



Cuesta Coal Limited
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27 October 2014

ASX Limited
20 Bridge Street
Sydney NSW 2000

Cuesta Coal Limited ACN 153 351 994

ASX Code: CQC

NOTICE OF ANNUAL GENERAL MEETING AND PROXY FORM

Cuesta Coal Limited (ASX: CQC) advises that the Company's Annual General Meeting will be held on Friday 28th November 2014 at 11.00am (AEDT). Shareholders are invited to attend the meeting to be held at the offices of Thomson Geer Lawyers, Level 25, 1 O'Connell Street, Sydney NSW.

Attached are the Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form which will be mailed to shareholders this week.

The Company's 2014 Annual Report was lodged on the ASX on 30 September 2014 and will also be sent to shareholders who requested a copy this week. A copy of the Annual Report can be accessed on the Company's website.

Yours faithfully,

A handwritten signature in black ink, appearing to read "m. mcpherson", followed by a horizontal line.

Megan McPherson
Company Secretary
Cuesta Coal Limited



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NOTICE OF ANNUAL GENERAL MEETING
Explanatory Memorandum and Proxy Form

DATE: Friday, 28 November, 2014

TIME: 11.00am

LOCATION: Thomsons Lawyers, Level 25, 1 O'Connell Street, Sydney, NSW

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR ATTENTION.

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 2 9284 5900

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of Shareholders of Cuesta Coal Limited (**Cuesta or Company**) will be held at the offices of Thomsons Lawyers, Level 25, 1 O'Connell Street, Sydney, NSW on Friday, 28th November 2014 at 11.00am (AEDT) (**Meeting**) to carry out the following business.

The Explanatory Memorandum that accompanies and forms part of this Notice provides additional information on matters to be considered at the meeting. Shareholders should read the Explanatory Memorandum in full.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the meeting are those who are registered as Shareholders on 26th November 2014 at 11.00am (AEDT).

Terms and abbreviations used in this Notice of Annual General Meeting will, unless the content otherwise requires, have the same meaning given to them in the Glossary contained in the Explanatory Memorandum.

AGENDA

1. Annual Report

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditor's Report, Directors' Declaration, Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the Financial Statements for the Company and its controlled entities for the financial year ended 30 June 2014.

2. Resolution 1 - Adoption of Remuneration Report

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

"That, the Remuneration Report for the year ended 30 June 2014 be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However a vote may be cast by such person if:

- a) The person is acting as proxy and the Proxy Form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on the resolution as described above; or
- b) The person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Re-election of Director- Mr Pat Elliott

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

"That, Mr Pat Elliott who retires by rotation in accordance with Article 66.2 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

4. Resolution 3 – Re-election of Director - Mr Huaixi Zheng

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

“That, Mr Huaixi Zheng who retires by rotation in accordance with Article 66.2 of the Constitution and, being eligible, offers himself for re-election, be re-elected as Director.”

5. Resolution 4 – Re-election of Director – Mr Sunming Zhou

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

“That Mr Sunming Zhou who retires in accordance with Article 65.2 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

6. Resolution 5 - Ratification of the issue of 25,000,000 ordinary shares pursuant to ASX Listing Rule 7.4

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

“That in accordance with ASX Listing Rule 7.4, the Company ratifies and approves for the purposes of ASX Listing Rule 7.1, the issue of 25,000,000 (twenty five million) fully paid ordinary shares in the capital of the Company to Hanford Holdings Limited on the terms set out in the explanatory notes accompanying the notice convening this meeting.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Hanford Holdings Limited (and any associates of Hanford Holdings Limited) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this resolution is passed.

However, the Company will not disregard a vote if:

- a) It is cast by a person (including the person chairing the Meeting) as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) It is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 6 – Approval of 10% Placement Facility

To consider, and if thought fit, to pass with or without amendment, as a special resolution the following:

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this resolution is passed.

However, the Company will not disregard a vote if:

- a) It is cast by a person (including the person chairing the Meeting) as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) It is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Date 27 October 2014.

BY ORDER OF THE BOARD



Megan McPherson
Company Secretary

NOTES

- The Chairman intends to vote all available proxies in favour of the resolutions.
- A shareholder entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote instead of the Shareholder. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. A proxy need not be a shareholder of the Company.
- A Proxy Form accompanies this Notice of Meeting and contains additional information.
- To be valid, duly completed proxy appointment authorities under which a proxy form is signed, such as a power of attorney, must be received by the Company at an address specified in the Proxy Form no later than 48 hours before the time in Sydney of the commencement of the meeting.
- For the purposes of the Meeting, shares in the Company will be taken to be held by those persons who are registered holders at 11.00am (AEDT) Wednesday 26 November 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlement to attend the meeting and vote.

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Meeting to be held on Friday 28th November 2014 at 11.00am (AEDT) at Thomsons Lawyers, Level 25, 1 O'Connell Street, Sydney, NSW.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

Terms used in this Notice and Explanatory Memorandum are defined in Section 9.

2. Consider the Company's Annual Report

The Company's Annual Report comprising the Directors' Report, Financial Statements and Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2014 was released to the ASX on 30 September 2014. There is no requirement for the Shareholders to approve the Annual Report or vote on this item.

The Company's Annual Report is placed before the Shareholders for discussion. The Annual Report is available online at <http://www.cuestacoal.com.au> and click on the direct link.

The Auditor will be attending the Annual General Meeting and will be available to answer written questions submitted prior to the meeting concerning:

- The content of the Auditor's Report; or
- The conduct of the audit in relation to the financial report.

The auditor will also be available to answer questions from Shareholders relevant to;

- a) The preparation and the content of the Auditor's Report;
- b) The conduct of the audit;
- c) Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d) The independence of the auditor in relation to the conduct of the audit.

All written questions must be received by the Company by 5pm (Sydney time) on Friday 21 November 2014, being no later than five business days prior to the meeting to be held on Friday 28 November 2014.

3. Resolution 1 – Adoption of Remuneration Report

The Remuneration Report contained within the Directors' Report on pages 19 to 28 (inclusive) of the Annual Report, sets out the remuneration policy for the Company and reports the remuneration of the Directors and Key Management Personnel.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However amendments to the Corporations Act, which came into effect on 1 July 2011, gives Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election of the board.

If the Chairman of the Meeting is appointed as your proxy and you have not specified the way in which the Chairman is to vote on Resolution 1, the Chairman will only exercise the proxy if the Proxy Form expressly authorises him to do so even where the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chairman of the meeting intends to vote all available proxies in favour of resolution 1.

4. Resolution 2 – Re-election of Director- Mr Pat Elliott

Article 66.2 of the Constitution requires that one third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one third must retire at each annual general meeting.

Article 66.5 of the Constitution states that a Director who retires under Article 66.2 is eligible for re-election.

In accordance with the Constitution, Mr Elliott will retire by rotation and seek re-election.

Details of the qualifications and experience of Mr Elliott are in the Annual Report.

The board believes that Mr Elliott has performed the duties and the responsibilities of a Non-Executive Director diligently and professionally, in the best interests of all Shareholders.

5. Resolution 3 – Re-election of Director- Mr Huaixi Zheng

Article 66.2 of the Constitution requires that one third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one third must retire at each annual general meeting.

Article 66.5 of the Constitution states that a Director who retires under Article 66.2 is eligible for re-election.

In accordance with the Constitution, Mr Zheng will retire by rotation and seek re-election.

Details of the qualifications and experience of Mr Zheng are in the Annual Report.

The Board believes that Mr Zheng has performed the duties and responsibilities of a Non-executive Director diligently and professionally, in the best interest of all Shareholders.

6. Resolution 4 – Re-election of Mr Sunming Zhou

Mr Sunming Zhou was appointed as a Director of the Company on 10 September 2014 in accordance with Article 65.1 of the Constitution.

Article 65.1 of the Constitution allows at any time the appointment by the Directors of a person to be a Director to fill a casual vacancy, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office until the next annual general meeting of members of the Company and is then eligible for re-election at that meeting.

In accordance with the Article 65.2 of the Constitution, Mr Zhou submits himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr Zhou are in the Annual Report.

The Board believes that Mr Zhou has performed the duties and responsibilities of a Non-executive Director diligently and professionally, in the best interest of all Shareholders.

7. Resolution 5 – Ratification of the issue of 25,000,000 ordinary shares pursuant to Listing Rule 7.4

The Company issued 25,000,000 fully paid ordinary shares on 20 December 2013 to Hanford Holdings Limited pursuant to a Share Subscription Agreement dated 24 October 2013 (**Share Subscription Agreement**). The shares were issued at \$0.116 per share for a total cash consideration of \$2,900,000.

The following information provides a brief explanation as to the relevant ASX Listing Rules and the purpose of seeking ratification of the issue of the shares.

ASX Listing Rule 7.1 imposes a cap of 15% of the Company's issued capital that a company may issue in a 12 month period without Shareholder approval.

The Company allotted a total of 25,000,000 shares to Hanford Holdings Limited on 20 December 2013, representing 6.66% of the Company's issued capital. The Company allotted the shares under Listing Rule 7.1. The allotment of a total of 25,000,000 shares is within the limits of the 15% cap, and accordingly does not breach Listing Rules 7.1.

Under Listing Rule 7.4, the Company can seek Shareholder ratification of an issue made within the 15% limit under Listing Rule 7.1, and if given, the effect of the ratification is to deem that the securities issued were issued with Shareholder approval. This effectively restores the Company's 15% placement capacity under Listing rule 7.1.

The Company seeks the ratification of the allotment of 25,000,000 shares under Listing Rules in order to restore the Company's 15% placement capacity. Ratification provides the Company with flexibility in capital management.

The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (i) the number of securities issued under Listing Rules 7.1 is 25,000,000 (twenty five million) fully paid ordinary shares ;
- (ii) the shares had an issue price of \$0.116;
- (iii) the shares were issued to Hanford Holdings Limited;
- (iv) the shares rank pari passu in all respects with the existing shares of the Company;
- (v) the Company used the \$2,900,000 raised for working capital purposes, predominantly to fast-track the development of the Company's flagship Moorlands Project; and
- (vi) The Company applied for the Shares issued to be quoted on the ASX.

8. Resolution 6 – Approval of 10% Placement Facility

8.1 General

Listing Rule 7.1A enables eligible entities to issue equity securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility.

The exact number of equity securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c) below).

The Company is currently undertaking development and exploration activities at its existing projects and is also seeking to acquire new resources assets or investments. The Company may use the funds raised from the issue of equity securities under the 10% Placement Facility on its existing projects and/or acquisitions of new resource assets or investments.

8.2 Description of Listing Rule 7.1A

a) Shareholder approval

The ability to issue equity securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

b) Equity Securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company.

The Company, as at the date of the notice, has on issue one class of quoted equity securities being ordinary shares.

c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D Is 10%

E Is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not with the approval of shareholders under Listing Rule 7.1 or 7.4

d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue equity securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1

At the date of this notice, the Company has on issue 521,920,448 Shares and therefore has capacity to issue:

- (i) Subject to Shareholder approval being sought under Resolution 5, 78,288,067 equity securities under Listing Rule 7.1; and
- (ii) Subject to Shareholder approval being sought under this Resolution 6, 52,192,045 equity securities under Listing Rule 7.1A.

The actual number of equity securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2 (c) above).

e) Minimum Issue Price

The issue price of equity securities issued under the Listing Rule 7.1A must not be less the 75% of the VWAP of equity securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

8.3 Listing Rule 7.1A

The effect of Resolution 6 will be to allow the Directors to issue the equity securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

8.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The equity securities will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the equity securities are to be issued is agreed; or
 - (ii) if the equity securities are not issued within 5 Trading Days of the date in the paragraph (i) above, the date on which the equity securities are issued.
- (b) If Resolution 6 is approved by shareholders and the Company issues equity securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
 - (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the equity securities.

The below table shows the dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary securities for the variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issue of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0425 50% decrease in Issue Price	\$0.085 Issue Price	\$0.17 100% increase in Issue Price
521,920,448 Current Variable A	10% Voting Dilution	52,192,045 Shares	52,192,045 Shares	52,192,045 Shares
	Funds Raised	\$2,218,162	\$4,436,324	\$8,872,648
782,880,672 50% increase in current Variable A	10% Voting Dilution	78,288,067 Shares	78,288,067 Shares	78,288,067 Shares
	Funds Raised	\$3,327,243	\$6,654,486	\$13,308,971
1,043,840,896 100% increase in current Variable A	10% Voting Dilution	104,384,090 Shares	104,384,090 Shares	104,384,090 Shares
	Funds Raised	\$4,436,324	\$8,872,648	\$17,745,295

The table has been prepared on the following assumptions:

- (i) The current variable 'A' is calculated as follows:
 - a) The current number of shares on issue as at the date of this notice is 521,920,448; and
 - b) Shareholders ratify the issue of 25,000,000 shares to Hanford Holdings Limited on 20 December 2013 pursuant to Resolution 5;
 - (ii) The Company issues the maximum number of equity securities available under the 10% Placement Facility.
 - (iii) No options (including options issued under the 10% Placement Facility) are exercised into shares before the date of issue of the equity securities;
 - (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (vi) The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vii) The issue of equity securities under the 10% Placement Facility consists only of shares. If the issue of the equity securities includes options, it is assumed that those options are exercised into shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (viii) The issue price is \$0.085, being the closing price of the shares in the ASX on 15 October 2014.
- (c) The Company will only issue and allot the equity securities during the 10% Placement Period. The approval under resolution 6 for the issue of the equity securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- d) The Company may seek to issue the equity securities for the following purposes:
- (i) Non-cash consideration for the acquisition of the new resources assets and investments including expenses associated with such acquisitions. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) Cash consideration. In such circumstances, the Company intends to use the funds raised towards the exploration activities at its existing projects and/or for acquisitions of new assets or investments (including expenses associated with such acquisition) and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any equity securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the equity securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party to the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (e) This is the third time the Company has sought to obtain Shareholder approval under Listing Rule 7.1A
- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

8.5 Specific information required by Listing Rule 7.3A.6(a)

The total number of equity securities issued in the 12 months preceding the date of the meeting, and the percentage they represent of the total number of equity securities on issue at the commencement of that 12 month period is outlined below;

Equity securities issued in prior 12 month period	175,631,068
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	50.14%

8.6 Specific information required by Listing Rule 7.3A.6(b)

The details of all issues of equity securities during the 12 months preceding the date of the meeting is outlined below;

Date of issue:	30 November 2013
Number issued:	5,000,000
Class/ Type of equity security:	Performance rights
Summary of terms:	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

	<p>following securities to Mr Brian Johnson on achievement of the following;</p> <ul style="list-style-type: none"> ➤ 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.
Name of persons who received securities or basis on which those persons was determined:	Mr Brian Johnson
Price:	Nil issue price
Discount to market price:	n/a
Non-cash consideration paid:	5,000,000 performance rights
Current value of that non-cash consideration:	\$276,250

Date of issue:	20 December 2013
Number issued:	25,000,000
Class/ Type of equity security:	Fully paid ordinary share
Summary of terms:	Fully paid ordinary shares which rank pari passu with the existing shares in the Company.
Name of persons who received securities or basis on which those persons was determined:	Hanford Holdings Limited
Price:	\$0.116

Discount to market price:	n/a
Total cash consideration received:	\$2,900,000
Amount of cash consideration spent:	\$2,900,000
Use of cash consideration:	The placement funds were used for working capital purposes, predominately to fast-track the development of the Company's flagship Moorlands Project.

Date of issue:	15 August 2014
Number issued:	82,524,272
Class/ Type of equity security:	Fully paid ordinary share
Summary of terms:	Fully paid ordinary shares which rank pari passu with the existing shares in the Company.
Name of persons who received securities or basis on which those persons was determined:	Longluck Investment (Australia) Pty Ltd
Price:	\$0.103
Discount to market price:	n/a
Total cash consideration received:	\$8,500,000
Amount of cash consideration spent:	\$7,437,000
Use of cash consideration:	\$5,000,000 of the placement funds were used to fully repay the remaining Convertible Note Liability associated with the acquisition of the Orion Coal Project (EPCs 775 & 77 contained in the Moorlands Project). Approximately \$2.4m of the placement funds have been used to advance the definitive feasibility study and other development activities at the Moorlands Project and for working capital purposes.
Intended use of remaining cash:	The Company is currently undertaking development and exploration activities at its existing projects. The funds will be used for working capital purposes, predominately to fast-track the development of the Company's flagship Moorlands Project. The Company is also seeking to acquire new resource assets or investments therefore the funds may be used for this purpose.

Date of issue:	8 September 2014
Number issued:	63,106,796
Class/ Type of equity security:	Fully paid ordinary share

Summary of terms:	Fully paid ordinary shares which rank pari passu with the existing shares in the Company.
Name of persons who received securities or basis on which those persons was determined:	Longluck Investment (Australia) Pty Ltd
Price:	\$0.103
Discount to market price:	n/a
Total cash consideration received:	\$6,500,000
Amount of cash consideration spent:	Nil
Intended use of remaining cash:	The Company is currently undertaking development and exploration activities at its existing projects. The funds will be used for working capital purposes, predominately to fast-track the development of the Company's flagship Moorlands Project. The Company is also seeking to acquire new resource assets or investments therefore the funds may be used for this purpose.

9. Glossary

In this Notice and the Explanatory Memorandum:

\$ mean Australian Dollars.

Annual Report means the Directors' Report and Auditor's Report, Directors' Declaration, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the Financial Statements in respect to the financial year ended 30 June 2014.

ASIC means Australian Securities and Investment Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day means:

a) For determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and

b) For any other purpose, a day (other than a Saturday, Sunday or public Holiday) on which banks are open for general banking business in Perth.

Cuesta and Company means Cuesta Coal Limited ACN 153 351 994

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

EPC means exploration permit for coal.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the official listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Trading Day means a day determined by ASX to be trading day in accordance with the Listing Rules.

Schedule means a schedule to this Notice.

Section means a section contained in the Explanatory Memorandum.

Share means a fully paid ordinary share in the issued capital of the Company.

Shareholder means a shareholder of the Company

VWAP means the volume weighted average price.

AEDT means Australian Eastern Daylight Time, being the time in Sydney, New South Wales.

AEST means Australian Eastern Standard Time, being the time in Sydney, New South Wales.

In this Notice the Explanatory Memorandum words importing the singular include the plural and vice versa.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Megan McPherson (Company Secretary):

Cuesta Coal Limited

Address: Suite 15.01, Level 15, 31 Market Street, Sydney NSW 2000

Postal Address: PO Box Q716, Queen Victoria Building, Sydney NSW 1230

Ph: (02) 9284 5900

Fax: (02) 9284 5999

Email: info@cuestacoal.com.au



Cuesta Coal Limited
ACN 153 351 994

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number:

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 11:00am (AEDT) on Wednesday 26 November 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Cuesta Coal Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Cuesta Coal Limited to be held at the offices of Thomsons Lawyers, Level 25, 1 O'Connell Street, Sydney, NSW on Friday, 28 November at 11:00am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director - Mr Pat Elliott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director - Mr Huaixi Zheng	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Director - Mr Sunming Zhou	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of the issue of 25,000,000 ordinary shares pursuant to ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /