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HD Chinese tip another \$15m into Cuesta Coal
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LP MINING: The Chinese are continuing their support of Australian coal projects, despite tough market conditions.

Cuesta Coal yesterday said its major shareholder, state-owned Beijing Guoli Energy Investment Company, would inject \$15 million into the company via two separate share placements to increase its stake from 36 per cent to 54 per cent.

TD "The funding agreement ... with Beijing Guoli significantly strengthens Cuesta's balance sheet and allows Cuesta to continue to work towards achieving its development objectives at Moorlands, in particular the operational focus on advancing the definitive feasibility study," managing director [Matthew Crawford](#) said.

"This is particularly pleasing given the challenging market conditions faced by emerging coal companies and the limited availability of funding." Crawford said that following the completion of both tranches of the share placement, the Chinese company would have invested \$47m in Cuesta.

"The continued support of Beijing Guoli will increase the likelihood of securing favourable project finance funding for the construction phase of Moorlands," he said.

The Moorlands project is an open-cut thermal coalmine 30km north west of Clermont in Queensland's Bowen Basin. The company is hoping to have it in production by 2016.

Australia's thermal coal market has been struggling with a combination of low prices and high costs. Analysts say the sector is ripe for merger and acquisition activity.

Nathan Tinkler re-entered Australia's coal space last week, with the \$150m purchase of Peabody Energy's Wilkie Creek thermal coalmine in Queensland.

Several projects are being mothballed and expansion plans scaled back because of market conditions, while Brazil's Vale announced over the weekend it would close its Integra coalmine in the Hunter Valley region of NSW. It said the decision to place the mine on care and maintenance was because of unsustainable financial losses at the operation.

The Construction Forestry Mining and Energy Union said yesterday 500 jobs were at risk, which would have devastating consequences for Singleton.

"Workers are angry and upset about losing their jobs," CFMEU northern mining and NSW energy district president Peter Jordan said. "But people are also looking for clarity about whether Vale intends to resume production at the mines." "Vale must not be allowed to use a break in production to replace a local, permanent workforce with a casualised, commuting workforce."

CO ccoalz : Cuesta Coal Limited

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