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HD China : CHINESE backing in Australian resources sector obtained by Cuesta Coal

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LP Beijing Guoli Energy, the major shareholder of Cuesta Coal, will raise its stake in the Australian coal company from 36% to 54%. This will observe BGE invest AUD 15 million into the company through two separate share placements. The attempt is the newest in a series of Chinese investments in the Australian resources sector. [Cuesta Coal](#) said that it was pleased with the value of the deal, as it noted that an issue price of 10.3% represented a premium to the last traded price. The funds will be put towards advancing the definitive feasibility study for the Moorlands coal project, in addition to repaying an AUD 5 million convertible note liability associated with the purchase of the Orion coal project in 2012. BGE's subsidiary, Longluck Investment, will place AUD 8.5 million into Cuesta through the issue of about 82.5 Million new ordinary shares. This will be followed 3 months later with a further placement of AUD 6.5 million through the issue of about 63.1 million new ordinary shares.

TD [Mr Matthew Crawford MD of Cuesta Coal](#) said that The funding agreement announced today with Beijing Guoli significantly strengthens the company's balance sheet and allows us to continue to work towards achieving development objectives at Moorlands, in particular the operational focus on advancing the definitive feasibility study. This is particularly pleasing given the challenging market conditions currently faced by emerging coal companies and the limited availability of funding. Mr Crawford said that BGE's total investment in Cuesta will be AUD 47 million. In addition the continued support of BGE will increase the likelihood of securing favourable project finance funding for the construction phase of Moorlands.

CO ccoalz : Cuesta Coal Limited

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