

ON TRACK TO PRODUCTION

ANNUAL REPORT 2014



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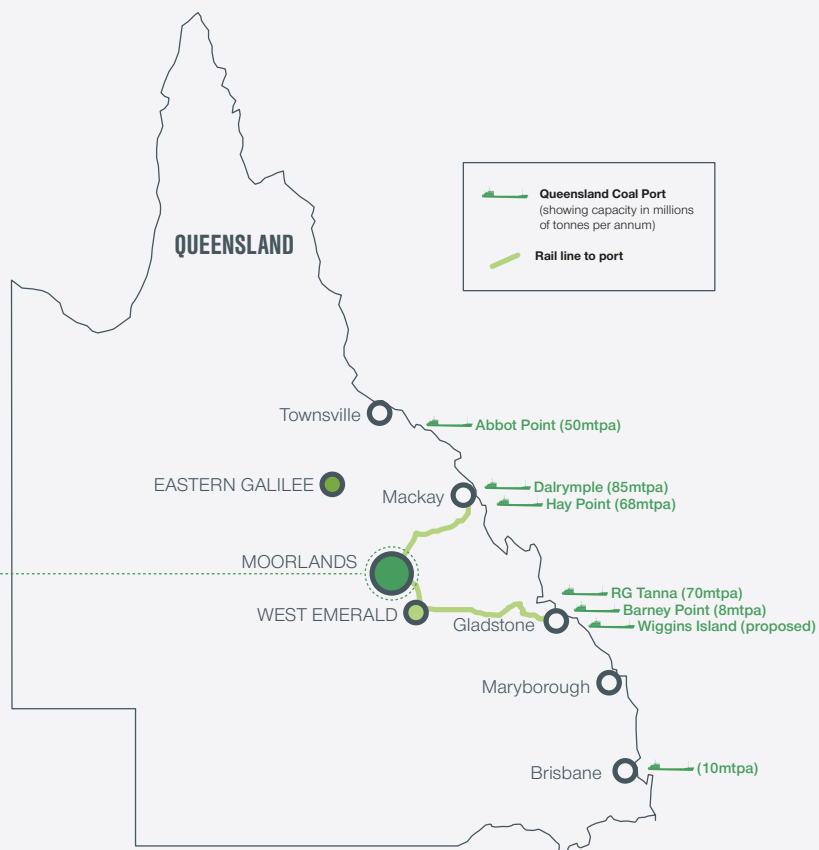
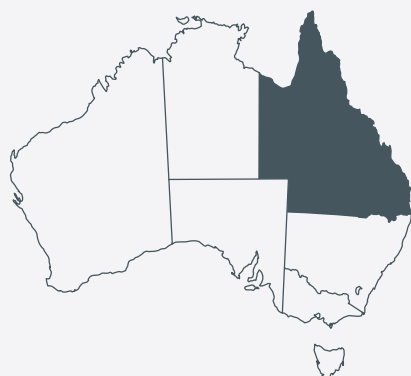
ABOUT CUESTA

Cuesta Coal Limited ("Cuesta") is an ASX listed coal exploration and development company with a pipeline of coal projects ranging from development to greenfield exploration. The Company is supported by a strong shareholder base and is targeting first coal production from its flagship Moorlands Project, an open cut export quality thermal coal development project, in 2016.

Cuesta has a total JORC Resource of 744Mt across four project areas, including 281Mt at the Moorlands Project.

Cuesta Coal's Board and Senior Management have extensive experience in the coal industry. In particular, the group boasts tangible technical and management experience in large bulk commodity development projects, which is demonstrated by previously held senior roles with major companies.

PROJECT OVERVIEW



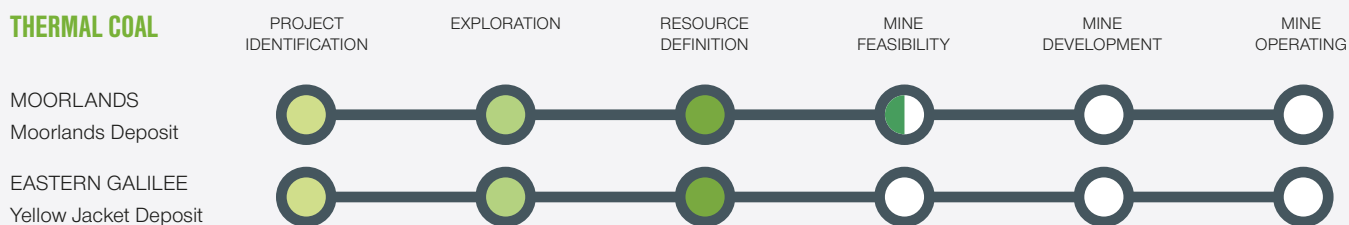
Cuesta's "Moorlands Project" is an open cut export quality thermal coal development project, located in the Western Bowen Basin in Queensland, close to existing infrastructure. The Moorlands Project has a current resource of 281.1Mt including 118.5Mt in the Measured and 52.7Mt in the Indicated Category in accordance with the JORC 2012 code. A Definitive Feasibility Study is currently underway, focusing on a 1.9Mtpa mining operation for 30 years from the proposed South Pit, where the average stripping ratio is very low combined with a high yield of 89%.

The Moorlands Project is the main operational focus for the Company with first coal production expected in 2016.

Moorlands provides Cuesta with a significant development project located in a historically low cost mining region. The Project is located 14km from existing infrastructure at the Blair Athol Mine and 25km North West of the Clermont Coal Mine.



THERMAL COAL



METALLURGICAL COAL



CHAIRMAN'S REVIEW

I am pleased to present Cuesta Coal Limited's ("Cuesta") Annual Report for the year ended 30 June 2014.

2014 has been a difficult year for resources companies, with falling commodity prices resulting in mine closures and project delays across the sector. As such, capital markets have not been supportive of the resources sector, particularly the coal industry. Longer term we expect the macro context to improve, underpinned by demand for good quality thermal coal, in particular from the growing Asian market. This is demonstrated by the ongoing support of our major shareholder Beijing Guoli, who has provided further funding to Cuesta throughout the year.

Notwithstanding the macro environment, I am pleased to report that Cuesta has made significant progress advancing its projects over the last 12 months and remains on track to become one of Australia's next coal producers. Our primary focus in the 2014 financial year has been our flagship Moorlands Project, an open cut thermal coal mine development located 30km northwest of the township of Clermont and to the immediate west of the Blair Athol and Clermont coal mines, the latter of which was the subject of an investment by Glencore/Sumitomo of over \$1 billion in October 2013.

In November 2013, Cuesta announced completion of a Mine Scoping Study prepared by mining consultancy, Xenith Consulting, which confirmed robust economics for a 1.9Mtpa mining operation for 30 years from the proposed South Pit at Moorlands. Another significant operational achievement was the culmination of the 50 hole resource and infill drilling program in January 2014, which exceeded expectations with widespread intersections of target seams, and ultimately led to a 92% increase in Cuesta's inferred resource. As a result, the Moorlands Project has a current resource of 281.1Mt including 118.5Mt in the Measured and 52.7Mt in the Indicated Category in accordance with the JORC 2012 code.

Our operational progress has been made possible as a result of the funding support provided by our major shareholders. As I touched on above, at a corporate level Cuesta has strengthened its relationship with Beijing Guoli over the last financial year. Beijing Guoli has committed an additional \$15 million of funding via a placement which was approved at an Extraordinary General Meeting of Shareholders in August this year, taking its interest to approximately 54%. The placement

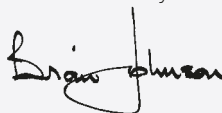
funds settled in two tranches with the first having been received in August 2014 and the remaining \$6.5 million settled in September. The recent placement has increased Beijing Guoli's total investment in Cuesta to \$47 million and is a further demonstration of confidence in Cuesta's team and projects. We were also pleased to welcome Hong Kong based investment company Hanford Holdings to our register, following their \$8.4 million investment in Cuesta announced in October 2013. Following settlement of the Hanford placement we welcomed Mr Yong Xiao to the Board as Hanford's nominee.

Both of the aforementioned capital raisings were completed at a premium to the prevailing share price. These funds will be primarily applied to pre-development funding at Moorlands and working capital.

Subsequent to the financial year end, Cuesta announced the commencement of the 2014 drilling program, which will provide critical input into the Definitive Feasibility Study ("DFS") at Moorlands, and commencement of the DFS, which will expand on the previously completed Mine Scoping Study. Cuesta anticipates improvements to the Scoping Study mine design on the basis of extensions to the resource area discovered in March 2014, resulting in increased coal quantities and a widening of the proposed South Pit mining area. Ultimately, the DFS will provide detailed capital and operating cost estimates for the Moorlands Project on which a final investment decision can be based. The DFS is a critical step for obtaining project finance to fund the construction of the Moorlands South Pit.

On behalf of the Board I would like to take this opportunity to thank all of our shareholders for their continued support. I would also like to thank my fellow Board members and Cuesta's management team for their hard work over the past year. The new financial year will be another busy one for Cuesta, as we further advance our Moorlands development plans, infrastructure arrangements and work towards securing project finance for construction. We are very excited by our progress to date and look forward to Cuesta transitioning from an explorer to a coal producer.

Yours faithfully



BRIAN JOHNSON

Non-Executive Chairman



CEO & MANAGING DIRECTOR'S REVIEW OF OPERATIONS

OVERVIEW

Over the 2014 financial year, Cuesta has continued to focus on the development of its flagship Moorlands Project which remains on track for first coal production in 2016.

Of most significance was the completion of a Mine Scoping Study at Moorlands confirming robust economics for a 1.9Mtpa project with a mine life of 30 years from the South Pit. This was an important milestone for Cuesta and confirms the Company's long held belief that the Moorlands Project sits firmly in the lower quartile of coal mine development projects in terms of capital cost per tonne and FOB cash costs. Subsequent to year end, Cuesta has commenced work on a DFS to further refine/validate project economics prior to final investment decision.

In addition to the above, other major achievements during the period include:

- the acquisition of EPC 2013, which forms part of the Moorlands Project Mining Lease Application ("MLA") (July 2014, subsequent to year end);
- achievement of a 92% JORC Resource upgrade at Moorlands based on data associated with the 2013 drilling program (March 2014);
- successful completion of a 50 hole infill drilling program at Moorlands, with widespread intersection of target seams (January 2014); and
- the award of EPC 2079, one of the Snake Creek joint venture tenements (March 2014); and

- Maiden JORC Resource achieved at the Yellow Jacket deposit within the Eastern Galilee Project (October 2013).
- Immediately after the period closed, Cuesta redeemed the final \$5m worth of convertible notes regarding the acquisition of EPC 775 and 776, an integral part of the Moorlands Project. This was a significant achievement for your company.

At a corporate level, in the 2014 financial year Cuesta secured \$23.4 million in equity across two transactions. As outlined by our Chairman, this level of funding support is particularly significant in the context of the negative investor sentiment currently surrounding the coal sector as a whole, and an endorsement of the quality of Cuesta's team and the Moorlands Project. Further detail regarding the two capital raisings is provided below. As a consequence of these raisings, Cuesta has sufficient funding in place to complete the 2014 Moorlands drilling program and DFS activities that are currently underway, further advancing Moorlands towards development.

FLAGSHIP DEVELOPMENT PROJECT

The Moorlands Project is a significant open-cut export thermal coal mine development, located 30km north-west of the township of Clermont in the Western Bowen Basin of Queensland and to the immediate west of the Blair Athol and Clermont coal mines. The Moorlands Project has a current resource of 281.1Mt including 118.5Mt in the Measured and 52.7Mt in the Indicated Category in accordance with the JORC 2012 code. The project resource has a coal bearing strike length

CEO & MANAGING DIRECTORS REVIEW OF OPERATIONS CONTINUED

of approximately 13km. Shallow coal is present in thick seams amenable to simple truck and shovel mining.

In the 2013 financial year, the Moorlands Project was identified by Cuesta as its flagship project and prioritised for early development.

SCOPING STUDY

On 25 November 2013* Cuesta announced completion of a Mine Scoping Study at Moorlands. The Study was completed by Xenith Consulting and confirms robust project economics for a 1.9Mtpa open cut mine for 30 years in the Moorlands South Pit. The Scoping Study focuses on the South Pit, prioritised for early development based on a margin ranking exercise completed by Xenith Consulting, indicating strip ratios of 2-4 bcm/tonne. Significant upside exists from the larger northern resource area where strip ratios range between 4-8 bcm/tonne.

The Scoping Study mine schedule assumes product coal from the South Pit is trucked by an internal haul road (11km) to a new train load out facility, rail loop and spur for transport to DBCT for export.

Xenith Consulting has estimated low FOB operating costs of A\$63/product tonne (excluding royalties) for the South Pit, driven by:

- depth to first coal of 30-40m;
- 3.2:1 average strip ratio; and
- average 89% yield.

*Pursuant to ASX Listing Rule 5.19.2, Cuesta confirms that it is not aware of any new information or data that materially affects the information in that announcement and that all material assumptions

and technical parameters underpinning the production target, and the forecast financial information derived from the production target continue to apply and have not materially changed.

Development capital costs (including contingency) were estimated at A\$148m including rail spur and train load out.

Key parameters of the Proposed Moorlands South Pit are shown in Table below.

Scoping Study Key Parameters

ROM Coal Production (Mt)	57
Mine Life (years)	30
ROM Coal (Mtpa)	1.9
First Coal	2016
Yield (%)	89%
Average Stripping Ratio (bcm/t)	3.2:1
Owner's Capex from FID (A\$m)	148
Average FOB Cost (excl royalty) (A\$/t)	63
Average LOM Coal Sale Price (US\$/t)	83.6
Average Exchange Rate over 30 years	0.85
NPV (A\$m, 10% real)	138
IRR (post tax)	20.1%

While the project economics are robust, Cuesta believes there is scope to reduce costs to the extent the Company is able to access existing infrastructure located in close proximity to the Moorlands Project. In addition, Cuesta anticipates improvement in the proposed South Pit mine design on the basis of



westerly extensions of the coal resource discovered in March 2014, resulting in increased coal quantities and a widening of the proposed mining area. Further upside exists from the larger northern area of the deposit.

2013 DRILLING PROGRAM AND RESOURCE UPGRADE

In August 2013, Cuesta embarked on a 50 hole infill drilling program designed to define the resource in the northern area of the deposit and to convert the exploration target between the south and north pits to a resource. Results of the drilling program exceeded expectations with widespread intersections of target seams and lead to a 92% increase in JORC Resources to 281.1Mt, as announced in March 2014.

Moorlands Project (EPC 1738, 775 and 776) – Coal Resources Summary – Resource Classification in Accordance with JORC Code (2012)

Deposit	Moorlands
Measured	118.5
Indicated	52.7
Inferred	109.9
Total	281.1

Infrastructure

Cuesta continues to explore opportunities for access to existing infrastructure located in close proximity to the Moorlands Project. Significant progress has been made in respect of negotiations with the owners of this infrastructure and Cuesta has executed a Memorandum

of Undertaking to obtain secondary port and rail allocation to export coal produced at Moorlands through DBCT. Cuesta is targeting execution of a binding formal agreement with the capacity holders in the first half of the 2015 financial year.

Tenement Acquisition

In July 2014, Cuesta announced the acquisition of EPC 2013, which will form part of the Moorlands Project Mining Lease Application (“MLA”). This acquisition will significantly simplify the MLA for the Moorlands Project, enabling construction of a haul road to transport the coal from Moorlands to a new rail loop and train load out connecting to the existing Blair Athol Rail Branch

FEASIBILITY AND 2014 DRILLING PROGRAM

A Definitive Feasibility Study (“DFS”) is currently underway at Moorlands. The Moorlands DFS will comprise further evaluation of the project site, mine plan, process and engineering specifications. Ultimately the DFS will provide detailed capital and operating cost estimates for the project on which a final investment decision can be based.

As announced in July 2014, Cuesta has commenced its 2014 drilling program comprising approximately 6,500m of drilling, with the primary focus on the Moorlands South Pit. This includes geotechnical holes, large diameter coring and infill drilling as a key input to the DFS.



CEO & MANAGING DIRECTORS REVIEW OF OPERATIONS CONTINUED

PIPELINE PROJECTS

Following the establishment of successful and profitable mining operations at Moorlands, Cuesta has two additional medium to long term development opportunities:

- The West Emerald Project; and
- The Eastern Galilee Project.

West Emerald

The West Emerald Project is located in the Denison Trough. Cuesta is targeting Reid's Dome Bed Coal Measures containing thermal and PCI coals, specifically in extensions of major deposits in the area being Rio Tinto's Valeria deposit (762Mt) and Shenhua Group's Taraborah deposit (188Mt). Historic coal intersections have encountered coal measures on Cuesta's Tenements.

Planning is currently underway for a small exploration program totaling eight holes with the objective of delineating a maiden resource for the project.

EASTERN GALILEE

The Eastern Galilee Project comprises large open cut thermal coal potential with a longer term development opportunity once the proposed infrastructure for the Galilee Basin is established. Cuesta has a significant land holding in the Galilee Basin comprising seven tenements covering 3,991km² and includes several discrete projects.

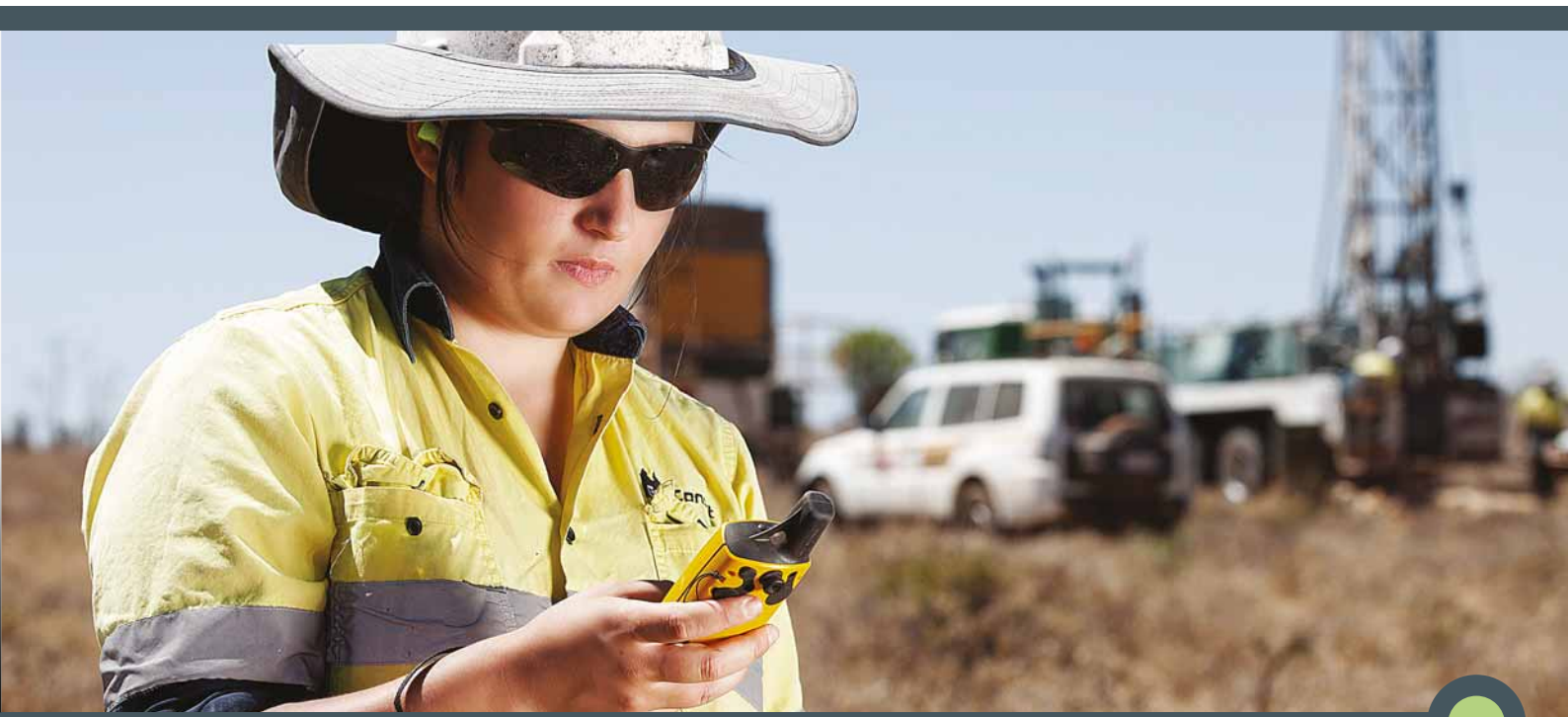
Yellow Jacket

The Yellow Jacket deposit is located 180km northwest of Clermont in Central Queensland and 30km north east of Adani's large scale Carmichael Project. Internal review completed in the 2014 financial year confirmed Yellow Jacket as a strategic asset for Cuesta with very good medium to long term potential.

In October 2013, Cuesta announced maiden Inferred Resource certification at Yellow Jacket comprising 364.1Mt in accordance with JORC Code 2004 guidelines, based on a depth cut off of 150m. The shallow nature of the deposit combined with intersections over approximately 20km² suggest potential for a medium scale thermal coal project to be developed over time. Its proximity to the recently approved Carmichael project further supports this notion on the basis of the regional infrastructure that is likely to be developed to bring that project into production.

Snake Creek Joint Venture with QCI (Galilee) Pty Limited

The Snake Creek Joint Venture with QCI (Galilee) Pty Limited ("QCI") (a wholly owned subsidiary of Hancock Prospecting) is located in the Eastern Galilee Basin and covers an area of 1,028km² across EPCs 2079 and 2080. Under the Joint Venture, QCI can earn a 51% interest by funding \$3m in exploration expenditure. Joint Venture meetings have commenced following the recent (March 2014) award of EPC 2079. Planning is underway for a nine scout hole drilling program to be conducted later this year (funded by QCI).



HEALTH & SAFETY

Cuesta is pleased to report that it continues to maintain its strong commitment to health and safety guided by the Safety and Health Committee and a comprehensive company Safety and Health Management System. There were no LTIs or incidents in the year.

In the 2013 financial year, a training matrix was established to record participation by Directors and Staff members in training courses associated with Health & Safety. Over the 2014 financial year these courses have included Certificate IV Trainer and Assessor, Senior First Aid and Senior First Aid Refresher Courses.

CORPORATE ACTIVITIES

Capital raising activity

As mentioned above, Cuesta secured \$23.4m in equity capital over the 2014 financial year.

In October 2013, Cuesta announced a placement to Hong Kong based resources investor, Hanford Holdings raising \$8.4m by the issue of shares in two tranches:

- Tranche 1: 50 million shares at \$0.11 per share, which settled November 2013; and
- Tranche 2: 25 million shares at \$0.116 per share, which settled December 2013.

In March 2014, major shareholder Beijing Guoli continued its support of Cuesta by committing an additional \$15m of funding to Cuesta via wholly owned subsidiary Longluck Investment (Australia) Pty Ltd. Funds raised in connection with the placement are to be applied to repayment of the remaining convertible

note liability associated with the acquisition of the Orion Coal Project, Moorlands pre-development funding and general working capital. The placement price was \$0.103, which, like the placement to Hanford, represented a premium to the prevailing market price. \$8.5m of this settled in August with the balance settled in September.

The quantum of funds raised is pleasing to Cuesta in the context of the current operating environment for coal companies and an endorsement of the quality of the Moorlands Project and Cuesta's team.

BOARD APPOINTMENTS

On November 2013, Cuesta appointed Mr Yong Xiao as a non-executive director. Mr Xiao is an experienced executive with Hanford Holdings Limited, a Hong Kong based investment company with a focus on international mining investments. He has a Masters Degree in Business Management and International Economics from China Southwest University.

In May 2014, Mr Sihua Meng was appointed as the alternate non-executive director for Mr Ruoshui Wang. Mr Meng is a senior executive within the Beijing Guoli Group and he has 6 years' experience in project management, coal investments, contract management and strategy planning. He holds a Bachelor Degree in Computer Science and Engineering from Xiantan University in China and a Masters Degree in Management Information Systems from Surry University in the United Kingdom.



CEO & MANAGING DIRECTORS REVIEW OF OPERATIONS CONTINUED

Subsequent to financial year end, Cuesta announced the appointment of Mr Sunming Zhou as a non-executive director. Mr Zhou replaces Mr Hanping Liu who resigned on 10 September 2014 due to his current work commitments. Mr. Zhou is currently the Chief Auditor of Beijing Guoli Energy Investment Co., Ltd and has held a number of senior management positions within the Beijing Guoli Group over the past 19 years. He holds a Bachelor Degree in Economics from Shijiazhuang University, a Masters Degree in Business Administration from Macu University and has completed an Executive Development Program at Beijing University, Guanghua School of Management.

OUTLOOK

Despite global coal prices remaining depressed throughout the year, the Cuesta Board believes that the long term outlook for coal, both metallurgical and thermal, is more positive, underpinned by ongoing demand from countries such as China and India. It is this belief, and the backing of Cuesta's major shareholders that supports the development case for Moorlands.

Over the 2015 financial year, Cuesta will focus on achieving the following:

- completion of the DFS for the Moorlands Project, enabling financial investment decision;
- progressing the Mining Lease for the Moorlands Project;
- continuing current negotiations with various potential offtake partners for the Coal products of the Moorlands Project;
- securing project finance for the development of the Moorlands Project; and
- advancing appraisal at Cuesta's pipeline projects with longer term development potential.

Importantly, Cuesta will strive to complete these activities on time, within budget and safely for all staff and contractors.

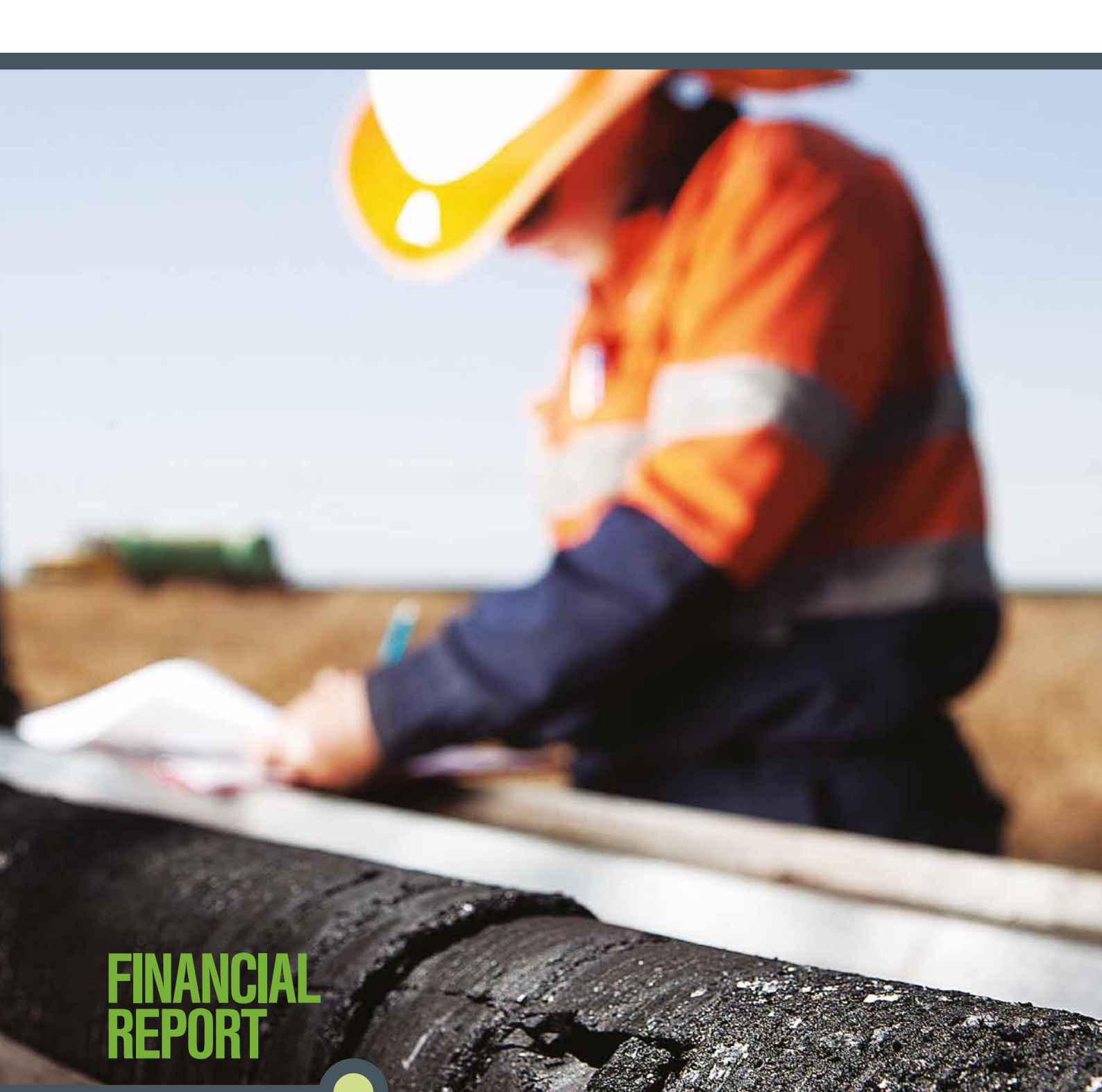


Matthew Crawford
CEO and Managing Director



Information relating to EPCs 1738, 775 & 776 (collectively known as the Moorlands Project) was prepared and first disclosed under the JORC Code 2012 on 4 March 2014 in the Company's ASX announcement titled '92% Resource Upgrade at Moorlands Project to 281Mt'. The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

The information contained in this report that relate to the Resource of EPC 1802 is based on information reviewed by Blair Richardson, who is a Member of the Australasian Institute of Mining and Metallurgy and is General Manager of Exploration and Development for Cuesta Coal Limited. Mr Richardson 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 Richardson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



FINANCIAL REPORT



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Cuesta Coal Limited
Directors' report
30 June 2014

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 2014.

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:

Brian Johnson
Brice Mutton
Patrick Elliott
Matthew Crawford
Keith McKnight
Ruoshui Wang
Huaixi Zheng
Hanping Liu (appointed on 18 July 2013, resigned 10 September 2014)
Yong Xiao (appointed on 20 November 2013)
Sihua Meng (Alternate for Ruoshui Wang) (appointed 6 May 2014)
Sunming Zhou (appointed 10 September 2014)

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 located 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 \$4,738,000 (30 June 2013: \$2,631,000).

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

There were no 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 19 May 2014, Cuesta Coal Limited announced that it had executed a Share Subscription Agreement (SSA) with the Company's major shareholder, Longluck Investment (Australia) Pty Ltd (Longluck), a wholly owned subsidiary of Beijing Guoli Energy Investment Co (Beijing Guoli), to raise \$15,000,000.

The issue price of the Placement is \$0.103 per share and the placement required Chinese Regulatory, FIRB and Shareholder approvals. Placement funds will be applied towards the redemption of the remaining 5,000,000 Convertible Notes associated with the acquisition of the Orion Coal Project (EPCs 775 and 776) and towards advancing the Definitive Feasibility Study (DFS) for the Moorlands Project.

Settlement of the placement took place in two stages as follows;

- Stage 1 Placement- \$8,500,000 via the issue of approximately 82,524,272 new ordinary shares to Longluck on 15 August 2014;
- Stage 2 Placement- \$6,500,000 via the issue of approximately 63,106,796 new ordinary shares to Longluck on 08 September 2014.

On 7 July 2014, the Company executed a tenement sale agreement with FMG Resources Pty Limited for the acquisition of EPC 2013, an adjoining tenement to the Moorlands Project. The Company proposes to construct a haul road to transport the coal from Moorlands to a new rail loop and train load out facility connecting to the existing Blair Athol Rail Branch. The acquisition significantly simplifies the Mining Lease Application for the Moorlands Project.

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 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

Name:	Brian Godfrey Johnson
Title:	Non-Executive Chairman
Qualifications:	B.Eng Civil (UWA) MIEAust
Experience and expertise:	Mr Johnson is a civil engineer with extensive experience in the construction and mining industries in Australia, South East Asia and North America. Mr Johnson was instrumental in establishing successful companies Portman Limited and Mount Gibson Iron Limited in the iron ore industry and South Blackwater Coal Limited and Austral Coal Limited in the coal sector. He has previously been a director of stock exchange listings in London, New York and Australia.
Other current directorships:	Executive Chairman of Panterra Gold Limited
Former directorships (in the last 3 years):	None
Special responsibilities:	Chairman of the Remuneration and Nomination Committee, Chairman of the Finance Committee and member of the Audit and Risk Management Committee.
Interests in shares:	1,000,000
Interests in options:	None
Interests in performance rights:	4,000,000
Name:	Brice Kenneth Mutton
Title:	Non-Executive Director (Technical)
Qualifications:	BSc (Appl Geology) (UNSW), FAusIMM, MAIG, MSEG
Experience and expertise:	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.
Other current directorships:	Non- executive Director of Drummond Gold Limited (since 5 April 2007)
Former directorships (in the last 3 years):	Non- executive Director of Apex Minerals NL (resigned 1 May 2013)
Special responsibilities:	Chairman of the Safety and Health Committee, member of the Audit and Risk Management Committee and member of the Remuneration and Nomination Committee.
Interests in shares:	5,134,488 ordinary shares
Interests in options:	1,700,000 options
Interests in performance rights:	None

Information on directors (continued)

Name:	Patrick James Dymock Elliott
Title:	Non-Executive Director
Qualifications:	B.Comm (UNSW), MBA (Mineral Economics)(Macquarie University), ASA, MAICD
Experience and expertise:	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.
Other current directorships:	Non- executive Chairman of Argonaut Resources NL (since 2003) Non- executive Chairman of Variscan Mines Limited (formerly Platsearch NL) Non- executive Chairman of Cap- XX Limited Non- executive Director of Global Geoscience Limited
Former directorships (in the last 3 years):	Stevenson Group Limited (NZ) Australian Oriental Minerals NL
Special responsibilities:	Chairman of the Audit and Risk Management Committee and member of the Remuneration and Nomination Committee
Interests in shares:	17,334,667 ordinary shares
Interests in options:	26,668,000 options
Interests in performance rights:	None
Name:	Matthew Phillip Crawford
Title:	Managing Director and Chief Executive Officer
Qualifications:	MAusIMM, MAICD
Experience and expertise:	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.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Safety and Health Committee and member of the Finance Committee.
Interests in shares:	31,689,884 ordinary shares
Interests in options:	9,328,572 options
Interests in performance rights:	None

Information on directors (continued)

Name:	Keith James McKnight
Title:	Chief Operations Officer
Qualifications:	B.Eng Mechanical (University of Limerick) MAusIMM, MAICD
Experience and expertise:	<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>
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Safety and Health Committee.
Interests in shares:	30,951,680 ordinary shares
Interests in options:	8,757,144 options
Interest in performance rights:	None
Name:	Huaixi Zheng
Title:	Non-Executive Director
Qualifications:	B. Mineral Processing of Mining Engineering.
Experience and expertise:	<p>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</p>
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Safety and Health Committee.
Interests in shares:	None
Interests in options:	None
Interest in performance rights:	None

Information on directors (continued)

Name:	Ruoshui Wang
Title:	Non-Executive Director
Qualifications:	Masters and B. Thermal Engineering, Ph.D in Management (Tsinghua University)
Experience and expertise:	Mr Wang is a senior executive with Beijing Guoli (Guoli) and has over 15 years experience in managing overseas investments in coal, real estate and agricultural projects. During his 10 year tenure with Guoli, Mr Wang has held a number of roles including Director of Beijing Guoli Energy Investment Co. Ltd, Assistant President of Sino-Australian International Trust Co. Ltd and more recently, as the Director and General Manager of a number of investment subsidiaries of Guoli.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Remuneration and Nomination Committee.
Interests in shares:	None
Interests in options:	None
Interest in performance rights:	None
Name:	Hanping Liu (Appointed 18 July 2013, resigned on 10 September 2014)
Title:	Non-Executive Director
Qualifications:	Bachelor of Mathematics, Master of Law
Experience and expertise:	<p>Mr Liu has been systematically trained in accounting and auditing, and has many years practical experience in various projects. He is familiar with modern internal audit standards, procedures and methodologies. Furthermore, Mr. Liu has audited many companies, including electrical power, banking, real estate, chemistry, and the IT sector. Thus, has he accumulated abundant internal audit and performance appraisal experience.</p> <p>Mr. Liu is also familiar with comprehensive budget management theory, and corporate incentive models, such as equity, options, EVA etc. He has practical experience in many areas of financial and business operating & managing. Due to his knowledge of economic laws, Mr. Liu has drafted a number of contracts, agreements and company rules & regulations.</p>
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Management Committee.
Interests in shares:	None
Interests in options:	None
Interest in performance rights:	None

Information on directors (continued)

Name:	Xiao Yong, (Appointed 20 November 2013)
Title:	Non-Executive Director
Qualifications:	Bachelor of Finance, Masters of Business Management and International Economics
Experience and expertise:	Mr Xiao is currently senior executive of Hanford Holdings Limited, a Hong Kong based Investment Company focusing on international mining investments.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Finance Committee.
Interests in shares:	None
Interests in options:	None
Interest in performance rights:	None

Name:	Sihua Meng, (Appointed 6 May 2014)
Title:	Alternate Non-Executive Director
Qualifications:	Bachelor of Computer Science and Engineering, Masters of Management Information Systems
Experience and expertise:	Mr Meng is a senior executive within the Beijing Guoli group and has 6 years' experience in project management, coal investments, contract management and strategy planning.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interest in performance rights:	None

Information on directors (continued)

Name:	Sunming Zhou, (Appointed 10 September 2014)
Title:	Non-Executive Director
Qualifications:	Bachelor of Economics, Masters of Business Administration.
Experience and expertise:	Mr Zhou is currently the Chief Auditor of Beijing Guoli Energy Investment Co., Ltd and has held a number of senior management positions within the Beijing Guoli Group over the past 19 years.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interest in performance rights:	None

'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.

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 2014, and the number of meetings attended by each director were:

	Full Board*		Audit & Risk Management Committee		Remuneration & Nomination Committee		Safety and Health Committee		Finance Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
B. Johnson	12	12	2	2	1	1	-	-	1	2
B. Mutton	11	12	2	2	1	1	1	1	-	-
P. Elliott	8	12	2	2	1	1	-	-	-	-
M. Crawford	12	12	-	-	-	-	1	1	2	2
K. McKnight	11	12	-	-	-	-	1	1	-	-
H. Zheng	11	12	-	-	-	-	1	1	-	-
R. Wang	8	12	-	-	1	1	-	-	-	-
H. Liu	12	12	1	1	-	-	-	-	-	-
Y. Xiao	8	8	-	-	-	-	-	-	2	2
S. Meng- Alt.	-	-	-	-	-	-	-	-	-	-

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

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 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:

- Blair Richardson- General Manager of Exploration and Development
- Megan McPherson - Company Secretary and CFO

2014	Short term benefits		Post-employment benefits	Share-based payments		
Name	Cash salary and fees \$	Bonus \$	Superannuation \$	Equity-settled \$	Performance Rights \$	Total \$
<i>Non-Executive Directors:</i>						
Brian Johnson	100,000	-	-	-	212,873	312,873
Brice Mutton	40,000	-	3,700	-	-	43,700
Patrick Elliott	36,393	-	-	-	-	36,393
Huaixi Zheng	40,000	-	-	-	-	40,000
Ruoshui Wang	40,000	-	-	-	-	40,000
Hanping Liu*	38,261	-	-	-	-	38,261
Yong Xiao**	21,528	-	-	-	-	21,528
Sihua Meng	-	-	-	-	-	-
<i>Executive Directors:</i>						
Matthew Crawford	375,000	-	3,700	-	-	378,700
Keith McKnight	300,000	-	3,700	-	-	303,700
<i>Other Key Management Personnel:</i>						
Blair Richardson	275,000	-	25,000	-	-	300,000
Megan McPherson	180,000	-	16,650	-	-	196,650
Total	1,446,182	-	52,750	-	212,873	1,711,805

* Represents remuneration from 18 July 2013 to 30 June 2014

** Represent remuneration from 20 November 2013 to 30 June 2014

Remuneration report (audited)- (continued)

2013	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>						
Brian Johnson*	33,306	-	-	-	-	33,306
Ian Richer **	98,667	-	5,100	-	317,387	421,154
Brice Mutton	137,167	-	5,100	-	317,387	459,654
Patrick Elliott	32,357	-	-	-	-	32,357
Huaxi Zheng***	38,333	-	3,450	-	-	41,783
Ruoshui Wang****	23,939	-	-	-	-	23,939
<i>Executive Directors:</i>						
Matthew Crawford	367,500	-	11,100	-	1,259,556	1,648,156
Keith McKnight	292,500	-	11,100	-	1,269,556	1,573,155
<i>Other Key Management Personnel:</i>						
Megan McPherson	180,000	-	16,200	-	-	196,200
Blair Richardson*****	170,833	-	15,375	-	-	186,208
Timothy Spencer*****	228,805	-	-	-	-	228,805
Total	1,603,407	-	67,425	-	3,173,885	4,844,717

* Represents remuneration from 12 March 2013 to 30 June 2013

** Represent remuneration from 1 July 2012 to 10 May 2013

*** Represents remuneration from 17 July 2012 to 30 June 2013

**** Represents remuneration from 27 November 2012 to 30 June 2013

***** Represents remuneration from 19 November 2012 to 30 June 2013

***** Represents remuneration from 1 July 2012 to 14 February 2013

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	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
Brian Johnson	31%	100%	-	-	69%	-
Brice Mutton	100%	31%	-	-	-	69%
Patrick Elliott	100%	100%	-	-	-	-
Huaxi Zheng	100%	100%	-	-	-	-
Ruoshui Wang	100%	100%	-	-	-	-
Hanping Liu	100%	-	-	-	-	-
Yong Xiao	100%	-	-	-	-	-
Sihua Meng	-	-	-	-	-	-
Matthew Crawford	100%	23%	-	-	-	77%
Keith McKnight	100%	19%	-	-	-	81%
Blair Richardson	100%	100%	-	-	-	-
Megan McPherson	100%	100%	-	-	-	-
Tim Spencer	-	100%	-	-	-	-

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 (extended by agreement to 31 December 2014)
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.

In addition, Mr Crawford also receives \$40,000 per annum (plus superannuation) as Director's Fee.

Name: Keith McKnight
Title: Chief Operations Officer
Agreement commenced: 4 May 2012
Term of agreement: 2 years (extended by agreement to 31 December 2014)
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.

In addition, Mr McKnight also receives \$40,000 per annum (plus superannuation) as Director's Fee.

Name: Blair Richardson
Title: General Manager- Exploration and Development
Agreement commenced: 19 November 2012
Term of agreement: n/a
Details: Base salary for the year ending 30 June 2014 of \$275,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three month termination notice by either party.

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 2014 of \$180,000 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.

Remuneration report (audited)- (continued)

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 2014 are set out below:

Name	Date	No of shares	Issue price per share	Total* \$
2014				
Brian Johnson	11 April 2014	1,000,000	\$0.117	116,643
Brice Mutton	29 October 2013	1,400,000	\$0.125	175,000
Matthew Crawford	29 October 2013	5,600,000	\$0.125	700,000
Keith McKnight	29 October 2013	5,600,000	\$0.125	700,000
2013				
Ian Richer	31 January 2013	2,800,000	\$0.125	350,000
Brice Mutton	31 January 2013	2,800,000	\$0.125	350,000
Matthew Crawford	31 January 2013	11,200,000	\$0.125	1,400,000
Keith McKnight	31 January 2013	11,200,000	\$0.125	1,400,000

* this represents the gross fair value of the shares issued during the year to the directors including share-based payments previously recognised.

Name	Number of options granted during the year		Number of options vested during the year	
	2014	2013	2014	2013
Brian Johnson	-	-	-	-
Ian Richer	-	933,333	-	933,333
Brice Mutton	466,667	933,333	466,667	933,333
Patrick Elliott	-	-	-	-
Huaixi Zheng	-	-	-	-
Ruoshui Wang	-	-	-	-
Hanping Liu	-	-	-	-
Yong Xiao	-	-	-	-
Sihua Meng	-	-	-	-
Matthew Crawford	1,866,667	3,733,333	1,866,667	3,733,333
Keith McKnight	1,866,667	3,733,333	1,866,667	3,733,333

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	2014 \$	2013 \$
Ian Richer	-	317,387
Brice Mutton	-	317,387
Matthew Crawford	-	1,269,556
Keith McKnight	-	1,269,555
	<u>-</u>	<u>3,173,885</u>

On 29 October 2013, Cuesta announced its maiden JORC resource at Yellow Jacket in the Eastern Galilee 364Mt of Inferred Coal Resource in accordance with the JORC Code (2004) guideline. The increase satisfied the condition precedent to the issue of the Series Three Shares. Accordingly, on 31 October 2013, Cuesta issued 14,000,000 fully paid ordinary shares and 4,666,667 unlisted options (exercisable at \$0.25, expire 31 December 2015) to the relevant directors in their respective proportions.

In October 2013 an offer was made to the Company's Chairman under the Cuesta Coal Performance Rights Plan (**PRP**). Under the terms of the offer, Cuesta Coal Limited must issue the following securities to Mr Brian Johnson on achievement of the following;

- 1,000,000 of the Rights will vest if Mr Johnson remains Chairman or a Director of the Company on a continuous basis until 12 March 2014, being the first anniversary of his appointment as Chairman;
- 1,000,000 of the Rights will vest if Mr Johnson remains Chairman or a Director of the Company on a continuous basis until 12 March 2015, being the second anniversary of his appointment as Chairman;
- 1,000,000 of the Rights will vest if Mr Johnson remains Chairman or a Director of the Company on a continuous basis until 12 March 2016, being the third anniversary of his appointment as Chairman;
- 2,000,000 of the Rights will vest if a Bankable Feasibility Study for the Moorlands Project is successfully completed by 12 March 2015, or such revised date approved by the Board of Directors.

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

Name	2014 \$	2013 \$
Brian Johnson	212,873	-
	<u>212,873</u>	<u>-</u>

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:

2014	Number of shares				
	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary Shares</i>					
Brian Johnson	-	-	1,000,000	-	1,000,000
Brice Mutton	3,734,488	-	1,400,000	-	5,134,488
Patrick Elliott	17,334,667	-	-	-	17,334,667
Huaixi Zheng	-	-	-	-	-
Ruoshui Wang	-	-	-	-	-
Hanping Liu	-	-	-	-	-
Yong Xiao	-	-	-	-	-
Sihua Meng	-	-	-	-	-
Matthew Crawford*	25,872,517	-	5,817,367	-	31,689,884
Keith McKnight*	25,231,680	-	5,720,000	-	30,951,680
Blair Richardson	-	-	-	-	-
Megan McPherson	25,000	-	-	-	25,000

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

2013	Number of shares				
	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary Shares</i>					
Brian Johnson	-	-	-	-	-
Ian Richer	1,513,232	-	2,800,000	(4,313,232)*	-
Brice Mutton	934,488	-	2,800,000	-	3,734,488
Patrick Elliott	17,334,667	-	-	-	17,334,667
Huaixi Zheng	-	-	-	-	-
Ruoshui Wang	-	-	-	-	-
Matthew Crawford**	14,672,517	-	11,200,000	-	25,872,517
Keith McKnight**	14,031,680	-	11,200,000	-	25,231,680
Blair Richardson	-	-	-	-	-
Megan McPherson	25,000	-	-	-	25,000
Tim Spencer	25,000	-	-	(25,000)***	-

* Represents 4,313,232 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.

*** Represents 25,000 shares held at resignation date.

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Remuneration report (audited)- (continued)

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;

2014	Number of Options				
	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Brian Johnson	-	-	-	-	-
Brice Mutton	1,233,333	466,667	-	-	1,700,000
Patrick Elliott	26,668,000	-	-	-	26,668,000
Huaixi Zheng	-	-	-	-	-
Ruoshui Wang	-	-	-	-	-
Hanping Liu	-	-	-	-	-
Yong Xiao	-	-	-	-	-
Sihua Meng	-	-	-	-	-
Matthew Crawford**	7,461,905	1,866,667	-	-	9,328,572
Keith McKnight**	6,890,477	1,866,667	-	-	8,757,144
Blair Richardson	-	-	-	-	-
Megan McPherson	-	-	-	-	-

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

2014	Number of options		
	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
<i>Options over ordinary shares</i>			
Brian Johnson	-	-	-
Brice Mutton	1,700,000	-	1,700,000
Patrick Elliott	26,668,000	-	26,668,000
Huaixi Zheng	-	-	-
Ruoshui Wang	-	-	-
Hanping Liu	-	-	-
Yong Xiao	-	-	-
Matthew Crawford	9,328,572	-	9,328,572
Keith McKnight	8,757,144	-	8,757,144
Blair Richardson	-	-	-
Megan McPherson	-	-	-

Remuneration report (audited)- (continued)

2013	Number of options				
	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Brian Johnson	-	-	-	-	-
Ian Richer	-	933,333	-	(933,333)*	-
Brice Mutton	300,000	933,333	-	-	1,233,333
Patrick Elliott	26,668,000	-	-	-	26,668,000
Huaixi Zheng	-	-	-	-	-
Ruoshui Wang	-	-	-	-	-
Matthew Crawford**	3,728,572	3,733,333	-	-	7,461,905
Keith McKnight**	3,157,144	3,733,333	-	-	6,890,477
Blair Richardson	-	-	-	-	-
Megan McPherson	-	-	-	-	-
Tim Spencer	-	-	-	-	-

* 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.

2013	Number of options		
	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
<i>Options over ordinary shares</i>			
Brian Johnson	-	-	-
Ian Richer	-	933,333	933,333
Brice Mutton	-	1,233,333	1,233,333
Patrick Elliott	-	26,668,000	26,668,000
Huaixi Zheng	-	-	-
Ruoshui Wang	-	-	-
Matthew Crawford	-	7,461,905	7,461,905
Keith McKnight	-	6,890,477	6,890,477
Blair Richardson	-	-	-
Megan McPherson	-	-	-
Tim Spencer	-	-	-

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

The Directors and their related parties executed restriction agreements in relation to the options held. The escrow period expired on 4 May 2014.

This concludes the remuneration report, which has been audited.

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	64,429,904
18 October 2013	18 October 2017	\$0.08	25,000,000

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

No shares were issued on the exercise of options granted during the year ended 30 June 2014.

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 20 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.

The directors are of the opinion that the services as disclosed below 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.

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	2014 \$	2013 \$
<i>Audit services – BDO East Coast Partnership</i>		
Audit or review of the financial statements	73,944	67,500
<i>Non-audit services – BDO East Coast Partnership</i>		
Taxation matters	39,695	19,700
Investigating Accountant's Report for prospectus and due diligence	38,775	122,075
Total	<u>152,414</u>	<u>209,275</u>

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

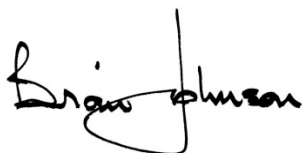
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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



Brian Johnson
Chairman
30 September 2014
Sydney



Matthew Crawford
Managing Director
30 September 2014
Sydney

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF CUESTA COAL LIMITED

As lead auditor of Cuesta Coal Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Gareth Few
Partner

BDO East Coast Partnership

Sydney, 30 September 2014

Cuesta Coal Limited
Corporate Governance Statement
30 June 2014

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 2014.

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
Principle 1 – Lay solid foundations for management and oversight	
Companies should establish and disclose the respective roles and responsibilities of board and management	
Recommendation 1.1 – 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.
Recommendation 1.2 – 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, established by the committee.
Recommendation 1.3 – 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.
Principle 2 – Structure Board to Add Value	
Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties	
Recommendation 2.1 – 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.
Recommendation 2.2 – The chair should be an independent director	Mr Brian Johnson was appointed on 12 March 2013 as the Company's independent Chairman.
Recommendation 2.3 – The roles of chair and chief executive officer should not be exercised by the same individual	Mr Brian Johnson holds the position of Chair while the position of CEO is held by Mr Matthew Crawford.
Recommendation 2.4 – 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.
Recommendation 2.5 – Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<p>The committee evaluates the performance of the board and individual directors against both measurable and qualitative indicators, established by the committee.</p> <p>The committee reviews performance from time to time and whenever there are major changes to the management of the company.</p>

Recommendation 2.6 – Companies should provide the information indicated in the Guide to reporting on Principle 2	The Company will report and address any departures from Recommendations 2.1 to 2.6 in its future annual reports.
Principle 3 – Promote Ethical and Responsible Decision Making Companies should actively promote ethical and responsible decision-making	
Recommendation 3.1 – Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • The practices necessary to maintain confidence in the company's integrity • The practices necessary to take into account their legal obligations and the reasonable expectations of the stakeholders • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	<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 is reviewed regularly and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.</p>
Recommendation 3.2 - 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>The Company established and adopted a Diversity Policy in August 2012.</p> <p>The policy outlines the Company's measureable objectives for achieving gender diversity. However, due to the current size and scale of its operations, the Company is unable to comply with the recommendation to assess these objectives and the progress in achieving them annually.</p> <p>The Company is of the view that non-compliance with Recommendation 3.2 will not be detrimental to the Company.</p>
Recommendation 3.3 – 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>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>
Recommendation 3.4 – 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>Women represent 25% of the executive management team for the reporting period and 38% of the employees of the Company. There are presently no women on the Board of Directors.</p>
Recommendation 3.5 – Companies should provide the information indicated in the Guide to reporting on Principle 3	<p>The Company will report and address any departures from Recommendations 3.1 to 3.5 in its future annual reports.</p>
Principle 4 – Safeguard Integrity in Financial Reporting Companies should have a structure to independently verify and safeguard the integrity of their financial reporting	
Recommendation 4.1 – The Board should establish an audit committee	<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>Recommendation 4.2 – The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • Consists only of non-executive directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not chair of the board • Has at least three members 	<p>The Audit and Risk Management Committee is made up of three non-executive directors and is chaired by an independent chair who is not the chair of the Board.</p>
<p>Recommendation 4.3 – The audit committee should have a formal charter</p>	<p>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.</p>
<p>Recommendation 4.4 – Companies should provide the information indicated in the Guide to reporting on Principle 4</p>	<p>The Company will report and address any departures from Recommendations 4.1 to 4.4 in its future annual reports.</p>
<p>Principle 5 – Make Timely and Balanced Disclosure Companies should promote timely and balanced disclosure of all material matters concerning the company</p>	
<p>Recommendation 5.1 – 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</p>	<p>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.</p>
<p>Recommendation 5.2 – Companies should provide the information indicated in the Guide to reporting on Principle 5</p>	<p>The Company will report and address any departures from Recommendations 5.1 and 5.2 in its future annual reports.</p>
<p>Principal 6 – Respect the Rights of Shareholders Companies should respect the rights of shareholders and facilitate the effective exercise of those rights</p>	
<p>Recommendation 6.1 – 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</p>	<p>The Board has established a formal code of conduct setting out the Company's obligations to stakeholders including shareholders.</p>
<p>Recommendation 6.2 – Companies should provide the information indicated in the Guide to reporting on Principle 6</p>	<p>The Company will report and address any departures from Recommendations 6.1 and 6.2 in its future annual reports.</p>
<p>Principle 7 – Recognise and Manage Risk Companies should establish a sound system of risk oversight and management and internal control</p>	
<p>Recommendation 7.1 – Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies</p>	<p>The Company's risk management policies are incorporated in the Audit and Risk Management Committee Charter.</p>
<p>Recommendation 7.2 – 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</p>	<p>Ultimate responsibility for risk oversight and risk management rests with the full Board, notwithstanding the establishment of the committee.</p>

<p>Recommendation 7.3 – 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 has disclosed in this annual report that 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>Recommendation 7.4 – 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.</p>
<p>Principle 8 – Remunerate Fairly and Responsibly Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear</p>	
<p>Recommendation 8.1 – 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>Recommendation 8.2 – The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> • Consists of a majority of independent Directors • Is chaired by an independent chair • Has at least three members. 	<p>The Remuneration and Nomination Committee is made up of four non-executive directors and is chaired by an independent chair.</p>
<p>Recommendation 8.3 – 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>Recommendation 8.4 – Companies should provide the information indicated in the Guide to reporting to 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.</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 30 September 2014. 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.

Amounts shown in Note 23 "Parent entity information" continue to reflect the financial statements of the legal parent, Cuesta Coal Limited.

Cuesta Coal Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

		Consolidated	
	Note	2014 \$'000	2013 \$'000
Other income	2	207	984
Expenses			
Accountancy fees		(92)	(59)
Auditors' remuneration	20	(114)	(161)
Occupancy expenses	3	(94)	(94)
Corporate development expenses	3	(161)	(219)
Depreciation and amortisation expense		(52)	(47)
Directors' fees		(564)	(568)
Share based payments	28	(190)	(1,371)
Employee expenses		(642)	(904)
Finance costs	3	(35)	(6)
Insurance expenses		(58)	(69)
Investor relations & promotion expenses		(100)	(142)
Loss on modification of share based payment	28	(1,664)	-
Other expenses		(401)	(198)
Travel expenses		(106)	(146)
Write off of exploration applications not granted	3	(1,099)	-
Loss before income tax		(5,165)	(3,000)
Income tax benefit	4	427	369
Loss after income tax expense for the year		(4,738)	(2,631)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(4,738)	(2,631)
Total comprehensive income for the year is attributable to:			
Owners of Cuesta Coal Limited		(4,738)	(2,631)
		Cents	Cents
Loss per share for loss attributable to the owners of Cuesta Coal Limited			
Basic loss per share	27	(1.40)	(1.30)
Diluted loss per share	27	(1.40)	(1.30)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Cuesta Coal Limited
Statement of financial position
As at 30 June 2014

		Consolidated	
	Note	2014	2013
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	5	2,022	3,073
Trade and other receivables	6	831	726
Other current assets	7	230	2,908
Total current assets		<u>3,083</u>	<u>6,707</u>
Non-current assets			
Plant and equipment	8	220	201
Exploration and evaluation expenditure	9	56,056	45,033
Total non-current assets		<u>56,276</u>	<u>45,234</u>
Total assets		<u>59,359</u>	<u>51,941</u>
Liabilities			
Current liabilities			
Trade and other payable	10	756	3,946
Derivatives	11	840	793
Borrowings	12	4,897	4,243
Employee benefits	13	58	22
Total current liabilities		<u>6,551</u>	<u>9,004</u>
Non-current liabilities			
Derivatives	11	-	794
Borrowings	12	-	4,243
Total non-current liabilities		<u>-</u>	<u>5,037</u>
Total liabilities		<u>6,551</u>	<u>14,041</u>
Net assets		<u>52,808</u>	<u>37,900</u>
Equity			
Issued capital	14	63,600	41,964
Reserves	15	3,218	5,208
Accumulated losses	16	(14,010)	(9,272)
Total equity		<u>52,808</u>	<u>37,900</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 2014

		Reserves			
	Issued Capital \$'000	Options Reserve \$'000	Share-based Payments Reserve \$'000	Accumulated Losses \$'000	Total \$'000
At 1 July 2012	38,606	12	5,522	(6,641)	37,499
Loss for the year	-	-	-	(2,631)	(2,631)
Total comprehensive income for the year	-	-	-	(2,631)	(2,631)
<u>Transaction with owners in their capacity as owners</u>					
Shares issued, net of transaction costs	3,358	-	(3,500)	-	(142)
Share-based payments	-	-	3,174	-	3,174
Total transactions with owners and other transfers	3,358	-	(326)	-	3,032
Balance at 30 June 2013	41,964	12	5,196	(9,272)	37,900
Loss for the year	-	-	-	(4,738)	(4,738)
Total comprehensive income for the year	-	-	-	(4,738)	(4,738)
<u>Transaction with owners in their capacity as owners</u>					
Shares issued, net of transaction costs	19,769	-	-	-	19,769
Shares issued in relation to share-based payments	1,867	-	(2,203)	-	(336)
Share-based payments	-	-	213	-	213
Total transactions with owners and other transfers	21,636	-	(1,990)	-	19,646
Balance at 30 June 2014	63,600	12	3,206	(14,010)	52,808

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 2014

		Consolidated	
	Note	2014	2013
		\$'000	\$'000
Cash flows from operating activities			
Payments to suppliers and employees		(2,265)	(2,257)
Interest received		160	619
R & D tax claim received		369	205
Finance costs paid		<u>(35)</u>	<u>(3)</u>
Net cash used in operating activities	26	<u>(1,771)</u>	<u>(1,436)</u>
Cash flows from investing activities			
Payments for plant and equipment		(71)	(122)
Payment for exploration and evaluation expenditure and exploration licence applications		<u>(13,978)</u>	<u>(14,571)</u>
Net cash used in investing activities		<u>(14,049)</u>	<u>(14,693)</u>
Cash flows from financing activities			
Proceeds from share issue		20,400	-
Payment for redemption of convertible notes		(5,000)	-
Transaction costs		<u>(631)</u>	<u>(51)</u>
Net cash provided by financing activities		<u>14,769</u>	<u>(51)</u>
Net (decrease)/ increase in cash and cash equivalents		(1,051)	(16,180)
Cash and cash equivalents at the beginning of the financial year		<u>3,073</u>	<u>19,253</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>2,022</u></u>	<u><u>3,073</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.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Note 1. Significant accounting policies (continued)

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 legal parent entity is disclosed in note 22.

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 as an investment cost.

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.

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 2014 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 control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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 Limited. 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.

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.

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.

Note 1. Significant accounting policies (continued)

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 plant and equipment 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 profit or loss during the period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment 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 profit or loss. 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;

Class of plant and equipment	Depreciation rate
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 profit or loss 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.

(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 designated 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 (i.e. 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.

Note 1. Significant accounting policies (continued)

Financial Instruments (continued)

(v) Financial liabilities

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

(vi) Derivative financial liabilities

Derivative financial liabilities are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in profit or loss.

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.

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.

Note 1. Significant accounting policies (continued)

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.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. 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.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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 profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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.

Note 1. Significant accounting policies (continued)

Employee Benefits (continued)

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 a discounted 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 a discounted 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 (including exploration and evaluation 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 profit or loss 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.

The Group 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.

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.

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 Group recorded a net loss after tax from operations of \$4,738,000 for the year ended 30 June 2014 (2013: \$2,631,000), had cash outflows from operations of \$1,771,000 (2013: \$1,436,000) and its current liabilities exceed its current assets by \$3,468,000 (2013: \$2,297,000). In addition, the Group's convertible notes with the face value of \$5 million (as disclosed in Note 12) matured on 28 August 2014. These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors believe that the Group will be able to continue as a going concern on the following basis:-

- a) The Group has raised \$15 million since 30 June 2014 of which \$5 million has been used to settle the convertible note debt;
- b) The cash flow forecast prepared by the Directors show that the minimum level of additional funding required for the 12 months to 30 September 2014 is \$15 million as the Definitive Feasibility Study is completed at the Moorlands Project and the Group prepares to transition from exploration to development; and
- c) The Directors believe that they can raise the additional funds for ongoing activities, as required, as the Group has been successful in raising funds in the past.

On this basis the Directors are of the opinion that the financial statements can be prepared on a going concern basis and the Group will be able to pay its debts as and when they fall due and payable.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

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.

Exploration and evaluation expenditure (Non-current asset)

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 1. Significant accounting policies (continued)

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.

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 2014.

AASB 9 Financial Instruments and its consequential amendments

Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income.

The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. The entity has not yet made an assessment of the impact of these amendments.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

Note 1. Significant accounting policies (continued)

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Note 2. Other income

	Consolidated	
	2014	2013
	\$'000	\$'000
Fair value gain on embedded derivative	27	298
Interest received	162	686
Shared services fee	18	-
	<hr/>	<hr/>
Other income	207	984
	<hr/>	<hr/>

Note 3. Expenses

Interest expense:

Interest payable- deferred consideration	30	-
General interest charges	5	6
	<hr/>	<hr/>
Total interest expense	35	6
	<hr/>	<hr/>

Rental expense on operating leases:

Total rental expense	94	94
	<hr/>	<hr/>
	94	94
	<hr/>	<hr/>

Significant expense

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

Costs incurred for abandoned/ failed exploration and evaluation transaction	1,099	-
Corporate consulting fees	161	219
Directors' remuneration		
-payable in cash	564	568
-performance shares (expensed)	190	1,371
Employee benefit - defined contribution plan	52	112
Loss on modification of share based payment	1,664	-
	<hr/>	<hr/>

Note 4. Income tax expense

	Consolidated	
	2014	2013
	\$'000	\$'000
<i>The prima facie tax on loss from ordinary activities is reconciled to the income tax as follows:</i>		
Net loss for the year	(4,738)	(2,631)
Tax at the statutory tax rate of 30%	(1,421)	(789)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non deductible items	522	472
Other deductible items	(3,362)	(5,883)
Tax effect of losses not brought to account	4,261	6,200
Income tax expense	-	-
Research and development tax concession	427	369
Total income tax losses for which no deferred tax asset has been recognised	14,631	30,458

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

	Consolidated	
	2014	2013
	\$'000	\$'000
Cash at bank and on hand	2,022	3,073
	<u>2,022</u>	<u>3,073</u>

Risk Exposure

The Group's exposure to interest rate risk is discussed in note 18. 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	2,022	3,073
Balance as per statement of cash flows	<u>2,022</u>	<u>3,073</u>

Note 6. Current assets - trade and other receivables

	Consolidated	
	2014	2013
	\$'000	\$'000
GST receivable	186	171
Research and development tax concession	427	369
Prepayments	150	120
Other receivables	68	66
	<u>831</u>	<u>726</u>

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 18 for more information on the risk management policy of the consolidated entity and credit quality of the receivables.

Note 7. Current assets - other

	Consolidated	
	2014	2013
	\$'000	\$'000
Deposit for exploration licence applications	230	2,908
	<u>230</u>	<u>2,908</u>

Note 8. Non-current assets - plant and equipment

	Consolidated	
	2014	2013
	\$'000	\$'000
Plant and equipment- at cost	368	297
Less: Accumulated depreciation	(148)	(96)
	<u>220</u>	<u>201</u>

Reconciliations

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

	Plant and equipment	Total
	\$'000	\$'000
Consolidated		
Balance at 1 July 2012	126	126
Additions	122	122
Less: Accumulated depreciation	(47)	(47)
Balance at 30 June 2013	<u>201</u>	<u>201</u>
Additions	71	71
Less: Accumulated depreciation	(52)	(52)
Balance at 30 June 2014	<u>220</u>	<u>220</u>

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

	Consolidated	
	2014	2013
	\$'000	\$'000
Exploration and evaluation expenditure - at cost	<u>56,056</u>	<u>45,033</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
Consolidated		
Balance at 1 July 2012	12,882	12,882
Additions	31,479	31,479
Additions- capitalised convertible note interest	672	672
Balance at 30 June 2013	<u>45,033</u>	<u>45,033</u>
 Additions	 10,422	 10,422
Additions- capitalised convertible note interest	<u>601</u>	<u>601</u>
 Balance at 30 June 2014	 <u>56,056</u>	 <u>56,056</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.

Note 10. Current liabilities - trade and other payables

	Consolidated	
	2014	2013
	\$'000	\$'000
Trade payables	582	796
Sundry payables and accrued expenses	133	105
Stamp duty payable	-	912
Deferred consideration - vendor payments	-	1,832
Interest payable on convertible notes	41	301
	<u>756</u>	<u>3,946</u>

Refer to note 18 for further information on financial instruments.

Note 11. Derivatives

	Consolidated	
	2014	2013
	\$'000	\$'000
Current		
Derivative element of convertible notes	<u>840</u>	<u>793</u>
Non-Current		
Derivative element of convertible notes	<u>-</u>	<u>794</u>

The conversion element of the Convertible Notes (as disclosed in Note 12) has been accounted for as a derivative financial instrument liability on the basis the conversion is calculated at 90% of the volume weight average trading price of the Company's shares over the 10 business days preceding the conversion date. The assessed fair value of the derivative was calculated using the term of the convertible notes and risk free rate at the reporting date.

Note 12. Borrowings

	Consolidated	
	2014	2013
	\$'000	\$'000
Current		
Convertible notes - secured	<u>4,897</u>	<u>4,243</u>
Non-current		
Convertible notes - secured	<u>-</u>	<u>4,243</u>

The consolidated entity had 5,000,000 convertible notes on issue at 30 June 2014 (2013: 10,000,000 convertible notes).

On 11 December 2012, Cuesta Coal Limited executed a Share Sale Agreement (**SSA**) to acquire Hannigan & Associates Pty Limited (**Hannigan**) for a total consideration of \$18,200,000. Hannigan is the holder of EPC 775 & EPC 776, collectively known as the Orion Coal Project which is located immediately north of the Moorlands Deposit (EPC 1738). Under the terms of the transaction, a \$5,000,000 deposit was paid before 21 December 2012.

On 28 February 2013, Cuesta Coal Limited completed the acquisition via a cash payment of \$3,200,000 and the issue of 10,000,000 secured Convertible Notes. A summary of the rights and conditions attaching to the Convertible Notes are outlined in the table below;

Note 12. Borrowings (continued)

Transaction	Subscription for \$10,000,000 principal amount of secured convertible notes (Notes) convertible into fully paid-up ordinary shares of the Issuer (Shares)													
Rank	The Notes constitute a secured obligation of the Issuer to the extent of the amount outstanding. Each Share issued upon the conversion ranks equally in all respects with all Ordinary Shares at the conversion date.													
Security	<p>The Notes have been secured by:</p> <ul style="list-style-type: none">• a charge over the issued capital of Hannigan;• upon approval of the members of the Issuer, a general security agreement will be granted by Hannigan in respect of all the assets of Hannigan; and• until the granting of the above general security agreement over the assets of Hannigan is granted, the Issuer is granting a general security agreement in respect of all the assets of the Issuer. <p>(the Security Documents)</p>													
Issue Price	No cash is payable by the Noteholders for their subscription for the, Notes or Shares under the Deed. The Notes are allotted and issued to the Noteholders in part satisfaction of the consideration payable by the Issuer under the SSA.													
Maturity Date	28 August 2014													
Face Value	Each Note has a Face Value of \$1.00.													
Interest	9% per annum in the first 12 months after the Issue Date and 10% per annum thereafter.													
Conversion	<p>The formula for calculating the number of Shares to be issued on conversion is as follows;</p> <table><tr><td>N =</td><td>F</td></tr><tr><td></td><td>V</td></tr></table> <p>2</p> <table><tr><td>Where</td><td>N =</td><td>The number of Shares</td></tr><tr><td></td><td>F =</td><td>The face value of the Notes</td></tr><tr><td></td><td>V =</td><td>90% of the volume weighted average trading price of the Issuer's shares over the 10 Business Days ending on the Business Day preceding the Conversion Date.</td></tr></table>	N =	F		V	Where	N =	The number of Shares		F =	The face value of the Notes		V =	90% of the volume weighted average trading price of the Issuer's shares over the 10 Business Days ending on the Business Day preceding the Conversion Date.
N =	F													
	V													
Where	N =	The number of Shares												
	F =	The face value of the Notes												
	V =	90% of the volume weighted average trading price of the Issuer's shares over the 10 Business Days ending on the Business Day preceding the Conversion Date.												

Note 12. Borrowings (continued)

Redemption	<p>The Noteholder may convert the Convertible Notes into Shares as follows:</p> <ul style="list-style-type: none"> • in the 30 day period prior to 27 November 2013, 50% of the Noteholder's Notes; • in the 30 day period prior to the Maturity Date, all of the Noteholder's Notes; and • all of the Noteholder's Notes upon the occurrence of a Trigger Event. <p>If any Notes have not been Converted prior to the Maturity Date, the Company will redeem those Notes on the Maturity Date.</p>
Transferability	<p>A Noteholder may, at any time, notify the Issuer in writing it wishes to transfer all or some of its Notes provided the aggregate Face Value of the Notes being transferred is no less than \$1,000,000. Upon notifying the Issuer that wishes to transfer the Notes, the Issuer may, within 20 business days, redeem those Notes. If the Issuer does not redeem the Notes, the Noteholder is permitted to transfer those Notes on the terms notified to the Issuer.</p>

On 15 August 2014, Cuesta Coal Limited redeemed 5,000,000 convertible notes by way of cash payment.

Note 13. Current liabilities- employee benefits

	Consolidated	
	2014	2013
	\$'000	\$'000
Employee benefits	<u>58</u>	<u>22</u>

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. The Company expects all employees to take the full amount of accrued leave within the next 12 months.

Note 14. Equity - issued capital

	Consolidated 2014 Shares	2013 Shares	Consolidated 2014 \$'000	2013 \$'000
Ordinary shares - fully paid	<u>376,289,380</u>	<u>219,622,713</u>	<u>63,600</u>	<u>41,964</u>

Movements in ordinary share capital

Details	Date	No of shares	\$'000
At the beginning of the year	1 July 2012	191,622,713	38,606
Issue of shares- directors	31 January 2013	28,000,000	3,500
Transaction costs for the year			<u>(142)</u>
Balance	30 June 2013	219,622,713	41,964
Issue of shares- Longluck	24 July 2013	66,666,667	12,000
Issue of shares- directors	29 October 2013	14,000,000	1,750
Issue of shares- Hanford Holdings	1 November 2013	50,000,000	5,500
Issue of shares- Hanford Holdings	20 December 2013	25,000,000	2,900
Issue of shares- directors	11 April 2014	1,000,000	117
Transaction costs for the year			<u>(631)</u>
Balance	30 June 2014	<u>376,289,380</u>	<u>63,600</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 15. Equity - reserves

	Consolidated	
	2014	2013
	\$'000	\$'000
Option reserve	12	12
Share-based payment reserve	<u>3,206</u>	<u>5,196</u>
	<u><u>3,218</u></u>	<u><u>5,208</u></u>

	Options	Share-based	
	\$'000	payments	
	\$'000	\$'000	Total
			\$'000
Consolidated			
Balance at 1 July 2012	12	5,522	5,534
Share-based payments	-	3,174	3,174
Transfer from share-based payment reserve to share capital - shares issued to directors	<u>-</u>	<u>(3,500)</u>	<u>(3,500)</u>
Balance at 30 June 2013	12	5,196	5,208
Modification to share-based payments arrangement made in the prior years	-	(336)	(336)
Share-based payments		96	96
Transfer from share-based payment reserve to share capital - shares issued to directors		<u>(1,750)</u>	<u>(1,750)</u>
Balance at 30 June 2014	<u><u>12</u></u>	<u><u>3,206</u></u>	<u><u>3,218</u></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 the fair value of deferred consideration in respect of vendor agreements and performance shares granted to Directors. The reserve reduces when those share based payments are paid/ issued.

Note 16. Equity – accumulated losses

	Consolidated	
	2014	2013
	\$'000	\$'000
Accumulated losses at the beginning of the financial year	(9,272)	(6,641)
Loss for the year	<u>(4,738)</u>	<u>(2,631)</u>
Accumulated losses at the end of the financial year	<u><u>(14,010)</u></u>	<u><u>(9,272)</u></u>

Note 17. 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	64,429,904
18 October 2013	18 October 2017	\$0.08	25,000,000

Note 18. 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 profit or loss 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 profit or loss and other 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's had the following financial instrument exposed to variable interest rate risk which is not designated as cash flow hedges:

	Consolidated	
Financial asset	2014	2013
	\$'000	\$'000
Cash and cash equivalents	2,022	3,073
	<u>2,022</u>	<u>3,073</u>

Note 18. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position:

Consolidated- 2014	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables		582	-	-	-	582
Other payables		243	-	-	-	243
<i>Interest bearing</i>						
<i>fixed rate</i>						
Convertible note payable	9.33	5,000	-	-	-	5,000
Total non-derivatives		5,825	-	-	-	5,825

Consolidated- 2013	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables		796	-	-	-	796
Other payables		3,172	-	-	-	3,172
<i>Interest bearing fixed rate</i>						
Convertible note payable	9.33	5,000	5,000	-	-	10,000
Total non-derivatives		8,968	5,000	-	-	13,968

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 19. Key management personnel disclosures

Compensation

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

	Consolidated	
	2014	2013
	\$'000	\$'000
Short-term employee benefits	1,446	1,603
Post-employment benefits	53	67
Long-term benefits	-	-
Share-based payments	213	3,174
	<u>1,712</u>	<u>4,844</u>

Detailed remuneration disclosures are provided in the Remuneration Report on pages 19 to 28 of the Director's report.

Note 20. 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:

	Consolidated	
	2014	2013
	\$	\$
<i>Audit services – BDO East Coast Partnership</i>		
Audit or review of the financial statements	73,944	67,500
<i>Other services – BDO East Coast Partnership</i>		
Taxation matters	39,695	19,700
Investigating Accountant's Report for prospectus and due diligence	38,775	122,075
Less: Fees capitalised as share issue costs	(38,775)	(48,000)
Amount recognised in statement of profit or loss and other comprehensive income	<u>113,639</u>	<u>161,275</u>

Note 21. Commitments

	Consolidated	
	2014	2013
	\$'000	\$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	61	125
One to five years	-	61
More than five years	-	-
	<u>61</u>	<u>186</u>

The Company established an operations office in Taringa, QLD and executed an operating lease in September 2012. The lease is a non-cancellable 2 year property lease with an option to renew for a further 2 years.

- The annual rent is \$65,450 per annum plus outgoings. A rental rebate of \$16,363 has been negotiated.

The operating lease for the Company's head office in Sydney 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.

Note 22. 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 as determined under the consolidated entity's accounting policies.

Subsidiaries

Interests in subsidiaries are set out in note 24.

Key management personnel

Disclosures relating to key management personnel are set out in note 18 and the remuneration report in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2014	2013
	\$	\$
Payment for goods and services:		
Payment for corporate consulting services from Anycall Pty Ltd (director- related entity of Ian Richer)	-	42,000
Payment for geological consulting services from Brice Mutton & Associates (director-related entity of Brice Mutton)	-	80,500

The above amounts are included as cash salary in the Remuneration Report.

Loans to/from related parties

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

Note 23. Parent entity information

Cuesta Coal Limited (legal parent entity) was incorporated on 27 September 2011. Cuesta Coal Limited is the ultimate parent entity and the parent entity of the consolidated entity from a legal perspective

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

Statement of comprehensive income

	Parent Entity	
	1 July 2012	1 July 2013 to 30 June 2014
	30 June 2014	2013
	\$'000	\$'000
Net loss for the period	608	56
Total comprehensive income for the period	608	56

Statement of financial position

	Parent Entity	
	2014	2013
	\$'000	\$'000
Total current assets	126	53
Total assets	62,906	49,076
Total current liabilities	5,799	6,306
Total liabilities	5,799	11,343
Equity		
Issued capital	63,055	37,919
Reserves	(5,154)	-
Accumulated losses	(794)	(186)
Total equity	57,107	37,733

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 2014 (2013: nil).

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2014 (2013: nil).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2014 (2013: nil).

Significant accounting policies

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

Note 24. 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	
		2014 %	2013 %
Parent entity: Cuesta Coal Limited	Australia		
Blackwood Coal Pty Ltd	Australia	100.00	100.00
Blackwood Resources Pty Ltd	Australia	100.00	100.00
Blackwood Exploration Pty Ltd	Australia	100.00	100.00
RDB Coal Pty Ltd	Australia	100.00	100.00
Scorpion Energy Pty Ltd	Australia	100.00	100.00
West Bowen Coal Pty Ltd	Australia	100.00	100.00
Hannigan & Associates Pty Ltd	Australia	100.00	100.00
Macleod-Carey & Associates Pty Ltd	Australia	100.00	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.

Note 25. Events after the reporting period

On 19 May 2014, Cuesta Coal Limited announced that it had executed a Share Subscription Agreement (SSA) with the Company's major shareholder, Longluck Investment (Australia) Pty Ltd (Longluck), a wholly owned subsidiary of Beijing Guoli Energy Investment Co (Beijing Guoli), to raise \$15,000,000.

The issue price of the Placement is \$0.103 per share and the placement required Chinese Regulatory, FIRB and Shareholder approvals. Placement funds were applied towards the redemption of the remaining 5,000,000 Convertible Notes associated with the acquisition of the Orion Coal Project (EPCs 775 and 776) and towards advancing the Definitive Feasibility Study (DFS) for the Moorlands Project.

Settlement of the placement took place as follows;

- Stage 1 Placement- \$8,500,000 via the issue of approximately 82,524,272 new ordinary shares to Longluck on 15 August 2014;
- Stage 2 Placement- \$6,500,000 via the issue of approximately 63,106,796 new ordinary shares to Longluck on 8 September 2014.

On 7 July 2014, the Company executed a tenement sale agreement with FMG Resources Pty Limited for the acquisition of EPC 2013, an adjoining tenement to the Moorlands Project. The Company proposes to construct a haul road to transport the coal from Moorlands to a new rail loop and train load out facility connecting to the existing Blair Athol Rail Branch. The acquisition significantly simplifies the Mining Lease Application for the Moorlands Project.

Note 26. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated	
	2014	2013
	\$'000	\$'000
Loss after income tax expense for the year	(4,738)	(2,631)
Adjustments for:		
Depreciation and amortisation	52	47
Gain on embedded derivative	(27)	(298)
Fair value of deferred consideration	1,664	-
Loss on abandoned/ failed transactions	1,099	-
Unwinding of convertible note interest	-	(40)
Share-based payments	190	1,371
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(61)	(187)
(Decrease) / Increase in trade and other payables	50	302
	<hr/>	<hr/>
Net cash used in operating activities	<u>(1,771)</u>	<u>(1,436)</u>

27. Loss per share

	Consolidated	
	2014	2013
	\$'000	\$'000
<i>Loss per share</i>		
Loss after income tax	<u>(4,738)</u>	<u>(2,631)</u>
Loss after income tax attributable to the owners of Cuesta Coal Limited	<u>(4,738)</u>	<u>(2,631)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	337,940,511	202,604,569
Adjustments for calculation of diluted loss per share:		
Options	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>337,940,511</u>	<u>202,604,569</u>

	Cents	Cents
Basic loss per share	(1.40)	(1.30)
Diluted loss per share	(1.40)	(1.30)

Options are considered potential ordinary shares for the purposes of diluted loss per share. However at 30 June 2014 and 30 June 2013, 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 28. Share-based payments

On 18 October 2013, the Company executed a Deed of Variation with the Vendors of the Yellow Jacket Project to replace the requirement to issue \$2,000,000 worth of fully paid ordinary shares upon achievement of an Inferred JORC resource greater than 100Mt with a cash payment staged over a six month period. As a result of this amendment, the share-based payments reserve declined by \$336,000.

On 29 October 2013, the consolidated entity announced a maiden JORC resource at the Yellow Jacket Project. The maiden resource triggered the condition precedent to the issue of the series three shares pursuant to the Company's Executive Share and Option deed. The shares and options were issued on 29 October 2013. These share-based payments had been previously recognised in the prior year financial statements.

The first tranche of performance rights issued to the Chairman vested on 12 March 2014, being the first anniversary of the Chairman's appointment. The shares were issued on 11 April 2014. A total share-based payment of \$212,873 has been recognised in the financial statements in relation to this performance rights.

Note 29. 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 Queensland. 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.

Note 30. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated - 2014				
<i>Liabilities</i>				
Derivatives	-	840	-	840
Total liabilities	-	840	-	840

Consolidated – 2013

Liabilities

Derivatives – current	-	793	-	793
Derivatives – non-current	-	794	-	794
Total liabilities	-	1,587	-	1,587

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 30. Fair value measurement (continued)

Fair value of financial instruments

The consolidated entity also has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. For all these financial instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

Cuesta Coal Limited
Directors' declaration

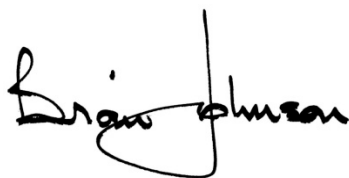
In the directors' opinion:

1. the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
3. the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Brian Johnson
Chairman



Matthew Crawford
Managing Director

30 September 2014
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 2014, the statement of profit or loss and other 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 2014 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

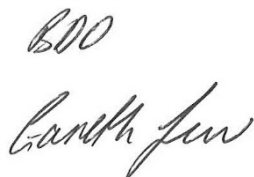
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 28 of the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership



Gareth Few
Partner

Sydney, 30 September 2014

Cuesta Coal Limited
Shareholder information
30 June 2014

The shareholder information set out below was applicable as at 22 September 2014.

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	9
1,001 to 5,000	13
5,001 to 10,000	104
10,001 to 100,000	171
100,001 and over	128
	<hr/>
	425
	<hr/>
Holding less than a marketable parcel	22
	<hr/>

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	% of total shares issued
	Number held	
Longluck Investment (Australia) Pty Ltd	282,297,735	54.09
Country Rosy Limited	75,000,000	14.37
Albion Ballymore Pty Ltd	47,068,346	9.02
Argonaut Resources NL	16,734,667	3.21
New Mangrove Resources Pty Ltd	8,127,406	1.56
Waytop Investments Limited	6,764,644	1.30
Anycall Pty Ltd <Richer Superannuation Fund A/C>	5,713,232	1.09
ACN Mining Pty Limited	5,400,000	1.03
Mr Brice Mutton + Mrs Gai Mutton <Brice Mutton Super Fund A/C>	5,134,488	0.98
Inhowse Pty Ltd	4,086,364	0.78
New Mangrove Minerals Pty Ltd	3,925,000	0.75
HSBC Custody Nominees (Australia) Limited	3,370,113	0.65
Silver Ledge Pty Ltd <The Silver Ledge>	2,555,614	0.49
Flannery Foundation Pty Ltd <The Flannery Foundation A/C>	2,000,000	0.38
Auresco Pty Ltd <The Avanis A/C>	1,912,242	0.37
Mr Raed Itaoui + Mrs Rachel Lee Itaoui	1,743,134	0.33
Mr John Michael Moore<The Mike Moore S/F A/C>	1,681,744	0.32
Angolet Pty Ltd	1,600,000	0.31
Terstan Nominees Pty Ltd <Morrows P/L Super Fund A/C>	1,484,292	0.28
GBR Napoli Pty Ltd <GBR Superannuation Fund A/C>	1,200,000	0.23
	<hr/>	
	477,799,021	91.55
	<hr/>	

Cuesta Coal Limited
Shareholder information
30 June 2014

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued (ex. Price \$0.25, expire 29 October 2015)	600,000	3
Options over ordinary shares issued (ex. Price \$0.20, expire 31 December 2015)	8,035,718	39
Options over ordinary shares issued (ex. Price \$0.25, expire 31 December 2015)	64,429,904	25
Options over ordinary shares issued (ex. Price \$0.08, expire 18 October 2017)	25,000,000	3
Director performance rights	4,000,000	1

Substantial holders in the company are set out below:

	Ordinary shares	% of total shares issued
	Number held	
Longluck Investment (Australia) Pty Ltd	282,297,735	54.09
Country Rosy Limited	75,000,000	14.37
Matthew Phillip Crawford	31,689,884	6.07
Keith James McKnight	30,951,680	5.93

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.

Tenements

Tenement number	Project	Location	Grant Date	Interest owned
EPC 775	West Bowen	Bowen Basin - QLD	22-Nov-2002	100.00%
EPC 776	West Bowen	Bowen Basin - QLD	22-Nov-2002	100.00%
EPC 1738	West Bowen	Bowen Basin - QLD	28-Mar-2011	100.00%
EPC 1891	West Bowen	Bowen Basin - QLD	22-Aug-2012	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%
EPC 1987	East Wandoan	Surat Basin - QLD	29-Sept-2012	90.00%
EPC 1802	Eastern Galilee	Galilee Basin - QLD	29-Oct-2010	100.00%
EPC 1983	Eastern Galilee	Galilee Basin - QLD	13-Oct-2013	100.00%
EPC 1957	Eastern Galilee	Galilee Basin - QLD	8-Feb-2012	90.00%
EPC 2079	Eastern Galilee	Galilee Basin - QLD	3-Mar-2013	100.00%
EPC 2080	Eastern Galilee	Galilee Basin - QLD	10-Feb-2013	100.00%
EPC 2688	Eastern Galilee	Galilee Basin - QLD	1-May-2014	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-2011	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%
EPC 1825	West Emerald	Bowen Basin - QLD	21-May-2013	100.00%
EPC 1826	West Emerald	Bowen Basin - QLD	31-Jul-2012	100.00%
EPC 1868	West Emerald	Bowen Basin - QLD	26-Jun-2013	100.00%
EPC 2093	West Emerald	Bowen Basin - QLD	23-Jul-2013	100.00%
EPC 2127	Amberley	Clarence-Moreton Basin - QLD	12-Oct-2011	100.00%
EPC 2128	Montrose	Styx/ Bowen Basin - QLD	5-Feb-2012	100.00%
EPC 1979	East Acland	Clarence-Moreton Basin - QLD	12-Oct-2010	90.00%
EPC 2181	Bauple	Maryborough Basin - QLD	22-Oct-2012	100.00%
EPC 1809	Callide	Callide Basin - QLD	21-Oct-2013	100.00%

DIRECTORS

Brian Johnson
Brice Mutton
Patrick Elliott
Matthew Crawford
Keith McKnight
Huaixi Zheng
Ruoshui Wang
Yong Xiao
Sunming Zhou
Sihua Meng (alternate to Ruoshui Wang)

COMPANY SECRETARY

Megan McPherson

REGISTERED (HEAD) OFFICE

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

OPERATIONAL OFFICE

Suite 3B
165 Moggill Road
Taringa QLD 4068

SHARE REGISTER

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

AUDITOR

BDO East Coast Partnership
Level 11
1 Margaret Street
Sydney NSW 2000

SOLICITORS

Thomson Geer
Level 25
1 O'Connell 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

