
ASX Announcement

Notice of Claim EPC 1802

17th June 2016: Cuesta Coal Limited (ASX: CQC) ("Cuesta" or "Company") advises that on 13th June 2016 it was served with a notice of claim filed in the Supreme Court of Queensland by interests associated with Owen and Reginald Wellington and Ronald Fox, the previous owner of EPC 1802 and an assignee of such an interest respectively ("**Claimants**").

The Claimants are seeking a declaration and related orders against Cuesta in respect of a series of contracts and deeds entered into between 2010 and 2013 governing the terms of sale of EPC 1802 (collectively described in the claim as the "**Final Agreement**") to Blackwood Exploration Pty Ltd (a subsidiary of Cuesta) as purchaser.

In the proceedings the Claimants relevantly seek:

1. a declaration that on a proper construction of the Final Agreement there is an implied obligation on Cuesta to engage a Competent Person (as defined in the JORC code) for the purpose of inferring the existence of a Measured Mineral Resource with an estimate tonnage of 100,000,000 tonnes or more of coal in EPC 1802 ("**Third Milestone**") and
2. orders requiring Cuesta to engage a Competent Person for that purpose and to provide that Competent Person with all documentation or material that he or she indicates is needed in order to infer the existence of a Measured Mineral Resource.

The Company intends to defend the claims in the proceedings.

The Company:

1. does not agree with the construction of the Final Agreement as contended for by the Claimants; and
2. believes that it has complied fully with its obligations to the Claimants, and is not under any further obligation to engage a Competent Person as outlined in the claim.

The Company has been in discussions for some time with the Claimants.

In those discussions the Claimants have contended that, if the Third Milestone is achieved, they are entitled under the Final Sale Agreement , as part consideration for the sale of EPC 1802, to an issue of Shares (**Third Tranche Shares**) and options (**Third Tranche Options**) in Cuesta calculated pursuant to a formula set out in the Final Sale Agreement.



Cuesta maintains the Third Milestone has not been achieved in accordance with the terms of the Final Sale Agreement and it has no obligation to issue the Third Tranche Shares and Third Tranche Options.

Cuesta has previously offered, on a without admissions basis, to provide all raw geological data that it currently holds in respect of EPC 1802 to the Claimants for them to furnish to their own Competent Person for the purpose of the Claimants satisfying themselves of the position at their own expense, subject only to their execution and compliance with a non disclosure agreement to protect the confidentiality of that information.

That offer has not been accepted. Instead the Claimants have commenced the proceedings.

The Company will keep the market updated on the progress of the court proceedings.

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About Cuesta

Cuesta Coal Limited ("Cuesta") is an ASX listed coal exploration company with a pipe line of coal projects ranging from development to greenfield exploration. The Company is supported by a strong cornerstone investor and is targeting coal production from its Moorlands Project in a 3 – 5yr 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

For further information:

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