

3 May 2012

### **Cuesta Coal JV Update – Exploration Activities Update**

Australian Pacific Coal Limited (“AQC”) advises that its joint venture partner in the East Wandoan project, Cuesta Coal Limited (“Cuesta Coal”) has announced their 2012 Exploration Activities Update.

Full details are set out in the following announcement by Cuesta Coal.

#### **About the East Wandoan Project**

Located in south-east Queensland’s coal province, Australian Pacific Coal (“AQC”) has a joint venture with Cuesta Coal Limited (“Cuesta Coal”) through 100% owned subsidiary Blackwood Resources Pty Ltd (“Blackwood”). The joint venture agreement covers four quality exploration permits (EPCs) prospective for shallow thermal coal.

Under the joint venture agreement, AQC has a 10% free carried interest up to the feasibility study stage with Cuesta Coal required to expend at least the minimum exploration commitment with the aim to prove up a coal resource and complete a feasibility study for the project(s).

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#### **About Australian Pacific Coal**

Australian Pacific Coal Limited (ASX:AQC) is an ASX-listed company focused on the exploration and development of metallurgical and thermal coal projects. With interests in 32 coal tenements strategically located in south-east Queensland’s Bowen and Surat Basins, AQC has joint venture agreements in place with mining major Rio Tinto and Cuesta Coal.



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## **Cuesta Coal 2012 Exploration Activities Update**

**Sydney, 27<sup>th</sup> April 2012:** The Directors of Cuesta Coal Limited (“Cuesta”) are pleased to announce an update to the exploration activities targeted during 2012.

Cuesta has completed its East Wandoan exploration program and has recently commenced its Amberley exploration program.

### **2012 Exploration Program**

Cuesta will be conducting exploration on 4 coal project areas during 2012 totalling approximately 12,000 metres of drilling and 106 holes. Cuesta will consider the possibility of conducting extra drilling at its West Emerald project area once the Eastern Galilee Project area activities are concluded in September subject to weather conditions.

<b>Project</b>	<b>Coal Target</b>	<b>Depth of Coal</b>	<b>Target Completion Date</b>	<b>Exploration Activities</b>
East Wandoan	Thermal Coal	< 120 m	April 2012 (Completed)	<ul style="list-style-type: none"> <li>• 35 PCD Open Holes completed</li> <li>• 4 Cored Holes completed</li> </ul>
Amberley	Thermal Coal	< 120 m	May 2012 (Commenced)	<ul style="list-style-type: none"> <li>• 14 PCD Open Holes</li> <li>• 4 Cored Holes</li> </ul>
West Bowen	Thermal Coal	20 – 250 m	July 2012	<ul style="list-style-type: none"> <li>• 20 PCD Open Holes</li> <li>• 6 Cored Holes</li> </ul>
Eastern Galilee	Thermal Coal	< 200 m	September 2012	<ul style="list-style-type: none"> <li>• 17 PCD Open Holes</li> <li>• 6 Cored Holes</li> </ul>

## East Wandoan Project

As previously announced on the 16<sup>th</sup> of March, Cuesta commenced drilling at its East Wandoan Project located in the Surat Basin targeting shallow Taroom Coal Measures. The exploration activities are targeted to increase the current resource base.

A total of 35 PCD open holes have been completed to date, 4 fully cored holes have been completed totalling 4138 metres of drilling. The total number of holes was increased to 39 holes from 32 to obtain additional data to feed into the geological model for the subsequent resource calculation.

The board and technical team of Cuesta have been encouraged by the results of the exploration activities to date. Once all of the technical data has been obtained an independent geological assessment of the new data will be incorporated into the geological model and an update will be provided to the market.

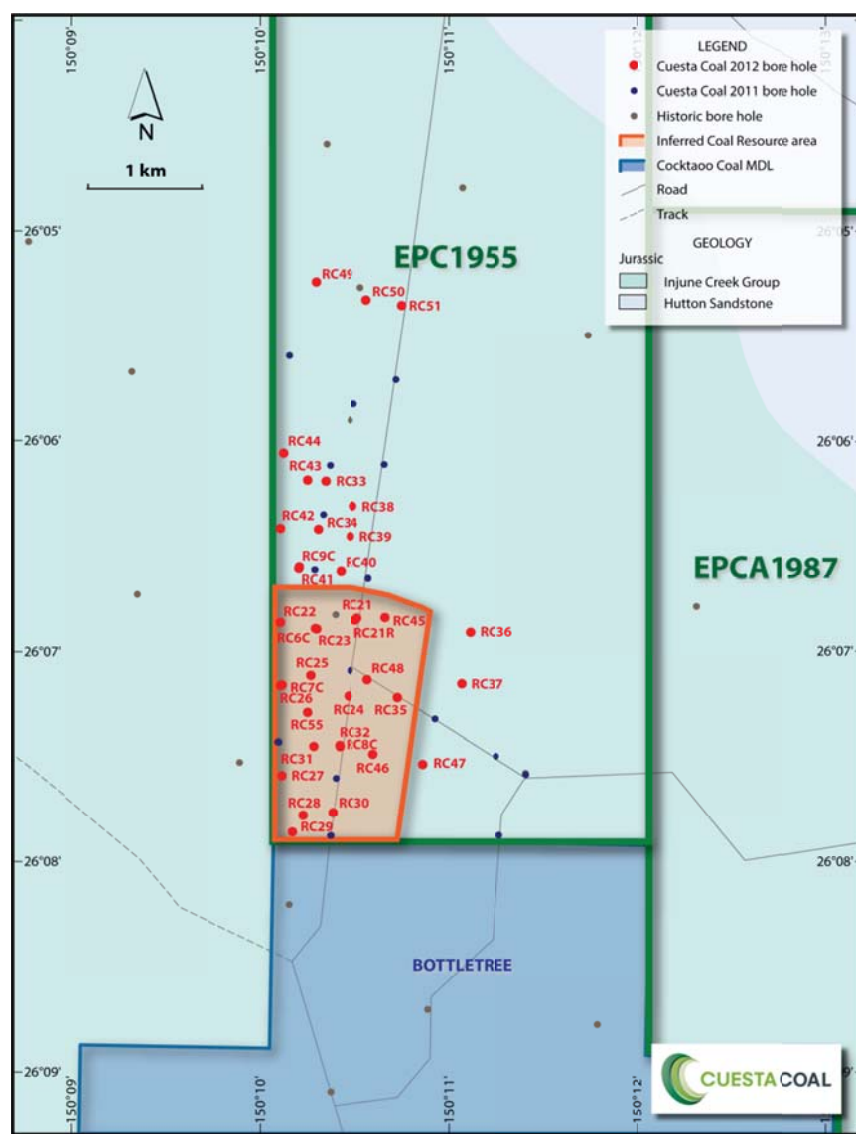


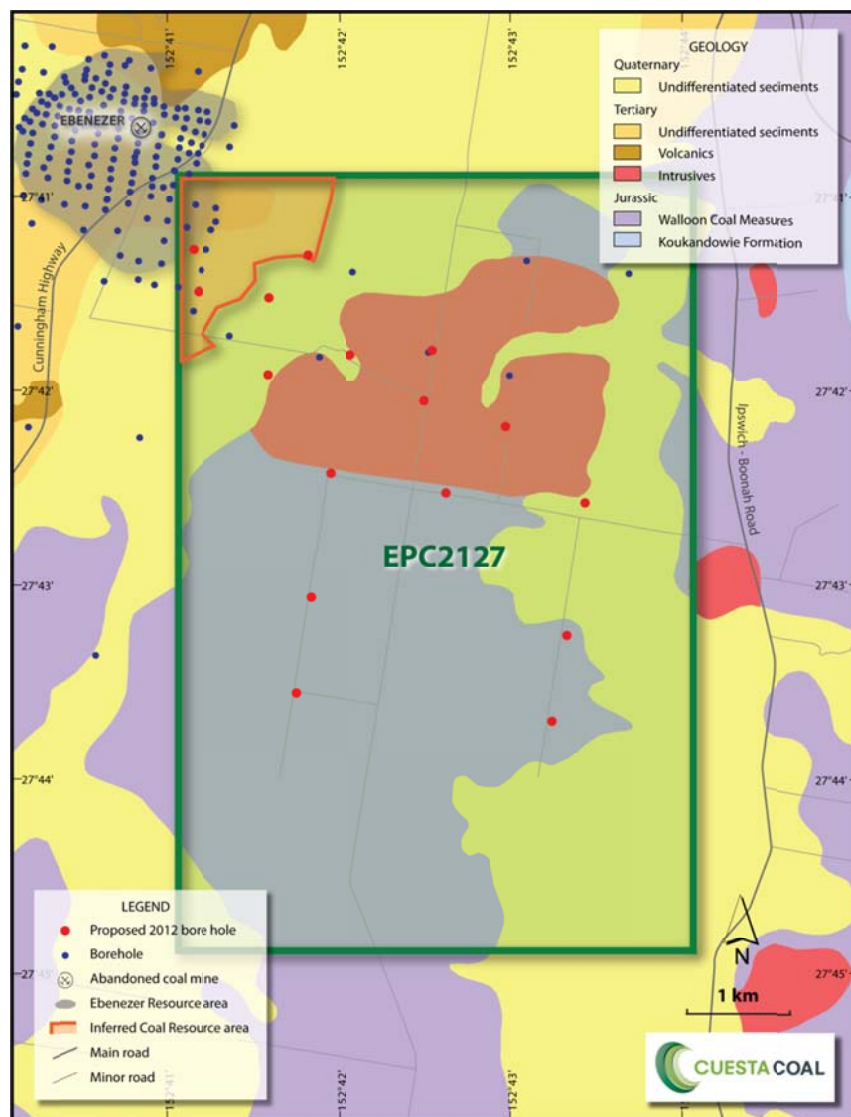
Figure 1: Completed Drill hole sites for the 2012 drill season at East Wandoan

## Amberley Project

The Amberley Project, located in the Clarence Moreton Basin in Queensland has recently commenced an exploration program consisting of 14 PCD open holes and 4 cored holes.

The coal targets in this region are Walloon Coal measures, similar to those mined at the nearby Jeebropilly Coal Mine and the soon to be restarted Ebenezer Coal Mine located 5km away.

The aim of the exploration activities is to convert the majority of the exploration target to an inferred resource. It is scheduled that the exploration activities at Amberley will be finished by mid May 2012.



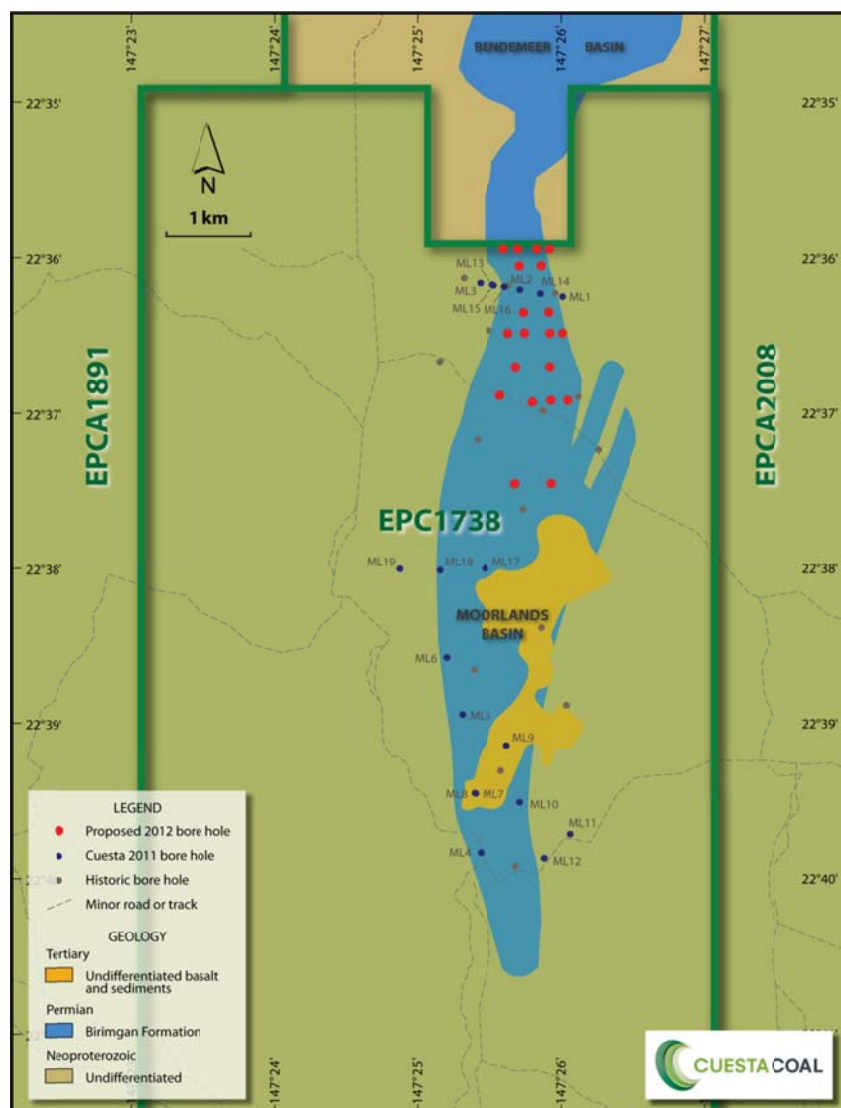
**Figure 2:** Proposed drill holes locations for the 2012 Amberley Exploration Program

## West Bowen Project

The West Bowen Project, located in the Western Bowen Basin in Queensland will be subject to an exploration program consisting of 20 PCD open holes and 6 cored holes at the “Moorlands Deposit”.

The Moorlands deposit is a discrete Permian sub basin located 14 km due west of the Blair Athol Coal Mine.

Exploration activities at the West Bowen project area are scheduled to commence late May and drilling will occur for a 6 week period. Exploration activities will focus on the area interpreted as having the thickest and closest to surface coal measures in the deposit derived from the 2011 exploration program and subsequent desktop studies completed by Cuesta.



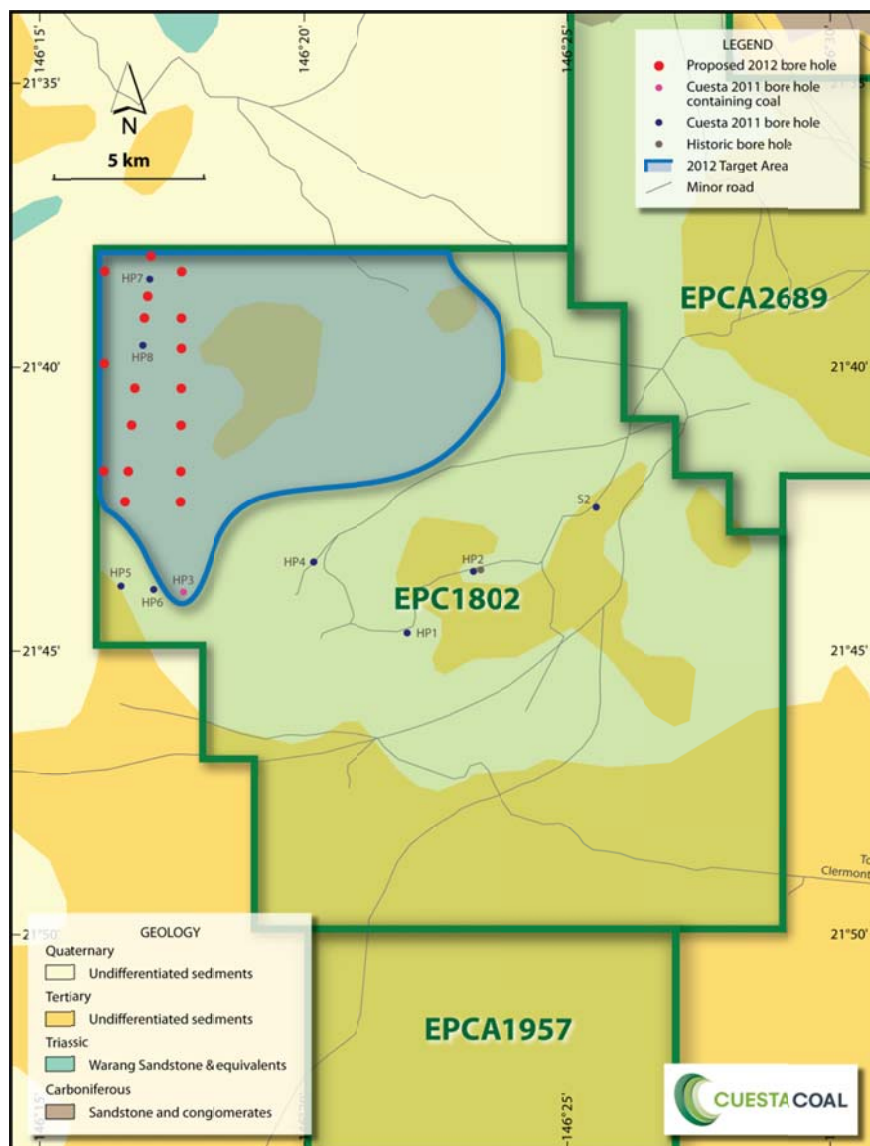
**Figure 3:** Proposed drill holes locations for the 2012 Moorlands Exploration Program

## Eastern Galilee Project

The Eastern Galilee Project, located along the Eastern Margin of the Galilee Basin will be subject to an exploration program consisting of 17 PCD open holes and 6 cored holes at EPC 1802 in the Eastern Galilee Project area.

The Eastern Galilee Project area is targeting extensions of the Betts Creek Bed Coal measures along the Eastern Margin of Galilee Basin. Scout drilling by Cuesta during 2012 confirmed the presence of coal 8 km further east than previously thought. The coal intersections and favourable geology has allowed Cuesta to identify a 10 – 15 km<sup>2</sup> target area for exploration activities on EPC 1802, approximately 30% of the target area will be tested during 2012.

Exploration activities at the Eastern Galilee project area will commence on approximately mid July.



**Figure 4:** Proposed drill holes locations for the 2012 Eastern Galilee Exploration Program

## West Emerald and Montrose Projects

Desktop evaluation studies are continuing at the West Emerald and Montrose Project areas to prioritise metallurgical coal targets. Cuesta has commenced an independent geological assessment of the two project areas and will be released to the market upon completion.

At West Emerald, the exploration concept is targeted to identify down dip extensions of the Valeria Deposit which is owned by Rio Tinto. Cuesta Coal has placed an internal exploration target area in EPCA 2093 where historic drilling has encountered coal at depths less than 150m from the surface

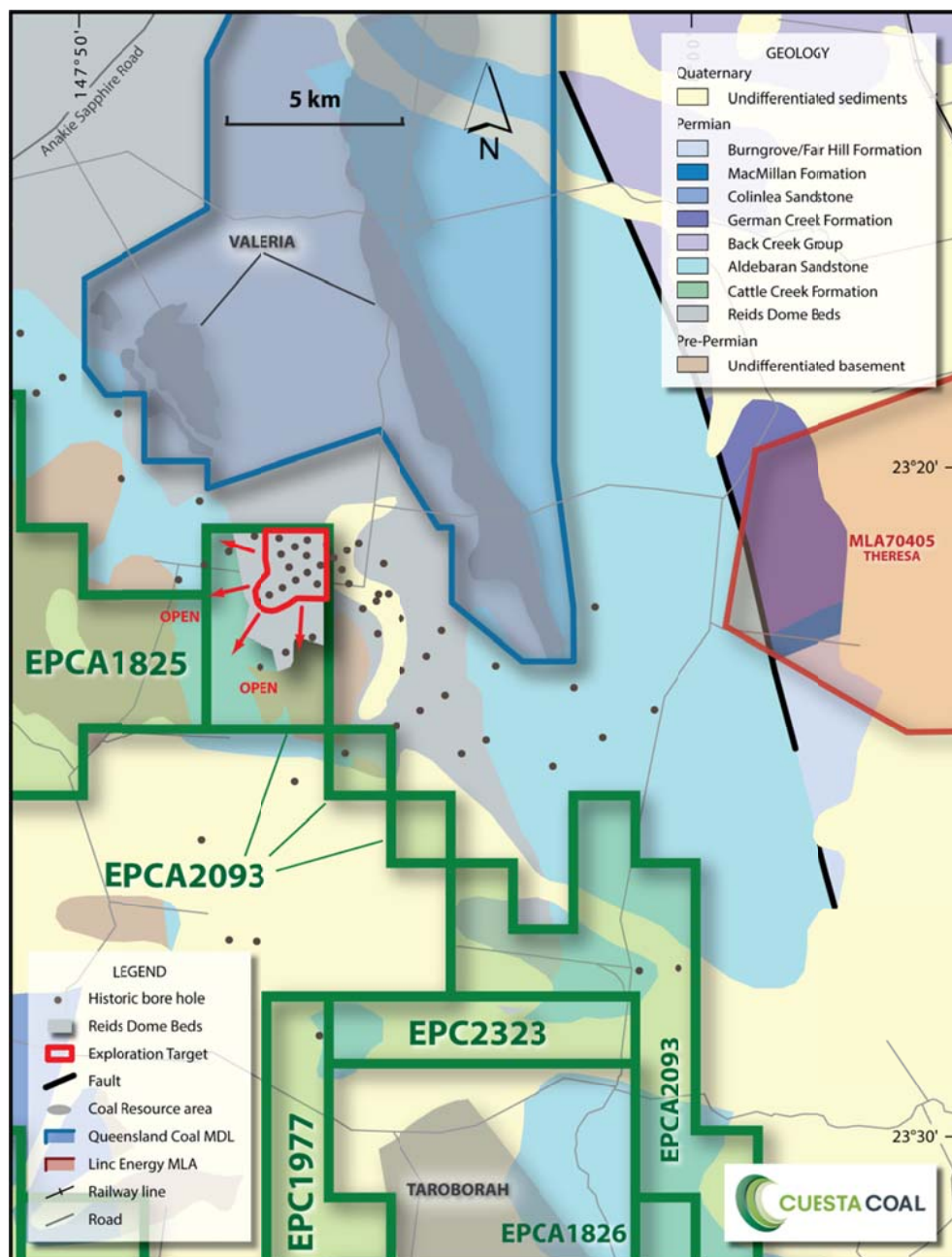


Figure 5: Exploration Target area of West Emerald Project Area

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### **About Cuesta Coal**

Cuesta Coal Limited (“Cuesta”) is a Queensland focussed Australian coal exploration company. Cuesta has assembled a diverse portfolio of thermal and coking coal exploration prospects within the Bowen, Surat and Galilee basins in Queensland. The Company’s core projects are well situated geographically with over 11,000km<sup>2</sup> of exploration ground in total.

Cuesta’s balanced portfolio consists of a pipeline of projects ranging from advanced exploration requiring resource definition drilling, to conceptual lateral opportunities requiring scout drilling. The projects are located in close proximity to current and future planned infrastructure.

Cuesta has an advanced exploration programme underway with exploration commencing in the second quarter of 2011 with in excess of 6,000m of drilling completed at three completed project sites. The company has established operating systems to fully undertake its planned 2012 & 2013 drill programmes and intend to drill 10,000m during 2012 alone.

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*A report entitled ‘East Wandoan Project JORC Resources dated 2<sup>nd</sup> February 2012, has been made by Lyndon Pass of Encompass Mining, and it reflects his current view of the East Wandoan coal deposit resource. In the future, as additional information may become available, this view could be subject to modification. The full report contains detailed information regarding the East Wandoan deposit.*

*A report entitled ‘Amberley Project (EPC 2127) – Resource Estimate” dated 2<sup>nd</sup> February 2012, has been made by Lyndon Pass of Encompass Mining, and it reflects his current view of the Amberley coal deposit resource. In the future, as additional information may become available, this view could be subject to modification. The full report contains detailed information regarding the Amberley deposit.*

*Lyndon Pass is a Member of the Australian Institute of Mining & Metallurgy (AusIMM). Lyndon Pass consents to the inclusion in the current document of the matters concerning Coal Resources at East Wandoan and Amberley based on his information in the form and context in which they appear. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ published by the Joint Ore Reserves Committee (JORC).*



*Sections of information contained in this report that relate to Exploration Results and Targets were compiled or supervised by Brice Mutton, who is a Fellow of the Australasian Institute of Mining and Metallurgy and is Technical Director to Cuesta Coal Limited. Mr Mutton 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 Mutton consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*