

**NEWS RELEASE**

October 17, 2011

**SIGNIFICANT INCREASE IN CLEAN COAL YIELD CONFIRMED BY COAL QUALITY TEST PROGRAM AT VISTA**

**Highlights:**

- *Overall clean coal yield increases substantially to 56%, up from previous estimate of 50%*
- *The increased clean coal yield is expected to lead to increased marketable coal reserves, which is currently being confirmed as part of the Bankable Feasibility Study*
- *Further testwork on McLeod seam confirms its suitability for export thermal markets – this seam was previously thought suitable only for domestic market*
- *Extensive coal quality testing supervised by leading industry specialist, included a three tonne bulk sample and over 1,200 raw coal data points encompassing all regional areas in Vista and included washability testing, clean coal analysis and attrition testing*

**PERTH, Western Australia: Coalspur Mines Limited (“Coalspur” or “Company”) (ASX: CPL, TSX: CPT)** is pleased to announce positive results from its extensive coal quality test program on the Vista Coal Project (“Vista”), which was undertaken to finalize coal quality specifications and determine the clean coal yield on Vista as part the ongoing Bankable Feasibility Study (“BFS”).

The test work demonstrated a substantial 12% improvement in the life of mine clean coal yield to 56% from 50%, as estimated in the Pre-Feasibility Study (“PFS”), and the identification of two separate coal products: Val D’Or and McPherson seams combined and McLeod seam, both now suitable for export markets. These results are expected to further enhance Vista’s overall project economics, which will be included in the BFS, which is expected to be ready for publication in early 2012 following completion at the end of 2011.

Commenting on the positive results, Gene Wusaty, Managing Director and CEO, said “We are very pleased that the extensive coal testing program has not only significantly increased coal yields but at the same time validated the marketing potential of both of Vista’s coal products for the export thermal coal markets. The significant improvement in clean coal yield is very positive for Vista’s project economics as it will increase the additional clean coal produced at Vista and reduce unit mining costs over the life of the mine.”

**Table 1: Life of Mine Clean Coal Yield Summary**

<b>Seam Clean Coal Yield</b>	<b>Bankable Feasibility Study</b>	<b>Pre-Feasibility Study</b>
Val D’Or	59.2%	52.9%
McPherson	56.9%	53.8%
Val D’Or and McPherson Combined	57.9%	53.3%
McLeod	42.5%	33.8%
All Seams Combined	55.7%	49.8%
<b>Clean Coal Product Split</b>		
Val D’Or and McPherson Combined	87.9%	
McLeod	12.1%	

Note: Clean coal product split as per current Coal Reserve estimate

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## Extensive Test Sampling

The coal quality testing was carried out under the supervision of internationally recognised coal industry consultant Robert Leach. The program included extensive testing of data derived from 66 core holes and a three tonne bulk sample which was completed by Coalspur in September 2010. The core holes represent data from all regional areas of Vista and were completed by Coalspur and previous operators. Test work performed included raw coal testing for washing, drying, handling, and settling pond design as well as combustion testing on the clean coal product.

The key parameters that were used to conduct the coal quality testing are as follows:

- 1,200 raw coal entries encompassing all regional areas in Vista;
- Detailed washability reporting yield, ash and calorific value by density on 300 working sections;
- Detailed clean coal analysis on 200 working section simulated product samples; and
- 200 attrition tests (drop shatter and wet tumble) on both coal and stone samples to support washplant design studies.

The table below lists the number of samples analysed for the various tests by seam.

Table 2: Vista Coal Quality Sampling Summary: 2010 - 2011											
Seam	Raw Coal				Sizing and Washability			Clean Coal			
	Total Moisture	Equilibrium Moisture	Proximates Relative Density, Total Sulphur	Calorific Value	Coal, Crush Procedure	Coal, Attrition Procedure	Stone, Attrition Procedure	Proximates, Total Sulphur, Calorific Value, Ultimates, Ash Chemistry, Ash Fusion	Petrographics	HGI	Trace Elements
Val d'Or	87	84	338	284	82	64	61	137	137	94	124
Arbour	7	7	19	13	9			7	7		8
McLeod	16	16	80	62	17	13	20	28	28	21	25
McPherson	32	32	119	92	31	20	25	55	55	43	50
Silkstone			18	12	4	4	7	6	6	6	6
Total	142	139	574	463	143	101	113	233	233	164	213

## Coal Quality Test Results

The testing resulted in a significant increase in the life of mine clean coal yield of the deposit and the identification of two separate coal products which are suitable for export markets. The primary product, which consists of the majority of the current saleable Coal Reserve, is comprised of the Val D'Or and McPherson seams. The secondary product consists of the McLeod seam. The analysis resulted in a combined clean coal yield from the Val D'Or and McPherson seams of 57.9% at an average calorific value of 5,767Kcal/kg gross as received ("gar") basis (dense medium cutpoint 1.55 case). The McLeod seam averaged 42.5% yield at 5,410Kcal/kg gar basis (dense medium cutpoint 1.55 case).

## Increased Clean Coal Yield

The analysis resulted in an increase in the life of mine clean coal yields for the McPherson, Val D'Or and McLeod seams. The combined Val D'Or and McPherson seams averaged a 57.9% yield as compared to 53.3% in the PFS. The average clean coal yield on the McLeod seam increased substantially to 42.5% as compared to 33.8% in the PFS.

The increase in the life of mine clean coal yield was attributed to the following factors:

- 1) Testing utilised data from 66 core holes as compared to 10 core holes in the test program completed in September 2010;
- 2) Core data included representative of all regional areas of Vista; and
- 3) Enhanced mine planning as part of the ongoing BFS resulted in significantly less dilution of the McLeod seam during the mining phase.

### Potential for Further Yield Increases

The testing program included an analysis of the relationship between the average gross energy achieved from the combined Val D'Or and McPherson product compared to the clean coal yield obtained. The analysis indicated that if the average gross energy is reduced to 5,700Kcal/kg from 5,800Kcal/kg the result would be a further 7% improvement in the clean coal yield from 56% to 63%. This increase in yield would result in a significant addition to the saleable coal reserves and clean coal production rate on Vista. The decision on final product specifications, including average gross energy, will be finalised once additional market pricing for the marginally lower grade product has been evaluated.

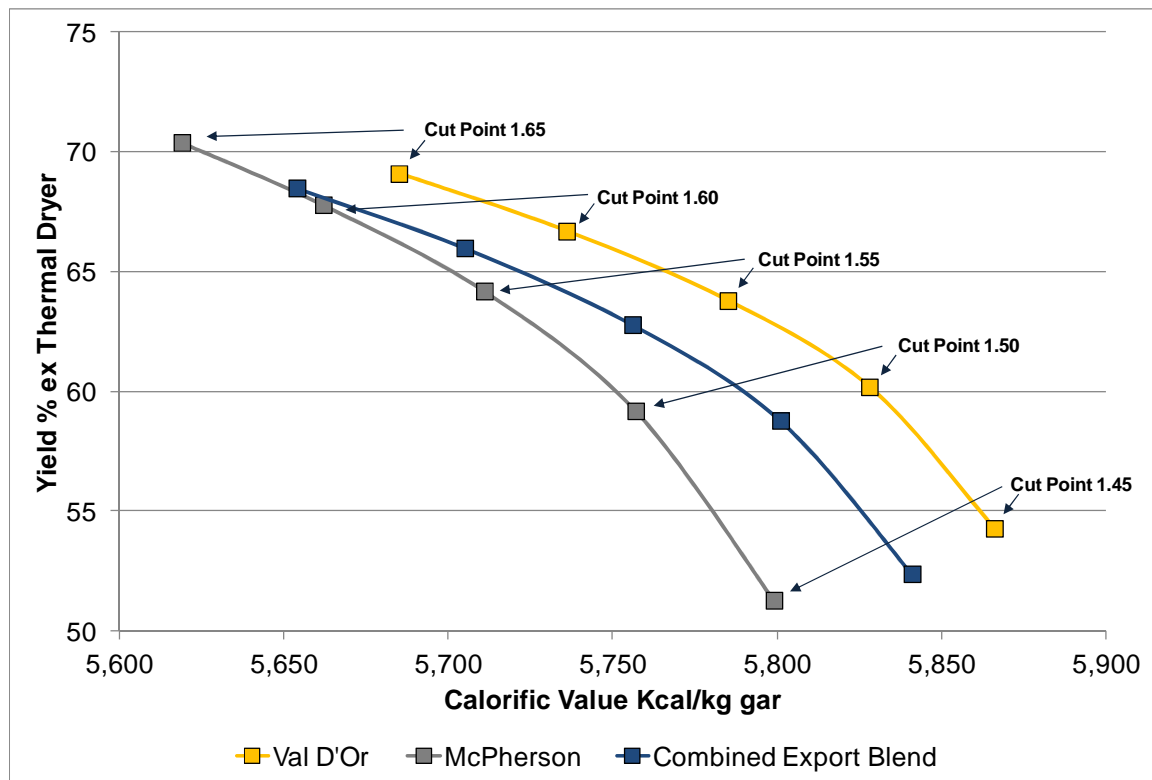


Figure 1: Yield vs Energy Relationship on Combined Val D'Or and McPherson Seams

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**Table 3: Clean Coal Specifications**

		<b>Combined Val D'Or and McPherson Seams</b>	<b>McLeod Seam</b>
Total Moisture%		11.5 – 12.5	11.5 – 12.5
Ash%	gar	9 – 11	14 – 16
Calorific Value Kcal/Kg	gar	5,700 – 5,800	5,350 – 5,450
Calorific Value Kcal/kg	daf	7,400 – 7,500	7,450 – 7,550
<b>Proximates</b>			
Air Dried Moisture %		6 – 7	6 – 7
Ash%	ad	10 – 12	15 – 17
Volatile Matter %	ad	32 – 35	30 – 33
Volatile Matter %	daf	39 – 42	39 – 42
Total Sulphur %	daf	0.30 – 0.40	0.30 – 0.40
<b>Ash Fusion Reducing</b>			
Initial Deformation Temp °C	d	1,210 – 1,260	1,210 – 1,260
Flow Temp °C	d	1,440 – 1,480	1,440 – 1,480
<b>Ultimates</b>			
Carbon %	daf	77 – 79	77 – 79
Hydrogen %	daf	4.8 – 5.2	4.8 – 5.2
Nitrogen %	daf	1.05 – 1.15	1.05 – 1.15
Sulphur %	daf	0.35 – 0.45	0.35 – 0.45
Oxygen %	daf	14 – 15.5	14 – 15.5
HGI	ad	38 – 42	38 – 41
<b>Ash Chemistry (Oxides in Ash %)</b>			
Silicon	d	55 – 62	60 – 76
Aluminium	d	18 – 21	18 – 21
Iron	d	4 – 6	2 – 5
Calcium	d	6 – 8	4 – 6
Sodium	d	1.8 – 2.2	1.8 – 2.2

d – dry basis

daf – dry, ash free basis

gar – gross as received basis

## 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 which has the potential to be one of the largest export thermal coal mines in North America.

The Vista Coal Project covers approximately 10,000 hectares and contains over 20km of continuous gently dipping strike length and a Measured and Indicated Coal Resource base of over 985 million tonnes of low sulphur, high volatile bituminous, export quality thermal coal. The Company is currently undertaking a Bankable Feasibility Study on the Vista Coal Project, following a Pre-Feasibility Study completed in December 2010 that defined an initial marketable reserve of over 260 million tonnes on the Vista Coal Project which makes it one of the largest undeveloped export orientated thermal coal projects in North America.

JORC / NI 43-101 Coal Reserves						
	Recoverable Coal Reserve			Marketable Coal Reserve		
	Proven (Mt)	Probable (Mt)	Proven & Probable (Mt)	Proven (Mt)	Probable (Mt)	Proven & Probable (Mt)
Export Product	349.2	79.5	428.7	185.9	42.7	228.7
Domestic Product	66.2	26.8	93.0	22.5	8.9	31.4
<b>Coalspur Total Reserves</b>	<b>415.4</b>	<b>106.3</b>	<b>521.7</b>	<b>208.4</b>	<b>51.6</b>	<b>260.1</b>

The PFS defined a 31 year mine life producing approximately 9.0 million tonnes per annum ("Mtpa") of saleable coal from the processing of approximately 18.0Mtpa of run of mine ("ROM") coal. Initial development costs for the Vista Coal Project are expected to be ~C\$580 million. The Vista Coal Project is able to leverage off already established first world infrastructure, with CN rail facilities located adjacent to the Project that are substantially underutilised and provide a rail track suitable for the transport of coal to deepwater ports with excess capacity that already service the growing demand from the Asian Pacific Rim countries, including China, Japan and Korea.

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
<b>Coalspur Total Resource</b>	<b>710.2</b>	<b>368.6</b>	<b>1,078.7</b>	<b>379.6</b>

In addition the Company holds leases directly south of the Vista Coal Project named Vista South. The Vista South Project area 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](http://sedar.com).

### Competent Person / Qualified Person Statements

The information in this news release that relates to Coal Quality is based on information compiled by Mr. Robert Leach, who is a Member of AusIMM. Mr. Leach is a full-time employee of Bob Leach Pty Ltd, and is a consultant to Coalspur. Mr. Leach 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 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. Leach 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 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 JORC Code, and a "Qualified Person" under NI 43-101. Mr. Morris 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 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 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, coal quality, 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.*