

ASX Announcement

Cuesta acquires adjoining Moorlands Tenement for Mining Lease Application

8th July 2014: Cuesta Coal Limited (ASX: CQC) ("Cuesta" or "the Company") is pleased to announce the acquisition of EPC 2013 from FMG Resources Pty Ltd which will form part of the Moorlands Project Mining Lease Application (MLA).

Cuesta is proposing 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 (**Figure 1**). This acquisition will significantly simplify the Mining Lease Application for the Moorlands Project. Cuesta believes there is potential for coal occurrences on the tenement and will conduct a robust desk top review and field surveys prior to undertaking scout drilling in the 2015 and 2016 drill seasons to test for satellite deposits similar to, and adjacent to Moorlands.

The terms of the transaction shall remain confidential between the two parties.

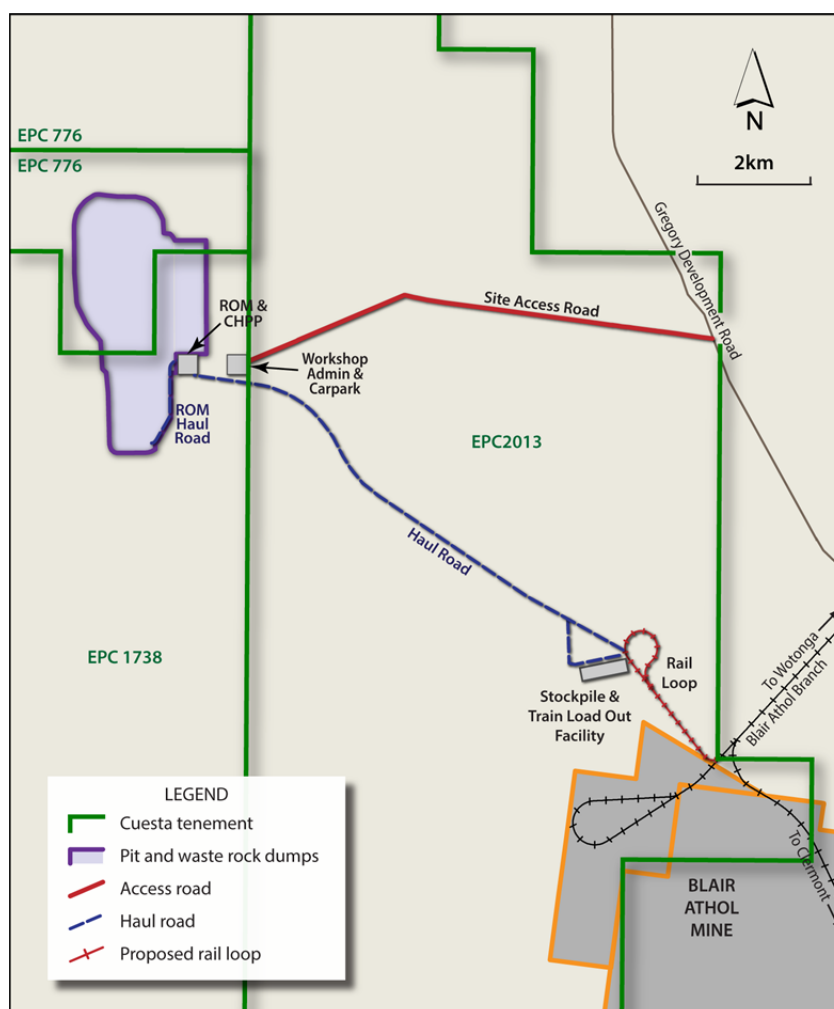


Figure 1: Map showing the acquired EPC 2013 and its location within the Moorlands Tenure

Moorlands Project Overview

The Moorlands Project is a significant new open-cut export thermal coal mine development, located in a historically low-cost mining region. The project resource has a coal bearing strike length of approximately 12km. Shallow coal is present in thick seams amenable to simple truck and shovel mining. The Moorlands Project has a JORC Resource of 281.1 Mt; including 118.5 Mt in the Measured and 52.7 Mt in the Indicated categories in accordance with JORC Code 2012 (as announced by the Company on 4 March 2014). Pursuant to Listing Rule 5.23.2, 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 estimates continue to apply and have not materially changed.

A margin ranking exercise completed as part of the scoping study (as announced by the Company on 25 November 2013) indicates that strip ratios were lowest, between 2 and 4 bcm/tonne, in the southernmost 4km of the project containing approximately 60Mt of insitu coal ("**Proposed South Pit**"). The larger northern area of the deposit contains strip ratios of between 4 and 8 bcm/tonne. Due to the favourable strip ratio, the South Pit was chosen as the focus for the mine plan to run a target schedule based on run-of-mine ("**ROM**") coal using trucks and excavators. This schedule has a planned 1.9Mtpa of ROM coal being mined for 30 years with an average insitu strip ratio of 3.2:1. Pursuant to Listing Rule 5.19.2, Cuesta confirms that it is not aware of any new information or data that materially affects the information in the announcement released on 25 November 2013 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.

Product coal is planned to be trucked by an internal haul road (11km) to a new train load out ("**TLO**") facility, rail loop and spur, for transport to Dalrymple Bay Coal Terminal ("**DBCT**") for export.

While the project economics are robust, the Company believes there is scope to reduce costs by using existing infrastructure located in close proximity to the Moorlands Project. Discussions with the owners of this infrastructure are ongoing.

About Cuesta Coal

Cuesta Coal Limited ("**Cuesta**") is an ASX listed coal exploration company with a pipeline of coal projects ranging from development to greenfield exploration. The Company is strongly supported by its major cornerstone investor and is targeting coal production from its priority Moorlands Project in a 3 year timeframe.

Cuesta has a diverse portfolio of thermal and coking coal exploration prospects within the Bowen, Surat and Galilee basins, the Company's core projects are well situated geographically.

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Competent Persons' Consent

Information relating to EPC's 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.