

NEWS RELEASE

October 20, 2011

SUBSTANTIAL 24% INCREASE IN VISTA BFS PRODUCTION RATE TO 11.2MTPA

Highlights:

- *Forecast annual marketable coal production capacity increases by 24% to 11.2Mtpa in the ongoing BFS, up from 9.0Mtpa in the PFS*
- *Production increase the result of enhanced mine planning, improved clean coal yield and optimized infrastructure design as part of the BFS*
- *Continuing positive results from BFS illustrate Vista's potential to become a world class exporter of thermal coal and Canada's largest export thermal coal mine*
- *BFS on budget and on schedule for publication in early 2012 following completion at the end of 2011*

PERTH, Western Australia: Coalspur Mines Limited ("Coalspur" or "Company") (ASX: CPL, TSX: CPT) is pleased to announce that the forecast marketable coal production from the Vista Coal Project ("**Vista**") has increased to 11.2 million tonnes per annum ("**Mtpa**") as part of the ongoing Bankable Feasibility Study ("**BFS**"). This represents a 24% increase over the 9Mtpa estimated in the Pre-Feasibility Study ("**PFS**"). The increased production rate is the result of enhanced mine planning, increased clean coal yield and the optimization of mine infrastructure design. The BFS is progressing on schedule and is expected to be ready for publication in early 2012 following completion at the end of 2011.

Commenting on the increased forecasted production, Managing Director and CEO, Gene Wusaty said "The expanded annual production further confirms Vista's status as a world-class, Tier one mining project. We expect that the increased production volumes in conjunction with the accessible rail and port infrastructure will render Vista an important first-world alternative supplier of export thermal coal to the rapidly expanding Asian Pacific economies."

The enhanced mine planning, improved clean coal yield, and optimized infrastructure design has resulted in a 24% increase in the forecasted marketable production as compared to the PFS. The revised production plan will process approximately 20.1Mtpa of run of mine ("**ROM**") coal and produce 11.2Mtpa of marketable coal.

Table 1: BFS Processing Plant Summary

Seam	Clean Coal Production (Mtpa)	Average Clean Coal Yield	Run of Mine Production (Mtpa)	% of Run of Mine Tonnes	Nominal Run of Mine Tonnes per Hour	Annual Plant Operating Hours	Net Effective Utilisation
Val D'Or and McPherson	9.8	57.9%	16.9	84%	3,000	5,628	64%
McLeod	1.4	42.5%	3.2	16%	2,781	1,156	13%
Total	11.2	55.7%	20.1	100%	2,963	6,784	77%

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Enhanced Mine Plan

Marston Canada Ltd. (“**Marston**”) is responsible for the mine design and life-of-mine plan for the BFS. Marston has extensive experience in successfully integrating draglines with large complex truck-shovel surface mining operations. Marston has developed a mine plan for Vista that will deliver the increased tonnages to the coal processing plant.

The updated mine will accelerate dragline mining to the first year of production as compared to the fifth year, as outlined in the PFS, resulting in lower comparable mining costs. Similar to the PFS, the development of the mine is planned to be completed in two phases. This approach will enable Coalspur to utilize the mine permit which was granted in May 2011 and reduce upfront capital required before achieving significant operating cashflows.

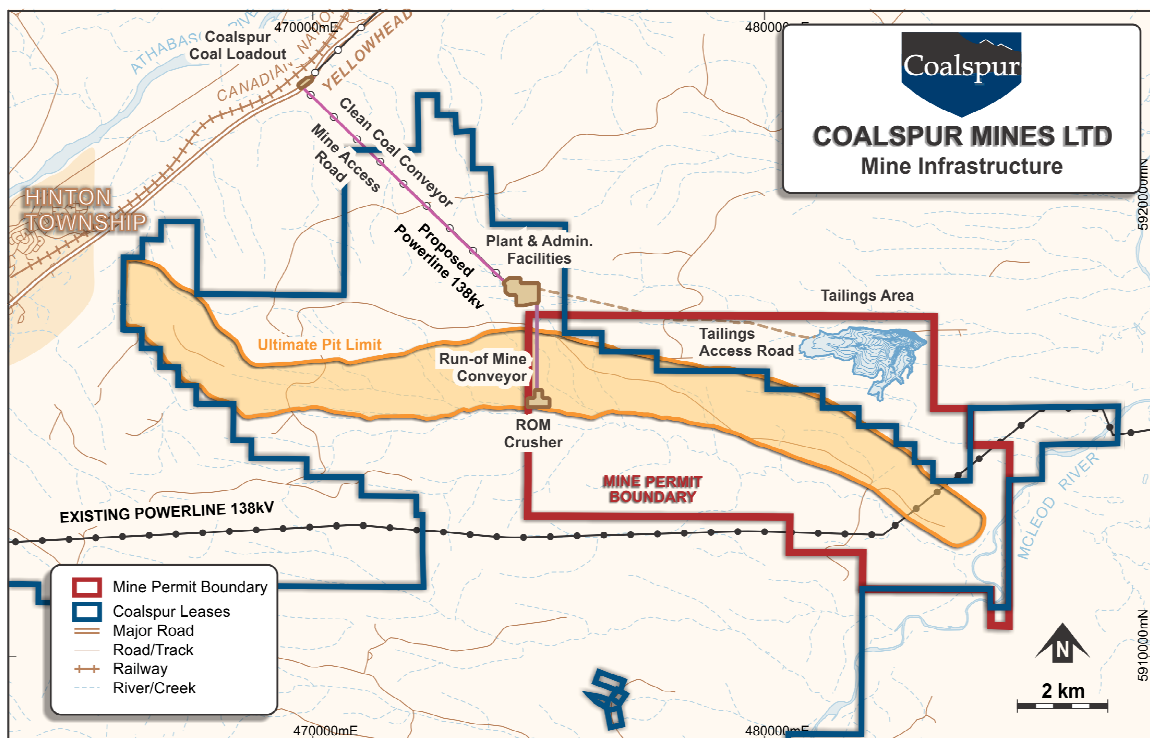


Figure 1: BFS Vista Mine Infrastructure Layout

Optimized Infrastructure

Key components to the increase in forecasted production are the optimized coal processing and infrastructure facilities. The process plant has been designed by leading Australian engineering firm CPG Resources – QCC Pty Ltd (“**CPG**”), a subsidiary of Downer EDI Limited. The process plant is forecasted to run at approximately 6,800 plant operating hours or at 77% net effective utilisation. This will result in the preparation plant processing 20.1Mtpa of ROM coal and producing 11.2Mtpa of marketable coal. Other coal handling and preparation infrastructure includes two nominal 1,500 raw tonnes per hour preparation plant modules, two thermal dryer modules, and three stages of raw coal sizing facilities.

CWA Engineers Inc. (“**CWA**”), a premier consulting engineering and project management which brings significant Canadian cold weather experience, is responsible the infrastructure design on the BFS. CWA has designed the various infrastructure components which include the ROM conveyor, coal sizing facilities, coal storage facilities, clean coal conveyor and rail car loadout, to handle the increased annual tonnages from the updated mine plan.

A comparison of the coal processing plants designed as part of the BFS and the PFS is below:

Table 2: Coal Processing Plant Capacity Comparison		
	<i>Bankable Feasibility Study</i>	<i>Pre-Feasibility Study</i>
Clean Coal Production (Mtpa)	11.2	9.0
Run of Mine Production (Mtpa)	20.1	18.0
Nominal Run of Mine Tonnes Per Hour	2,963	2,420
Annual Plant Operating Hours	6,784	7,438
Net Effective Utilisation	77%	85%

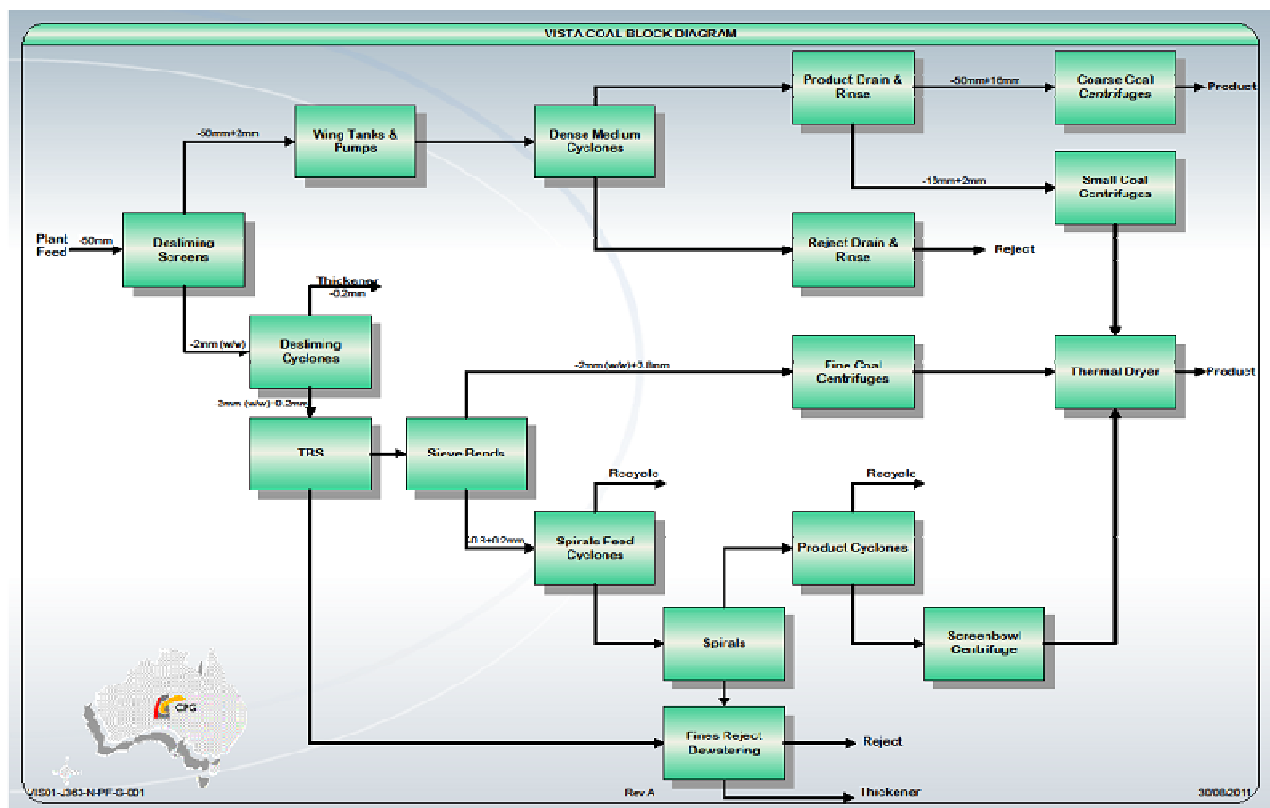


Figure 2: Vista Coal Project Preparation Plant Flowsheet

Other Infrastructure Components

In addition to the refined mine plan and processing plant design several other infrastructure components have been optimized to accommodate the increased yearly tonnages. These components include the raw coal storage, coal sizing facilities, overland conveyor, and rail car load out facility.

For additional information, please contact:

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About Coalspur

Coalspur Mines Limited ("Coalspur" or "Company") is a coal exploration and development company with over 33,200 hectares of coal exploration leases located within the Hinton region of Alberta, Canada. Coalspur's flagship coal project is the Vista Coal Project ("Vista") which has the potential to be the largest export thermal coal mine in Canada.

Vista is able to leverage off already established first world infrastructure, with CN Rail facilities located adjacent to Vista that are substantially underutilised and provide a rail track suitable for the transport of coal to deepwater ports that already service the growing demand from the Asian Pacific Rim countries, including China, Japan and Korea.

Vista covers approximately 10,000 hectares and contains over 20km of continuous gently dipping strike length and a Measured and Indicated Coal Resource base of 985 million tonnes of low sulphur, high volatile bituminous, export quality thermal coal. The Company is currently undertaking a Bankable Feasibility Study ("BFS") on Vista following a Pre-Feasibility Study ("PFS") completed in December 2010. The PFS defined an initial marketable coal reserve of over 260 million tonnes ("Mt") from a recoverable coal reserve of approximately 522Mt. As part of the ongoing BFS, the marketable and recoverable coal reserves are being re-evaluated and will incorporate the recently completed enhanced mine plan, increased clean coal yield and the optimization of mine infrastructure design.

JORC / NI 43-101 Coal Reserves – Pre-Feasibility Study						
	Recoverable Coal Reserve			Marketable Coal Reserve		
	Proven (Mt)	Probable (Mt)	Proven & Probable (Mt)	Proven (Mt)	Probable (Mt)	Proven & Probable (Mt)
Vista Coal Project	415.4	106.3	521.7	208.4	51.6	260.1

The BFS is being completed by a group of internationally recognized engineering firms and is progressing on schedule for publication in early 2012 following completion at the end of 2011. The BFS is the final technical study before construction commences at Vista and is focused on an enhanced mine plan, operating and capital cost assessments and infrastructure, transport and logistics arrangements.

JORC / NI 43-101 Coal Resources				
	Measured (Mt)	Indicated (Mt)	Measured & Indicated (Mt)	Inferred (Mt)
Vista Coal Project	658.7	326.7	985.4	304.6
Vista South Coal Project	51.5	41.9	93.3	75.0
Coalspur Total Resource	710.2	368.6	1,078.7	379.6

In addition the Company holds leases directly south of Vista named the Vista South Coal Project ("Vista South"). Vista South covers over 23,000 hectares extends for over 25km on each of the northern and southern limb of the Entrance Syncline which the company believes has the potential to host a significant coal resource. First phase drilling in the area together with existing historical information has allowed the Company to define an initial Measured and Indicated Coal Resource of 93 million tonnes. Further drilling and potential resource upgrades are scheduled during 2011 on Vista South.

Coalspur has offices in Calgary and Hinton in Canada as well as in Australia. The Company's goal is to develop a major new thermal export coal region in Alberta to meet growing energy demands worldwide and in particular of the insatiable Asia Pacific market. The Company is dual listed on the Toronto Stock Exchange ("TSX") under the symbol "CPT" and on the Australian Securities Exchange ("ASX") under the symbol "CPL".

Regulatory Disclosures

For further information regarding the Vista Coal Project and Vista South Project, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the projects, please refer to the technical report on the Vista Coal Project titled "Vista Coal Project Prefeasibility Study" dated January 25, 2011 and the technical report on the Vista South Project titled "Resource Estimate for the Vista South Coal Property" dated December 15, 2010, which are compliant with National Instrument 43-101 – "Standards of Disclosure for Mineral Projects" ("NI 43-101") and are available for review on SEDAR at sedar.com.

Competent Person / Qualified Person Statements

The information in this news release that relates to Coal Resources is based on information compiled by Mr. Robert J. Morris, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. Morris is a full-time employee of Moose Mountain Technical Services, who are consultants to Coalspur. Mr. Morris has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking 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' ("JORC Code"), and a "Qualified Person" under NI 43-101. Mr. Morris has approved and consents to the inclusion of such information in this news release in the form and context in which it appears.

The information in this news release that relates to Coal Reserves is based on information compiled by Mr. Robert Fong, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. Fong is an associate of Moose Mountain Technical Services, who are consultants to Coalspur. Mr. Fong has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Fong has approved and consents to the inclusion of such information in this news release in the form and context in which it appears.

The information in this news release that relates the Bankable Feasibility Study on the Vista Coal Project is based on information compiled by Mr. Murray Lytle, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. Lytle is a full-time employee of Snowden Mining Industry Consultants Inc., who are consultants to Coalspur. Mr. Lytle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Lytle has approved and consents to the inclusion of such information in this news release in the form and context in which it appears.

All other scientific and technical information in this news release is based on information compiled by Mr. Eugene Wusaty, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Wusaty is a full-time employee of Coalspur. Mr. Wusaty has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a "Competent Person" as defined in the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Wusaty has approved and consents to the inclusion of such information in this news release in the form and context in which it appears.

Forward Looking Statements

This news release contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's Pre-Feasibility Study and Bankable Feasibility Study, production rates, drilling programs, time lines and completion dates, permits and approvals, business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, studies, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'expect', 'potential', 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', "evolve" or variations of such terms and similar expressions. Persons reading this news release are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Such factors include, without limitation, inherent uncertainties and risks associated with mineral exploration; uncertainties related to the availability of future financing necessary to undertake activities on the Company's properties; uncertainties related to general economic conditions; uncertainties related to global financial conditions; risks related to the integration of businesses and assets acquired by the Company; risks associated with the Company having no history of earnings or production revenue; uncertainties related to the possible recalculation of, or reduction in, the Company's mineral reserves and resources; uncertainties related to the outcome of studies to be undertaken by the Company; uncertainties relating to fluctuations in coal price; the risk that the Company's title to its properties could be challenged; risks related to the Company's ability to attract and retain qualified personnel; uncertainties related to the requirement for ministerial approval for a change of control of the Company; risks relating to consultation with the public and aboriginal groups; uncertainties related to the competitiveness of the mineral resource industry; risks associated with the Company being subject to government regulation, including changes in regulation; risks associated with the Company being subject to environmental laws and regulations, including a change in regulation; risks associated with the Company's need for governmental licenses, permits and approvals; uninsured risks

and hazards; risks associated with fluctuations in foreign exchange rates; risks related to default by joint venture parties, contractors and agents; inherent risks associated with litigation; risks associated with potential conflicts of interest; risks related to effecting service of process on directors resident in foreign countries; uncertainties related to the Company's limited operating history; risks related to the Company's lack of a dividend history; risks relating to short term investments; and uncertainties related to fluctuations in the Company's share price. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

In making the forward-looking statements the Company has applied several material assumptions which may prove to be incorrect, including, but not limited to, (1) that all required third party approvals will be obtained for the development, construction and production of its properties, (2) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (3) permitting, development and expansion proceeding on a basis consistent with the Company's current expectations; (4) currency exchange rates being approximately consistent with current levels; (5) certain price assumptions for coal; (6) production forecasts meeting expectations; (7) the accuracy of the Company's current mineral resource and reserve estimates; (8) labour and materials costs increasing on a basis consistent with the Company's current expectations; (9) that any additional required financing will be available on reasonable terms; and (10) assumptions made and judgments used in engineering and geological interpretation.

There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.

The Company disclaims any intent or obligation to update or revise any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.