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HD (AECQC) Cuesta Coal strengthens balance sheet with placement

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<sup>LP</sup> Sydney - Monday - May 19 (RWE) - Cuesta Coal Limited (ASX: CQC) announces that it has executed a Share Subscription Agreement with the company's major shareholder, Longluck Investment (Australia) Pty Ltd, a wholly owned subsidiary of Beijing Guoli Energy Investment Co. to raise \$8.5 million.

In addition, Beijing Guoli has committed a further \$6.5 million, with settlement three months following settlement of the Stage 1 Placement ("Stage 2 Placement").

TD Each of the Stage 1 Placement and Stage 2 Placement (collectively "the Placement") are conditional on Cuesta shareholder approval and various regulatory approvals.

The issue price for the Placement is 10.3 cents per share, which represents a 10% premium to the 30 day VWAP and a 15% premium to the last traded price.

Placement funds will be applied to advancing the Definitive Feasibility Study ("DFS") for the company's flagship development project, Moorlands and repayment of the \$5 million Convertible Note liability associated with the acquisition of the Orion Coal Project (EPCs 775 and 776 contained in the Moorlands Project) in 2012.

Terms of the Share Subscription Agreement: The following are key terms and conditions of the Share Subscription Agreement with Longluck:

\*\* Stage 1 Placement of \$8.5 million via the issue of approximately 82.5 million new ordinary shares to Longluck.

\*\* Stage 2 Placement of \$6.5 million via the issue of approximately 63.1 million new ordinary shares to Longluck, three months following settlement of the Stage 1 Placement.

\*\* Issue price of 10.3 cents per share, a 10% premium to the 30 day VWAP and a 15% premium to the last traded price.

\*\* The Placement is subject to Chinese Regulatory, FIRB, noteholder and Cuesta Shareholder approval.

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