling to test potential coal targets.

Cuesta entered into a joint venture and farm-in agreement with QCI (Galilee) Pty Ltd (a wholly owned subsidiary of Hancock Prospecting) in August 2012, where QCI (Galilee) will earn a 51% interest in EPCa 2079 and 2080, located in the Eastern Galilee Project area, subject to the successful granting of the tenements.

The Company engaged Balance Resource Pty Ltd to conduct a review of the infrastructure opportunities on Cuesta's priority projects.

The upcoming 12 months marks a period of significant growth opportunities for Cuesta for which the executive management team is working very hard to ensure we meet our corporate objectives on

time, on budget and importantly in a safe manner for all of our staff and contractors.

## PRIORITY PROJECTS ACTIVITY REVIEW

### CUESTA IS FOCUSING ON THE DEVELOPMENT OF FOUR KEY PROJECTS BEING:

- The Moorlands Deposit
- The Thorn Hill Deposit
- Yellow Jacket Project (EPC 1802)
- The West Emerald Project

### MOORLANDS DEPOSIT EPC 1738 (CQC: 100%) – 39.5MT JORC INFERRED COAL RESOURCE

The Moorlands Deposit is located in the Western Bowen Basin, 14km due west of the Blair Athol Coal Mine. The coal type is thermal coal of the Birringin Formation, of late Permian age.

In the past year a 20 open PCD hole exploration programme and a new resource calculation was completed resulting in a 45% increase to the JORC Inferred Coal Resource. Currently, the Company is focussing on preparatory works for the 2012 exploration campaign, where 20 open PCD holes and six cored holes will commence in mid-September and run for approximately six weeks.

The focus of the exploration activities will be in the north of the deposit where Cuesta has interpreted the area of the thickest coal seams and being closest to the surface. Drilling during 2011 encountered significant coal intersections in the northern portion of the deposit. Two holes ML002 and ML0014 intersected a cumulative coal thickness of approximately 24m of coal, down to a depth of approximately 110m.

The objective of the exploration programme is to fully drill out the northern target area and undertake updated resource estimates leading towards scoping studies to be conducted later in 2012.

Cuesta is targeting to define a low stripping ratio open cut coal resource in this region.

The Moorlands Deposit has had 41 exploration holes, 10 of which were partially cored and analysed for coal quality. Cuesta engaged a Brisbane based consultant group to develop a 3D geological and deposit model utilising the historic and Cuesta drilling data.

Cuesta has also engaged geophysical consultants to conduct a review and interpretation of Gravity and Magnetic Data over the West Bowen Project Area (where the Moorlands Deposit is located). Preliminary results have already indicated several new target areas for follow up scout drilling within close proximity to the current resource area. The data produced from the review will assist prioritisation of drill targets for the remaining 2012 and 2013 drill seasons, with the aim to define complementary coal resources in close proximity to the Moorlands Deposit in Cuesta's surrounding tenement position.



## CEO AND MANAGING DIRECTOR'S REVIEW OF OPERATIONS CONTINUED

### **THORN HILL DEPOSIT (CQC: 90%) – 44.6MT (22.5MT JORC INFERRED RESOURCE AND 22.1MT INDICATED) COAL RESOURCE**

The Thorn Hill deposit is located in the Surat Basin in close proximity to more advanced projects such as, Stanmore Coal's The Range Project. The coal type is thermal coal of the lower Walloon Coal Measures, referred to as the Taroom Coal Measures.

Following the completion of the 2012 drilling campaign, Cuesta increased its maiden resource at the Thorn Hill Deposit by 87% to 44.6Mt of JORC Indicated and Inferred Coal Resources. The resource calculation has been derived from four seams A, B, C, D.

The majority of the deposit is at depths less than 110m from the surface, the coal seams are shallow dipping to the south-west at 1 to 2 degrees. Based on the data to date an average stripping ratio has been calculated to be the base of seam D at 8.3:1.

For future development of the Thorn Hill Deposit, follow-up drilling will include step out drilling and large diameter coring to enable washability test work to be conducted to identify washability recovery and saleable product. Follow-up drilling will focus on the south-east corner and northern extensions of the deposit aimed to further increase the overall resource and understanding of the coal quality.

The raw coal quality averaged across eight cored holes and across individual coal plies completed by Cuesta in the deposit area. The raw coal quality is in line with expectations with specific coal plies indicating thermal coal with very low ash and acceptable specific energy levels typical of other coal deposits in the region. This will potentially enable selective mining and wash plant bypassing to be investigated in future scoping studies.

### **YELLOW JACKET PROJECT – EPC 1802 (CQC: 100%)**

The Eastern Galilee Project is located along the eastern margin of the Galilee Basin, extending in a south easterly direction from the township of Pentland in Queensland. The coal target type is thermal coal of the Betts Creek Beds Sequence.

The Eastern Galilee Project covers a total area of approximately 4,000km<sup>2</sup> with two granted tenements, four tenement applications and a further two applications under a \$3 million joint venture with QCI (Galilee) Pty Ltd, subject to successful granting of the tenements.

The immediate focus for exploration activities by Cuesta is on EPC 1802.

In August 2011, a nine open hole scout drilling campaign was completed in EPC 1802 by Cuesta. Drill hole HP7 located in the north western corner of the EPC intersected 3.15m of coal between 87.30–90.45m and 1.83m of coal from 105.40–107.23m below surface. Drill holes HP8 and HP9 also intersected coal. While HP8 & HP9 did not achieve desired depth due to difficult drilling conditions, both intersected coal seams > 1m including a weathered seam at 42–43m.

The coal intersected was located 8km further east than the previous known limits of the Galilee Basin Coal Measures.

In August 2012 a further four open PCD holes have been drilled with all of the holes encountering coal intersections. All holes have been geophysically logged. Regional dips will be determined following further drilling and compilation of data into the geological model.

Coal has now been intersected over a north-south strike length of ~4.5km and remains open to the south. Cuesta will complete a further 13 open holes with exploration activities focusing on identifying seam thicknesses, lateral extent in both a easterly and westerly direction, regional seam dips and in areas of maximum coal thicknesses, coring will be completed to attain coal quality information.

An upper seam occurs in all four holes at about 90m and is 3.10m in thickness in the north at HP 10 and thickens to 5.10m in hole HP014 to the south. A lower seam at about 120m occurs in HP011 and is 5.50m thick, becoming shallower to the south but thinning somewhat. Aggregate thickness amounts to approximately 8m of coal in each of holes HP011, HP013, and HP014 (HP012 abandoned due to drilling difficulties) becoming shallower to the south.

The intersection of the coal in EPC 1802 is a significant milestone for the company. Prior to the intersection, the belief that coal was present was based on a geological interpretation only.

### **WEST EMERALD PROJECT (CQC: 100%)**

The West Emerald Project is located 25km west and northwest of the town of Emerald in Queensland. The tenements lie at the northern tip of the Dennison Trough in the Western Bowen Basin. Exploration will target coal seams in the Lower Permian Reids Dome Beds and Upper Permian Aldebaran Sandstone Sequence.

During the past year, Cuesta concentrated on desktop activities for the West Emerald Project. Initially Cuesta conducted an internal review of all historic drill data, before geophysical consultants were engaged to review and interpret Gravity and Magnetic Data over the project area. The target coal sequence in this region is the Reids Dome Beds.

The above work will be complimented by advanced geological studies of this part of the poorly defined Denison Trough and will include review of all historical drilling data in the project area. Preliminary evaluation of these studies has high graded the northern and central areas. The combined data will be utilised to prioritise drill targets for the 2012/2013 drill seasons. Results of the desktop review of the project area was released on the 25th of July.

## **OTHER PROJECTS ACTIVITY REVIEW**

### **AMBERLEY DEPOSIT (CQC: 100%) – EPC 2127 – 54.7MT JORC INFERRED COAL RESOURCE**

In the past year, Cuesta completed a full desktop evaluation of all of the historic drilling completed on the Amberley tenement and fourteen open holes and three cored holes were completed for 2,040m of drilling in the project area. The results from the drilling indicate banded coal being present less than 150m from the surface, resulting in a 54.7Mt JORC Inferred Coal Resource estimate.

### **GREENFIELD PROJECTS**

Cuesta has prospective greenfield projects elsewhere in Queensland world-class coal basins and has commenced a detailed internal geological desktop review. In the coming 6–12 months Cuesta will commence discussions with potential interested joint venture partners where these partners will provide capital expenditure to develop these prospective greenfield projects to identify the likelihood of economic coal resources.

### **SNAKE CREEK JOINT VENTURE (QCI (GALILEE) PTY LTD EARNING 51% FOR \$3M SPEND)**

Cuesta has entered into its first joint venture with QCI (Galilee) Pty Ltd, a wholly owned subsidiary of Hancock Prospecting on EPCa 2079 and 2080, subject to the applications being granted. QCI (Galilee) will earn a 51% interest when it reaches a \$3m spend on the projects. This joint venture is known as the Snake Creek Project.

This is an exciting opportunity for Cuesta to participate in the development of two greenfield tenements in the Eastern Galilee Project area with a well-regarded joint venture partner.



## INFRASTRUCTURE

During the past year, Cuesta lodged an expression of interest for a 0.8–1.2Mtpa allocation for the Port of Brisbane for the future development of the Amberley Project.

Cuesta also engaged Balance Resources Pty Ltd to complete a review of all of the Port and Rail options summarising the best options for the priority projects.

## HEALTH & SAFETY

Cuesta is pleased to report that it continues to maintain its strong commitment to health and safety guided by a board Safety and Health Committee and a comprehensive company Safety and Health Management System. A training matrix has been established and staff members will be attending a variety of training requirements over the coming months and this will be an ongoing focus for the Company.

## CORPORATE ACTIVITIES

### BOARD APPOINTMENT

During the year, Cuesta extended an invitation to its cornerstone investor Beijing Guoli to nominate a representative to join the Cuesta Coal Board.

Mr Zheng was appointed to the Board on 17 July 2012 enhancing the relationship between Cuesta and its strategic partner. He is currently responsible for Beijing Guoli's investments in Australian coal projects.

Mr. Zheng is a mining engineer with over 20 years' experience within the coal industry. He has worked at China's most authoritative coal planning and processing department and at senior management level within China's largest coal mining companies. Since 2004, Mr. Zheng has been responsible for mergers and acquisitions, restructuring, management, exploration and operating coal projects at Beijing Guoli.

Mr. Zheng was the Managing Director of Chaohua Coal mining company, during which time he successfully merged four coal mining companies and developed a total coal reserve of 500 million tonnes.

## OUTLOOK

The Board and executive management team of Cuesta have been disappointed in the share price performance since listing in May 2012, believing it does not adequately reflect the proactive achievements and resources increases the company has announced since listing. The Company has a strong balance sheet with \$19.253 million in cash and cash equivalents at the end of the financial year. These funds are sufficient to meet our two-year exploration and development programme.

Cuesta has achieved a lot over a short space of time as a listed company and has set itself lofty yet achievable goals over the upcoming 12 months.

The Company is fortunate to have a supportive major shareholder in Beijing Guoli and the Board and the management team look forward to working closely with Beijing Guoli to deliver all shareholders significant returns as the Company grows.

The Board of Cuesta Coal believes that the long term outlook for coal, both metallurgical and thermal, remains strong, particularly with ongoing demand from countries such as China and India.

Over the upcoming 12 month period Cuesta is aiming to complete the following:

- Complete upcoming exploration activities at the Moorlands Deposit leading into initial mine scoping study work before further exploration during 2013.

- Complete further exploration activities at the Thorn Hill Deposit to increase the resource base, obtain further coal quality data and coal washability analysis.
- Complete drilling campaign at EPC1802 at the Eastern Galilee Project to determine the extent of the coal occurrences.
- Work cooperatively with new joint venture partner QCI (Galilee) Pty Ltd on the development of EPCa 2079 and 2080 as prospective greenfield opportunities in the Eastern Galilee Project area.
- Conduct maiden drilling at the West Emerald Project area.
- Continue internal desktop assessments of Cuesta's tenements.

In achieving the above objectives it is essential that Cuesta completes these activities on time, within budget and safely for all staff and contractors.



**Matthew Crawford**  
Managing Director  
and Chief Executive Officer

### COMPETENT PERSONS STATEMENT

*A report entitled 'Moorlands Project (EPC 1738) – Resource Estimate dated August 2012', 'East Wandoan Project JORC Resources dated 2nd February 2012' and 'Amberley Resource Estimate EPC 2127' dated 4th of September 2012, have been compiled by Lyndon Pass of Encompass Mining, and it reflects his current view of the Moorlands, East Wandoan and Amberley coal deposit resources. In the future, as additional information may become available, this view could be subject to modification. The full reports contain detailed information regarding the Moorlands, East Wandoan and Amberley deposit. Lyndon Pass is a Member of the Australasian Institute of Mining & Metallurgy (AusIMM). Lyndon Pass consents to the inclusion in the current document of the matters concerning Coal Resources at Moorlands, East Wandoan and Amberley 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).*

*Sections of information contained in this report that relate to Exploration Results were compiled or supervised by Timothy Spencer, who is a Member of the Australasian Institute of Mining and Metallurgy and is employed full-time by Cuesta Coal Limited as Exploration Manager. Mr Spencer 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 Spencer consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*Exploration Target Note: All statements contained in the announcement as to exploration targets are conceptual in nature. There has been insufficient exploration undertaken to date to define a coal resource and identification of a resource will be totally dependent on the outcome of further exploration. Any statement as to exploration targets has been made consistent with the requirements of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' published by the Joint Ore Reserves Committee (JORC).*



# FINANCIAL REPORT

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**Cuesta Coal Limited**  
**Directors' report**  
**30 June 2012**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Cuesta Coal Limited (referred to hereafter as the 'company') and the entities it controlled for the year ended 30 June 2012.

**Directors**

The following persons were directors of Cuesta Coal Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ian Richer  
Brice Mutton  
Patrick Elliott  
Matthew Crawford  
Keith McKnight  
Arthur Sinodinos (resigned 31 October 2011)  
Huaixi Zheng (appointed on 17 July 2012)

**Principal activities**

During the financial year the principal continuing activities of the consolidated entity consisted of exploration for and evaluation of coal resources at the consolidated entity's mining tenements which are situated in Queensland, Australia.

**Dividends**

No dividends were paid or declared during the financial year.

**Review of operations**

The loss for the consolidated entity after tax amounted to \$4,666,000 (30 June 2011: \$1,761,000).

The consolidated entity continued to undertake further exploration and evaluation activities on its tenements located in Queensland, Australia.

**Significant changes in the state of affairs**

The consolidated entity successfully completed its initial public offer during the financial year raising \$20,065,000. Cuesta Coal Limited was listed on the Australian Securities Exchange on 4 May 2012.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters subsequent to the end of the financial year**

On 7 August 2012, the consolidated entity executed a lease proposal for an office space in Taringa, QLD. The lease, for an initial term of 3 years with an option to renew for a further 3 years is expected to be executed prior to 1<sup>st</sup> of October 2012. The annual rent is \$65,450 per annum plus outgoings. A rent free period of 3 months has been negotiated.

On 8 August 2012, subsidiary Blackwood Exploration Pty Ltd executed a Farm In and Joint Venture Agreement with QCI (Galilee) Pty Ltd ("QCI"). Under the terms of the agreement, QCI has the right to earn a 51% interest in two coal tenement applications EPCA 2079 & EPCA 2080 through \$3 million of expenditure.

The consolidated entity elected to take up the option to renew the lease on the Sydney Head Office for a further two years on 13 August 2012. The annual rent is \$79,950 per annum plus outgoings. A rental rebate of \$30,370 has been negotiated. The new lease is expected to be executed prior to the expiry of the existing lease on 14 February 2013.

EPCs 2168 and 2167 have been granted subsequent to 30 June 2012.

**Cuesta Coal Limited**  
**Directors' report**  
**30 June 2012**

**Use of funds**

The consolidated entity has used its cash and assets which are readily convertible into cash in a way which is consistent with its business objectives. The Board's policy in respect to managing funds raised during the IPO is to invest surplus funds in short-term cash deposits with either of the four main banking institutions.

**Likely developments and expected results of operations**

The consolidated entity intends to continue its exploration activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

**Environmental regulation**

The consolidated entity is subject to and is compliant with all aspects of environmental regulation of its exploration and evaluation activities. The directors are not aware of any environmental law that is not being complied with.



**Information on directors**

<b>Name:</b>	<b>Ian Frederick Richer</b>
<b>Title:</b>	Non-Executive Chairman
<b>Qualifications:</b>	Dip Met.Min, MAusIMM
<b>Experience and expertise:</b>	Mr Richer is a mining engineer with 40 years' experience in the resources industry. Commencing his career as an engineer with Consolidated Goldfields and International Nickel (INCO), Ian has key experience in Mining Project Finance and execution of coal projects. His coal experience centres around evaluation and feasibility studies of both underground and open pit operations with particular reference to surface processing facilities and infrastructure. Mr Richer spent 11 years in the project finance industry as Director-Project finance for Societe General and Chase NBA during which time he was responsible for over A\$2 billion in commitments.
<b>Other current directorships:</b>	Non- executive Director of 3D Resources Limited (since 2008)
<b>Former directorships (in the last 3 years):</b>	Executive Director Accent Resources N.L (resigned 31 August 2012) Non- executive Director Hazelwood Resources Limited (resigned 31 August 2011)
<b>Special responsibilities:</b>	Chairman of the Remuneration and Nomination Committee and member of the Audit and Risk Management Committee
<b>Interests in shares:</b>	369,360 ordinary shares
<b>Interests in options:</b>	1,143,872 ordinary shares (escrowed until 4 May 2014)
<b>Interests in performance rights:</b>	None
	4,200,000 performance rights (escrowed until 4 May 2014)
<b>Name:</b>	<b>Brice Kenneth Mutton</b>
<b>Title:</b>	Non- executive Director (Technical)
<b>Qualifications:</b>	BSc (Appl Geology) UNSW, FAusIMM, MAIG, MSEG
<b>Experience and expertise:</b>	Mr Mutton is a geologist with over 35 years' experience in the resources industry, his experience extends from grass roots exploration to mine operation and executive management, mainly in base metals, gold and coal.
<b>Other current directorships:</b>	Non- executive Director of Drummond Gold Limited (since 5 April 2007)
<b>Former directorships (in the last 3 years):</b>	Non- executive Director of Apex Minerals NL (since 19 April 2012) None
<b>Special responsibilities:</b>	Chairman of the Safety and Health Committee
<b>Interests in shares:</b>	28,740 ordinary shares
<b>Interests in options:</b>	905,748 ordinary shares (escrowed until 4 May 2014) 300,000 options (ex. price 20c, expiry 31 Dec 2015) (escrowed until 4 May 2014)
<b>Interests in performance rights:</b>	4,200,000 performance rights (escrowed until 4 May 2014)

**Information on directors (continued)**

<b>Name:</b>	<b>Patrick James Dymock Elliott</b>
<b>Title:</b>	Non- executive Director
<b>Qualifications:</b>	B.Comm (UNSW), MBA (Mineral Economics)(Macquarie University), ASA, MAICD
<b>Experience and expertise:</b>	Mr Elliott has 40 years' experience in investment, financial and industrial management having previously been with Consolidated Goldfields Australia Limited, Morgan Grenfell Australia and Natcorp investments.
<b>Other current directorships:</b>	Non- executive Chairman of Argonaut Resources NL (since 2003) Non- executive Chairman of Platsearch NL Non- executive Chairman of Stevenson Group Limited (NZ) Non- executive Director of Global Geoscience Limited
<b>Former directorships (in the last 3 years):</b>	Australian Oriental Minerals NL Crossland Uranium Mines Limited Acuvax Limited
<b>Special responsibilities:</b>	Chairman of the Audit and Risk Management Committee and Member of the Remuneration and Nomination Committee
<b>Interests in shares:</b>	2,834,001 ordinary shares 14,500,666 ordinary shares (escrowed until 4 May 2014)
<b>Interests in options:</b>	26,668,000 options (ex price 25c, expiry 31 Dec 2015) (escrowed until 4 May 2014)
<b>Name:</b>	<b>Matthew Phillip Crawford</b>
<b>Title:</b>	Managing Director and Chief Executive Officer
<b>Qualifications:</b>	MAusIMM, MAICD
<b>Experience and expertise:</b>	Mr Crawford is a founding Director of Cuesta Coal Limited / Blackwood Coal Pty Limited. He has extensive coal industry experience in both Australia and Indonesia. Mr Crawford previously held roles at Australian Char and Griffin Coal working on a variety of projects including trial shipments of coal to export markets, carbonisation and coking trials, evaluation of coal drying technologies and various business development activities associated in the coal sector. He has worked as an engineering consultant to White Energy Company and played a key role in the commercialisation of the Binderless Coal Briquetting Technology.
<b>Other current directorships:</b>	None
<b>Former directorships (in the last 3 years):</b>	None
<b>Special responsibilities:</b>	Member of the Remuneration and Nomination Committee, Member of the Audit and Risk Management Committee and Member of the Safety and Health Committee
<b>Interests in shares:</b>	381,641 ordinary shares 14,290,876 ordinary shares (escrowed until 4 May 2014)
<b>Interests in options:</b>	3,728,572 options (ex price 25c, expiry 31 Dec 2015) (escrowed until 4 May 2014)
<b>Interests in performance rights:</b>	16,800,000 (escrowed until 4 May 2014)



**Information on directors (continued)**

<b>Name:</b>	<b>Keith James McKnight</b>
<b>Title:</b>	Chief Operations Officer
<b>Qualifications:</b>	B.Eng (Hons)
<b>Experience and expertise:</b>	<p>Mr McKnight is a founding Director of Cuesta Coal Limited/ Blackwood Coal Pty Limited. He is a mechanical engineer with substantial Australian and International experience in engineering, procurement, contract management and project development.</p> <p>Mr McKnight immigrated to Australia in 2004 and worked for various engineering consultants such as Richard Heggies and Montgomery Watson. He joined White Energy Company in late 2006 as a project manager and became engineering manager in 2009. He worked on their Binderless Coal Briquetting Demonstration facility and on their first commercial plant in Indonesia.</p>
<b>Other current directorships:</b>	None
<b>Former directorships (in the last 3 years):</b>	None
<b>Special responsibilities:</b>	Member of the Safety and Health Committee.
<b>Interests in shares:</b>	<p>255,089 ordinary shares</p> <p>13,776,591 ordinary shares (escrowed until 4 May 2014)</p>
<b>Interests in options:</b>	<p>300,000 options (ex price 20c, expiry 31 Dec 2015) (escrowed until 4 May 2014)</p> <p>2,857,144 options (ex price 25c, expiry 31 Dec 2015) (escrowed until 4 May 2014)</p>
<b>Interest in performance rights:</b>	16,800,000 (escrowed until 4 May 2015)
<b>Name:</b>	<b>Arthur Sinodinos, AO (resigned on 31 October 2011)</b>
<b>Title:</b>	Non-Executive Chairman
<b>Qualifications:</b>	B.Comm (Hons).
<b>Experience and expertise:</b>	<p>Senator Sinodinos commenced his career in the Australian Public Service when he joined the Commonwealth Department of Finance in 1979 as a graduate recruit. He then worked in the Treasury for a short period and re-joined the department in 1989. He became Chief of Staff to the Prime Minister, John Howard, in 1997, a position he held until 2006. He has since worked in Goldman Sachs, JB Were and NAB. Mr Sinodinos was appointed Senator for New South Wales in the Parliament of Australia in December 2011.</p>
<b>Other current directorships:</b>	None
<b>Former directorships (in the last 3 years):</b>	None
<b>Special responsibilities:</b>	n/a
<b>Interests in shares:</b>	584,488 ordinary shares (up to date of resignation)
<b>Interests in options:</b>	300,000 options (ex.price 20c, expiry 2015) (up to date of resignation)

**Information on directors (continued)**

<b>Name:</b>	<b>Huaxi Zheng (Appointed on 17 July 2012)</b>
<b>Title:</b>	Non-Executive Director
<b>Qualifications:</b>	B. Mineral Processing of Mining Engineering.
<b>Experience and expertise:</b>	Mr Zheng is a mining engineer with over 20 years' experience within the coal industry. He has worked at China's most authoritative coal planning and processing department and at senior management level within China's largest coal companies. Since 2004, Mr. Zheng has been responsible for mergers and acquisitions, restructuring, management, exploration and operating coal projects at Beijing Guoli. Mr. Zheng was the Managing Director of Chaohua Coal mining company, during which time he successfully merged 4 coal mining companies and developed a total coal reserve of 500 million tonnes. He is currently responsible for Beijing Guoli's investments in Australian coal projects.
<b>Other current directorships:</b>	None
<b>Former directorships (in the last 3 years):</b>	None
<b>Special responsibilities:</b>	n/a
<b>Interests in shares:</b>	None (As at date of appointment)
<b>Interests in options:</b>	None (As at date of appointment)

'Other current directorships' and 'Former directorships (in the last 3 years)' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

### **Company secretary**

Megan McPherson (BComms, CA) has held the role of Company Secretary since 16 November 2011 and was appointed as full time Chief Financial Officer/ Company Secretary on 19 March 2012.

She was previously Manager of the Corporate Advisory team at DFK Richard Hill (Chartered Accountants and Business Advisory Services) where she gained extensive experience with resource sector clientele and listed Entities. She also held a position in tax compliance with Macquarie Bank. Megan is currently completing a Graduate Diploma of Applied Corporate Governance with the Chartered Secretaries Australia (CSA).

Richard LS Hill held the position of Company Secretary for Cuesta Coal Limited / Blackwood Coal Pty Limited for the period May 2011 until 16 November 2011.

Richard holds a Bachelor of Commerce Degree and is a fellow of the Institute of Chartered Accountants in Australia. He is the senior partner of DFK Richard Hill (Chartered Accountants and Business Advisory Services). He has extensive expertise in the resources industry in Australia and Papua New Guinea. He currently provides secretarial and corporate advisory services to a number of listed Australian companies. Fees paid to DFK Richard Hill Pty Ltd for company secretary, accountancy and corporate advisory services are disclosed in note 20- Related party transactions.

### **Meetings of directors**

The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2012, and the number of meetings attended by each director were:

	Full Board*		Safety and Health Committee	
	Attended	Held	Attended	Held
I. Richer	12	14	-	-
B. Mutton	12	14	1	1
P. Elliott	9	14	-	-
M. Crawford	14	14	1	1
K. McKnight	14	14	1	1
A. Sinodinos	3	3	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

\* Includes meetings of the Board of Blackwood Coal Pty Ltd for the period 1 July 2011 to 1 October 2011.

### **Remuneration report (audited)**

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report includes payments made to the directors and key management personnel of Blackwood Coal Pty Ltd for the period 1 July 2011 to 1 October 2011 (and the comparative period FY 2011). All payments made to directors and key management personnel post 1 October 2011 were payments made by Cuesta Coal Limited.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Performance Rights



**Remuneration report (audited)- (continued)**

**A Principles used to determine the nature and amount of remuneration**

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain senior managers and directors with the expertise to enhance the performance and growth of the consolidated entity.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

Alignment to shareholders' interests:

- focuses on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience

In accordance with best practice corporate governance, the structure of non-executive directors and executive remuneration is separate.

*Non-executive directors remuneration*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

ASX listing rules require that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent determination was at the General Meeting held on 24 October 2011, where the shareholders approved an aggregate remuneration of \$350,000.

*Executive remuneration*

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

**Remuneration report (audited)- (continued)**

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

**B Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Cuesta Coal Limited are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of Cuesta Coal Limited and the following executives:

- Megan McPherson - Company Secretary and CFO
- Timothy Spencer - Exploration Manager

<b>2012</b>	Short-term benefits		Post-employment benefits	Share-based payments		Total \$
Name	Cash salary and fees \$	Bonus \$	Superannuation \$	Equity-settled \$	Performance Rights \$	
<i>Non-Executive Directors:</i>						
Ian Richer	126,167	-	3,825	150,000	271,519	551,511
Brice Mutton	152,025	-	1,988	150,000	271,519	575,532
Patrick Elliott	25,656	-	-	150,000	-	175,656
Arthur Sinodinos*	7,517	-	677	62,500	-	70,694
<i>Executive Directors:</i>						
Matthew Crawford	324,650	-	1,988	150,000	1,086,075	1,562,713
Keith McKnight	259,900	-	1,988	150,000	1,086,075	1,497,963
<i>Other Key Management Personnel:</i>						
Megan McPherson**	52,500	14,285	4,725	-	-	71,510
Timothy Spencer	239,800	7,500	-	-	-	247,300
	1,188,215	21,785	15,191	812,500	2,715,188	4,752,879

\* Represents remuneration from 1 July 2011 to 31 October 2011

\*\* Represents remuneration from 19 March 2012 to 30 June 2012

**Remuneration report (audited)- (continued)**

<b>2011</b>	Short-term benefits		Post-employment benefits	Share-based payments		Total \$
Name	Cash salary and fees \$	Bonus \$	Superannuation \$	Equity-settled \$	Performance Rights \$	
<i>Non-Executive Directors:</i>						
Ian Richer	38,583	-	-	30,000	32,553	101,136
Brice Mutton	84,028	-	-	30,000	32,553	146,581
Patrick Elliott	17,607	-	-	-	-	17,607
Arthur Sinodinos	25,075	-	2,250	30,000	-	57,325
<i>Executive Directors:</i>						
Matthew Crawford	160,008	-	-	30,000	130,211	320,219
Keith McKnight	128,216	-	-	30,000	130,211	288,427
<i>Other Key Management Personnel:</i>						
Megan McPherson	-	-	-	-	-	-
Timothy Spencer*	59,950	-	-	-	-	59,950
	513,467	-	2,250	150,000	325,528	991,245

\* Represents remuneration from 8 March 2011 to 30 June 2011

The relative proportions of remuneration that are linked to performance and those which are fixed are as follows;

Name	Fixed remuneration		At risk- STI		At risk- LTI	
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
Ian Richer	24%	38%	27%	30%	49%	32%
Brice Mutton	27%	57%	26%	21%	47%	22%
Patrick Elliott	15%	100%	85%	-	-	-
Arthur Sinodinos (resigned 31 October 2011)	12%	48%	88%	52%	-	-
Matthew Crawford	21%	50%	10%	9%	69%	41%
Keith McKnight	17%	45%	10%	10%	73%	45%
Megan McPherson	80%	-	20%	-	-	-
Tim Spencer	97%	100%	3%	-	-	-



**Remuneration report (audited)- (continued)**

**C Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Matthew Crawford  
Title: Managing Director and Chief Executive Officer  
Agreement commenced: 4 May 2012  
Term of agreement: 2 years  
Details: Matthew Crawford will provide services as Chief Executive Office to the Company under a consultancy agreement. Alouarn Pty Ltd as trustee for the Alouarn Consulting Trust will provide the services of Mr Crawford.

As remuneration, Alouarn receives \$335,000 (plus GST) per annum and this amount is inclusive of appropriate insurance cover. Alouarn is reimbursed for all reasonable out-of-pocket expenses. Four month termination notice by either party.

Name: Keith McKnight  
Title: Chief Operations Officer  
Agreement commenced: 4 May 2012  
Term of agreement: 2 years  
Details: Keith McKnight will provide services as Chief Operations Office to the Company under a consultancy agreement. Alouarn Pty Ltd as trustee for the Alouarn Consulting Trust will provide the services of Mr McKnight.

As remuneration, Alouarn receives \$260,000 (plus GST) per annum and this amount is inclusive of appropriate insurance cover. Alouarn is reimbursed for all reasonable out-of-pocket expenses. Four month termination notice by either party.

Name: Brice Mutton  
Title: Technical Director  
Agreement commenced: 1 January 2012  
Term of agreement: 2 years  
Details: Brice Mutton will provide services as Technical Director to the Company under a consultancy agreement. Brice Mutton & Associates Pty Ltd will provide the services of Mr Mutton.

A consultancy rate of \$1,400 plus GST per day (capped at 8 hours), or part thereof at \$175 per hour. When on-site, a rate of \$1,750 plus GST per day (capped at 10 hours), applies. Either party can terminate the consultancy by giving 45 days notice.

Name: Megan McPherson  
Title: Chief Financial Officer/ Company Secretary  
Agreement commenced: 19 March 2012  
Term of agreement: n/a  
Details: Base salary for the year ending 30 June 2013 of \$180,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three month termination notice by either party.

**Remuneration report (audited)- (continued)**

Name:	Tim Spencer
Title:	Exploration Manager
Agreement commenced:	8 March 2011
Term of agreement:	n/a
Details:	Base salary for the year ending 30 June 2013 of \$220,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three month termination notice by either party.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

**D Share-based compensation**

*Issue of shares*

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2012 are set out below:

Name	Date	No of shares	Issue price	\$
Ian Richer	31 July 2011	600,000	\$0.25	150,000
Brice Mutton	31 July 2011	600,000	\$0.25	150,000
Patrick Elliott	31 July 2011	600,000	\$0.25	150,000
Matthew Crawford	31 July 2011	600,000	\$0.25	150,000
Keith McKnight	31 July 2011	600,000	\$0.25	150,000
Arthur Sinodinos (resigned 31 October 2011)	6 December 2011	250,000	\$0.25	62,500

*Options*

Details of options over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2012 are set out below:

Name	Number of options granted during the year		Number of options vested during the year	
	2012	2011	2012	2011
Ian Richer	-	300,000	-	300,000
Brice Mutton	-	300,000	-	300,000
Arthur Sinodinos	-	300,000	-	300,000
Matthew Crawford	-	300,000	-	300,000
Keith McKnight	-	300,000	-	300,000

Options granted carry no dividend or voting rights.

Remuneration report (audited)- (continued)

**E Performance Rights**

In December 2010 an Executive Share and Option Plan (**EXSOP**) was executed. Under the terms of the EXSOP, Cuesta Coal Limited must issue the following securities to Brice Mutton and Ian Richer (10% each), Keith McKnight (40%) and Matthew Crawford (40%), in their respective proportions;

- 10,000,000 Shares (**Series One Shares**) and 1 option for every 3 Series One Shares upon receiving a written report from a competent person to the extent that the West Bowen Project has an Inferred Mineral Resource that exceeds 45,000,000 tons by no later than 31 December 2012;
- 18,000,000 (**Series Two Shares**) and 1 options for every 3 Series Two Shares issued upon receiving a written report from a competent person to the extent that the East Wandoan project has an Inferred Mineral Resource that exceeds 40,000,000 tons by no later than 31 December 2012;
- 14,000,000 (**Series Three Shares**) and 1 option for every 3 Series Three Shares issued upon receiving a written report from a competent person to the extent that the Blackwood Coal Project has an inferred Mineral Resource that exceeds 120,000,000 tons by no later than 31 December 2013.

The options to be issued under the EXSOP will have an expiry date of 31 December 2015 and an exercise price of \$0.25, subject to any reconstruction of share capital.

The following amounts have been recognised in section B details of remuneration and in the financial statements in respect of the performance rights;

Name	2012 \$	2011 \$
Ian Richer	271,519	32,553
Brice Mutton	271,519	32,553
Matthew Crawford	1,086,075	130,211
Keith McKnight	1,086,075	130,211
	<u>2,715,188</u>	<u>325,528</u>

On 20 June 2012, Cuesta announced an increase to the maiden JORC resource at East Wandoan to 44.6Mt of Inferred and Indicated Coal Resource in accordance with the JORC Code (2004) guideline. The increase satisfied the condition precedent to the issue of the Series Two Shares. Accordingly, Cuesta is to issue 18,000,000 fully paid ordinary shares and 6,000,000 unlisted options (exercisable at \$0.25, expire 31 December 2015) to the relevant directors in their respective proportions.



**Cuesta Coal Limited**  
**Directors' report**  
**30 June 2012**  
**Remuneration report (audited)- (continued)**

**Shareholding**

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

<b>2012</b>	<b>Balance at the start of the year</b>	<b>Received as part of remuneration</b>	<b>Additions</b>	<b>Disposals/ other</b>	<b>Balance at the end of the year</b>
<i>Ordinary Shares</i>					
Ian Richer	550,000	600,000	363,232*	-	1,513,232
Brice Mutton	300,000	600,000	34,488	-	934,488
Patrick Elliott	-	600,000	30,068,000**	(13,333,333)**	17,334,667
Arthur Sinodinos	300,000	250,000	34,488	(584,488)***	-
Matthew Crawford****	14,014,886	600,000	357,631	(300,000)	14,672,517
Keith McKnight****	13,443,458	600,000	288,222	(300,000)	14,031,680
Megan McPherson	-	-	25,000	-	25,000
Tim Spencer	-	-	25,000	-	25,000

\* Includes 300,000 shares which are issued pursuant to an exercise of options

\*\* Represents shares issued to Argonaut Resources NL during the year including upon conversion of convertible notes and disposal by way of sell-down in the IPO. Mr Elliott is Non- Executive Chairman of Argonaut Resources NL.

\*\*\* Represents 584,488 shares held at resignation date

\*\*\*\* Includes shares held and acquired by Albion Ballymore Pty Ltd of which Mr Crawford and Mr McKnight have a 50% interest.

<b>2011</b>	<b>Balance at the start of the year</b>	<b>Received as part of remuneration</b>	<b>Additions</b>	<b>Disposals/ other</b>	<b>Balance at the end of the year</b>
<i>Ordinary shares</i>					
Ian Richer	-	300,000	250,000	-	550,000
Brice Mutton	-	300,000	-	-	300,000
Patrick Elliott	-	-	-	-	-
Arthur Sinodinos	-	300,000	-	-	300,000
Matthew Crawford*	7,054,484	300,000	6,660,402	-	14,014,886
Keith McKnight*	7,054,484	300,000	6,088,974	-	13,443,458
Tim Spencer	-	-	-	-	-

\* Includes shares held and acquired by Albion Ballymore Pty Ltd of which Mr Crawford and Mr McKnight have a 50% interest.

**Option holding**

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties is set out below;

<b>2012</b>	<b>Balance at the start of the year</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ forfeited/ other</b>	<b>Balance at the end of the year</b>
<i>Options over ordinary shares</i>					
Ian Richer	300,000	-	(300,000)	-	-
Brice Mutton	300,000	-	-	-	300,000
Patrick Elliott	-	26,668,000*	-	-	26,668,000
Arthur Sinodinos	300,000	-	-	(300,000)**	-
Matthew Crawford***	3,728,572	-	-	-	3,728,572
Keith McKnight***	3,157,144	-	-	-	3,157,144

\* Represents options issued to Argonaut Resources NL upon conversion of convertible notes. Mr Elliott is Non- Executive Chairman of Argonaut Resources NL.

\*\* Represents 300,000 options held at resignation date

\*\*\* Includes options held and acquired by Albion Ballymore Pty Ltd of which Mr Crawford and Mr McKnight have a 50% interest.

**Remuneration report (audited)- (continued)**

**Option holding- (continued)**

<b>2012</b>	<b>Vested and exercisable</b>	<b>Vested and unexercisable</b>	<b>Vested at the end of the year</b>
<i>Options over ordinary shares</i>			
Ian Richer	-	-	-
Brice Mutton	-	300,000	300,000
Patrick Elliott	-	26,668,000	26,668,000
Arthur Sinodinos	-	-	-
Matthew Crawford	-	3,728,572	3,728,572
Keith McKnight	-	3,157,144	3,157,144

During the year, Directors and their related parties, executed restriction agreements in relation to the options held. The escrow period expires 4 May 2014.

<b>2011</b>	<b>Balance at the start of the year</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ forfeited/ other</b>	<b>Balance at the end of the year</b>
<i>Options over ordinary shares</i>					
Ian Richer	-	300,000	-	-	300,000
Brice Mutton	-	300,000	-	-	300,000
Patrick Elliott	-	-	-	-	-
Arthur Sinodinos	-	300,000	-	-	300,000
Matthew Crawford*	-	3,728,572	-	-	3,728,572
Keith McKnight*	-	3,157,144	-	-	3,157,144

\* Includes options granted to Albion Ballymore Pty Ltd of which Mr Crawford and Mr McKnight each have a 50% interest.

<b>2011</b>	<b>Vested and exercisable</b>	<b>Vested and unexercisable</b>	<b>Vested at the end of the year</b>
<i>Options over ordinary shares</i>			
Ian Richer	300,000	-	300,000
Brice Mutton	300,000	-	300,000
Patrick Elliott	-	-	-
Arthur Sinodinos	300,000	-	300,000
Matthew Crawford	3,728,572	-	3,728,572
Keith McKnight	3,157,144	-	3,157,144

Options have an average exercise price of \$0.20 to \$0.25.

***This concludes the remuneration report, which has been audited.***

**Cuesta Coal Limited**  
**Directors' report**  
**30 June 2012**

**Shares under option**

Unissued ordinary shares of Cuesta Coal Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
8 December 2011	29 October 2015	\$0.25	600,000
Various	31 December 2015	\$0.20	8,035,718
Various	31 December 2015	\$0.25	50,429,904

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of options**

The following ordinary shares of Cuesta Coal Limited were issued during the year ended 30 June 2012 on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
17 August 2010	\$0.20	300,000

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

**Indemnity and insurance of auditor**

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.



**Cuesta Coal Limited**  
**Directors' report**  
**30 June 2012**

The directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**Officers of the company who are former audit partners of BDO East Coast Partnership**

There are no officers of the company who are former audit partners of BDO East Coast Partnership.

**Rounding of amounts**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

**Auditor**

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Ian Richer  
Chairman

27 September 2012  
Sydney



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Matthew Crawford  
Managing Director

27 September 2012  
Sydney

## DECLARATION OF INDEPENDENCE BY BRUCE GORDON TO THE DIRECTORS OF CUESTA COAL LIMITED

As lead auditor of Cuesta Coal Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect Cuesta Coal Limited and the entities it controlled during the period.



**Bruce Gordon**

Partner

**BDO East Coast Partnership**

Sydney, 27 September 2012

**Cuesta Coal Limited**  
**Corporate Governance Statement**  
**30 June 2012**

The Board of directors of Cuesta Coal Limited is responsible for establishing the corporate governance framework of the consolidated entity having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its Corporate Governance Principles and Recommendations ("Recommendations"). The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board seeks, where appropriate, to adopt without modification, the Recommendations. Where there has been any variation from the Recommendations, it is because the Board believes that the Company is not as yet of size, nor are its financial affairs of such complexity, to justify some of these Recommendations. The Board is of the view that with the exception of the departures to the Council's Corporate Governance Principles and Recommendations as are set out below, it otherwise complied with all of the Council's Corporate Governance Principles and Recommendations during the year ended 30 June 2012.

The following table briefly addresses each recommendation made by the Corporate Governance Principles and Recommendations.

ASX Principles and Recommendations	Summary of position of the Company
<b>Principle 1 – Lay solid foundations for management and oversight</b>	
Companies should establish and disclose the respective roles and responsibilities of board and management	
<b>Recommendation 1.1</b> – Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	The Board has approved a formal charter that details their functions and responsibilities. The charter includes a formal statement of the area of authority delegated to senior executives.
<b>Recommendation 1.2</b> – Companies should disclose the process for evaluating the performance of senior executives	The Remuneration and Nomination Committee is responsible for the evaluation and review of performance of individual executives against measurable and qualitative indicators, to be established by the committee.
<b>Recommendation 1.3</b> – Companies should provide the information indicated in the Guide to reporting on Principle 1	The Company will report and address any departures from Recommendations 1.1, 1.2 and 1.3 in its future annual reports and on its website.
<b>Principle 2 – Structure Board to Add Value</b>	
Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties	
<b>Recommendation 2.1</b> – A majority of the board should be independent directors	While the Company does not presently comply with this Recommendation 2.1, the Company may consider appointing further independent directors in the future. The Company is of the view that given the current size and scale of its operations, non-compliance with Recommendation 2.1 will not be detrimental to the Company.
<b>Recommendation 2.2</b> – The chair should be an independent director	Mr Ian Richer continues as the Company's independent Chairman.
<b>Recommendation 2.3</b> – The roles of chair and chief executive officer should not be exercised by the same individual	Mr Ian Richer holds the position of Chair while the position of CEO is held by Mr Matthew Crawford.
<b>Recommendation 2.4</b> – The board should establish a nomination committee	A committee has been established to provide advice, recommendations and assistance to the board, with regards to remuneration policies and identifying nominees for senior appointments.
<b>Recommendation 2.5</b> – Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<p>The committee will evaluate the performance of the board and individual directors against both measurable and qualitative indicators, established by the committee.</p> <p>The committee will review its performance from time to time and whenever there are major changes to the management of the company.</p>



<p><b>Recommendation 2.6</b> – Companies should provide the information indicated in the Guide to reporting on Principle 2</p>	<p>The Company will report and address any departures from Recommendations 2.1 to 2.6 in its future annual reports and on its website.</p>
<p><b>Principle 3 – Promote Ethical and Responsible Decision Making</b>  Companies should actively promote ethical and responsible decision-making</p>	
<p><b>Recommendation 3.1</b> – Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>• The practices necessary to maintain confidence in the company's integrity</li> <li>• The practices necessary to take into account their legal obligations and the reasonable expectations of the stakeholders</li> <li>• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices</li> </ul>	<p>The Company has established a Corporate Code of Conduct which regulates the Company's external dealings and dealings with Shareholders. All executives and employees are required to abide by laws and regulations, to respect confidentiality and the proper handling of information and act with the highest standards of honesty, integrity, objectivity and ethics in all dealings with each other, the Company, its Shareholders, customers, suppliers and the community.</p> <p>The code of conduct will be regularly reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism.</p>
<p><b>Recommendation 3.2-</b> Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.</p>	<p>Due to the current size and scale of its operations, the Company did not comply with Recommendation 3.2 at 30 June 2012. The Company has since adopted a diversity policy.</p> <p>The Company is of the view that non-compliance with Recommendation 3.2 will not be detrimental to the Company.</p>
<p><b>Recommendation 3.3</b> – Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p>	<p>Due to the current size and scale of its operations, the Company is unable to comply with Recommendation 3.3.</p> <p>The Company is of the view that non-compliance with Recommendation 3.3 will not be detrimental to the Company.</p>
<p><b>Recommendation 3.4</b> – Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.</p>	<p>The company will provide this information in its future Annual Reports. The Company is of the view that non-compliance with Recommendation 3.4 will not be detrimental to the Company.</p>
<p><b>Recommendation 3.5</b> – Companies should provide the information indicated in the Guide to reporting on Principle 3</p>	<p>The Company will report and address any departures from Recommendations 3.1 to 3.5 in its future annual reports and on the Company's website.</p>
<p><b>Principle 4 – Safeguard Integrity in Financial Reporting</b>  Companies should have a structure to independently verify and safeguard the integrity of their financial reporting</p>	
<p><b>Recommendation 4.1</b> – The Board should establish an audit committee</p>	<p>The company has established an Audit and Risk Management Committee to assist the board with monitoring and reviewing financial controls, the competency of internal and external auditors and the company's risk policies.</p>
<p><b>Recommendation 4.2</b> – The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• Consists only of non-executive directors</li> <li>• Consists of a majority of independent directors</li> <li>• Is chaired by an independent chair, who is not chair of the board</li> <li>• Has at least three members</li> </ul>	<p>Due to the current structure of the board, the Company is unable to fully comply with Recommendation 4.2. The Company is satisfied however that the current composition of committee members is adequate and that non-compliance with Recommendation 4.2 will not be detrimental to the Company.</p>

<b>Recommendation 4.3</b> – The audit committee should have a formal charter	An Audit and Risk Management Committee Charter has been established and will govern the roles, responsibilities, composition and membership of the audit and risk management committee.
<b>Recommendation 4.4</b> – Companies should provide the information indicated in the Guide to reporting on Principle 4	The Company will report and address any departures from Recommendations 4.1 to 4.4 in its future annual reports.
<b>Principle 5 – Make Timely and Balanced Disclosure</b> Companies should promote timely and balanced disclosure of all material matters concerning the company	
<b>Recommendation 5.1</b> – Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	The Board has adopted a formal continuous disclosure policy which sets out its obligations in respect of continuous disclosure under the <i>Corporations Act 2001 (Cth)</i> and the ASX Listing Rules. The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the Corporations Act. Executive Directors, in conjunction with all Non-Executive Directors, are charged with the day-to-day disclosure to the market of any information in relation to the on-going exploration activities of the Company.
<b>Recommendation 5.2</b> – Companies should provide the information indicated in the Guide to reporting on Principle 5	The Company will report and address any departures from Recommendations 5.1 and 5.2 in its future annual reports and on its website.
<b>Principal 6 – Respect the Rights of Shareholders</b> Companies should respect the rights of shareholders and facilitate the effective exercise of those rights	
<b>Recommendation 6.1</b> – Companies should design a communications policy for promoting effective communications with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	The Board has established a formal code of conduct setting out the Company's obligations to stakeholders including shareholders.
<b>Recommendation 6.2</b> – Companies should provide the information indicated in the Guide to reporting on Principle 6	The Company will report and address any departures from Recommendations 6.1 and 6.2 in its future annual reports and on its website.
<b>Principle 7 – Recognise and Manage Risk</b> Companies should establish a sound system of risk oversight and management and internal control	
<b>Recommendation 7.1</b> – Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	The company's risk management policies are incorporated in the Audit and Risk Management Committee Charter.
<b>Recommendation 7.2</b> – The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	Ultimate responsibility for risk oversight and risk management rests with the full board, notwithstanding the establishment of the committee.

<p><b>Recommendation 7.3</b> – The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks</p>	<p>The board will disclose in its annual report and on its website whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks</p>
<p><b>Recommendation 7.4</b> – Companies should provide the information indicated in the Guide to reporting on Principle 7</p>	<p>The Company will report and address any departures from Recommendations 7.1 to 7.4 in its annual reports and on its website.</p>
<p><b>Principle 8 – Remunerate Fairly and Responsibly</b>  Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear</p>	
<p><b>Recommendation 8.1</b> – The Board should establish a remuneration committee</p>	<p>A committee has been established to provide advice, recommendations and assistance to the board, with regards to remuneration policies and identifying nominees for senior appointments.</p>
<p><b>Recommendation 8.2</b> – The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• Consists of a majority of independent Directors.</li> <li>• Is chaired by an independent chair.</li> <li>• Has at least three members.</li> </ul>	<p>Due to the current structure of the board, the Company is unable to fully comply with Recommendation 8.2. The Company is satisfied however that the current composition of committee members is adequate and that non-compliance with Recommendation 8.2 will not be detrimental to the Company.</p>
<p><b>Recommendation 8.3</b> – Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives</p>	<p>The remuneration of Executive Directors is designed to motivate directors with the aim of enhancing the long-term growth and performance of the company. Non-executive directors' remuneration is generally fee based. They do not participate in remuneration schemes designed for executive directors or receive options, bonus payments or retirement benefits, other than statutory superannuation.</p>
<p><b>Recommendation 8.4</b> – Companies should provide the information indicated in the Guide to reporting on Principle 8</p>	<p>The Company will report and address any departures from Recommendations 8.1 to 8.4 (if any) in its annual reports and on its website.</p>

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## **General information**

The financial report covers Cuesta Coal Limited as a consolidated entity consisting of Cuesta Coal Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Cuesta Coal Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Cuesta Coal Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

### *Registered office and Principal place of business*

Suite 15.01  
Level 15, St Martins Tower  
31 Market Street  
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 27 September 2012. The directors have the power to amend and reissue the financial report.

Readers please note:

The presentation of these financial statements reflects the accounting required as a result of Cuesta Coal Limited acquiring Blackwood Coal Pty Limited, which for accounting purposes, was a legal reverse acquisition. While Cuesta Coal Limited remains the parent entity for the Group, Blackwood Coal Pty Limited is that parent entity for the purpose of consolidating the financial statements.

As a consequence;

- Amounts shown in the consolidated columns of the financial statements for the current year reflect the continuation of the financial statements of Blackwood Coal Pty Limited, including Cuesta Coal Limited from the date of acquisition.
- Amounts shown in the consolidated column for the prior year represent the prior year consolidated financial statements of Blackwood Coal Pty Limited only.
- Amounts shown in Note 21 "Parent entity information" continue to reflect the financial statements of the legal parent, Cuesta Coal Limited.



**Cuesta Coal Limited**  
**Statement of comprehensive income**  
**For the year ended 30 June 2012**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$'000</b>	<b>\$'000</b>
Other income	2	393	106
<b>Expenses</b>			
Accountancy fees		(300)	(30)
Auditors' remuneration	18	(126)	(55)
Occupancy expenses	3	(86)	(33)
Corporate development expenses	3	(399)	(232)
Depreciation and amortisation expense		(40)	(9)
Directors' fees		(271)	(159)
Share based payments	26	(2,060)	(291)
Employee expenses	3	(293)	(101)
Finance costs	3	(740)	(280)
Cost incurred for abandoned equity transaction	3	(232)	(555)
Travel		(121)	-
Other expenses		(391)	(122)
<b>Loss before income tax</b>		<b>(4,666)</b>	<b>(1,761)</b>
Income tax expense	4	-	-
<b>Loss after income tax expense for the year</b>		<b>(4,666)</b>	<b>(1,761)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>(4,666)</b>	<b>(1,761)</b>
Total comprehensive income for the year is attributable to:			
Owners of Cuesta Coal Limited		(4,666)	(1,761)
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share for loss attributable to the owners of Cuesta Coal Limited</b>			
Basic loss per share	25	(5.62)	(3.87)
Diluted loss per share	25	(5.62)	(3.87)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Cuesta Coal Limited**  
**Statement of financial position**  
**As at 30 June 2012**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	19,253	3,941
Trade and other receivables	6	937	309
Other current assets	7	6,956	571
Total current assets		<u>27,146</u>	<u>4,821</u>
<b>Non-current assets</b>			
Plant and equipment	8	126	132
Exploration and evaluation expenditure	9	12,882	5,546
Total non-current assets		<u>13,008</u>	<u>5,678</u>
<b>Total assets</b>		<u>40,154</u>	<u>10,499</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	2,655	1,069
Total current liabilities		<u>2,655</u>	<u>1,069</u>
<b>Non-current liabilities</b>			
Borrowings	11	-	5,165
Total non-current liabilities		<u>-</u>	<u>5,165</u>
<b>Total liabilities</b>		<u>2,655</u>	<u>6,234</u>
<b>Net assets</b>		<u>37,499</u>	<u>4,265</u>
<b>Equity</b>			
Issued capital	12	38,606	1,523
Reserves	13	5,534	4,717
Accumulated losses	14	(6,641)	(1,975)
<b>Total equity</b>		<u>37,499</u>	<u>4,265</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

**Cuesta Coal Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2012**

	Reserves					
	Issued Capital	Options Reserve	Share-based Payments Reserve	Convertible Notes	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2010	445	-	-	-	(214)	231
Loss for the year	-	-	-	-	(1,761)	(1,761)
Total comprehensive income for the year	-	-	-	-	(1,761)	(1,761)
<u>Transaction with owners in their capacity as owners</u>						
Shares issued, net of transaction costs	928	-	-	-	-	928
Share- based payments	150	-	4,007	-	-	4,157
Convertible notes issued	-	-	-	710	-	710
Total transactions with owners and other transfers	1,078	-	4,007	710	-	5,795
<b>Balance at 30 June 2011</b>	<b>1,523</b>	<b>-</b>	<b>4,007</b>	<b>710</b>	<b>(1,975)</b>	<b>4,265</b>
Loss for the year	-	-	-	-	(4,666)	(4,666)
Total comprehensive income for the year	-	-	-	-	(4,666)	(4,666)
<u>Transaction with owners in their capacity as owners</u>						
Shares issued, net of transaction costs	25,883	-	-	-	-	25,883
Shares issued on conversion of notes	6,562	-	-	(710)	-	5,852
Share-based payments	4,638	12	1,515	-	-	6,165
Total transactions with owners and other transfers	37,083	12	1,515	(710)	-	37,900
<b>Balance at 30 June 2012</b>	<b>38,606</b>	<b>12</b>	<b>5,522</b>	<b>-</b>	<b>(6,641)</b>	<b>37,499</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**Cuesta Coal Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2012**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(2,336)	(1,392)
Interest received		188	106
Finance costs paid		(70)	-
		<u>          </u>	<u>          </u>
Net cash used in operating activities	24	<u>(2,218)</u>	<u>(1,286)</u>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(33)	(142)
Payment for exploration and evaluation expenditure and exploration licence applications		(8,320)	(1,604)
		<u>          </u>	<u>          </u>
Net cash used in investing activities		<u>(8,353)</u>	<u>(1,746)</u>
<b>Cash flows from financing activities</b>			
Net proceeds from borrowings		-	5,700
Proceeds from share issue, net of share issue costs		25,883	928
		<u>          </u>	<u>          </u>
Net cash provided by financing activities		<u>25,883</u>	<u>6,628</u>
Net increase in cash and cash equivalents		15,312	3,596
Cash and cash equivalents at the beginning of the financial year		<u>3,941</u>	<u>345</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>19,253</u></u>	<u><u>3,941</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.



## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **Basis of Preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements are presented in English and Australian Dollars, which is the Group's functional and presentation currency.

### **Parent Entity**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

### **Acquisition of Subsidiaries and Businesses**

Acquisition of subsidiaries and businesses are accounted for based on the following accounting methods depending on the nature of the acquisition.

#### *Business combination*

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities assumed by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

#### *Acquisition from entities under common control*

Transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group's equity. Any cash paid for the acquisition is recognised directly in equity.

#### *Acquisition of subsidiaries deemed not carrying on a business*

The acquisition of subsidiaries that are deemed not to be carrying on a business, and do not meet the conditions of AASB 3 *Business Combinations*, are recognised at cost and are treated as asset acquisitions depending on the nature of the assets acquired from the subsidiaries.

**Note 1. Significant accounting policies (continued)**

*Reverse acquisitions*

Cuesta Coal Limited was incorporated on 27 September 2011 to acquire Blackwood Coal Pty Limited and its controlled entities ("Blackwood Coal"). As a consequence of the previous shareholders of Blackwood Coal becoming the major shareholders of the Group the transaction is deemed to be a reverse acquisition for accounting purposes. Therefore while Cuesta Coal Limited remains the legal parent company of the Group, Blackwood Coal Pty Limited is the parent company for the purpose of consolidating the financial statements.

The consolidated financial statements together with Cuesta Coal Limited therefore reflect a continuation of the consolidated financial statements of Blackwood Coal.

The acquisition of Blackwood Coal by Cuesta Coal Limited does not meet the conditions of AASB 3 Business Combinations and therefore the transaction is recorded at cost. No goodwill or any adjustment to fair value is recognised on the acquisition. The assets and liabilities acquired are recognised at the carrying amounts recognised previously by Blackwood Coal.

**Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2012 and the results of all subsidiaries for the period then ended. Cuesta Coal Limited and its legal subsidiaries together are referred to in these financial statements as the 'consolidated entity', 'Group' and/or 'Cuesta'. However, as indicated above, following the reverse-takeover Blackwood Coal Pty Limited is the parent company for the purposes of consolidating the financial statements.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using one of the methods prescribed under the Acquisition of subsidiaries and businesses policy above.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Revenue**

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other Revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Note 1. Significant accounting policies (continued)**

**Income Tax**

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount or the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The Group formed a tax consolidated group in effective July 2011. All entities in the tax consolidated group will enter into a tax sharing agreement in due course to limit the joint and several liabilities of the wholly owned entities in the case of a default by the head entity, Cuesta Coal. The entities will also enter into a tax funding agreement under which the wholly owned entities will fully compensate the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity under the tax consolidation legislation.

The Group also formed a GST group effective January 2012 with Cuesta Coal Limited as the representative member of the group. The members of the Cuesta Coal GST Group will be executing an indirect tax sharing agreement with Cuesta Coal Limited to limit their respective liabilities. Post grouping, Cuesta Coal Limited as the representative member will be responsible for completing the activity statements on behalf of the group members.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**Note 1. Significant accounting policies (continued)**

**Trade and Other Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Other receivables are recognised at amortised cost, less any provision for impairment

**Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

*Plant and equipment*

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of the recoverable amount is made when impairment indicators are present.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowings costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

*Depreciation*

The depreciable amount of all fixed assets is depreciated either on a diminishing value basis or on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

The depreciation rates used for each class of asset are;

<b>Class of plant and equipment</b>	<b>Depreciation rate</b>
Leasehold improvements	2.5%
Computer equipment	10- 66%
Furniture and office equipment	10- 40%



**Note 1. Significant accounting policies (continued)**

**Financial Instruments**

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified "at fair value through profit or loss" in which case transaction costs are expensed to Statement of Comprehensive Income immediately.

*Classification and Subsequent Measurement*

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in the profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Group does not designate any interests in subsidiaries, associates or joint ventures entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

*(iii) Held to maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

**Note 1. Significant accounting policies (continued)**

**Financial Instruments (continued)**

*(iv) Available for sale financial assets*

Available for sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designed as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Impairment**

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the assets. Financial liabilities are derecognised where related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Impairment of Non-Financial Assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependant on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

**Note 1. Significant accounting policies (continued)**

**Leases (continued)**

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

**Employee Benefits**

*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Long service leave*

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in the income statement. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

**Note 1. Significant accounting policies (continued)**

**Employee Benefits (continued)**

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continued capitalisation for that area of interest.

Costs of site restoration are currently expensed as incurred due to the minimal scouting nature of drilling currently being carried out. Once extensive drill campaigns are planned, costs of site restoration will be provided over the life of the project from when exploration commences and will be included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits.

Such costs will be determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs will be accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs will be determined on the basis that the restoration will be completed within one year of abandoning the site.

***Exploration licence applications***

Exploration licence applications acquired under a sales and purchase agreement, and costs incurred in relation to the applications are recognised in the Statement of Financial Position as other current assets until the licence is granted. When the exploration licences are granted, they will be reclassified to exploration and evaluation.

**Note 1. Significant accounting policies (continued)**

**Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefit will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

*Restoration provision*

Where applicable, a provision for material restoration is recognised on a gradual basis over the life of the mining licences and exploration and evaluation expenditure. The amount recognised includes costs of reclamation and site rehabilitation after taking into account restoration works that are carried out during exploration. Costs are determined from estimated future costs on an undiscounted basis.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on an amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time, is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

**Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

**Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

*Deferred consideration*

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate used is based on bond rates under comparable terms and conditions.



**Note 1. Significant accounting policies (continued)**

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**Contributed Equity**

Ordinary shares are classified as equity.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any relevant GST impact. The costs of an equity transaction that is abandoned are recognised as an expense.

**Earnings Per Share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit/loss attributable to the owners of Cuesta Coal Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Share-based Payment**

The goods or services are measured by reference to the fair value of the goods or services received, or where this is not possible, indirectly, by reference to the equity instrument acquired. The fair value of equity instrument is measured at grant date.

*Performance rights*

From time to time the Group may issue Performance Rights. These are equity payments, contingent on a specific future event occurring. Fair value in this instance is the Directors' best estimate of a pre-determined JORC resource being identified from exploration activity on acquired licences.

Performance rights granted to Directors and employees are capitalised to exploration and evaluation expenditure to the extent of their services performed on those activities.

**Note 1. Significant accounting policies (continued)**

**Going Concern**

The financial statements have been prepared on a going concern basis.

**Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Impairment*

The consolidated entity assesses impairment at each reporting date by evaluating conditions and events specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

**Rounding of amounts**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Note 1. Significant accounting policies (continued)**

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2012.

<b>AASB No.</b>	<b>Title</b>	<b>Issue Date</b>	<b>Operative Date (Annual reporting periods beginning on or after)</b>
9	Financial Instruments	Dec 2010	1 Jan 2013
10	Consolidation	Jun 2011	1 Jan 2013
11	Joint Arrangements	Jun 2011	1 Jan 2013
12	Disclosure of Interests in Other Entities	Jun 2011	1 Jan 2013
13	Fair Value Measurement	Jun 2011	1 Jan 2013
1053	Application of Tiers of Australian Accounting Standards	Jun 2010	1 Jul 2013
2009 – 12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	Dec 2009	1 Jan 2011
2010 – 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Jun 2010	1 Jul 2013
2010 – 4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	Jun 2010	1 Jan 2011
2010 – 5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	Oct 2010	1 Jan 2011
2010 – 6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	Nov 2010	1 Jul 2011
2010 – 7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Dec 2010	1 Jan 2013
2010 – 8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec 2010	1 Jan 2012
2010 – 9	Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	Dec 2010	1 Jul 2011
2010 – 10	Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec 2010	1 Jan 2013
2011 - 1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	May 2011	1 Jul 2011
2011 - 2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	May 2011	1 Jul 2013

The Directors anticipate that the adoption of these Standards and interpretations in the future periods will have no material financial impact on the financial statements of the consolidated entity.

**Cuesta Coal Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 2. Other income**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest received	188	106
Research and development tax concession	205	-
	<hr/>	<hr/>
Other income	393	106
	<hr/>	<hr/>

**Note 3. Expenses**

*Interest expense:*

Interest payable to convertible note holder	14	104
Unwinding of interest on convertible notes	726	176
	<hr/>	<hr/>
Total interest expense	740	280
	<hr/>	<hr/>

*Rental expense on operating leases:*

Total rental expense	86	33
	<hr/>	<hr/>
	86	33
	<hr/>	<hr/>

*Significant expense*

The following significant expense items are relevant in explaining the financial performance:

Costs incurred for abandoned equity transaction	232	555
Directors' remuneration		
-payable in cash	334	159
-payable in shares	750	150
-performance shares (expensed)	1,173	141
Corporate consulting fees	399	232
Employee defined contribution plan	46	3
	<hr/>	<hr/>

**Note 4. Income tax expense**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>The prima facie tax on loss from ordinary activities is reconciled to the income tax as follows:</i>		
Net loss for the year	(4,666)	(1,761)
Tax at the statutory tax rate of 30%	(1,400)	(528)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non deductible items	950	7
Other deductible items	(1,906)	-
	-	7
Tax effect of losses not brought to account	2,356	521
Income tax expense	-	-
Total income tax losses for which no deferred tax asset has been recognised	9,791	1,936

The potential future income tax benefits arising from tax losses and temporary difference has not been recognised as an asset because it is not probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

The potential future income tax benefit will be obtained if:

- i. The relevant Company derives future assessable income of a nature an amount sufficient to enable the benefit to be realised; and
- ii. The relevant Company and/ or Group continues to comply with the conditions for deductibility imposed by the law.

No changes in tax legislation adversely affect the Company and/ or the Group in realising the benefit.



**Note 5. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash on bank and on hand	19,253	3,691
Short-term bank deposit	-	250
	<u>19,253</u>	<u>3,941</u>

The effective interest rate on the short-term deposit was 4.75% (2011: 4.75%)

*Risk Exposure*

The Group's exposure to interest rate risk is discussed in note 16. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned in the above.

*Reconciliation to cash and cash equivalents at the end of the financial year*

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents	19,253	3,941
Balance as per statement of cash flows	<u>19,253</u>	<u>3,941</u>

**Note 6. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
GST receivable	469	233
Research and development concession	205	-
Prepayments	221	41
Other receivables	42	35
	<u>937</u>	<u>309</u>

*Other receivables*

The other receivables do not contain impaired assets and are not past due. Based on the credit history of other receivables, it is expected that these amounts will be received when due. The consolidated entity does not hold any collateral in relation to these receivables.

*Fair value and credit risk*

Due to the short-term nature of the trade and other receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period in the carrying amount of each class of receivables mentioned above. Refer to note 16 for more information on the risk management policy of the consolidated entity and credit quality of the receivables.

**Cuesta Coal Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 7. Current assets - other**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Exploration licence applications	6,956	409
Deposit for Scorpion Energy Pty Ltd	-	162
	<u>6,956</u>	<u>571</u>

**Note 8. Non-current assets - plant and equipment**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Plant and equipment - at cost	175	141
Less: Accumulated depreciation	(49)	(9)
	<u>126</u>	<u>132</u>

**Note 9. Non-current assets - exploration and evaluation expenditure**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Exploration and evaluation expenditure - at cost	<u>12,882</u>	<u>5,546</u>

**Reconciliations**

Reconciliations of the carrying amount at the beginning and end of the current and previous financial year are set out below:

	Exploration and evaluation expenditure \$'000	Total \$'000
<b>Consolidated</b>		
Balance at 1 July 2010	-	-
Additions	<u>5,546</u>	<u>5,546</u>
Balance at 30 June 2011	5,546	5,546
Additions	<u>7,336</u>	<u>7,336</u>
Balance at 30 June 2012	<u>12,882</u>	<u>12,882</u>

Recoverability of the carrying amount of the exploration and evaluation expenditure is dependent on successful development and commercial exploration, or alternatively, sale of the respective areas of interest.

**Cuesta Coal Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 10. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	252	172
Sundry payables and accrued expenses	190	146
Deferred consideration - vendor payments	2,173	647
Interest payable on convertible notes	40	104
	<u>2,655</u>	<u>1,069</u>

Refer to note 16 for further information on financial instruments.

The deferred consideration - vendor payments relate to acquisition of applications of exploration licences. The deferred consideration will be settled upon the granting of the exploration licences by the Queensland Government.

**Note 11. Non- Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible notes- unsecured	<u>-</u>	<u>5,165</u>
	<u>-</u>	<u>5,165</u>

The consolidated entity had 20,000,664 convertible notes on issue at 30 June 2011.

On 26 April 2012, the convertible notes were converted into shares and options following admission to the official list of the ASX. Each note was converted into two ordinary shares and two options. The options have an exercise price of \$0.25 and are exercisable up to 31 December 2015.

**Note 12. Equity - issued capital**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>191,622,713</u>	<u>29,583,940</u>	<u>38,606</u>	<u>1,523</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>No of shares</b>	<b>\$'000</b>
At the beginning of the year	1 July 2010	7,054,484	446
Issue of shares		<u>22,529,456</u>	<u>1,077</u>
Balance	30 June 2011	29,583,940	1,523
Share- based payment- directors	31 July 2011	3,000,000	750
Exercise of options	30 August 2011	300,000	60
Incorporation of Cuesta Coal Limited	27 September 2011	2	-
Share- based payment- Issued to acquire Scorpion Energy Pty Ltd	7 October 2011	8,935,714	2,400
Issue of shares	December 2011	11,116,006	2,779
Share- based payment	6 December 2011	550,000	138
Issue of shares	February 2012	25,852,000	6,463
Share- based payment- Issued to acquire tenement from ACN Mining Pty Ltd	23 April 2012	5,400,000	1,350
Conversion of convertible notes	26 April 2012	40,001,328	6,562
Issue of shares	27 April 2012	66,883,723	20,065
Transaction costs for the year			<u>(3,484)</u>
Balance	30 June 2012	<u>191,622,713</u>	<u>38,606</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The consolidated entity's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the consolidated entity may return capital to shareholders or issue new shares.

The consolidated entity will look to raise capital when an opportunity to invest in further assets is seen as value adding to the current parent entity's share price at the time of the investment.

**Note 13. Equity - reserves**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Option reserve	12	-
Share-based payment reserve	5,522	4,007
Convertible notes	-	710
	<u>5,534</u>	<u>4,717</u>

	Options	Share-based	Convertible	Total
	\$'000	payments	Notes	\$'000
		\$'000	\$'000	
<b>Consolidated</b>				
Balance at 1 July 2010	-	-	-	-
Issued during the year	-	-	710	710
Granted during the year	-	4,007	-	4,007
	<u>-</u>	<u>4,007</u>	<u>-</u>	<u>4,007</u>
Balance at 30 June 2011	-	4,007	710	4,717
Issued during the year	12	-	-	12
Share-based payments	-	4,335	-	4,335
Conversion of convertible notes	-	-	(710)	(710)
Share-based payment paid to vendors	-	(2,820)	-	(2,820)
	<u>-</u>	<u>(2,820)</u>	<u>-</u>	<u>(2,820)</u>
Balance at 30 June 2012	<u>12</u>	<u>5,522</u>	<u>-</u>	<u>5,534</u>

*Option reserve*

The reserve is used to recognise the fair value of options issued as part of the consideration paid in respect of vendor agreements.

*Share-based payment reserve*

The reserve is used to recognise increments and decrements in the fair value of deferred consideration in respect of vendor agreements and Director performance shares.

*Convertible note reserve*

The reserve is used to recognise the conversion option upon issue of the convertible notes, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

**Note 14. Equity – accumulated losses**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Accumulated losses at the beginning of the financial year	(1,975)	(214)
Loss for the year	(4,666)	(1,761)
	<u>(6,641)</u>	<u>(1,975)</u>
Accumulated losses at the end of the financial year	<u>(6,641)</u>	<u>(1,975)</u>



**Note 15. Equity – Share under options**

Unissued ordinary shares of Cuesta Coal Limited under option at the balance date are as follows:

Grant Date	Expiry Date	Exercise Price	No of Shares under option
8 December 2011	29 October 2015	\$0.25	600,000
Various	31 December 2015	\$0.20	8,035,718
Various	31 December 2015	\$0.25	50,429,904

**Note 16. Financial instruments**

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including price risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by senior executives under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

***Market risk***

***Price risk***

The consolidated entity is currently in the exploration phase therefore movements in commodity prices would not have a material impact on the Statement of Comprehensive Income for the year.

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has no significant concentrations of credit risk with any single counterparty or group of counterparties.

***Liquidity risk***

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's financial liabilities mainly consist of trade and other payables and this is expected to be paid within the next 12 months.

***Interest rate risk***

The consolidated entity's statement of comprehensive income is affected by changes in interest rate due to the impact of such changes on interest income from cash and cash equivalents.

At balance date, the consolidated entity had the following mix of financial assets and liabilities exposed to variable interest rate risk which is not designated as cash flow hedges:

	<b>Consolidated 2012 \$'000</b>	<b>2011 \$'000</b>
<b>Financial asset</b>		
Cash and cash equivalents	19,253	3,941
	<u>19,253</u>	<u>3,941</u>

**Note 17. Key management personnel disclosures**

*Directors*

The following persons were directors of Cuesta Coal Limited during the financial year:

Ian Richer	Non-Executive Chairman
Brice Mutton	Non-Executive Director
Patrick Elliott	Non-Executive Director
Arthur Sinodinos (resigned 31 October 2011)	Non-Executive Director
Matthew Crawford	Managing Director & CEO
Keith McKnight	Director of Operations

*Other key management personnel*

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Megan McPherson (appointed 19 March 2012)	Company Secretary and CFO
Tim Spencer	Exploration Manager

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	1,210	513
Post-employment benefits	15	2
Long-term benefits	-	-
Share-based payments	3,528	476
	<u>4,753</u>	<u>991</u>

Detailed remuneration disclosures are provided in the Remuneration Report on pages 15 to 23.

**Note 17. Key management personnel disclosures- (continued)**

*Shareholding*

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	<b>Balance at the start of the year</b>	<b>Received as part of remuneration</b>	<b>Additions</b>	<b>Disposals/ other</b>	<b>Balance at the end of the year</b>
<b>2012</b>					
<i>Ordinary shares</i>					
Ian Richer	550,000	600,000	363,232*	-	1,513,232
Brice Mutton	300,000	600,000	34,488	-	934,488
Patrick Elliott	-	600,000	30,068,000**	(13,333,333)	17,334,667
Arthur Sinodinos	300,000	250,000	34,488	(584,488)***	-
Matthew Crawford****	14,014,886	600,000	357,631	(300,000)	14,672,517
Keith McKnight****	13,443,458	600,000	288,222	(300,000)	14,031,680
Megan McPherson	-	-	25,000	-	25,000
Tim Spencer	-	-	25,000	-	25,000

\* Includes 300,000 shares which are issued pursuant to an exercise of options.

\*\* Represents shares issued to Argonaut Resources NL during the year including upon conversion of convertible notes and disposal by way of sell-down in the IPO. Mr Elliott is Non- Executive Chairman of Argonaut Resources NL.

\*\*\* Represents 584,488 shares held at resignation date.

\*\*\*\* Includes shares held and acquired by Albion Ballymore Pty Ltd of which both Mr Crawford and Mr McKnight have a 50% interest.

	<b>Balance at the start of the year</b>	<b>Received as part of remuneration</b>	<b>Additions</b>	<b>Disposals/ other</b>	<b>Balance at the end of the year</b>
<b>2011</b>					
<i>Ordinary shares</i>					
Ian Richer	-	300,000	250,000	-	550,000
Brice Mutton	-	300,000	-	-	300,000
Patrick Elliott	-	-	-	-	-
Arthur Sinodinos	-	300,000	-	-	300,000
Matthew Crawford*	7,054,484	300,000	6,660,402	-	14,014,886
Keith McKnight*	7,054,484	300,000	6,088,974	-	13,443,458
Tim Spencer	-	-	-	-	-

\* Includes shares held and acquired by Albion Ballymore Pty Ltd of which Mr Crawford and Mr McKnight each have a 50% interest.

**Note 17. Key management personnel disclosures- (continued)**

*Option holding*

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	<b>Balance at the start of the year</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ forfeited/ other</b>	<b>Balance at the end of the year</b>
<b>2012</b>					
<i>Options over ordinary shares</i>					
Ian Richer	300,000	-	(300,000)	-	-
Brice Mutton	300,000	-	-	-	300,000
Patrick Elliott	-	26,668,000*	-	-	26,668,000
Arthur Sinodinos	300,000	-	-	(300,000)**	-
Matthew Crawford***	3,728,572	-	-	-	3,728,572
Keith McKnight***	3,157,144	-	-	-	3,157,144

\* Represents options issued to Argonaut Resources NL upon conversion of convertible notes. Mr Elliott is Non-Executive Chairman of Argonaut Resources NL.

\*\* Represents 300,000 options held at resignation date.

\*\*\* Includes options held by Albion Ballymore Pty Ltd of which both Mr Crawford and Mr McKnight have a 50% interest.

	<b>Vested and exercisable</b>	<b>Vested and unexercisable</b>	<b>Vested at the end of the year</b>
<b>2012</b>			
<i>Options over ordinary shares</i>			
Ian Richer	-	-	-
Brice Mutton	-	300,000	300,000
Patrick Elliott	-	26,668,000	26,668,000
Arthur Sinodinos	-	-	-
Matthew Crawford	-	3,728,572	3,728,572
Keith McKnight	-	3,157,144	3,157,144

	<b>Balance at the start of the year</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ forfeited/ other</b>	<b>Balance at the end of the year</b>
<b>2011</b>					
<i>Options over ordinary shares</i>					
Ian Richer	-	300,000	-	-	300,000
Brice Mutton	-	300,000	-	-	300,000
Patrick Elliott	-	-	-	-	-
Arthur Sinodinos	-	300,000	-	-	300,000
Matthew Crawford*	-	3,728,572	-	-	3,728,572
Keith McKnight*	-	3,157,144	-	-	3,157,144

\* Includes options granted to Albion Ballymore Pty Ltd of which Mr Crawford and Mr McKnight each have a 50% interest.

**Note 17. Key management personnel disclosures- (continued)**

<b>2011</b>	<b>Vested and exercisable</b>	<b>Vested and unexercisable</b>	<b>the end of the year</b>
<i>Options over ordinary shares</i>			
Ian Richer	300,000	-	300,000
Brice Mutton	300,000	-	300,000
Patrick Elliott	-	-	-
Arthur Sinodinos	300,000	-	300,000
Matthew Crawford**	3,728,572	-	3,728,572
Keith McKnight**	3,157,144	-	3,157,144

Options have an average exercise price of \$0.20 to \$0.25.

*Related party transactions*

Related party transactions are set out in note 20.

The following amounts have been recognised in the financial statements in relation to the Directors performance rights;

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Ian Richer	-	-
Brice Mutton	271,519	32,553
Matthew Crawford	543,038	65,105
Keith McKnight	727,670	87,241
Amount capitalised to exploration assets	<u>1,542,227</u>	<u>184,899</u>
Ian Richer	271,519	32,553
Brice Mutton	-	-
Matthew Crawford	543,037	65,106
Keith McKnight	358,405	42,970
Amount recognised in statement of comprehensive income	<u>1,172,961</u>	<u>140,629</u>

On 20 June 2012, Cuesta announced an increase to the maiden JORC resource at East Wandoan to 44.6Mt on Inferred and Indicated Coal Resource in accordance with the JORC Code (2004) guideline. The increase satisfied the condition precedent to the issue of the Series Two Shares. Accordingly, Cuesta is to issue 18,000,000 fully paid ordinary shares and 6,000,000 unlisted options (exercisable at \$0.25, expire 31 December 2015) to the relevant directors in their respective proportions.



**Note 18. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company and its network firms:

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services – BDO East Coast Partnership</i>		
Audit or review of the financial statements	90,250	30,000
<i>Other services – BDO East Coast Partnership</i>		
Taxation matters	96,575	15,910
Investigating Accountant's Report for prospectus and due diligence	185,800	-
Other	-	9,460
	282,375	25,370
Less: Fees capitalised as share issue costs	(246,675)	-
Amount recognised in statement of comprehensive income	125,950	55,370

**Note 19. Commitments**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	50	73
One to five years	-	50
More than five years	-	-
	50	123

The operating lease is a non-cancellable 2 year property lease with an option to renew for a further 2 years. The option to renew was exercised on 13 August 2012 on the following terms;

- The annual rent is \$79,950 per annum plus outgoings. A rental rebate of \$30,370 has been negotiated.

As the new lease has not been executed as at the date of this report, it is not included in the above commitments.

**Note 20. Related party transactions**

*Parent entity*

Cuesta Coal Limited is the ultimate parent entity and the parent entity of the consolidated entity from a legal perspective. For accounting purposes, Blackwood Coal Pty Ltd is the deemed ultimate parent of the Consolidated Entity in line with reverse acquisition accounting.

*Subsidiaries*

Interests in subsidiaries are set out in note 22.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 17 and the remuneration report in the directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Payment for goods and services:		
Payment for corporate consulting services from Anycall Pty Ltd (director- related entity of Ian Richer)	72,000	24,000
Payment for geological consulting services from Brice Mutton & Associates (director-related entity of Brice Mutton)	119,525	69,444
The above amounts are included as cash salary in the Remuneration Report.		
Payment for company secretarial services from DFK Richard Hill (secretary- related entity of Richard Hill)	22,500	2,500
Payment for accounting and corporate advisory services from DFK Richard Hill (secretary- related entity of Richard Hill)	331,907	12,153

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

**Cuesta Coal Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 21. Parent entity information**

Cuesta Coal Limited (legal parent entity) was incorporated on 27 September 2011.

Set out below is the supplementary information about the parent entity.

*Statement of comprehensive income*

	<b>Parent Entity From date of incorporation to 30 June 2012 \$'000</b>
Net loss for the period	495
Total comprehensive income for the period	495

*Statement of financial position*

	<b>Parent Entity 30 June 2012 \$'000</b>
Total current assets	72
Total assets	37,932
Total current liabilities	-
Total liabilities	-
Equity	
Issued capital	38,061
Accumulated losses	(129)
Total equity	37,932

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2012.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2012.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2012.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

**Note 22. Subsidiaries**

(a) Ultimate parent

Cuesta Coal Limited is the ultimate parent entity and the parent entity of the consolidated entity from a legal perspective. For accounting purposes, Blackwood Coal Pty Ltd is the deemed ultimate parent of the consolidated entity in line with reverse acquisition accounting.

(b) Corporate structure

The legal corporate structure of the consolidated entity is set out below;

Name of entity	Country of incorporation	Equity holding	
		2012 %	2011 %
Parent entity: Cuesta Coal Limited	Australia		
Blackwood Coal Pty Ltd	Australia	100.00	-
Blackwood Resources Pty Ltd	Australia	100.00	-
Blackwood Exploration Pty Ltd	Australia	100.00	-
RDB Coal Pty Ltd	Australia	100.00	-
Scorpion Energy Pty Ltd	Australia	100.00	-

*Blackwood Coal Pty Limited*

Cuesta Coal Limited was incorporated on 27 September 2011. In December 2011, the Company completed its acquisition of Blackwood Coal Pty Ltd and its controlled entities ("Blackwood Coal"). As a consequence of the previous shareholders of Blackwood Coal becoming the major shareholders of the Group the transaction is deemed to be a reverse acquisition for accounting purposes. Therefore while Cuesta Coal Limited remains the legal parent of the Group, Blackwood Coal Pty Ltd is the parent for the purpose of consolidating the financial statements.

*Blackwood Resources Pty Limited*

On 21 July 2010, the Company acquired Blackwood Resources Pty Limited ("BRP") by way of a flip up deed. BRP was a company under common control with the majority shareholder being Albion Ballymore Pty Limited. As this is a company under common control, the flip up transaction falls outside of AASB 3 "Business Combinations" and as such the equity in BRP has transferred to Blackwood Coal Pty Limited and the initial shareholders of BRP replaced their shareholding in BRP with equity in Blackwood Coal Pty Limited.

*Blackwood Exploration Pty Limited*

On 21 July 2010, the Company acquired Blackwood Exploration Pty Limited ("BEP") by way of a flip up deed. BEP was a company under common control with the majority shareholder being Albion Ballymore Pty Limited. As this is a company under common control, the flip up transaction falls outside of AASB 3 "Business Combinations" and as such the equity in BEP has transferred to Blackwood Coal Pty Limited and the initial shareholders of BEP replaced their shareholding in BEP with equity in Blackwood Coal Pty Limited.

**Note 23. Events after the reporting period**

On 7 August 2012, the consolidated entity executed a lease proposal for an office space in Taringa, QLD. The lease for an initial term of 3 years with an option to renew for a further 3 years is expected to be executed prior to 1<sup>st</sup> of October 2012. The annual rent is \$65,450 per annum outgoings. A rent free period of 3 months has been negotiated.

On 8 August 2012, subsidiary Blackwood Exploration Pty Ltd executed a Farm In and Joint Venture Agreement with QCI (Galilee) Pty Ltd (QCI). Under the terms of the agreement, QCI has the right to earn a 51% interest in two coal tenement applications EPCA 2079 & EPCA 2080 through \$3 million of expenditure.

The consolidated entity elected to take up the option to renew the lease on the Sydney Head office for a further two years on 13 August 2012. The annual rent is \$79,950 per annum plus outgoings. A rental rebate of \$30,370 has been negotiated. The new lease is expected to be executed prior to the expiry of the existing lease on 14 February 2013.

EPCs 2168 and 2167 have been granted subsequent to 30 June 2012.

**Note 24. Reconciliation of loss after income tax to net cash from operating activities**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax expense for the year	(4,666)	(1,761)
Adjustments for:		
Depreciation and amortisation	40	10
Unwinding of convertible note interest	726	176
Share option expense	3	
Share-based payments	2,060	291
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(301)	(297)
(Decrease) / Increase in trade and other payables	(80)	295
Net cash used in operating activities	<u>(2,218)</u>	<u>(1,286)</u>

**Cuesta Coal Limited**  
**Notes to the financial statements**  
**30 June 2012**

**25. Loss per share**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Loss per share</i>		
Loss after income tax	(4,666)	(1,761)
Loss after income tax attributable to the owners of Cuesta Coal Limited	(4,666)	(1,761)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic loss per share	82,995,257	45,585,660
Adjustments for calculation of diluted loss per share:		
Options	-	-
Weighted average number of ordinary shares used in calculating diluted loss per share	82,995,257	45,585,660
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(5.62)	(3.87)
Diluted loss per share	(5.62)	(3.87)

Options are considered potential ordinary shares for the purposes of diluted loss per share. However at 30 June 2012 and 30 June 2011, based on the circumstances of the consolidated entity, the options are not considered dilutive and therefore have not been used in the calculation of diluted loss per share.

**Note 26. Share-based payments**

On 31 July 2011, 3,000,000 fully paid shares were issued to key management personnel at an issue price of \$0.25 per share and a total transactional value of \$750,000 as identified in key management personnel disclosures (note 17) and the remuneration report in the directors' report. The shares are subject to a 24 month restriction agreement which expires on 4 May 2014.

On 7 October 2011, 8,935,714 fully paid ordinary shares were issued to the vendors of Scorpion Energy Pty Ltd pursuant to the share sale and asset sale agreement dated 13 July 2011. The share were issued at an issue price of \$0.2674 per share and are subject to a 12 month restriction agreement expiring 07 October 2012.

On 31 October 2011, Mr Arthur Sinodinos resigned as Director of Blackwood Coal Pty Ltd. He was issued 250,000 shares in Cuesta Coal Limited on 6 December 2011 at an issue price of \$0.25 per share.

On 6 December 2011, the parent entity also issued 300,000 shares at an issue price of \$0.25 per share to Venture Equities Group pursuant to the termination of a corporate consultancy agreement.

On 23 April 2012, 5,400,000 shares were issued to ACN Mining Pty Ltd pursuant to the tenement sale agreement dated 18 June 2011 (amended and restated on 22 October 2011) following satisfaction of certain IPO conditions. The shares were issued at an issue price of \$0.25 per share and are subject to a 12 month restriction agreement which expires on 23 April 2013.

On 20 June 2012, the consolidated entity announced an increase to its JORC resource at the East Wandoan project. The increase triggered the condition precedent to the issue of the series two shares pursuant to the Company's Executive Share and Option deed. Amounts recognised in the financial statements are disclosed in note 17.



**Note 27. Operating segments**

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of performance. The consolidated entity is managed primarily based on geographic basis, that is, the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of the financial information reported to the Board which is at the consolidated entity level. The consolidated entity does not have any products or services from which it derives revenue.

Accordingly, management currently identifies the consolidated entity as having only one reportable segment, being the exploration for coal in Australia. There have been no changes in the operating segment during the year. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

**Cuesta Coal Limited**  
**Directors' declaration**

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - a. comply with the Accounting Standards and the *Corporations Regulations 2001*; and
  - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



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Ian Richer  
Chairman

27 September 2012  
Sydney



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Matthew Crawford  
Managing Director

27 September 2012  
Sydney

## INDEPENDENT AUDITOR'S REPORT

To the members of Cuesta Coal Limited

### Report on the Financial Report

We have audited the accompanying financial report of Cuesta Coal Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cuesta Coal Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### Opinion

In our opinion:

- (a) the financial report of Cuesta Coal Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 23 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

In our opinion, the Remuneration Report of Cuesta Coal Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

### BDO East Coast Partnership



**Bruce Gordon**

Partner

Sydney, 27 September 2012

**Cuesta Coal Limited**  
**Shareholder information**  
**30 June 2012**

The shareholder information set out below was applicable as at 25 September 2012.

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	6
1,001 to 5,000	9
5,001 to 10,000	113
10,001 to 100,000	241
100,001 and over	105
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	474
	<hr/>
Holding less than a marketable parcel	16
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**Equity security holders**

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
Longluck Investment (Australia) Pty Ltd <ACN 154567530 A/C>	50,000,000	26.09
Longluck Investment (Australia) Pty Ltd	20,000,000	10.44
Argonaut Resources NL	16,734,667	8.73
Albion Ballymore Pty Ltd	13,398,346	6.99
New Mangrove Resources Pty Limited	8,127,406	4.24
Waytop Investments Limited	6,764,644	3.53
ACN Mining Pty Limited	5,400,000	2.82
New Mangrove Minerals Pty Ltd	3,925,000	2.05
Pershing Australia Nominees Pty Ltd < No 3 A/C>	3,313,364	1.73
Silver Ledge Pty Ltd <The Silver Ledge>	2,555,614	1.33
Octa Phillip Corporate Pty Ltd	2,156,666	1.13
Flannery Foundation Pty Ltd <The Flannery Foundation A/C>	2,000,000	1.04
Auresco Pty Ltd <The Avanis A/C>	1,912,242	1.00
Mr Timothy Sean McManus	1,912,242	1.00
Mr Raed Itaoui + Mrs Rachel Lee Itaoui	1,743,134	0.91
Angolet Pty Ltd	1,600,000	0.83
Anycall Pty Ltd <Richer Superannuation Fund A/C>	1,513,232	0.79
Bung Nominees Pty Ltd <Yewwww Family A/C>	1,432,761	0.75
Sandhurst Trustees Ltd <LMA A/C>	1,284,580	0.67
Mr Andrew Leigh Gorringe	1,277,808	0.67
	<hr/>	
	147,051,706	76.74
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**Cuesta Coal Limited**  
**Shareholder information**  
**30 June 2012**

*Unquoted equity securities*

	<b>Number on issue</b>	<b>Number of holders</b>
Options over ordinary shares issued (ex. Price \$0.20, expire 31 December 2015)	7,185,718	39
Options over ordinary shares issued (ex. Price \$0.25, expire 31 December 2015)	19,747,616	25

*Escrowed Securities*

Fully paid ordinary shares (escrowed until 07.10.2012)	8,935,714	5
Fully paid ordinary shares (escrowed until 23.04.2013)	5,400,000	1
Fully paid ordinary shares (escrowed until 04.05.2014)	35,031,639	11
Unlisted options (ex price \$0.25, expire 29.10.2015) (escrowed until 08.12.2012)	600,000	3
Unlisted options (ex price \$0.20, expire 31.12.2015) (escrowed until 04.05.2014)	850,000	3
Unlisted options (ex price \$0.20, expire 31.12.2015) (escrowed until 04.05.2014)	30,682,288	6
Director performance rights (escrowed until 04.05.2014)	42,000,000	4

Substantial holders in the company are set out below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
Longluck Investment (Australia) Pty Ltd <ACN 154567530 A/C>	50,000,000	26.09
Longluck Investment (Australia) Pty Ltd	20,000,000	10.44
Argonaut Resources NL	16,734,667	8.73
Mathew Phillip Crawford	14,588,220	7.61
Keith James McKnight	13,976,794	7.29

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a meeting of members each member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share. Voting may be in person or by proxy, attorney or body corporate representative.

There are no other classes of equity securities with attaching voting rights.



**Cuesta Coal Limited**  
**Shareholder information**  
**30 June 2012**

**Tenements**

<b>Tenement number</b>	<b>Project</b>	<b>Location</b>	<b>Grant Date</b>	<b>Interest owned</b>
EPC 1738	West Bowen	Bowen Basin- QLD	28-Mar-2011	100.00%
EPCA 1891	West Bowen	Bowen Basin- QLD	-	100.00%
EPCA 2008	West Bowen	Bowen Basin- QLD	-	100.00%
EPC 1955	East Wandoan	Surat Basin- QLD	30-Mar-2010	90.00%
EPC 2237	East Wandoan	Surat Basin- QLD	28-Mar-2011	100.00%
EPCA 1987	East Wandoan	Surat Basin- QLD	-	90.00%
EPCA 2481	East Wandoan	Surat Basin- QLD	-	100.00%
EPC 1802	Eastern Galilee	Galilee Basin- QLD	29-Oct-2010	100.00%
EPCA 1983	Eastern Galilee	Galilee Basin- QLD	-	100.00%
EPC 1957	Eastern Galilee	Galilee Basin- QLD	8-Feb-2012	90.00%
EPCA 2079	Eastern Galilee	Galilee Basin- QLD	-	100.00%
EPCA 2080	Eastern Galilee	Galilee Basin- QLD	-	100.00%
EPCA 2688	Eastern Galilee	Galilee Basin- QLD	-	100.00%
EPCA 2689	Eastern Galilee	Galilee Basin- QLD	-	100.00%
EPCA 2347	Eastern Galilee	Galilee Basin- QLD	-	100.00%
EPC 1821	West Emerald	Bowen Basin- QLD	15-Apr-2010	100.00%
EPC 1977	West Emerald	Bowen Basin- QLD	19-Apr-2011	100.00%
EPC 2323	West Emerald	Bowen Basin- QLD	27-Jun-2011	100.00%
EPCA 1825	West Emerald	Bowen Basin- QLD	-	100.00%
EPCA 1826	West Emerald	Bowen Basin- QLD	-	100.00%
EPCA 1868	West Emerald	Bowen Basin- QLD	-	100.00%
EPCA 2093	West Emerald	Bowen Basin- QLD	-	100.00%
EPCA 2705	West Emerald	Bowen Basin- QLD	-	100.00%
EPC 2127	Amberley	Clarence-Moreton Basin- QLD	12-Oct-2011	100.00%
EPCA 2128	Montrose	Styx/ Bowen Basin- QLD	-	100.00%
EPC 1979	East Acland	Clarence-Moreton Basin- QLD	12-Oct-2011	90.00%
EPCA 2356	East Acland	Clarence-Moreton Basin- QLD	-	100.00%
EPCA 2613	East Acland	Clarence-Moreton Basin- QLD	-	100.00%
EPC 2167	Eromanga	Eromanga Basin- QLD	3-Aug-2012	100.00%
EPC 2168	Eromanga	Eromanga Basin- QLD	23-Jul-2012	100.00%
EPCA 2181	Bauple	Maryborough Basin- QLD	-	100.00%
EPCA 1809	Callide	Callide Basin- QLD	-	100.00%
EPCA 2476	Yarrabee North	Bowen Basin- QLD	-	100.00%

# CORPORATE DIRECTORY

## DIRECTORS

Ian Richer  
Brice Mutton  
Patrick Elliott  
Matthew Crawford  
Keith McKnight  
Huaixi Zheng

## COMPANY SECRETARY

Megan McPherson

## REGISTERED OFFICE

Suite 15.01  
Level 15, St Martins Tower  
31 Market Street  
Sydney NSW 2000  
Phone: (02) 9284 5900

## PRINCIPLE PLACE OF BUSINESS

Suite 15.01  
Level 15, St Martins Tower  
31 Market Street  
Sydney NSW 2000  
Phone: (02) 9284 5900

## SHARE REGISTER

Computershare Investor Services Pty Ltd  
Level 4  
60 Carrington Street  
Sydney NSW 2000

## AUDITOR

BDO East Coast Partnership  
Level 10  
1 Margaret Street  
Sydney NSW 2000

## SOLICITORS

Norton Rose Australia  
Grosvenor Place  
Level 18  
225 George Street  
Sydney NSW 2000

## STOCK EXCHANGE LISTING

Cuesta Coal Limited shares are listed on the  
Australian Securities Exchange (ASX code: CQC)

## WEBSITE ADDRESS

[www.cuestacoal.com.au](http://www.cuestacoal.com.au)



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