

## Cuesta Coal Limited (ASX:CQC)

NOT RATED

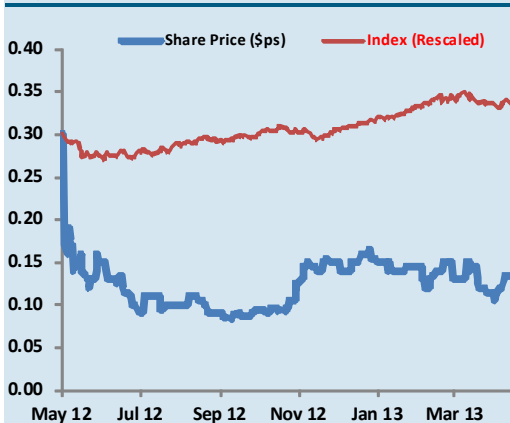
MONITOR

SHARE PRICE: A\$0.14

### COMPANY DATA

Share Price (AUD/sh)		0.14
12m Target Price (AUD/sh)		NA
Issued Capital (M)		219.6
Market Capitalisation (AUDM)		29.6
Year High - Low (AUD/sh)	0.24	- 0.08
Cash(AUDM)		10.4
Debt (AUDM)		0.0
Gearing Forecast ND/E (%)		0.0
Average Monthly Turnover (AUDM)		0.1

### CQC vs ASX 200 INDEX



### PERFORMANCE

	1M	3M	12M
Absolute	-3.6%	-3.6%	#N/A
Relative to ASX 200	0.0%	-7.4%	#N/A

### BOARD

Brian Johnson	Non-Executive Chairman
Matthew Crawford	Managing Director
Keith McKnight	Executive Director
Patrick Elliott	Non-Executive Director
Brice Mutton	Non-Executive Director
Ian Richer	Non-Executive Director
Ruoshui Wang	Non-Executive Director
Huaixi Zheng	Non-Executive Director

### MAJOR SHAREHOLDERS

Longluck Inv Aus Pty Ltd	31.9%
Albion Ballymore Pty Ltd	16.3%
Argonaut Resources NL	7.6%
New Mangrove Res Pty Ltd	3.7%
Waytop Investments Ltd	3.1%
ACN Mining Pty Ltd	2.5%
Ian Frederick Richer	2.0%

## Moorlands Thermal Project Heating Up

### SUMMARY

Cuesta Coal Limited (CQC) is a coal exploration and development company with tenements located exclusively in Queensland. The acquisition of the Orion Coal Project has fast-tracked the Moorlands Thermal Coal Project to become Cuesta's first production opportunity. The company is progressing with its development programme and is aiming for first coal production in 2016.

A committed funding partner in Beijing Guoli, a strong cash balance and a forthcoming scoping study, expected to demonstrate robust project economics, should attract market attention and prompt a more detailed report (including valuation).

### KEY POINTS

- Moorlands Project development opportunity.** The Moorlands Project comprises two open pit prospects with a coal bearing strike length of approximately 13km. CQC will be targeting a 2Mtpa production rate before expanding to 4Mtpa (1.5Mtpa from the southern pit in EPC 1738 and 2.5Mtpa from the northern pit in EPC 775 and 776) over a 20 year mine life supported by a measured, indicated and inferred resource of 146Mt. This provides CQC with a significant thermal coal development project 14km from the existing infrastructure at the Blair Athol Mine.
- Scoping study imminent.** Mining consultants, Xenith, are expected to deliver the results of a scoping study before the end of May. We believe that favourable parameters will add to the allure of CQC as an investment.
- Committed cornerstone investor.** Beijing Guoli (Longluck) currently owns around 32% of Cuesta. CQC successfully raised a further AUD12M from Beijing Guoli by issuing 66.7M shares at AUD0.18/share, a significant premium to the reigning price. We expect the raising to be finalised before end 2Q13. This further demonstrates Beijing Guoli's funding commitment and raises its ownership of CQC to 48%.
- Healthy cash balance.** The 2H12 cash balance was AUD10.4M. After adjusting for current working capital (estimated AUD2M), the final payment of AUD3.2M for the Orion Project, AUD5M redemption of convertible notes and receipt of AUD12m capital raised, we estimate that the cash balance will be around AUD12M. This places CQC in a strong position to significantly advance the Moorlands Project.

## COMPANY SUMMARY

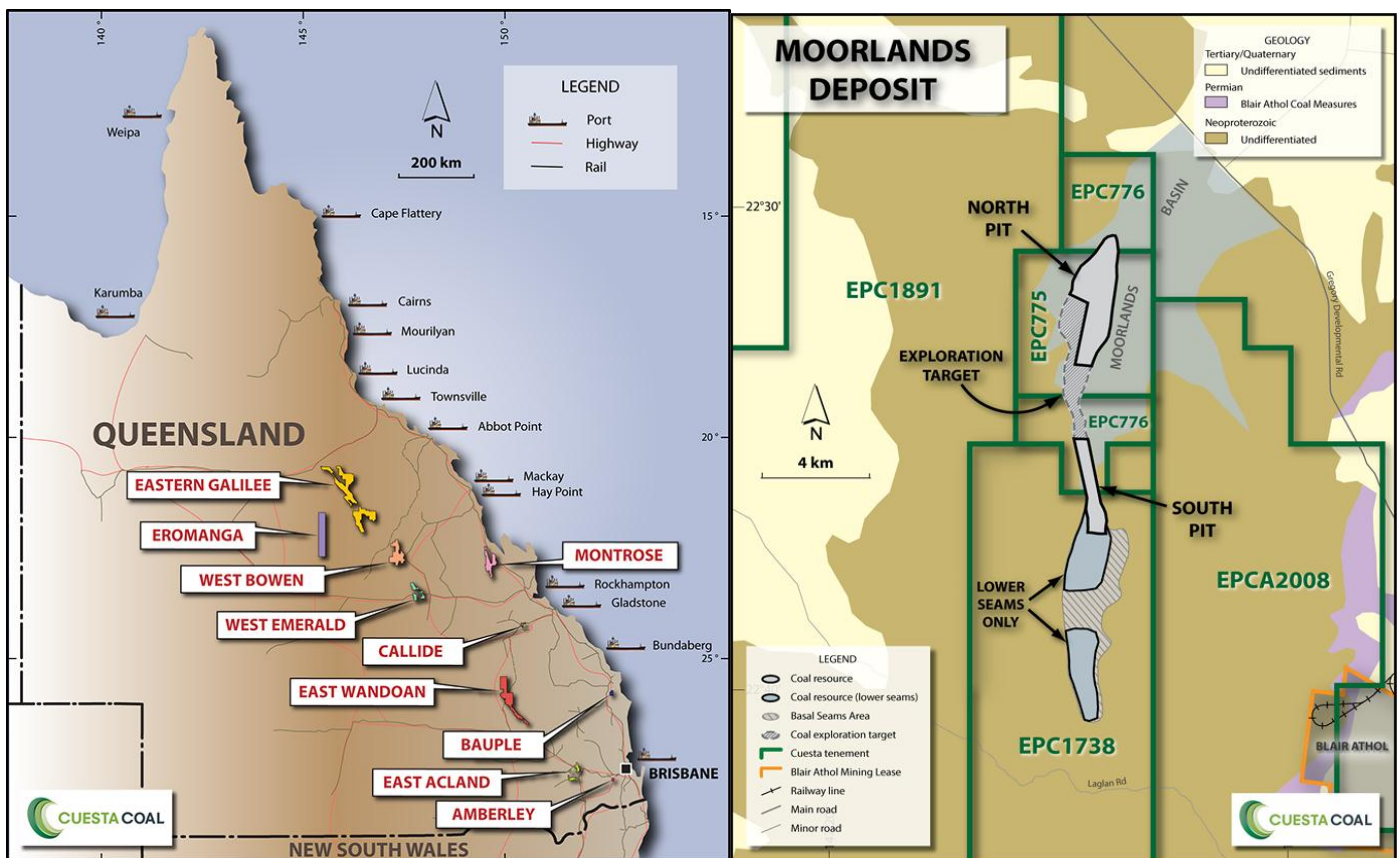
Cuesta Coal Ltd is an Australian coal focussed company with assets located exclusively in Queensland. CQC holds a portfolio of 34 Exploration Permits for Coal (EPCs), or tenements, located across the West Bowen, Surat, Clarence/Moreton and Galilee Basins of Queensland, Australia. Of these 21 tenements have been granted by Queensland's Department of Mines and Energy and 13 are at application stage.

Cuesta's flagship project is the Moorlands Project, which was formed by the consolidation of the Moorlands deposit (EPC 1738) and the Orion project (EPC's 775 & 776) which was acquired in Dec 2012. The consolidation of the two projects creates the potential for a large thermal coal open cut mine (Figure 1). The project has Total JORC Resources of 146.1Mt (14.6Mt Measured, 36.4Mt Indicated and 95.1Mt Inferred) of thermal coal with first coal production expected in 2016. The Moorlands Project is located in the Western Bowen Basin and is located 14km due West of the Rio Tinto Blair Athol coal mine and its associated infrastructure and coal load-out facilities. Mining consultants, Xenith, are expected to complete a scoping study by end May 2013.

The acquisition of the Orion Project was completed for a total cost of AUD18.2M, AUD8.2M via a cash payment and AUD10M through the issue of 10,000,000 convertible notes approved by shareholders at the EGM held on 21 February 2013. On 22 February 2013 CQC successfully raised AUD12M by issuing 66.7M shares at AUD0.18 per share (a significant premium!) to its major shareholder, Longluck Investment (Australia) Pty Ltd, a wholly owned subsidiary of Beijing Guoli Energy Investment Co. The placement has received FIRB approval but remains subject to Chinese Regulatory and Shareholder approval.

The funds will be used to reduce the Convertible Note liability and to fast track the Company's priority development project at Moorlands, located 14km west of the Blair Athol Coal Mine in the Western Bowen Basin in Queensland.

**FIGURE 1: CQC PROJECT LOCALITIES AND MOORLANDS PROJECT RESOURCE AREA**



Source: Company Reports

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