

NEWS RELEASE
May 23, 2012

COALSPUR SUBSTANTIALLY INCREASES EXISTING VISTA SOUTH COAL RESOURCES

Highlights:

- **Substantial increase of 404% in Measured & Indicated Coal Resources on Vista South from 93Mt to 471Mt**
- **Vista South Inferred Coal Resources increases by 706% from 75Mt to 605Mt**
- **Coalspur's total Measured & Indicated Resources increases by 29% to 1,700Mt and Inferred Resources by 35% to 2,035Mt**
- **Coalspur to continue exploration drilling on Vista South to further confirm the geological structure in the area and provide data for future technical studies**

CALGARY, Alberta: Coalspur Mines Limited ("Coalspur" or "Company") (ASX: CPL, TSX: CPT) is pleased to announce it has substantially increased the Vista South Coal Project ("Vista South") Measured and Indicated Coal Resources to 470.5 million tonnes ("Mt") and upgraded the Inferred Coal Resource to 604.5Mt, following a recent drilling program.

This increases Coalspur's total Measured and Indicated Coal Resource by 29% to 1,700.1Mt and the Inferred Coal Resource by 35% to 2,034.7Mt across its key tenement areas.

Table 1: JORC / NI 43-101 Coal Resources

	Measured (Mt)	Indicated (Mt)	Measured & Indicated (Mt)	Inferred (Mt)
Vista South Coal Project	210.6	259.9	470.5	604.5
Vista Coal Project	686.0	369.9	1,055.9	460.9
Vista Extension	6.5	167.2	173.7	969.3
Coalspur Total Resources	903.1	797.0	1,700.1	2,034.7

Note: Vista Coal Project and Vista Extension Coal Resource estimates effective May 8, 2012, Vista South Coal Project Coal Resource estimates effective May 22, 2012

Commenting on the announcement, Mr Gene Wusaty, Managing Director and CEO, said "This substantial resource increase confirms that Vista South has the potential to become a future mining operation. This adds another exciting growth opportunity to our pipeline of projects. As with the recently announced Vista Extension Resource, this new resource will enable Coalspur the optionality to increase future production growth and life of mine in excess of the already announced Phase 1 and Phase 2 growth programs."

"Furthermore the proximity of Vista South to the planned mine infrastructure of Vista Phase 1 and Phase 2 coal projects will enhance the project economics of the potential mining operation as it will leverage off this infrastructure."

"The next drilling campaign will commence shortly and is expected to prove up the continuity of the deposit and upgrade the existing resource classifications on the property. The additional activity will build on the exploration drilling completed to date, which has helped to determine the targets for future exploration."

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Future Drilling Locations Under Application

Ahead of future exploration activities, Coalspur is applying to the Alberta Government for exploration permits for an additional 22 rotary/core holes on Vista South, for which Coalspur anticipates receiving approval in June 2012. Upon receipt of these approvals the Company will commence its fourth drilling program on the area. The permits under application are located near the axis of the Entrance Syncline and were chosen to confirm the depth and orientation of the seams.

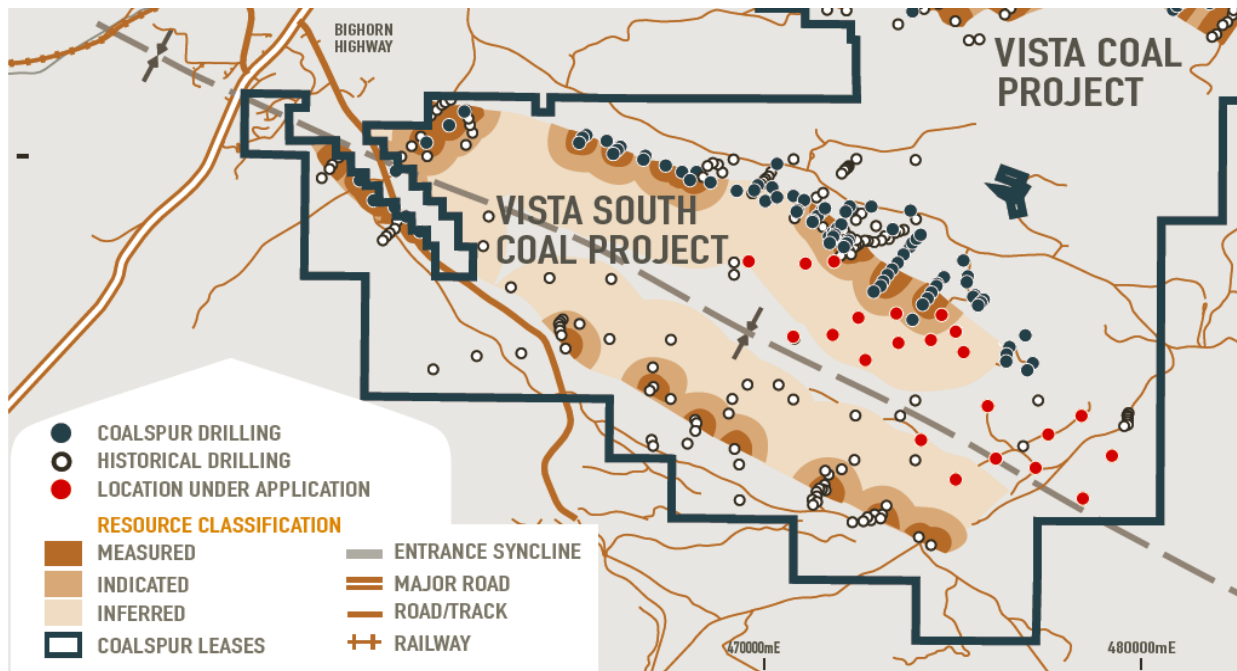


Figure 1: Vista South Coal Project Resources

Vista South Coal Resource Estimate

The preparation of the Coal Resource estimate was undertaken by Moose Mountain Technical Services (“**MMTS**”) in accordance with the JORC Code (2004) and National Instrument 43-101 (“**NI 43-101**”). MMTS has had a long association with coal properties in the Hinton region and are considered to be amongst the most respected coal experts in Western Canada. MMTS has an extensive client base of major coal companies including Teck, Mitsui, Walter Energy and Anglo Pacific.

The Vista South resource upgrade estimate has been based on the following elements:

- The Coal Resource is defined from four main coal seams (Val d’Or, McLeod, McPherson, and Silkstone) that have a cumulative coal thickness up to 30m;
- The resource includes a total of 255 rotary and core holes (totalling 47,374m) which were drilled by Denison and Manalta Coal in the 1980’s and Coalspur’s recently completed drilling programs;
- The estimate includes surface mineable Coal Resources and underground Coal Resources;
- Key points from the surface mineable Coal Resource estimate are as follows:
 - Surface mineable Coal Resources are comprised Measured Resources of 117.6Mt, Indicated Resources of 105.8Mt, and Inferred Resources of 86.7Mt;
 - The modelled pit used 45° walls and a 14.6:1 strip ratio pit (modelled using a 20:1 incremental cut-off strip ratio); and

- A minimum mineable seam thickness of 0.6m.
- Key points from the underground Coal Resource estimate are as follows:
 - Underground Coal Resources are comprised Measured Resources of 93.0Mt, Indicated Resources of 154.1Mt, and Inferred Resources of 517.9Mt;
 - Maximum overburden depth of 600m; and
 - A minimum mineable seam thickness of 1.5m.

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 approximately 55,000 hectares of coal 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 covers approximately 10,000 hectares and provides a large scale, surface mineable, thermal coal project. Vista has the advantage of leveraging off of established first world infrastructure with CN Rail's main line located adjacent to Vista which is substantially underutilised and provides a rail line suitable for the transport of coal to deepwater ports on Canada's west coast. Coalspur has also secured a port allocation agreement with Ridley Terminals Inc. which is essential to the logistics supply chain necessary to export coal from Vista to the growing demand from the Asia Pacific Rim countries, including China, Japan, and Korea.

A feasibility study was completed on Vista in January 2012, which defined a two phased approach to project development. Phase 1 envisaged production of 5.0Mtpa at a capital cost of C\$864 million. Phase 2 increased production by a further 6.2Mtpa utilizing free cash flow from Phase 1. The maximum negative cash flow is expected to be C\$894 million. Both phases of growth allow for a 30 year mine plan with forecast annual production capacity of 11.2Mtpa. Marketable Coal Reserves on Vista are 313Mt from a Recoverable Coal Reserve of approximately 566Mt. Initial development costs for Vista are expected to be C\$864 million with an additional C\$370 million required to reach full capacity.

Coalspur has offices in Calgary and Hinton in Canada as well as in Australia. 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 Coal 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 "Coalspur Mines Limited: Feasibility Study of the Vista Coal Project, Hinton, Alberta" dated January 26, 2012 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 on the Vista Coal Project and Vista Extension, mining engineering, Recoverable Coal Reserves, mining capital costs and mining operating costs is based on information compiled by Mr. Jim McQuaid, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. McQuaid is a full-time employee of Golder Associates Ltd., who are consultants to Coalspur. Mr. McQuaid 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. McQuaid 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 Resources on Vista South 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 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 quality and process yield estimates to derive Marketable Coal Reserves is based on information compiled by Mr. Gordon Mudryk, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. Mudryk is a full-time employee of Coalspur. Mr. Mudryk 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. Mudryk 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 Report 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 Report 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, planned drilling activities on Vista South, potential development of Vista South, statements with respect to the potential of Vista Extension, the planned drilling program and longwall scoping study, the development of Vista, the Company's feasibility study, the mine plan, 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 'will', 'expect', 'potential', 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'intend', 'may', 'would', 'could', 'should', 'scheduled', '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.