

7 March 2012

Company Announcements Office
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

Cuesta Coal (Blackwood) Joint Venture Update - IPO

Australian Pacific Coal Limited ("AQC") is pleased to report that Cuesta Coal Limited ("ASX:CQC") has announced the opening of their offer period for an Initial Public Offering (IPO) to list on the Australian Stock Exchange (ASX) as detailed in the following release by Cuesta Coal Limited.

AQC Group joint ventured four EPCs out to coal explorer Cuesta Coal Limited subsidiary, Blackwood Resources Pty Ltd ("Blackwood"), in April 2010. AQC Group retained a 10% free carried interest up to feasibility study stage. Under the terms of the JV, Blackwood pays AQC \$125,000 upon grant of each EPC and is 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). Blackwood can withdraw at any time and offer the project(s) back to AQC at no cost.

AQC Group retains its 10% free carry interest up to feasibility stage in the four East Wandoan joint ventured coal exploration tenements. The "funds raised from the offer will primarily be used to fund a two year exploration and development programme on CQC's tenements".

Yours faithfully



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Cuesta Coal Limited IPO Offer Opens

- **Maximum of 113,333,333 shares being offered at 30 cents per share**
- **Total gross proceeds from the offer of \$34 million at the maximum subscription**
- **Market capitalisation upon listing of \$67.4 million at the maximum subscription**
- **Cornerstone investor secured**
- **Advanced exploration programme underway aimed at increasing resource base**
- **Trading on ASX is planned to commence on 5th April 2012**

Sydney, 7th March 2012: The Directors of Cuesta Coal Limited (ASX:CQC) are pleased to announce the opening of the company's Offer Period for an Initial Public Offering (IPO) to list on the Australian Securities Exchange (ASX). The company seeks to raise a maximum of \$34 million by the offer of 113,333,333 shares at an offer price of \$0.30 with a minimum subscription of 80,000,000 shares to raise \$24 million ("The Offer").

Upon listing, at the maximum subscription, CQC will have a market capitalisation of \$67.4 million

CQC have appointed Austock Securities as lead manager and sponsoring broker for the IPO.

On 29 December 2011, CQC entered into a funding agreement with Beijing Guoli Energy Investment Co. Ltd for the investment of \$20 million. The investment is to be completed in two stages, a \$5m pre-IPO investment at \$0.25 per share and a further \$15m investment in the IPO at \$0.30 per share, subject to the satisfaction of certain conditions. CQC has received the first \$5 million which is being used to fund ongoing exploration.

CQC is well positioned for significant growth through the development of its projects. Full details of the projects, exploration development plans and details on the Company are provided in the Prospectus which is available at the company's website www.cuestacoal.com.au

CQC has assembled a diverse portfolio of thermal, PCI and coking coal exploration prospects within Queensland's world class coal basins, including the Bowen, Surat and Galilee. The Company's core projects are well situated geographically with over 11,000km² of exploration ground in total.

Funds raised from the offer will be primarily used to fund a 2 year exploration and development programme on CQC's tenements.

CQC'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.

CQC 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.

Cuesta Coal's Managing Director and CEO Matt Crawford said: "We are very encouraged by the prospects for Cuesta and we are pleased to present this offer to investors. This is an opportunity for investors to participate in the development of significant coal deposits.

"We have assembled a large portfolio of assets in Queensland's world class coal basins. In addition to our existing resource base, we are confident of continuing exploration success in 2012 and beyond.

"We are particularly encouraged with the investment commitment Beijing Guoli. It is also a sound endorsement of the strength of our portfolio and management team."

The offer is expected to close on the 30th March 2012 with listing on the ASX by 5th April 2012. A copy of the prospectus and application form is available at <http://www.cuestacoal.com.au/>

ENDS

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