COALSPUR MINES LIMITED

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

ABN 73 003 041 594

CORPORATE DIRECTORY

DIRECTORS:

Mr. Colin Steyn	Chairman (non-executive)
Ms. Gill Winckler	President and CEO (appointed July 1, 2012)
Mr. Denis Turcotte	Director (non-executive)
Mr. Peter Breese	Director (non-executive) (appointed September 6, 2011)
Mr. David Murray	Director (non-executive) (appointed October 13, 2011)
Mr. Ted Mayers	Director (non-executive) (appointed October 13, 2011)
Mr. Mark Rodda	Director (non-executive) (appointed October 13, 2011)
Mr. William Smart	Alternate Director (non-executive) (appointed October 13, 2011)

COMPANY SECRETARY:

Mr. Simon Robertson

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TSX Code: CPT – fully paid ordinary shares

Australia:
ASX Code: CPL – fully paid ordinary shares

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SOLICITORS:

Canada:
Blake, Cassels & Graydon LLP

Australia:
Hardy Bowen Lawyers

AUDITOR:

Deloitte Touche Tohmatsu

BANKERS:

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DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 30, 2012

The Directors of Coalspur Mines Limited present their report on the Consolidated Entity consisting of Coalspur Mines Limited ("Company" or "Coalspur") and the entities it controlled at the end of, or during, the year ended June 30, 2012 ("Consolidated Entity" or "Group").

DIRECTORS

The names and details of the Group's directors in office at any time during the financial year or since the end of the financial year are:

Mr. Colin Steyn	Chairman (non-executive)
Ms. Gill Winckler	President and CEO (appointed July 1, 2012)
Mr. Denis Turcotte	Director (non-executive)
Mr. Peter Breese	Director (non-executive) (appointed September 6, 2011)
Mr. David Murray	Director (non-executive) (appointed October 13, 2011)
Mr. Ted Mayers	Director (non-executive) (appointed October 13, 2011)
Mr. Mark Rodda	Director (non-executive) (appointed October 13, 2011)
Mr. William Smart	Alternate Director (non-executive) (appointed October 13, 2011)
Mr. Gene Wusaty	Managing Director and CEO (resigned June 30, 2012)
Mr. Ian Middlemas	Director (non-executive) (resigned October 13, 2011)
Mr. Mark Pearce	Director (non-executive) (resigned October 13, 2011)

Unless otherwise stated, Directors held their office from July 1, 2011 until the date of this report.

Qualifications, Experience and Special Responsibilities of Directors

Mr. Colin Steyn
Chairman (non-executive)

Mr. Steyn has over 30 years experience in the resources sector with particular expertise in the development of mining operations in Southern Africa. Mr. Steyn was appointed a Director of the Company on October 21, 2010. Mr. Steyn was previously President and CEO of LionOre Mining International from 1999 to 2007. He was one of the original founders of LionOre and was instrumental in the growth and development of LionOre into a major international mining house. During his time as CEO, LionOre grew from a market capitalization of US$100 million to over US$6 billion.

Mr. Steyn is a member of the Audit Committee, and was a member of the Remuneration and Nomination Committee until October 13, 2011.

Mr. Steyn is currently a director of Mirabela Nickel Limited (October 2009 – present) and was a director of Mantra Resources Limited (March 2008 – June 2011). Other than the above, Mr. Steyn does not currently hold any directorships of other listed companies, nor has he done in the past three years.

Ms. Gill Winckler, *CA*

President and Chief Executive Officer (Appointed July 1, 2012)

Ms. Winckler joined Coalspur from BHP Billiton, where she had worked for the past 15 years in a number of senior executive roles. Ms. Winckler was Chief Development Officer of the Energy Coal division where she was responsible for BHP Billiton's thermal coal business development activities and project growth pipeline around the world. During her tenure, BHP Billiton significantly increased its thermal coal presence in Australia and also initiated and advanced various expansion projects in South Africa.

Most recently Ms. Winckler was Vice President of Strategy and Development for BHP Billiton's Diamonds and Specialty Products division based in Canada. In this role she was instrumental in advancing the Company's potash growth program in Canada, specifically delivering two successful market acquisitions and multiple exploration programs, as well as progressing projects towards Feasibility Study and securing the required port and rail options. Ms. Winckler is a Chartered Accountant and holds a B Comm (Hons) and a B.Sc.

Ms. Winckler does not currently hold any directorships of other listed companies, nor has she done in the past three years.

Mr. Denis Turcotte, *P. Eng*

Director (Non-executive)

Mr. Turcotte is a Professional Engineer with over 25 years experience and was previously the President and CEO of Algoma Steel Inc. an integrated steel producer based in Sault Ste. Marie, Ontario. Mr. Turcotte is currently President and CEO of a private business consulting and investing firm and in 2006 was recognized as Canadian Business Magazine's Top CEO.

Mr. Turcotte is Chairman of the Company's Remuneration and Nominations Committee, and was a member of the Audit Committee until October 13, 2011

Mr. Turcotte was appointed a Director of the Company on December 22, 2010. Mr. Turcotte holds directorships in Domtar Corporation (February 2007 – present), Norbord Inc. (April 2012 – present) and is a member of the Advisory Board of the Brookfield Special Situations Funds (October 2008 – present). Other than the above, Mr. Turcotte does not currently hold any directorships of other listed companies, nor has he done in the past three years.

Mr. Peter Breese, PMD

Director (non-executive) (Appointed September 6, 2011)

Mr. Breese has over 25 years operational experience in the global mining industry, having worked predominantly across Southern Africa (South Africa, Botswana, Tanzania and Zimbabwe) and Australia, in the uranium, nickel, platinum and chrome sectors. He has held a number of senior management positions in TSX and ASX publicly listed companies, and holds a PMD from Harvard Business School.

Mr. Breese is a member of the Remuneration and Nominations Committee.

Mr. Breese was a director and CEO of Mantra Resources Limited (January 2010 - June 2011). Other than the above, Mr. Breese does not currently hold any directorships of other listed companies, nor has he done in the past three years.

Mr. David Murray, BSc.
Director (non-executive) (Appointed October 13, 2011)

Mr. Murray has over 30 years of international experience in the coal industry and has held a number of senior positions within BHP Billiton, including President of the Energy Coal (2008-2009), President of Metallurgical Coal (2005-2008) and Chief Executive Officer of BHP Billiton Mitsubishi Alliance Coal (2001-2005). He has served as Chairman of the World Coal Institute, Australian Coal Association and Richards Bay Coal Terminal; as director of the Queensland Resource Council and Coal Industry Advisory Board (Advising International Energy Agency) and council member of the South African Chamber of Mines Council. He holds a B.Sc in Civil Engineering and a Post Graduate Diploma in Mining Engineering.

Mr. Murray is a member of the Remuneration and Nominations Committee.

Mr. Murray is currently a director of Coal of Africa Limited (September 2010 – present), and Meridian Resources Limited (January 2012 – present). Other than the above, Mr. Murray does not currently hold any directorships of other listed companies, nor has he done in the past three years.

Mr. Ted Mayers, *CA*
Director (non-executive) (Appointed October 13, 2011)

Mr. Mayers has extensive experience in financial management within the mining sector, and has held a number of senior financial positions with publicly listed mining companies, most recently as Chief Financial Officer of Lundin Mining. Mr. Mayers is a Chartered Accountant, with a Masters of Business Administration degree from the University of Western Ontario.

Mr. Mayers is Chairman of the Audit Committee.

Mr. Mayers was a director of Mantra Resources Limited (September 2010 – June 2011). Other than the above, Mr. Mayers does not currently hold any directorships of other listed companies, nor has he done in the past three years.

Mr. Mark Rodda, B.A., LLB
Director (non-executive) (Appointed 13 October 2011)

Mr. Rodda is a lawyer with private practice, in-house legal, and corporate consultancy experience with considerable practical experience in the management of mergers and acquisitions, divestments, joint ventures, corporate and project financing transactions and corporate restructuring initiatives. He is currently a partner of Napier Capital, a boutique corporate services and advisory firm. Until it was acquired by Norilsk Nickel in 2007, he was General Counsel and Corporate Secretary for LionOre Mining, a Company with operations in Australia and Africa and listings on the TSX, LSE and ASX. Mr. Rodda holds a BA and LLB.

Mr. Rodda is a member of the Audit Committee.

Mr. Rodda currently serves on the Board of Antipa Minerals Limited (November 2010 – present) as a non-executive Director. Other than the above, Mr. Rodda does not currently hold any directorships of other listed companies, nor has he done in the past three years.

Mr. William Smart, B.Comm

Alternate Director (non-executive) (Appointed October 13, 2011)

Mr. William (Bill) Smart has over 40 years experience in the mining industry across the nickel, platinum and chrome sectors, including 26 years working for the Anglo American Group in Zimbabwe. He has held a number of senior executive positions in the industry, including Vice President, Corporate Planning of LionOre Mining, until it was acquired by Norilsk Nickel in 2007; Managing Director of Bindura Nickel, Managing Director of Zimbabwe Alloys; as well as CEO of both Zimasco and Mimosa Mining Companies. Mr. Smart holds a B.Com, Hons.

Mr. Smart serves as an alternate director to Mr. Steyn and Mr. Breese, and was an alternate director of Mantra Resources Limited (June 2010 – June 2011), until its acquisition by ARMZ. Other than the above, Mr. Smart does not currently hold any directorships of other listed companies, nor has he done in the past three years.

Mr. Simon Robertson, *B. Bus MApp Fin*

Company Secretary (Appointed October 14, 2011)

Mr. Robertson is a Chartered Accountant and Chartered Secretary and currently holds the position of Company Secretary for a number of publically listed companies. Mr. Robertson was also previously Chief Financial Officer for a large mining services and civil engineering company with operations internationally and revenues in excess of A$1 billion. Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales, Australia.

FUNCTIONAL AND PRESENTATION CURRENCY

The Director's Report is presented in Canadian dollars ("$") unless otherwise expressed in Australian dollars ("A$"). The Company changed its reporting and presentation currency from Australian to Canadian dollars during the year, as disclosed in Note 1 to the financial statements. The change in currency followed the determination by the Company, that the functional currencies of Coalspur Mines Ltd and Coalspur Mines (Holdings) Pty Ltd. (Australian subsidiary) had changed to Canadian dollars because the majority of their expenditures, current and future debt and equity raisings, and future dividend stream are denominated in Canadian dollars.

REVIEW AND RESULTS OF OPERATIONS

Review of Operations

The Company made considerable progress on its coal properties during the year. On Vista, Coalspur completed a positive Feasibility Study, submitted regulatory applications for the first phase of the project ("**Phase 1**"), and initiated detailed design work to begin construction of a mining facility once the regulatory applications are approved. The Company originally negotiated agreements for to up to 13.5 Mtpa of port capacity at Ridley Terminals Inc. ("**Ridley Terminals**") for up to 21 years, increased its measured and indicated coal resources from 1.1Bt to 1.7Bt, and obtained a $70 million credit facility which will provide with the Company with sufficient capital resources to complete detailed engineering and the regulatory process for Phase 1 of Vista.

Total cash decreased from $68 million at June 30, 2011, to $7 million at June 30, 2012 as a result of expenditures associated with the continued acquisition, exploration, evaluation, and development of mineral properties near Hinton. Significant expenditures during the period include:

- $37.5 million to secure 9.5 Mtpa coal shipping capacity from current infrastructure at Ridley Terminals near Prince Rupert, British Columbia.
- $12.0 million for an additional 4.0 Mtpa at Ridley Terminals, pending Federal Government approval for its future expansion plans. *Subsequent to year end, Ridley Terminals advised that its future expansion plans have been delayed, and agreed to provide 2.2 Mtpa from its current expansion, bringing Coalspur's total capacity allocation at Ridley Terminals to 11.7 Mtpa.*
- $19.0 million for the acquisition of new mineral leases and scheduled payments against existing mineral leases;
- $19.0 million to progress technical and regulatory initiatives associated with Vista and the Company's other coal projects; and
- $5.7 million to administer the Company.

These cash expenditures were partially offset by borrowing $20 million under the Company's $70 million credit facility and from proceeds of $12.8 million from the exercise of unlisted options to purchase ordinary shares ("**Unlisted Options**"). As of the date of this report the Company had $50 million available to draw under its credit facility. This facility expires on May 16, 2014.

Vista Coal Project

Vista, Coalspur's flagship project, is one of the largest undeveloped export thermal coal projects in North America with Measured and Indicated Coal Resources of over 1 billion tonnes and marketable reserves of 313 Mt. Vista covers approximately 10,000 hectares, providing a large scale, surface mineable, thermal coal project containing a strike length of over 20km of continuous gently dipping coal seams.

The Company plans to develop an open cut mine and coal process facility at Vista in two phases. The development plan for Vista is based on an optimized mine plan which follows the Feasibility Study. Phase 1 will produce 5.0 Mtpa; with first production scheduled for early 2015; and Phase 2 will begin construction in 2015 and produce an incremental 7.0 Mtpa by 2018. This timeline is based on Coalspur securing project financing during 2012, and receiving regulatory approvals and Board approval to proceed with construction and mine development in the first half of 2013.

Coalspur completed a Feasibility Study on Vista during the year, which defined a two phased approach to project development with a 30 year mine life. Phase 1 was estimated to require development capital of $864 million. Phase 2 would increase production to 11.2 Mtpa of marketable coal utilizing free cash flow from Phase 1 to fund development. The Feasibility Study estimates Vista free on board ("**FOB**") cash costs of $61.2/t in the initial 10 years of production and $67.6/t over the life of the mine.

Following the Feasibility Study, Coalspur commenced detailed engineering work on Vista, which included an optimization study on the coal processing plant and mine scheduling. This effort resulted in an increase in the annual marketable coal production capacity on Vista from 11.2 Mtpa to 12.0 Mtpa, reducing the mine life from 30 to 28 years, and increased the Phase 1 capital cost by $6 million to $870 million. The Company is currently in discussions with a number of contractors to evaluate the possibility of contract mining during the construction and initial years of mining at Vista, which could reduce or defer initial Phase 1 capital requirements.

During the year, the Company entered into a number of agreements with Ridley Terminals to secure port allocation of up to 13.5 Mtpa, commencing in 2015. The initial terms of these agreements expire in 2028 and have optional seven year extension periods. The First Contract provides up to 9.5 Mtpa capacity from existing port infrastructure, and is cancellable at Coalspur's option prior to March 1, 2013 with no further obligation other than deposits already made. The Company signed a second agreement during the year for 4.0 Mtpa which was contingent on Ridley Terminals obtaining approval for a future port expansion. Subsequent to year end, Ridley Terminals advised that they did not obtain this approval, and agreed to provide 2.2 Mtpa capacity from its existing infrastructure expansion on similar terms as the second contract. Coalspur has now secured 11.7 Mtpa of port allocation at Ridley Terminals which substantially satisfies Vista's requirements at full production.

During the year, the Company developed comprehensive plans for reclamation, water management and other environmental protection programs to minimize the potential impacts from Vista. The Company submitted the final Environmental Impact Assessment ("**EIA**") and Energy Resources Conservation Board ("**ERCB**") applications for Phase 1 of Vista to the Alberta Government on April 30, 2012. Public engagement and aboriginal consultation programs have been fully implemented and results to date support the Company's estimate that the Phase 1 regulatory approvals required to commence construction at Vista should be received in early 2013. After receiving Phase 1 approvals the Company plans to complete and submit the Phase 2 EIA and ERCB applications which will be required to reach the full production rate of 12.0 Mtpa. The Company estimates Phase 2 approvals will be received in mid-2015 which will enable construction of Phase 2 to commence shortly thereafter. Production from Phase 2 of Vista is scheduled to begin in early 2017.

The Company signed a Memorandum of Understanding ("**MOU**") with Canadian National Railway ("**CN**") during the year to develop a high quality logistics supply chain to transport export thermal coal from Vista to deepwater ports on Canada's west coast. Subsequent to year end, Coalspur and CN expanded the MOU to accommodate the optimized production rate of 12.0 Mtpa. Coalspur and CN continue to work towards a definitive transportation agreement.

During the year, the Company drilled approximately 175 test pits, auger holes, sonic locations, cores, and rotary holes within Vista to assist with detailed design of proposed Vista mining facilities.

Vista Extension

Vista Extension is located on the northeast boundary of Vista and covers 14,432 hectares. The Company acquired Vista Extension in April 2012 for $13 million in cash. An initial resource estimate on Vista Extension resulted in Measured and Indicated resources of 173 million tonnes and inferred resources of 969 million tonnes.

Subsequent to June 30, 2012, the Company completed a Scoping Study on Vista Extension that confirmed the potential for an economic and technically feasible underground mine that could benefit from the planned coal processing and handling infrastructure at the adjacent Vista Project. The Scoping Study defined a longwall mine with average production of marketable coal of 3.8 Mtpa over a 28 year mine life. Development costs were estimated at $346 million, reflecting cost savings due to the close proximity of Vista Extension to the Vista infrastructure, and which could be funded from cash flows from Phase 1 and Phase 2 of the Vista Project. Mine gate costs were estimated to be $24.5/t over the life of the mine.

Coalspur will continue to progress its technical and economic evaluation of Vista Extension and is planning for a future drilling program and a pre-feasibility study on the area. This activity could lead to a resource update and will likely lead to increased exploration and evaluation expenditures.

Vista South Coal Project

Vista South covers 23,287 hectares and is located approximately 6km southwest of Vista. The Company believes Vista South has the potential to host a significant coal resource, which could provide significant value by leveraging off the planned infrastructure at Vista, providing for mine expansion or an extension of the project life.

The Company completed a 50 hole drilling program in Vista South during the year which resulted in an increase in Measured and Indicated Coal Resources from 93 million tonnes to 471 million tonnes and an increase in Inferred Coal Resources from 75 million tonnes to 605 million tonnes.

Coalspur has received drilling permits from the Alberta Government for an additional 22 exploration drill holes, from which approximately 10 holes will be drilled in 2013.

Vista South exploration and evaluation expense totaled $2.0 million for the year ended June 30, 2012 as compared to $1.1 million the prior year. No Vista South expenditures were capitalized during the year.

COAL RESERVES AND RESOURCES

The Coal Reserve and Coal Resource estimates have been prepared by independent consultants and are reported in accordance with the JORC Code (2004) ("**JORC**") and National Instrument 43-101 ("**NI 43-101**").

Table 1: JORC / NI 43-101 Compliant Coal Reserves - Vista						
Coal Seam	Recoverable Coal Reserve			Marketable Coal Reserve		
	Proven (Mt)	Probable (Mt)	Proven & Probable (Mt)	Proven (Mt)	Probable (Mt)	Proven & Probable (Mt)
Val d'Or and McPherson	429.3	45.9	**475.2**	248.5	26.5	**275.0**
McLeod	74.4	16.0	**90.3**	31.5	6.9	**38.4**
Coalspur Total Reserves	**503.7**	**61.8**	**565.5**	**280.0**	**33.3**	**313.4**

Note: Coal Reserve estimates are effective December 13, 2011

Table 2: JORC / NI 43-101 Coal Resources				
	Measured (Mt)	Indicated (Mt)	Measured & Indicated (Mt)	Inferred (Mt)
Vista	686.0	369.9	**1,055.9**	460.9
Vista South Coal Project	210.6	259.9	**470.5**	604.5

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 and Vista Extension Coal Resource estimates are effective May 8, 2012. Vista South Coal Project Coal Resource estimates effective May 22, 2012

CORPORATE AND FINANCIAL POSITION

The Company's net loss of $22.3 million during the year ended June 30, 2012 was $5.6 million greater than the previous year due to increased exploration and evaluation activity on its mineral projects and, additional corporate and administrative expenses required to manage the growing Company.

Net assets of $164 million are on par with the prior year due to the net loss being offset by $12.9 million in proceeds from the exercise of options to purchase ordinary shares, and a $7.6 million increase in the share based payments reserve. Cash dropped from $68 million to $7 million because the Company is currently funding the acquisition, evaluation, and development of its mineral properties. At June 30, 2012, and at the date of this report, the Company had drawn $20 million on its credit facility, leaving $50 million available to draw prior to May 16, 2014.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year consisted of the acquisition exploration and development of thermal coal resource projects in the area of Hinton, Alberta, Canada. No significant change in the nature of these activities occurred during the year.

BUSINESS STRATEGIES AND PROSPECTS

The Group currently has the following business strategies and prospects over the medium to long-term:

- Progress discussions with potential off-take and Joint Venture partners regarding project finance opportunities to fund the construction of Vista;
- Obtain Phase 1 regulatory approvals required to commence construction at Vista, anticipating approval towards the end of March 2013;
- After receiving Phase 1 approvals for Vista the Company plans to complete and submit the Phase 2 Environmental Impact Assessment and Energy Resource Conservation Board applications required to reach the full production rate of 12.0 Mtpa;
- Complete an additional 70 sonic locations and test pits, and roughly 10 core and pumping wells will contribute to the detailed engineering of Vista and are scheduled to commence in August 2012;

- Complete the procurement required in order to start construction in Q2 2013;
- Advance rail discussions with CN to ensure the Company will be able to haul coal to Ridley Terminals; and
- Further explore Vista Extension and Vista South to define project sizes and strategic alternatives.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company achieved the following during the past financial year:

- October 2011: The Company secured a 14 year port allocation agreement with Ridley Terminals for up to 8.5 Mtpa;
- November 2011: The Company completed exploration and studies at Vista to upgrade total Measured and Indicated resources to over 1.0 billion tonnes, and Inferred resources to 357 million tonnes;
- November 2011: Coalspur and CN signed a MOU to develop a high quality supply chain for railing coal to west coast thermal coal ports;
- January 2012: The Company completed a positive Feasibility Study on Vista, providing the blueprint for an export thermal coal mine with an 11.2 Mtpa capacity over a 30 year mine life, and an after tax net present value of $2.1 billion;
- February 2012: The Company entered into an agreement with the Highland Park Group for a $70 million loan facility ("Facility Agreement") to provide capital resources to progress detailed engineering on Vista and pursue further business development opportunities. The Company's first draw ($20 million) on the Facility Agreement took place on May 16, 2012. As of the date of this Directors' Report, $50 million remains available to Coalspur under the Facility Agreement;
- March 2012: The Company signed an additional agreement with Ridley Terminals to secure port allocation for an additional 1.0 Mtpa;
- March 2012: The Company acquired a further 4.0 Mtpa of port capacity at Ridley Terminals contingent on approval by the Federal Government of Ridley Terminals' future expansion plans. *Subsequent to year end, Coalspur was notified that the necessary approval had been delayed, and Coalspur and Ridley Terminals agreed to a contract for 2.2 Mtpa in lieu, (see significant events after balance date below)*;
- April 2012: The Company acquired Vista Extension, comprising 14,432ha of coal leases adjacent to Vista, for $13 million;
- May 2012: Coalspur filed the regulatory applications necessary to construct, operate and commission Phase 1 of Vista which allows for production of up to 5.0 Mtpa;
- June 2012: Mr. Wusaty resigned his position as Managing Director and CEO on June 30; and
- July 2012: Ms. Winckler was appointed as President and CEO on July 1.

SIGNIFICANT EVENTS AFTER BALANCE DATE

During the year the Company entered into an agreement with Ridley Terminals to provide 4.0 Mtpa port capacity from a planned, future port expansion (from 25.0 Mtpa to 30.0 Mtpa), contingent upon the approval of the expansion from the Federal Government of Canada. A $12 million deposit was paid in respect of this agreement. Since the end of the financial year, Ridley Terminals advised Coalspur that approval for the expansion had been delayed, and agreed to provide Coalspur with 2.2 Mtpa of secured capacity from its current expansion on the same terms as in the 4.0 Mtpa agreement. Coalspur received a refund of $3.2 million from Ridley Terminals as a result of the change.

Other than as outlined above, at the date of this report there are no matters or circumstances, which have arisen since June 30, 2012 that have significantly affected or may significantly affect operations, the results of those operations, or the statement of affairs subsequent to June 30, 2012, of the Consolidated Entity.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is the Board's current intention that the Consolidated Entity will focus on the continual development of Vista. Specifically, in the coming year the Company intends to:

- examine project financing alternatives to fund the construction of Vista through arrangements with joint venture and off-take partners and, if appropriate, enter into suitable agreements;
- finalize detailed engineering and procurement plans in order to prepare for the anticipated construction of Vista following the receipt of regulatory approvals and project financing; and
- progress ongoing discussions with CN and enter into suitable definitive agreements.

All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Consolidated Entity and the expected results of these operations in subsequent financial years may prejudice the interests of the Group and accordingly, has not been disclosed.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no significant breaches by the Consolidated Entity during the financial year of any environmental laws or regulations.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' and other executive KMPs' interests in the securities of the Company are as follows:

	Interest in Securities at the Date of the Report		
	ORDINARY SHARES	UNLISTED OPTIONS	SHARE RIGHTS
Colin Steyn	141,115,533	29,933,333	-
Gill Winckler	45,000	-	-
David Murray	25,000	-	75,000
Denis Turcotte	925,000	-	75,000
Peter Breese	438,000	-	-
Ted Mayers	375,000	-	75,000
Mark Rodda	391,667	66,667	75,000
William Smart	141,115,533	29,933,333	-
David Leslie	-	2,250,000	192,000
Dermot Lane	441,600	2,400,000	192,000
Jay Bell	142,850	-	192,000
Wayne Drier	374,000	-	270,000

SHARE OPTIONS AND PERFORMANCE RIGHTS

The outstanding balance of Unlisted Options and Performance Rights at June 30, 2012 is represented by:

- 2,750,000 Unlisted Options with an exercise price of $0.10 and expiring on December 31, 2013;
- 2,750,000 Unlisted Options with an exercise price of $0.15 each and expiring on June 30, 2014;
- 2,750,000 Unlisted Options with an exercise price of $0.20 each and expiring on December 31, 2014;
- 2,750,000 Unlisted Options with an exercise price of $0.25 each and expiring on June 30, 2015;
- 800,000 Unlisted Options with an exercise price of $0.40 each and expiring on December 31, 2013;
- 1,150,000 Unlisted Options with an exercise price of $0.50 each and expiring on June 30, 2014;
- 1,150,000 Unlisted Options with an exercise price of $0.60 each and expiring on December 31, 2014;
- 350,000 Unlisted Options with an exercise price of $0.70 each and expiring on June 30, 2015;
- 125,000 Unlisted Options with an exercise price of $0.35 each and expiring on February 10, 2013;
- 1,450,000 Unlisted Options with an exercise price of $0.85 each and expiring on June 30, 2014;
- 1,450,000 Unlisted Options with an exercise price of $0.95 each and expiring on December 31, 2014;
- 1,450,000 Unlisted Options with an exercise price of $1.05 each and expiring on June 30, 2015;
- 8,000,000 Unlisted Options with an exercise price of $1.562 each and expiring on May 8, 2015;
- 2,000,000 Unlisted Options with an exercise price of $1.622 each and expiring on May 16, 2015;

- 5,000,000 at the greater of 1.249 and 120% of the 5 day VWAP immediately prior to vesting, expiring 3 years from date of vesting;
- 2,000,000 Unlisted Options with an exercise price of $0.80 each and expiring on August 30, 2013;
- 15,000,000 Unlisted Options with an exercise price of $0.70 each and expiring on December 31, 2012;
- 135,000 Performance Rights with no exercise price and expiring on December 31, 2012;
- 750,065 Performance Rights with no exercise price and expiring on June 30, 2013;
- 615,065 Performance Rights with no exercise price and expiring on June 30, 2015; and
- 615,065 Performance Rights with no exercise price and expiring on June 30, 2016.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company or Group for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer. During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to these indemnities.

During the financial year an annualized insurance premium of $25,712 (2011: $17,811) was paid by the Group to insure against a liability incurred by a person who is or has been a director or officer of the Company or Group.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("**KMP**") of the Group.

Details of Key Management Personnel

Details of the KMP of the Group during or since the end of the financial year are set out below:

Directors

Mr. Colin Steyn	Chairman (non-executive)
Ms. Gill Winckler	President and Chief Executive Officer (Appointed July 1, 2012)
Mr. Denis Turcotte	Director (non-executive)
Mr. Peter Breese	Director (non-executive) (appointed September 6, 2011)
Mr. David Murray	Director (non-executive) (appointed October 13, 2011)
Mr. Ted Mayers	Director (non-executive) (appointed October 13, 2011)
Mr. Mark Rodda	Director (non-executive) (appointed October 13, 2011)
Mr. William Smart	Alternate Director (non-executive) (appointed October 13, 2011)
Mr. Gene Wusaty	Managing Director and Chief Executive Officer (resigned June 30, 2012)
Mr. Ian Middlemas	Director (non-executive) (resigned October 13, 2011)
Mr. Mark Pearce	Director (non-executive) (resigned October 13, 2011)

Other KMP's - Executives

Mr. David Leslie	Vice President, Technical Services
Mr. Dermot Lane	Vice President, Development
Mr. Wayne Drier	Vice President, Commercial (Appointed September 1, 2011)
Mr. Jay Bell	Vice President Finance and Acting CFO
Mr. Allan McGowan	Vice President Vista Development (resigned June 11, 2012)

Unless otherwise stated, Directors held their office from July 1, 2011 until the date of this report.

Remuneration Policy

Coalspur's remuneration policy encompasses the "total" value (direct cash or otherwise) employees receive as a result of their employment, including all forms of base salary, short and long term incentives, benefits and perquisites. It is the belief of the board of Directors and the Chief Executive Officer that ensuring the employees of the Company are competitively paid and have access to competitive benefits is critical to Coalspur's success. With a particular emphasis on paying above the average for above average performance through the broad based use of short and long term incentive programs, the board will align employees' success with the success of the Company's shareholders.

Fixed Remuneration

Coalspur's compensation framework is structured in a way that aligns compensation with the naturally occurring levels that exist in the organization. These levels reflect the complexity of the work that is carried out and the associated accountabilities of the individuals that perform the various functions at each level, in addition to the skills and experience required to be successful. Total compensation includes base salary, short term incentive plan ("**STIP**"), and in some cases long term incentive plan components.

Coalspur will establish base salary midpoints consistent with the level of a position reflecting the range of work and responsibilities and consistent with the knowledge and experience required to be effective in the role. These base midpoint salaries will be benchmarked against similar roles in related organizations periodically to ensure competitiveness. The entire base salary framework will be reviewed annually by the Remuneration and Nominations Committee ("**RNC**") along with Coalspur management and adjusted as required to reflect inflation and other competitive changes.

Actual salaries will typically range between 80% and 120% of the base salary midpoint for a role, based on the knowledge and experience of the incumbent, time in role, and overall effectiveness of the individual as assessed by their supervisor through the completion of a formal performance review process conducted as required but not less frequently than on an annual basis. All base salary adjustments will require CEO approval with the exception of those for the CEO's direct reports and the CEO which will be reviewed and authorized by the RNC.

Performance Based Remuneration – Short-term Incentive

Permanent, full time employees of Coalspur may be authorized to participate in the Company's STIP program upon joining the Company or upon promotion. The STIP, as designed and amended from time to time, will pay an annual cash bonus upon the incumbent achieving targeted results related to various key performance indicators ('**KPI's**") that reflect overall corporate, department and individual objectives. These KPI's will be established and adjusted over time by the RNC, CEO and management to ensure the organization remains focused on business priorities. The RNC, CEO and management of Coalspur will assess performance and establish the level of success as it relates to the individual, department, and broader business objectives based on targets that will be established in January of each calendar year.

During the year ended June 30, 2012, cash bonuses of $313,920 (2011-$197,162) were paid to the Managing Director and executives following the achievement of their respective individual KPI's. Bonuses are granted on a calendar year basis. The maximum for the period for January to June 2012 that could be awarded is $208,875 (2011-$212,530). This amount has been fully accrued on the basis that executives will meet their respective KPI's. Any adjustments between the amounts accrued and the actual amounts to be paid as determined by the RNC will be adjusted in the 2013 financial year. The minimum amount of cash bonuses payable is nil.

Performance Based Remuneration – Long-term Incentive

Coalspur has adopted a Long Term Incentive Plan ("**LTIP**" Program) comprised of the Coalspur Employee Performance Rights Plan and the Coalspur Contractor Performance Rights Plan to attract, retain, and reward executives, senior managers, and contractors for long term performance. Given the early stage and developmental nature of the Company, the board has decided it is in the best interests of the shareholders to extend this program more broadly to attract and retain key personnel at lower levels of the organization as a transitional aspect of the LTIP program. This aspect, in addition to general trends and developments related to LTIP programs will be monitored by the RNC with adjustments recommended to the board as appropriate over time.

The plans provide for the issuance of unlisted performance share rights ("**Performance Rights**") which, upon satisfaction of the relevant performance conditions attached to the Performance Rights, will result in the issue of an Ordinary Share on a one to one basis upon the recommendation of the CEO and approval of the Board of Directors. Performance Rights are issued for no consideration, and no amount is payable by recipients upon conversion thereof.

Grants of Performance Rights made to eligible participants under the LTIP Program will assist with the Company's strategy to attract and retain key employees and contractors, and will:

(a) enable the Company to recruit, incent and retain KMP and other eligible employees and contractors recently recruited;

(b) link the reward of eligible participants with the achievements of strategic goals and the long term performance of the Company;

(c) align the financial interests of eligible participants of the proposed Plans with those of Shareholders; and

(d) provide incentives to eligible participants of the Plans to focus on superior performance that creates Shareholder value.

Performance Rights granted under the LTIP Program to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time.

Performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration. If performance conditions are not met by the expiry date then the related Performance Rights will lapse.

The number of Performance Rights issued, exercised, lapsed, and outstanding during the year ended June 30, 2012 was as follows:

	2012	2011
Outstanding at July 1	700,000	-
Issued to Directors, employees, and contractors during the year	3,008,350	700,000
Exercised upon meeting the Feasibility Study Milestone	(891,155)	-
Lapsed during the year	(702,000)	-
Outstanding at June 30	2,115,195	700,000

Non-Executive Director Remuneration

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting and is currently A$650,000 per annum. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors may receive Performance Rights under the LTIP Program to secure their initial or ongoing services.

Fees for the Chairman are presently A$110,000 per annum and fees for Non-Executive Directors are presently set at A$65,000 per annum, with alternate directors receiving A$32,500. These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees set out as follows:

- Audit committee chair - A$10,000 per annum;
- Remuneration committee chair - A$7,500 per annum; and
- Membership on a committee - A$2,500 per annum.

During the year ended June 30, 2012, the Company granted a total of 300,000 Performance Rights to non-executive Directors.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining the nature and amount of remuneration of KMP and returns received by shareholders from the Company during the current and previous financial years.

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. Discretionary annual cash bonuses are based upon achieving various non financial key performance indicators as detailed under "Performance Based Remuneration – Short Term Incentive" and are not based on share price or earnings. However, as noted above, certain KMP are granted Performance Rights (and in the past have received unlisted incentive options) which generally will be of greater value to KMP if the value of the Company's shares increases (subject to vesting conditions being met).

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until some time after the successful commercialization, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Remuneration of Directors and other KMPs

Details of the nature and amount of each element of the remuneration of each director and other KMP of Coalspur Mines Limited are as follows:

2012	SHORT-TERM BENEFITS SALARY & FEES $	CASH BONUS $	NON-MONETARY BENEFITS $	OTHER $	POST EMPLOYMENT BENEFITS $	SHARE-BASED PAYMENTS $	TOTAL $	PERFORMANCE RELATED %
Directors								
Colin Steyn	80,545	-	-	-	-	-	80,545	-
Denis Turcotte	56,216	-	-	-	-	94,760	150,976	62.76%
Peter Breese	46,278	-	-	-	-	-	46,278	-
David Murray	42,223	-	-	-	-	93,073	135,296	68.79%
Ted Mayers	45,953	-	-	-	-	93,073	139,026	66.95%
Mark Rodda	42,223	-	-	-	-	93,073	135,296	68.79%
William Smart	16,161	-	-	-	-	-	16,161	-
Eugene Wusaty	475,000	225,000	18,254	-	6,476	642,794	1,367,524	63.46%
Ian Middlemas	14,979	-	-	-	-	-	14,979	-
Mark Pearce	4,545	-	-	-	-	-	4,545	-
Other KMP's - Executives								
David Leslie	180,000	79,940	5,363	-	6,476	562,134	833,913	77.00%
Dermot Lane	170,000	81,420	5,363	-	6,476	351,410	614,669	70.42%
Wayne Drier	238,332	-	9,181	-	6,476	590,135	844,124	69.91%
Jay Bell	175,000	95,955	17,658	-	6,476	310,633	605,722	67.12%
Allan McGowan	200,756	40,480	7,762	11,043	6,476	297,352	563,870	59.91%
Total	**1,788,211**	**522,795**	**63,581**	**11,043**	**38,856**	**3,128,437**	**5,552,924**	

Notes:

- *Messrs Murray, Mayers, and Rodda were appointed on October 13, 2012*
- *Mr.Wusaty resigned on June 30, 2012. A cash bonus of $150,000 was paid during the year which represents the accrued amount from the 2011 year. Mr Wusaty also received $75,000 representing his pro-rata share of his 2012 bonus.*
- *Messrs Middlemas and Pearce resigned on October 13, 2012*
- *Mr. McGowan resigned on June 11, 2012. Severance of $45,200 was paid upon his departure.*
- *Non-monetary benefits include payments for health benefits and taxable benefits relating to vehicles.*

2011 (restated)	SHORT-TERM BENEFITS SALARY & FEES $	 CASH BONUS $	 NON-MONETARY BENEFITS $	 OTHER $	POST EMPLOYMENT BENEFITS $	SHARE-BASED PAYMENTS $	TOTAL $	PERFORMANCE RELATED %
Directors								
Ian Middlemans	49,505	-	-	-	4,455	-	53,960	-
Eugene Wusaty	267,063	237,853	2,081	58	5,173	931,435	1,443,663	80.99%
Mark Pearce	14,852	-	-	-	1,337	1,013,862	1,030,051	98.43%
Colin Steyn	27,443	-	-	-	-	-	27,443	-
Denis Turcotte	20,023	-	-	-	-	6,194	26,217	23.63%
Anastasios Arima	106,886	-	-	-	9,620	-	116,506	-
Other KMP's - Executives								
David Leslie	134,533	26,122	1,209	-	6,546	731,271	899,681	84.18%
Dermot Lane	148,554	52,578	1,337	-	4,303	9,542	216,314	28.72%
Wayne Drier	19,883	-	-	-	-	-	19,883	-
Jay Bell	80,119	24,036	984	-	4,303	-	109,442	21.96%
Allan McGowan	66,766	20,030	7,166	3,686	3,324	-	100,972	19.84%
Denis Lehoux	116,382	49,073	1,115	2,220	4,290	23,736	196,816	36.99%
Total	**1,052,009**	**409,692**	**13,892**	**5,964**	**43,351**	**2,716,040**	**4,240,948**	

Notes:

- *Mr. Steyn was appointed on October 21, 2010.*
- *Mr. Turcotte was appointed on December 22, 2010.*
- *Mr. Arima resigned May 11, 2011.*
- *Mr. Drier was appointed effective from September 1, 2011.*
- *Mr. Bell was appointed on January 1, 2011.*
- *Mr. McGowan was appointed on February 1, 2011.*
- *Mr. Lehoux resigned March 18, 2011.*
- *During the 2011 year, a cash bonus of A$101,150 vested and was paid to Mr Wusaty. An unvested bonus of A$139,081 was accrued.*
- *Non-monetary benefits include payments for health benefits and taxable benefits relating to vehicles.*

Options and Rights Granted to Key Management Personnel

During the financial year, the following Performance Rights and Unlisted Options were in existence:

Type of Security	Grant Date	Volume Granted	Expiry Date	Exercise Price	Grant Date Fair Value	Vesting Date
Unlisted Options	30-Sep-09	2,750,000	31-Dec-13	A$ 0.10	A$ 0.402	10-Aug-09
Unlisted Options	30-Sep-09	2,750,000	30-Jun-14	A$ 0.15	A$ 0.393	10-Aug-09
Unlisted Options	30-Sep-09	2,750,000	31-Dec-14	A$ 0.20	A$ 0.388	10-Dec-09
Unlisted Options	30-Sep-09	2,750,000	30-Jun-15	A$ 0.25	A$ 0.386	10-Aug-11
Unlisted Options	24-Nov-09	800,000	31-Dec-12	A$ 0.40	A$ 0.237	1-Dec-09
Unlisted Options	24-Nov-09	800,000	30-Jun-14	A$ 0.50	A$ 0.236	1-Dec-10
Unlisted Options	24-Nov-09	800,000	31-Dec-14	A$ 0.60	A$ 0.238	1-Dec-11
Unlisted Options	14-May-10	750,000	30-Jun-14	A$ 0.85	A$ 0.676	1-Jun-10
Unlisted Options	14-May-10	750,000	31-Dec-14	A$ 0.95	A$ 0.689	1-Jun-11
Unlisted Options	14-May-10	750,000	30-Jun-15	A$ 1.05	A$ 0.702	30-Jun-12
Unlisted Options	30-Aug-10	2,000,000	30-Aug-13	A$ 0.80	A$ 0.512	30-Aug-10
Share Rights	10-Jun-11	175,000	31-Jul-12	$ -	A$ 1.580	30-Jan-12
Share Rights	10-Jun-11	175,000	30-Jun-13	$ -	A$ 1.580	Project Construction Milestone
Share Rights	10-Jun-11	175,000	30-Jun-15	$ -	A$ 1.580	Initial Production Milestone
Share Rights	10-Jun-11	175,000	30-Jun-16	$ -	A$ 1.580	Ramp-up Production Milestone
Share Rights	12-Jul-11	128,000	31-Jul-12	$ -	A$ 1.93	30-Jan-12
Share Rights	12-Jul-11	128,000	30-Jun-13	$ -	A$ 1.93	Project Construction Milestone
Share Rights	12-Jul-11	128,000	30-Jun-15	$ -	A$ 1.93	Initial Production Milestone
Share Rights	12-Jul-11	128,000	30-Jun-16	$ -	A$ 1.93	Ramp-up Production Milestone
Share Rights	13-Jul-11	64,000	31-Jul-12	$ -	A$ 1.89	30-Jan-12
Share Rights	13-Jul-11	64,000	30-Jun-13	$ -	A$ 1.89	Project Construction Milestone
Share Rights	13-Jul-11	64,000	30-Jun-15	$ -	A$ 1.89	Initial Production Milestone
Share Rights	13-Jul-11	64,000	30-Jun-16	$ -	A$ 1.89	Ramp-up Production Milestone
Share Rights	14-Jul-11	64,000	31-Jul-12	$ -	A$ 1.85	30-Jan-12
Share Rights	14-Jul-11	64,000	30-Jun-13	$ -	A$ 1.85	Project Construction Milestone
Share Rights	14-Jul-11	64,000	30-Jun-15	$ -	A$ 1.85	Initial Production Milestone
Share Rights	14-Jul-11	64,000	30-Jun-16	$ -	A$ 1.85	Ramp-up Production Milestone
Share Rights	15-Sep-11	135,000	31-Jul-12	$ -	A$ 1.49	30-Jan-12
Share Rights	16-Sep-11	135,000	31-Dec-12	$ -	A$ 1.49	Financing Milestone
Share Rights	17-Sep-11	135,000	30-Jun-13	$ -	A$ 1.49	Project Construction Milestone
Share Rights	31-Jan-12	75,000	31-Jul-12	$ -	A$ 1.83	30-Jan-12
Share Rights	31-Jan-12	75,000	30-Jun-13	$ -	A$ 1.83	Project Construction Milestone
Share Rights	31-Jan-12	75,000	30-Jun-15	$ -	A$ 1.83	Initial Production Milestone
Share Rights	31-Jan-12	75,000	30-Jun-16	$ -	A$ 1.83	Ramp-up Production Milestone

Details of Performance Rights granted by the Company to each KMP of the Group during the financial year are as follows:

2012	OPTIONS/ RIGHTS	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	GRANT DATE FAIR VALUE	N0. GRANTED	N0. VESTED
Directors							
David Murray	Rights	31-Jan-12	31-Jul-12	-	$ 1.83	25,000	25,000
David Murray	Rights	31-Jan-12	30-Jun-13	-	$ 1.83	25,000	-
David Murray	Rights	31-Jan-12	30-Jun-15	-	$ 1.83	25,000	-
David Murray	Rights	31-Jan-12	30-Jun-16	-	$ 1.83	25,000	-
Ted Mayers	Rights	31-Jan-12	31-Jul-12	-	$ 1.83	25,000	25,000
Ted Mayers	Rights	31-Jan-12	30-Jun-13	-	$ 1.83	25,000	-
Ted Mayers	Rights	31-Jan-12	30-Jun-15	-	$ 1.83	25,000	-
Ted Mayers	Rights	31-Jan-12	30-Jun-16	-	$ 1.83	25,000	-
Mark Rodda	Rights	31-Jan-12	31-Jul-12	-	$ 1.83	25,000	25,000
Mark Rodda	Rights	31-Jan-12	30-Jun-13	-	$ 1.83	25,000	-
Mark Rodda	Rights	31-Jan-12	30-Jun-15	-	$ 1.83	25,000	-
Mark Rodda	Rights	31-Jan-12	30-Jun-16	-	$ 1.83	25,000	-
Other KMP's - Executives							
Dave Leslie	Rights	13-Jul-11	31-Jul-12	-	$ 1.89	64,000	64,000
Dave Leslie	Rights	13-Jul-11	30-Jun-13	-	$ 1.89	64,000	-
Dave Leslie	Rights	13-Jul-11	30-Jun-15	-	$ 1.89	64,000	-
Dave Leslie	Rights	13-Jul-11	30-Jun-16	-	$ 1.89	64,000	-
Dermot Lane	Rights	12-Jul-11	31-Jul-12	-	$ 1.93	64,000	64,000
Dermot Lane	Rights	12-Jul-11	30-Jun-13	-	$ 1.93	64,000	-
Dermot Lane	Rights	12-Jul-11	30-Jun-15	-	$ 1.93	64,000	-
Dermot Lane	Rights	12-Jul-11	30-Jun-16	-	$ 1.93	64,000	-
Wayne Drier	Rights	15-Sep-11	31-Jul-12	-	$ 1.49	135,000	135,000
Wayne Drier	Rights	15-Sep-11	31-Dec-12	-	$ 1.49	135,000	-
Wayne Drier	Rights	15-Sep-11	30-Jun-13	-	$ 1.49	135,000	-
Jay Bell	Rights	12-Jul-11	31-Jul-12	-	$ 1.93	64,000	64,000
Jay Bell	Rights	12-Jul-11	30-Jun-13	-	$ 1.93	64,000	-
Jay Bell	Rights	12-Jul-11	30-Jun-15	-	$ 1.93	64,000	-
Jay Bell	Rights	12-Jul-11	30-Jun-16	-	$ 1.93	64,000	-
Allan McGowan	Rights	12-Jul-11	31-Jul-12	-	$ 1.85	64,000	64,000
Allan McGowan	Rights	12-Jul-11	30-Jun-13	-	$ 1.85	64,000	-
Allan McGowan	Rights	12-Jul-11	30-Jun-15	-	$ 1.85	64,000	-
Allan McGowan	Rights	12-Jul-11	30-Jun-16	-	$ 1.85	64,000	-

There were no Unlisted Options granted during the financial year.

Details of the value of Unlisted Options or Performance Rights granted, vested or lapsed for each KMP of the Group during the financial year are as follows:

2012	Granted during the year $	Vested during the year $	Lapsed during the year $	Included in remuneration for the year $	Remuneration for the year that consists of share based payments $
Directors					
Eugene Wusaty	$ -	$ 1,381,007	$ 756,177	$ 642,794	63.46%
Denis Turcotte	$ -	$ 42,010	-	$ 94,760	62.76%
David Murray	$ 194,512	$ 48,628	-	$ 93,073	68.79%
Ted Mayers	$ 194,512	$ 48,628	-	$ 93,073	66.95%
Mark Rodda	$ 194,512	$ 48,628	-	$ 93,073	68.79%
Other KMP's - Executives					
Dave Leslie	$ 514,584	$ 688,600	-	$ 562,134	77.00%
Dermot Lane	$ 525,472	$ 333,866	-	$ 351,410	70.30%
Wayne Drier	$ 641,793	$ 213,931	-	$ 590,135	69.91%
Jay Bell	$ 525,472	$ 131,368	-	$ 310,633	67.12%
Allan McGowan	$ 503,692	$ 125,923	377,769	$ 297,352	59.91%
Total	**$ 3,294,549**	**$ 3,062,589**	**$ 1,133,946**	**$ 3,128,437**	

2011 (restated)	Granted during the year $	Vested during the year $	Lapsed during the year $	Included in remuneration for the year $	Remuneration for the year that consists of share based payments $
Directors					
Eugene Wusaty	$ 1,008,236	$ 1,134,797	-	$ 931,435	51.94%
Mark Pearce	$ 1,089,065	$ 1,089,065		$ 1,013,862	98.43%
Denis Turcotte	$ 168,039	$ -	-	$ 6,194	51.94%
Other KMP's - Executives					
Dave Leslie	$ -	$ -	-	$ 731,271	184.43%
Dermot Lane	$ -	$ -	-	$ 9,542	2.59%
Jay Bell	$ -	$ -	-	$ -	0.00%
Allan McGowan	$ -	$ -	-	$ -	0.00%
Denis Lehoux	$ -	$ -	-	$ 23,736	12.06%
Total	**$ 2,265,340**	**$ 2,223,862**	**$ -**	**$ 2,716,040**	

Employment Contracts with KMP

Mr. Wusaty, Managing Director and Chief Executive Officer, had a contract of employment with Coalspur Mines Limited dated August 3, 2009. The contract specified the duties and obligations to be fulfilled by the Managing Director and Chief Executive Officer. The contract had a rolling annual term and was terminated by giving the Company three months notice. Under the contract, Mr. Wusaty received a fixed remuneration component of $300,000 per annum and a discretionary annual bonus of up to $150,000 per annum which is paid upon Mr. Wusaty achieving key performance indicators, as agreed with by the Board.

Mr. Wusaty resigned from his position as Managing Director and Chief Executive Officer effective June 30, 2012. In addition to the contracted amounts noted above, Mr. Wusaty received a severance of $250,000 as pro-rata share of his anticipated 2012 STIP and LTIP awards, and in lieu of his not receiving a salary increase during the year.

Ms. Winckler, President and Chief Executive Officer, has a contract of employment with Coalspur Mines Limited which commenced on July 1, 2012. The contract specifies the duties and obligations to be fulfilled by the President and Chief Executive Officer. The contract has a rolling annual term and may be terminated by the Company by giving three months' notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase "just cause" at common law in Canada). Ms. Winckler receives a fixed remuneration component of $450,000 per annum and a maximum discretionary bonus of $450,000 per annum. The actual amount of bonus paid is dependent on the evaluation of Ms. Winckler's achievement of key performance indicators by the RNC and subject to Board approval. Subject to shareholders' approval Ms. Winckler will be issued 1,550,000 Performance Rights under the LTIP Program.

Mr. Leslie, Vice President, Technical Services, has a contract of employment with Coalspur Mines (Operations) Ltd. dated April 24, 2010. The contract specifies the duties and obligations to be fulfilled by the Vice President, Operations. The contract has a rolling annual term and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase "just cause" at common law in Canada). Mr. Leslie receives a fixed remuneration component of $200,000 per annum and a maximum discretionary bonus of $150,000 per annum. The actual amount of bonus paid is dependent on the evaluation of Mr. Leslie's achievement of key performance indicators by the RNC and subject to Board approval.

Mr. Lane, Vice President, Development, has a contract of employment with Coalspur Mines (Operations) Ltd. dated 17 November 2009. The contract specifies the duties and obligations to be fulfilled by the Vice President, Development. The contract has a rolling annual term and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase "just cause" at common law in Canada). Mr. Lane receives a fixed remuneration component of $180,000 per annum and a maximum discretionary bonus of $90,000 per annum. The actual amount of bonus paid is dependent on the evaluation of Mr. Lane's achievement of key performance indicators by the RNC and subject to Board approval.

Mr. Drier, Vice President, Commercial, has a contract of employment with Coalspur Mines (Operations) Ltd. dated July 29, 2011. The contract specifies the duties and obligations to be fulfilled by the Vice President, Commercial. The contract has a term of between 18 and 24 months (as agreed closer to the expiry of the term) and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase “just cause” at common law in Canada). Mr. Drier receives a fixed remuneration component of $230,000 per annum.

Mr. Bell, VP Finance and Acting CFO, has a contract of employment with Coalspur Mines (Operations) Ltd. dated December 1, 2010. The contract specifies the duties and obligations to be fulfilled by the VP Finance and Acting CFO. The contract has a rolling annual term and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase “just cause” at common law in Canada). Mr. Bell receives a fixed remuneration component of $190,000 per annum and a maximum discretionary bonus of $142,500 per annum. The actual amount of bonus paid is dependent on the evaluation of Mr. Bell’s achievement of key performance indicators by the RNC and subject to Board approval.

Mr. McGowan, Manager, Vista Project, had a contract of employment with Coalspur Mines (Operations) Ltd. dated January 25, 2011. The contract specified the duties and obligations to be fulfilled by the Manager, Vista Project. The contract had a rolling annual term and may be terminated by the Company by giving three months notice. Mr. McGowan received a fixed remuneration component of $170,000 per annum and a maximum discretionary bonus of $85,000 per annum. Mr. McGowan resigned effective June 11, 2012 and was paid a bonus of $40,480 during the year.

DIRECTORS’ MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Board Meetings		**Audit Committee Meetings**		**Remuneration and Nomination Committee Meetings**	
	eligible to attend	attended	eligible to attend	attended	eligible to attend	attended
Colin Steyn	11	11	4	4	-	-
Eugene Wusaty	11	8	-	-	-	-
Denis Turcotte	11	9	1	1	2	2
Peter Breese	10	8	-	-	2	2
David Murray	8	6	-	-	2	2
Ted Mayers	8	8	3	3	-	-
Mark Rodda	8	8	3	3	-	-
William Smart (alternate)	1	1	-	-	-	-
Ian Middlemas	3	2	1	1	-	-
Mark Pearce	3	3	-	-	-	-

NON-AUDIT SERVICES

There were no non-audit services provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended June 30, 2012 has been received and can be found on page 32 of the Directors' Report.

Signed in accordance with a resolution of the Directors.

Gill Winckler
President & Chief Executive Officer
September 7, 2012

REGULATORY DISCLOSURES:

The accompanying audited Consolidated Financial Statements for the year ended June 30, 2012 have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards. The effective date of these Consolidated Financial Statements is September 4, 2012.

*For further information regarding Vista, and Vista South, 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 Coal 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 Directors' Report that relates to coal quality and process yield estimates to derive Marketable Coal Reserves, operating costs and capital costs related to coal crushing, coal handling, and infrastructure, coal crushing, handling, processing and thermal drying is based on information compiled by Mr. Gordon Mudryk, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Mudryk is a full-time employee of Coalspur. Mr. Mudryk has sufficient experience which is relevant to the style of mineralization 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 report in the form and context in which it appears.

The information in this Directors' Report that relates to Coal Resources is based on information compiled by Mr. John Innis, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Innis is a full-time employee of Coalspur. Mr. Innis has sufficient experience which is relevant to the style of mineralization 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. Innis has approved and consents to the inclusion of such information in this report in the form and context in which it appears.

*All other scientific and technical information in this Directors' Report is based on information compiled by Mr. David Leslie, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Leslie is a full-time employee of Coalspur, and has sufficient experience which is relevant to the style of mineralization 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. Leslie 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 Directors Report contains forward-looking statements concerning Coalspur Mines Limited ("Coalspur" or the "Company"), including statements regarding Coalspur's plans for its mineral projects, its exploration and development activities, and other matters. These statements relate to analyses and other information that is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Actual results could differ materially from the conclusions, forecasts and projections contained in these forward-looking statements.

Statements concerning Mineral Resource Estimates may also be deemed to constitute "forward-looking statements" to the extent that they involve estimates of the mineralization that will be encountered if a given property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "is expected", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, including those referred to in the Company's Annual Information under the heading "Description of the Business - Risk Factors", and elsewhere.

Coalspur's forward-looking statements are based on the beliefs, expectations and opinions of management as of the date hereof and which Coalspur believes are reasonable in the circumstances, but no assurance can be given that these expectations will prove to be correct. 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) that additional financing will be available on reasonable terms; (3) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (4) permitting, development and expansion proceeding on a basis consistent with the Company's current expectations; (5) currency exchange rates being approximately consistent with current levels; (6) certain price assumptions for coal; (7) production forecasts meeting expectations; (8) the accuracy of the Company's current mineral resource and reserve estimates; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; (10) assumptions made and judgments used in engineering and geological interpretation.

Coalspur disclaims any intention or obligation to update or revise forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

For a more detailed analysis of risks affecting the Company, please see the Risk Factors discussion in the Description of the Business section of the Company's Annual Information form, available from SEDAR at www.sedar.com

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The Board of Directors
Coalspur Mines Limited
Level 1, 28 Ord Street
West Perth WA 6005

7 September 2012

Dear Board Members

Coalspur Mines Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Coalspur Mines Limited.

As lead audit partner for the audit of the financial statements of Coalspur Mines Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30

	NOTES	2012 $	2011 $
CONTINUING OPERATIONS			(Restated)
Exploration and evaluation expenses		**(15,497,310)**	(12,302,529)
Corporate and administrative expenses		**(7,243,478)**	(4,799,633)
Finance expenses		**-**	(643,565)
Interest income	2	**543,296**	905,872
Other gains and losses	2	**(76,263)**	151,212
LOSS BEFORE INCOME TAX		**(22,273,755)**	(16,688,643)
Income tax expense	4	**-**	-
LOSS FOR THE PERIOD		**(22,273,755)**	(16,688,643)
LOSS ATTRIBUTABLE TO OWNERS OF COALSPUR MINES LIMITED		**(22,273,755)**	(16,688,643)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign currency		**208,380**	(803,889)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**208,380**	(803,889)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(22,065,375)**	(17,492,532)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF COALSPUR MINES LIMITED		**(22,065,375)**	(17,492,532)
Basic and diluted loss per share (cents per share)	21	**(3.73)**	(3.65)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30

	Notes	2012 $	2011 $	2010 $
ASSETS			(Restated)	(Restated)
Current Assets				
Cash and cash equivalents	20(a)	**6,988,330**	67,972,547	19,051,668
Trade and other receivables	6	**399,879**	204,769	178,690
Prepayments	7	**81,359**	46,678	239,838
Total Current Assets		**7,469,568**	68,223,994	19,470,196
Non-current Assets				
Property, plant and equipment	8	**771,780**	107,780	61,091
Exploration and evaluation assets	9	**13,509,295**	97,244,645	13,165,039
Mine development assets	10	**109,726,335**	-	-
Prepayments	11	**46,000,000**	-	343,517
Intangible assets	11	**3,500,000**	-	-
Other assets	12	**5,218,395**	-	-
Total Non-current Assets		**178,725,805**	97,352,425	13,569,647
TOTAL ASSETS		**186,195,373**	165,576,419	33,039,843
LIABILITIES				
Current Liabilities				
Trade and other payables	13	**2,239,177**	2,158,664	1,887,386
Provisions	14	**58,159**	29,421	31,355
Total Current Liabilities		**2,297,336**	2,188,085	1,918,741
Long term Liabilities				
Credit facility	26	**20,000,000**	-	-
Total Long Term Liabilities		**20,000,000**	-	-
TOTAL LIABILITIES		**22,297,336**	2,188,085	1,918,741
NET ASSETS		**163,898,037**	163,388,334	31,121,102
EQUITY				
Contributed equity	16	**216,197,853**	195,545,209	43,335,409
Share based payment reserve	17	**17,240,933**	9,578,626	4,690,953
Foreign currency translation reserve	18	**(12,401,553)**	(6,870,060)	1,271,538
Accumulated losses	19	**(57,139,196)**	(34,865,441)	(18,176,798)
TOTAL EQUITY		**163,898,037**	163,388,334	31,121,102

The accompanying notes form part of these financial statements.
The comparative consolidated balance sheet has been restated to reflect the change in accounting policy for the Company’s presentation currency, refer to Note 1.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

2012	ORDINARY SHARES $	PERFORM-ANCE SHARES $	SHARE-BASED PAYMENTS RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	ACCUM-ULATED LOSSES $	TOTAL ATTRI-BUTABLE TO MEMBERS OF THE PARENT
Balance at July 1, 2011	195,544,433	776	9,578,626	(6,870,060)	(34,865,441)	163,388,334
Net loss for the period	-	-	-	-	(22,273,755)	(22,273,755)
Other comprehensive income:						
Differences on translation of foreign currency	5,471,823	21	268,029	(5,531,493)	-	208,380
Total comprehensive loss for the period	5,471,823	21	268,029	(5,531,493)	(22,273,755)	(27,805,248)
Transactions with owners, recorded directly in equity:						
Issue of ordinary shares	-	-	-	-	-	-
Share issue costs	(33,664)	-	-	-	-	(33,664)
Exercise of unlisted options	13,559,257	-	(691,301)	-	-	12,867,956
Share based payments	-	-	9,740,786	-	-	9,740,786
Exercise of share rights	1,655,207		(1,655,207)			-
Balance at June 30, 2012	216,197,056	797	17,240,933	(12,401,553)	(57,139,196)	163,898,037

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011

2011	ORDINARY SHARES $	PERFORM-ANCE SHARES $	SHARE-BASED PAYMENTS RESERVE $	FOREIGN CURRENCY TRANSLATION RERSERVE $	ACCUM-ULATED LOSSES $	TOTAL ATTRI-BUTABLE TO MEMBERS OF THE PARENT
(Restated)						
Balance at July 1, 2010	43,334,736	673	4,690,953	1,271,538	(18,176,798)	31,121,102
Net loss for the period	-	-	-	-	(16,688,643)	(16,688,643)
Other comprehensive income:						
Differences on translation of foreign currency	6,620,899	103	716,707	(8,141,598)	-	(803,889)
Total comprehensive loss for the period	6,620,899	103	716,707	(8,141,598)	(16,688,643)	(17,492,532)
Transactions with owners, recorded directly in equity:						
Issue of ordinary shares	108,590,566	-	-	-	-	108,590,566
Share issue costs	(7,978,575)	-	-	-	-	(7,978,575)
Issue of ordinary shares on exercise of options	7,731,567	-	(666,504)	-	-	7,065,063
Issue of ordinary shares on conversion of convertible notes (Note 16b)	37,245,240					37,245,240
Share based payments	-	-	4,837,470	-	-	4,837,470
Balance at June 30, 2011	195,544,433	776	9,578,626	(6,870,060)	(34,865,441)	163,388,334

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30

	NOTES	2012 $	2011 $
			(Restated)
Cash flows from operating activities			
Payments to suppliers and employees		**(18,385,995)**	(12,182,381)
Interest received		**558,294**	908,288
Interest and other costs of finance paid		**(25,114)**	-
Net cash outflow from operating activities	20	**(17,852,815)**	(11,274,093)
Cash flows from investing activities			
Payments for exploration and evaluation assets		**(19,027,187)**	(82,446,845)
Payments for property, plant, and equipment		**(723,097)**	(105,823)
Payments for mine development		**(6,355,104)**	-
Payments for port capacity		**(49,500,000)**	-
Net cash outflow from investing activities		**(75,605,388)**	(82,552,668)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**12,866,743**	110,626,249
Proceeds from issue of convertible notes		**-**	35,625,600
Proceeds from borrowings		**20,000,000**	-
Payments for share issue costs		**(593,261)**	(7,815,340)
Net cash inflow from financing activities		**32,273,482**	138,436,509
Net (decrease)/increase in cash and cash equivalents		**(61,184,721)**	44,609,748
Net foreign exchange differences		**200,504**	1,400,321
Cash and cash equivalents at beginning of period		**67,972,547**	21,962,478
Cash and cash equivalents at end of period		**6,988,330**	67,972,547

The accompanying notes form part of these financial statements.

NOTES TO ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Coalspur Mines Limited ("**Coalspur**" or "**Company**") and its consolidated entities ("**Consolidated Entity**" or "**Group**") for the year ended June 30, 2012 are stated to assist in a general understanding of the financial report.

Coalspur is a Company limited by shares incorporated and domiciled in Australia whose Ordinary Shares are publicly traded on the Australian Securities Exchange ("**ASX**") and the Toronto Stock Exchange ("**TSX**").

The financial report of the Group for the year ended June 30, 2012 was authorized for issue in accordance with a resolution of the Directors on September 7, 2012.

(a) Basis of Preparation

The financial report is a for-profit general purpose financial report, which has been prepared in accordance with the requirement of Australian Accounting Standards ("**AASBs**") adopted by the Australian Accounting Standards Board ("**AASB**"), other authoritative pronouncements of the AASB, and the *Corporations Act 2001*.

The financial report has been prepared on a historical cost basis, except for financial assets, which are measured at fair value.

The financial report is presented in Canadian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

Australian Accounting Standards and Interpretations, including those issued by the IASB where an Australian equivalent has not yet been made by the AASB, that have recently been issued or amended but are not yet effective that have not been adopted for the annual reporting period ended June 30, 2012, but would be relevant to its operations, are:

Affected Standards and Interpretations	Application date (reporting period commences on or after)	Applidation date for Group
AASB 9 'Financial Instruments', AASB 2009- 11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' *	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets'	1 January 2012	1 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendment to Australian Accounting Standards-Presentation of Items of Other Comprehensive Income	1 July 2013	30 June 2013
Interpretation 20 'Strippling Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'	1 January 2013	30 June 2014
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	30 June 2015
Disclosures-Offsetting Financial Assets and Financial Liabili	1 January 2013	30 June 2014
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016

*The IASB have recently deferred the application date of the IFRS equivalent to this standard until 1 January 2015.

A project team has been formed to assess the impact of these new standards and interpretations. A final assessment has not been made on the expected impact of these standards and interpretations, however, it is expected that there will be no significant changes in the Group's accounting policies.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at June 30, 2012 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, so as to obtain benefits from its activities, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

Investments in subsidiaries are accounted for at cost in the Statement of Financial Position of the Company.

(d) Foreign Currencies

(i) Functional Currency

Each entity in the Group uses the functional currency which best represents its primary economic environment. The Group's Canadian subsidiary, Coalspur Mines (Operations) Ltd. has always had a Canadian functional currency. Following the completion of the Vista Coal Project Feasibility Study on January 30, 2012, the Company determined the functional currencies of Coalspur Mines Ltd. and Coalspur Mines (Holdings) Pty Ltd. had changed from Australian to Canadian dollars as a result of the majority of their expenditures, current and future debt and equity raisings, and future dividend stream being denominated in Canadian dollars.

In accordance with AASB 121, The Effect of Change in Foreign Exchange Rates, the assets, liabilities, equity and income balances of Coalspur Mines Ltd and Coalspur Mines (Holdings) Pty Ltd as of January 31, 2012, were translated from Australian to Canadian dollars at the February 1, 2012 exchange rate, which coincides with the date of change in the functional currency. Since February 1, 2012 all transactions for these companies have been valued in Canadian dollars. The Company's subsidiary, Kep Pty Ltd, continues to use Australian dollars as a functional currency, however, its balances are not material.

(ii) Presentation Currency

Following the change in functional currency noted above, the Company elected to adopt Canadian dollars as its presentation currency. All current and comparative information in the Annual Financial Statements and Notes thereto are presented in Canadian dollars ("**$**") unless otherwise noted as being presented in Australian dollars ("**A$**").

Presentation currency translation differences are recorded as a foreign currency translation reserve within the equity section and the year-over-year differences recognised as other comprehensive income. As at June 30, 2012, Kep Pty Ltd is the only entity within the Group with an Australian dollar functional currency.

(iii) Comparative figures

In accordance with AASB 121, The Effect of Change in Foreign Exchange Rates, comparative figures for prior periods have been restated to the Canadian presentation currency as outlined below:

- Historical assets, liabilities, and contributed equity were translated from Australian to Canadian dollars at the closing exchange rate of the corresponding balance sheet date. Historical retained earnings, income, expense, and cash flow figures were translated to Canadian dollars using historical rates.
- The translation difference arising from the use of different translation rates is recorded in the foreign currency translation reserve
- The assets, liabilities, earnings, and equity balances of Coalspur Mines (Operations) Ltd are reflected at their original Canadian carrying values.

(e) Change in Accounting Policy

The accounting policies adopted in the preparation of the Consolidated Financial Statements are consistent with those followed in the preparation of the Consolidated Financial Statements and Annual Report for the year ended June 30, 2011 except as follows:

- Presentation currency
  The change in presentation currency noted in above represents a voluntary change in accounting policy, which has been applied retrospectively by restating two years of comparative balance sheet figures and associated notes to Canadian dollars using the method described in Note 1(d)(iii).

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank accounts, and short-term deposits tenures of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(g) Trade and Other Receivables

Trade receivables are recognized and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognized and carried at the nominal amount due and are interest free.

(h) Investments and Other Financial Assets

Financial assets are classified as either; held for trading, loans and receivables, held-to-maturity investments, or available-for-sale investments. When financial assets are recognised initially they are measured at fair value directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition and, when allowed and appropriate, re-evaluates this classification at each financial year-end.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

(i) Property, Plant and Equipment

(i) Cost and Valuation

Property, plant and equipment ("**PP&E**") is carried at cost less accumulated depreciation and impairment losses.

PP&E costs include the initial purchase price, directly attributable costs to ready the asset for use, and an estimate to remove the asset and restore its site once the asset's usefulness is expired. Directly attributable costs may include:

- employee benefits (defined by AASB 119);
- costs required for the construction or acquisition of an item such as; site preparation, delivery and handling, installation and assembly, testing to ascertain if an item is functioning properly, environmental or safety management costs during the construction or commissioning of an asset; and
- other costs necessary to obtain future economic benefits from the assets.

Costs incurred subsequent to the asset's commissioning are expensed unless it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(ii) Depreciation of PP&E

Each major component of a PP&E whose useful life differs from other major parts is depreciated separately. Significant components with the same useful life are grouped together for depreciation.

Depreciation is calculated using the method that best reflects the economic consumption of the PP&E, and commences once the asset is available for use.

The Company reviews its PP&E classifications and depreciation methods annually to determine whether the pattern of consumption of the future economic benefits of the assets remains the same. Should the pattern change, it would constitute a change in accounting estimate, and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* would apply.

PP&E classifications:	method	2012	2011
Computer equipment	straight line	2 years	2 years
Office furniture and leasehold improvements	straight line	5 years	5 years
Mine site facilities	straight line	not applicable	not applicable
Mobile mining equipment	operating hours	not applicable	not applicable
Fixed mining equipment	units of production	not applicable	not applicable

PP&E are evaluated annually for impairment using AASB 136, *Impairment of Assets*. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are included in the income statement, and determined by comparing proceeds with the carrying amount. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(j) Exploration and Evaluation Assets

Exploration and evaluation expenditures are assigned to an identifiable area of interest ("**Project Area**"), and are capitalized to the extent that they are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

For each Project Area, expenditures incurred in the acquisition of rights to explore is capitalized at cost, and recognized as an exploration and evaluation asset. Exploration and evaluation expenditures incurred subsequent to acquisition of the rights to explore are expensed as incurred, up to and including costs associated with the preparation of a JORC code and NI 43-101 compliant feasibility study ("**Feasibility Study**").

Exploration and evaluation assets are not depreciated; however they are assessed for indications of impairment on a quarterly basis. If any such indication exists, the recoverable amount of the capitalized exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous years.

Costs to restore exploration and evaluation drilling sites are insignificant, and are expensed in the period incurred. Site restoration costs include the rehabilitation drill sites and access roads in accordance with clauses of the exploration permits, and are typically completed within one year of disturbance. Any changes in the estimates for the costs are accounted on a prospective basis.

Upon completion of a Feasibility Study, capitalized exploration and evaluation assets are transferred to Mine Development assets if the Company intends to advance the Project Area to production.

(k) Mine Development Assets

In addition to the transferred Exploration and Evaluation assets noted above, Mine Development Assets include direct expenditures incurred subsequent to a Feasibility Study develop a project area into a producing mine operation. Direct expenditures include, but are not restricted to: costs of consultant fees and employee benefits (defined by AASB 119) related directly to the engineering, planning, or procurement of mine facilities and equipment, pre-development costs to ascertain if equipment is functioning properly, and site restorations costs.

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology of an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

When production commences, accumulated costs for a Project Area are depreciated over the life of the Project Area in proportion to the depletion of the economically recoverable reserves.

Mine Development assets are assessed for impairment and adjusted in the same fashion as Exploration and Evaluation Assets.

(l) Payables

Liabilities are recognized for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

(m) Provisions

Provisions are recognized when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Revenue Recognition

Revenues are recognized at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

(i) Interest

Interest revenue is recognized as it accrues, taking into account the effective yield on the financial asset.

(o) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognized for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognized in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each balance date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognized directly in other comprehensive income or equity are also recognized directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Coalspur formed an income tax consolidated group on July 1, 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(p) Share Based Payments

The Company issues options to purchase Ordinary Shares and/or Performance Rights to compensate consultants, directors, employees, and creditors who have provided debt financing (Note 25).

Options issued as share based payments are valued with a binomial model using standard inputs including the Company's share price, the option strike price, the risk free interest rate, the expected volatility of Company's stock, and dividend yield (if any).

Performance Rights are also valued using a binomial model, however, since they are granted with a strike price of $Nil, their intrinsic value is equal to the share price at the date of issuance.

The value of share based payments is amortized using the straight line method over a period beginning with the authorized grant date and ending with the vesting date. In the event one or more of model inputs, or the vesting date cannot be determined at the grant date, the Company amortizes the share based payment using the best available information, and updates the amortization amount prospectively once better information becomes available.

In the event that an option or Performance Right issued as a share based payment subsequently lapses, expires, or is cancelled, any associated amortization is prospectively reversed.

Share based payments issued as a financing fee relating to a qualifying asset are capitalized as borrowing costs as a cost of the qualifying asset over the life of the agreement on a straight line basis.

(q) Employee Entitlements

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Vacation entitlements and short term employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Performance Rights issued under the Company's long term incentive plan are valued according to the binomial model and recognized over the anticipated vesting period. The Company does not have a defined benefit pension plan or other post-retirement benefits at this time.

(r) Earnings Per Share

Basic earnings per share ("**EPS**") is calculated by dividing the net profit attributable to owners of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of Ordinary Shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

(s) Goods and Services Tax

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant tax authority in Australia or Canada. In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) Use and Revision of Accounting Estimates

The preparation of the financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 9 – Exploration and Evaluation Assets; and
- Note 26 – Share-based Payments.

(u) Going Concern Assumption

These consolidated financial statements (“**financial statements**”) are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned development program and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain an off-take partner or adequate financing in the future. The recoverability of the cumulative acquisition costs and capitalized mine development and exploration costs as at June 30, 2012 is dependent on the Company obtaining additional financing or an off-take partner in the future. It is the Company’s intent to review all financing options available, which would include, but not be limited to, obtaining a strategic investment partner for the Vista Project, entering into an agreement with a contractor to provide mining equipment, issuing additional capital, or acquiring debt financing.

(v) Impairment of Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a weighted average cost of capital of 8% that reflects current market assessments of the time value of money and the risks specific to the asset. The Company performed an impairment analysis using a detailed valuation model. No impairment was identified for the year ended June 30, 2012.

An assessment is also made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(w) Issued Capital

Ordinary Shares and Performance Shares are classified as equity. Issued and paid up capital is recognized at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance sheet date.

(y) Convertible Notes

Convertible notes issued by the Group are classified separately as equity and financial liabilities in accordance with the substance of the contractual arrangements and definitions of a financial liability and equity instrument.

A conversion option that will be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments is an equity instrument.

2. REVENUE AND OTHER INCOME

	2012	2011
	$	$
		(Restated)
(a) Revenue		
Interest income	543,296	905,872
(b) Other Gains and Losses		
Net foreign exchange (loss)/gain on monetary items	(76,264)	151,212

3. EXPENSES

(a) Depreciation and Amortization Included in income statement		
Depreciation of plant and equipment	56,284	53,980
(b) Employee Benefits Expense (Including KMP)		
Salaries, wages and fees	2,611,151	1,474,898
Short Term Incentive Plan payments	577,556	485,053
Defined contribution plans	3,500	30,823
Other employee benefits	116,729	78,006
Share-based payments	2,600,586	4,084,891
	5,909,522	6,153,671

4. INCOME TAX

	2012 $	2011 $ (Restated)	2010 $ (Restated)
(a) Recognised in the income statement			
Current income tax			
Current income tax benefit in respect of the current year	(5,986,165)	(1,906,112)	(824,402)
Adjustments in respect of current income tax of previous years	(2,878,328)	(3,994,102)	834,703
Deferred income tax			
Relating to origination and reversal of temporary differences	25,402	(1,169,928)	(6,380)
Benefit arising from previously unrecognised temporary differences of a prior period	-	-	(3,921)
Deferred tax assets not brought to account	8,839,091	7,070,142	-
Income tax reported in the income statement	-	-	-
(b) Recognised Directly in Equity			
Deferred Income tax			
Relating to origination and reversal of temporary differences	-	-	20,289
Benefit arising from previously unrecognised temporary differences of a prior period	-	-	(20,289)
Income tax reported in equity	-	-	-
(c) Reconciliation Between Tax Expense and Accounting Profit/(Loss) Before Income Tax			
Accounting Loss before income tax	(22,273,755)	(16,855,513)	(7,802,061)
At the Australian income tax rate of 30% (2011: 30%)	(6,682,127)	(5,056,654)	(2,340,618)
Expenditure not allowable for income tax purposes	1,281,165	1,574,453	1,465,230
Income not assessable for income tax purposes	-	-	(4,345)
Previously unrecognized temporary differences of a prior period	-	-	(3,921)
Adjustments in respect of current income tax of previous years	(2,878,328)	(3,994,102)	834,703
Deferred tax assets not brought to account	8,839,091	7,070,142	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(332,259)	406,161	48,951
Other	(227,542)	-	-
Income tax expense attributable to profit/(loss)	-	-	-

4. INCOME TAX continued

	2012 $	2011 $ (Restated)	2010 $ (Restated)
(d) Deferred Tax Assets and Liabilities			
Deferred income tax at June 30 relates to the following:			
Deferred Tax Liabilities			
Mine Development assets	883,177	-	-
Exploraton and evaluation assets	-	880,237	789,986
Accrued interest	-	8,683	7,793
Deferred tax assets used to offset deferred tax liabilities	(883,177)	(888,920)	(797,779)
	-	-	-
Deferred Tax Assets			
Accrued expenditure	4,686	21,300	19,116
Provisions	14,540	81,738	73,357
Cumulative Eligible Expenditures	29,563,055	5,600,883	5,026,625
Tax losses available to offset against future taxable income	8,511,857	3,184,094	2,857,629
Capital losses available to offset against future capital gains		1,172,918	1,052,659
Deferred tax assets used to offset deferred tax liabilities	(883,177)	(888,920)	(797,779)
Deferred tax assets not brought to account	(37,210,961)	(9,172,013)	(8,231,607)
Income tax reported in the income statement	-	-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(e) Tax Consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group from July 1, 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Coalspur Mines Limited.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid or proposed during the past two years.

6. TRADE AND OTHER RECEIVABLES

	2012 $	2011 $	2010 $
		(Restated)	(Restated)
Trade Receivables	17,285	29,944	28,581
GST receivable	382,594	174,825	150,109
	399,879	204,769	178,690

7. PREPAYMENTS (Current)

	2012 $	2011 $	2010 $
		(Restated)	(Restated)
Security deposits	34,609	-	-
Consulting retainer	-	46,678	-
Prepaid borrowing costs	-	-	239,838
Transmission facilities prepayment	46,750	-	-
	81,359	46,678	239,838

8. PROPERTY, PLANT AND EQUIPMENT

	2012 $	2011 $	2010 $
		(Restated)	(Restated)
(a) Plant and Equipment			
At cost	892,440	181,714	87,918
Accumulated depreciation and impairment	(120,660)	(73,934)	(26,827)
Net Carrying amount	771,780	107,780	61,091
(b) Reconciliation			
Carrying amount at beginning	107,780	61,091	3,045
Additions	723,097	105,823	75,485
Disposals	-	(6,343)	(871)
Depreciation	(56,284)	(53,980)	(18,658)
Difference on translation of foreign currency (Note 1d)	(2,813)	1,189	2,090
Carrying amount at end of year, net of accumulated depreciation and impairment	771,780	107,780	61,091

	2012	2011	2010
	$	$	$
9. EXPLORATION AND EVALUATION ASSETS		(Restated)	(Restated)
(a) Areas of Interest			
Vista Coal Project	-	96,860,381	12,780,902
Vista South Coal Project	509,295	384,264	384,137
Vista Extension	13,000,000	-	-
	13,509,295	97,244,645	13,165,039
(b) Reconciliation			
Carrying amount at beginning	97,244,645	13,165,039	5,079,791
Additions	13,000,000	86,195,110	7,728,688
Transfer to Mine Development Assets	(96,903,992)	-	-
Difference on translation of foreign currency (Note 1d)	168,642	(2,115,504)	356,560
Carrying amount at end of year [1]	13,509,295	97,244,645	13,165,039

Notes:

[1] The ultimate recoupment of costs carried for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. The Group must also comply with any applicable lease and/or contractual requirements (including as disclosed in Note 31).

	2012	2011	2010
	$	$	$
10. MINE DEVELOPMENT ASSETS			
Vista Project			
Carrying amount at beginning of period	-	-	-
Transferred from Exploration and Evaluation Assets	96,903,992	-	-
Acquisition of mineral lease property	6,000,000	-	-
Capitalized development costs	6,355,104	-	-
Capitalized finance costs [1]	467,239	-	-
Carrying amount at end of year	109,726,335	-	-

[1] Company arranged a $70 million credit facility (Note 25) to advance the development of Vista. The finance costs associated with the facility are recorded as other assets (Note 12) and amortized to Mine Development Assets over the life of the credit facility.

11. PREPAYMENTS AND INTANGIBLE ASSETS (NON-CURRENT)

Summary of Agreements with Ridley Terminals

Description	First Contract Base Volume	First Contract Option # 1	First Contract Option # 2	Second Contract (1)	Total	Note
Dates and duration						
Date of Contract	26-Oct-11	26-Oct-11	27-Mar-12	28-Mar-12		
Cancellation / Exercise date	1-Mar-13	30-Jun-12	1-May-13	1-Sep-12		*11(a)*
Shipping commencement date	2015	2018	2018	2017		
Contract term	14 years	11 years	11 years	12 years		
Option contract renewal term	7 years	7 years	7 years	7 years		
Contract capacity (millions Mtpa)	6.0	2.5	1.0	4.0	13.5	
Prepayments ($ millions)						
Deposit paid	$ 24.0	$ 10.0	$ -	$ 12.0	$ 46.0	*11(b)*
Option fee paid	$ -	$ 2.5	$ 1.0	$ -	$ 3.5	*11(c)*
Total paid to date	$ 24.0	$ 12.5	$ 1.0	$ 12.0	$ 49.5	
Anticipated future deposits	$ -	$ -	$ 4.0	$ 4.0	$ 8.0	*11(b)*
Anticipated total pre-payments	$ 24.0	$ 12.5	$ 5.0	$ 16.0	$ 57.5	

(1) Subsequent to June 30, 2012, the Second Contract was reduced from 4.0 Mtpa to 2.2 Mtpa. Refer to Note 32 for additional information

(a) Contract Cancellation / Exercise Date

Coalspur may opt out of the first contract or either optional capacity prior to the date indicated in the table above without further obligation, other than foregoing the deposits and option fees already paid to Ridley Terminals.

The throughput capacity associated with the second agreement was to be provided from an incremental expansion at Ridley Terminals that would have increased overall port capacity from 25.0 Mtpa to 30.0 Mtpa. Refer to Subsequent Events note 32 for additional information.

In addition to the cancellation terms noted above, Ridley Terminals has a right to terminate either contract if, after a 30 business day cure period the Company’s debt to EBITDA ratio exceeds 5:1 after it has shipped 10 million tonnes under the respective contracts.

(b) Deposits

All throughput capacity is subject to non-refundable deposits of $4 per tonne multiplied by annual contract capacity, which will be offset against future throughput, or minimum throughput charges. The deposit of $24.0 million against the first agreement is paid in full, and an initial deposit of $12.0 million has been made against the second agreement. A further deposit of $4.0 million must be made against the second contract, if the Company exercises its option to acquire additional throughput capacity as planned. The deposit relating to the second contract would have been payable in September 2012, but in light of the post balance sheet event Coalspur, is entitled to a refund of $3.2 million (Note 32).

Deposits are classified as non-current prepaid assets, and will be amortized as they are offset against future throughput charges.

(c) Option Fees

The Company paid $3.5 million for two options to purchase additional throughput capacity totaling 3.5 Mtpa commencing in 2018. The first option for 2.5 Mtpa was exercised during the year, and the second option for 1.0 Mtpa expires on May 1, 2013. Option fees are classified as non-current intangible assets, and will either be expensed upon their expiration, or amortized over the first term of the contract if exercised.

(d) Minimum Throughput Charges

Both agreements are subject to minimum throughput charges based on a percentage of contracted volumes and throughput rates. In the event the contracts are not cancelled, and Coalspur is unable to meet specified minimum throughput commitments, minimum payments to Ridley Terminals may become payable. Management believes it is unlikely to incur minimum payments related to unutilized allocation because throughput allocation surplus, to the extent there is any, may be sold to a third party under certain circumstances.

12. OTHER ASSETS

The amounts shown in the table below are recognized regarding the credit facility agreement provided by Borrowdale Park S.A. ("**Highland Park**") as described in Note 26. The amount will be amortized to capitalized finance costs, representing part of the Mine Development costs over the life of the credit facility agreement on a straight line basis.

	2012	2011	2010
Deferred credit facility fees	$	$	$
Interest and Share-based payments [1]	5,685,634	-	-
Capitalized to Mine Development Assets	(467,239)	-	-
	5,218,395	-	-

1 Share based payments reported in deferred credit facility fees include the following amounts:

a. $4.62 million for the fair value of eight million establishment options authorized and vested during the fourth quarter in connection with the $70 million Facility Agreement with Highland Park. These options were approved by shareholders on April 26, 2012, and vested immediately thereafter.

b. $0.51 million for the fair value of two million funding options authorized and vested during the fourth quarter in connection with the $70 million Facility Agreement with Highland Park. These options were approved by shareholders on April 26, 2012, and vested upon the drawing of $20 million from the facility on May 16, 2012.

c. $0.39 million for the partially amortized value of five million funding options authorized during the fourth quarter in connection with the $70 million Facility Agreement with Highland Park. These options were approved by shareholders on April 26, 2012, and will vest at a rate of one million options per additional $10 million drawn on the facility. The strike price and vesting date of these options was estimated using the best available information, and the amortized amount will be updated prospectively once further information becomes available.

13. TRADE AND OTHER PAYABLES

	2012	2011	2010
	$	$	$
		(Restated)	(Restated)
Trade creditors	1,437,452	1,861,641	1,338,953
Accrued expenses	801,725	297,023	548,433
	2,239,177	2,158,664	1,887,386

Normal credit terms ranging from 14 to 60 days from the invoice date.

14. PROVISIONS

	2012	2011	2010
	$	$	$
	(Restated)	(Restated)	(Restated)
Employee entitlements	58,159	29,421	31,355

15. CONVERTIBLE NOTES

	2012	2011	2010
	$	$	$
		(Restated)	(Restated)
Convertible notes (unsecured)	-	-	-

Movements in Convertible Notes:

DATE	DETAILS	NUMBER OF CONVERTIBLE NOTES	TOTAL $
July 1, 2010	**Opening Balance**	-	-
Oct 12, 2010	Issue of Convertible Notes	45,000,000	36,000,000
Nov 22, 2010	Conversion to Ordinary Shares	(45,000,000)	(36,000,000)
June 30, 2011	**Closing Balance**	-	-
July 1, 2011	**Opening Balance**	-	-
June 30, 2012	**Closing Balance**	-	-

	2012 $	2011 $	2010 $
16. CONTRIBUTED EQUITY		(Restated)	(Restated)
(a) Issued Capital			
620,729,899 (2011: 579,768,744) Ordinary Shares	216,197,056	195,544,433	43,334,736
7,500,000 (2011: 7,500,000) Performance Shares (Note 16e)	797	776	673
	216,197,853	195,545,209	43,335,409

(b) Movements in Ordinary Shares:

DATE	DETAILS	NUMBER OF ORDINARY SHARES	TOTAL $
July 1, 2010	**Opening Balance - restated**	**362,499,962**	**43,334,736**
	Private placements	76,000,000	64,392,881
	Conversion of Convertible Notes	45,000,000	37,245,240
	Public offering	24,000,000	44,197,685
	Exercise of Listed Options	69,463,782	5,749,323
	Exercise of Unlisted Options	2,805,000	1,315,740
	Transfer from share-based payments reserve	-	666,504
	Difference on translation of foreign currency (Note 1d)	-	6,620,899
	Share issue costs	-	(7,978,575)
June 30, 2011	**Closing Balance**	**579,768,744**	**195,544,433**
July 1, 2011	**Opening Balance - restated**	**579,768,744**	**195,544,433**
	Conversion of employee share rights	891,155	1,655,207
	Exercise of Unlisted Option	15,070,000	12,867,956
	Conversion of D Class performance shares	25,000,000	-
	Transfer from share-based payments reserve	-	691,301
	Difference on translation of foreign currency (Note 1d)		5,471,823
	Share issue costs	-	(33,664)
June 30, 2012	**Closing Balance**	**620,729,899**	**216,197,056**

(c) Rights Attaching to Ordinary Shares

The rights attaching to fully paid ordinary shares ("**Ordinary Shares**") arise from a combination of the Company's Constitution, statute and general law.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules.

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

Directors may call a meeting of owners whenever they think fit. Owners may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of owners and all owners are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of owners is two natural persons, each of whom is or represents different shareholders who are eligible to vote. The Company holds annual general meetings in accordance with the Corporations Act 2001 and the Listing Rules.

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of owners will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of owners the person represents. On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the owners present and voting at a general meeting of the Company. At least 28 days' written notice must be provided specifying the intention to propose the resolution as a special resolution must be given.

Provided the Company remains admitted to the Official List of the ASX, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules of the ASX, and authority is given for acts required to be done by the Listing Rules of the ASX. The Company's Constitution will be deemed to comply with the Listing Rules of the ASX as amended from time to time.

(d) Movements in Performance Shares During the Past Two Years Were as Follows:

DATE	DETAILS	NUMBER OF PERFORMANCE SHARES	ISSUE PRICE $
July 1, 2010	**Opening Balance (Restated)**	**57,500,000**	**776**
June 30, 2011	**Closing Balance**	**57,500,000**	**776**
July 1, 2011	**Opening Balance**	**57,500,000**	**776**
Jan 30, 2012	Conversion of D Class Performance shares	(25,000,000)	-
	Difference on translation of foreign currency (Note 1d)	-	21
June 30, 2012	**Closing Balance**	**32,500,000**	**797**

(e) Rights Attaching to Performance Shares

Performance Shares have been issued to acquire mineral property prospects, and provide the Company with a means to compensate vendors of mineral properties in proportion to subsequent success in developing the property. Performance shares have an issue price of $0.0001 each, are not transferable, and have no rights to vote or to dividends. The Performance Shares will convert (or have converted) into Ordinary Shares on a one for one basis in accordance with the following:

- 25,000,000 D Class Performance Shares converted into Ordinary Shares upon the completion of a positive Feasibility Study on January 30, 2012, which demonstrated that mining of coal can be economically undertaken within Vista;
- 25,000,000 E Class Performance Shares will convert into Ordinary Shares if, prior to their expiry date on February 19, 2014, the Company produces a total of 1,000,000 tonnes of coal from its leases in the Hinton region, or there is a change in control of the Company;
- 5,000,000 Performance Shares will convert into Ordinary Shares if, prior to their expiry date of November 2, 2012, the Company determines there is an Indicated Mineral Resource of at least 1,000 tonnes of U_3O_8 uranium on the Lake Way East Project in Western Australia. While the Company is still attempting to prove up this resource, its primary focus is on its coal projects in the Hinton region of Alberta, Canada;
- 2,500,000 Performance Shares will convert into 2,500,000 Ordinary Shares if, prior to their expiry date of November 2, 2012, the Company decides to proceed with a Feasibility Study for an Indicated Mineral Resource of at least 1,000 tonnes of U_3O_8 uranium on the Lake Way East Project.

17. SHARE BASED PAYMENT RESERVE

The share-based payments reserve is used to record the fair value of Unlisted Options and Performance Rights granted by the Group as share-based payments.

	2012 $	2011 $	2010 $
(a) Movements in Share-based Payments Reserve During the Past Two Years:		(Restated)	(Restated)
Share-based Payments Reserve			
Balance at July 1	9,578,626	4,690,953	-
Exercise of Unlisted Options	(691,301)	(666,504)	-
Exercise of Share Rights	(1,655,207)	-	-
Difference on translation of foreign currency (Note 1d)	268,029	716,707	-
Share-based payments (Note 27)	9,740,786	4,837,470	4,690,953
Balance at June 30	17,240,933	9,578,626	4,690,953

(b) Terms and Conditions of Unlisted Options

The Unlisted Options are granted based on the following terms and conditions:

- Each Unlisted Option entitles the holder to subscribe for one Ordinary Share;
- the Unlisted Options are exercisable at any time prior to the Expiry Date, subject to vesting conditions being satisfied (if applicable);
- outstanding Unlisted Options have an exercise between A$0.10 and A$1.622;
- Ordinary Shares issued on exercise of the Unlisted Options rank equally with the then Ordinary Shares of the Company;
- application will be made by the Company to ASX and TSX as required for official quotation of the Ordinary Shares issued upon the exercise of the Unlisted Options;
- if there is any reconstruction of the issued share capital of the Company, the rights of the Unlisted Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction;
- no application for quotation of the Unlisted Options will be made by the Company; and
- subject to the proposed transferee being a party which is within the class of parties in section 708 of the Corporations Act to which disclosure is not required the Unlisted Options are transferable.

(c) Terms and Conditions of Performance Rights

The Performance Rights are granted based on the following terms and conditions:

- Each Performance Right automatically converts into one Ordinary Share upon vesting of the performance right;
- Each Performance Right is subject to performance conditions, as determined by the Board (from time to time) which must be satisfied for the Performance Right to vest;
- Performance Rights have an exercise price of $Nil;
- Ordinary Shares issued on conversion of the Performance Rights rank equally with the then Ordinary Shares of the Company;
- application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon conversion of the Performance Rights;
- if there is any reconstruction of the issued share capital of the Company, the rights of the Performance Right holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction;
- no application for quotation of the Performance Rights will be made by the Company;
- Performance Rights may not be transferred without approval of the Board;
- Performance Rights automatically vests in the event of a takeover bid or change of control; and

- the Performance Rights currently on issue have expiry dates as follows:
  - Performance Rights subject to the Vista commencement of construction performance condition expire on June 30, 2013;
  - Performance Rights subject to the Vista Initial production performance condition expire on June 30, 2015;
  - Performance Rights subject to the Vista ramp-up of production to 4.0 Mtpa performance condition expire on June 30, 2016; and
  - Performance Rights subject to Vista Phase 1 financing performance condition expire on December 31, 2012.

(d) Performance Rights Based Payments

The following Performance Right based payments were in existence during the current and prior year:

Grant Date	Fair Value at grant date		Expiry date	Volume granted	Volume exercised or converted to Ordinary Shares on Jan. 31, 2012	Volume lapsed or expired	Volume outstanding at June 30, 2012
10-Jun-11	A$	1.580	31-Jul-12	175,000	(175,000)		-
10-Jun-11	A$	1.580	30-Jun-13	175,000		(150,000)	25,000
10-Jun-11	A$	1.580	13-Jun-15	175,000		(150,000)	25,000
10-Jun-11	A$	1.580	13-Jun-16	175,000		(150,000)	25,000
13-Jul-11	A$	1.880	31-Jul-12	466,917	(466,917)		-
13-Jul-11	A$	1.880	30-Jun-13	478,000		(69,000)	409,000
13-Jul-11	A$	1.880	13-Jun-15	478,000		(69,000)	409,000
13-Jul-11	A$	1.880	13-Jun-16	478,000		(69,000)	409,000
22-Sep-11	A$	1.490	31-Jul-12	158,188	(158,188)		-
22-Sep-11	A$	1.490	31-Dec-12	135,000			135,000
22-Sep-11	A$	1.490	30-Jun-13	188,250			188,250
22-Sep-11	A$	1.490	13-Jun-15	53,250			53,250
22-Sep-11	A$	1.490	13-Jun-16	53,250			53,250
18-Oct-11	A$	1.620	31-Jul-12	3,175	(3,175)		-
18-Oct-11	A$	1.620	30-Jun-13	11,250			11,250
18-Oct-11	A$	1.620	13-Jun-15	11,250			11,250
18-Oct-11	A$	1.620	13-Jun-16	11,250			11,250
18-Jan-12	A$	1.830	31-Jul-12	2,500	(2,500)		-
18-Jan-12	A$	1.830	30-Jun-13	15,000		(15,000)	-
18-Jan-12	A$	1.830	13-Jun-15	15,000		(15,000)	-
18-Jan-12	A$	1.830	13-Jun-16	15,000		(15,000)	-
31-Jan-12	A$	1.830	31-Jul-12	85,375	(85,375)		-
31-Jan-12	A$	1.830	30-Jun-13	85,375			85,375
31-Jan-12	A$	1.830	13-Jun-15	85,375			85,375
31-Jan-12	A$	1.830	13-Jun-16	85,375			85,375
15-May-12	A$	1.600	30-Jun-13	31,190			31,190
15-May-12	A$	1.600	13-Jun-15	31,190			31,190
15-May-12	A$	1.600	13-Jun-16	31,190			31,190
				3,708,350	(891,155)	(702,000)	2,115,195

(e) Unlisted Option Based Payments

The following Unlisted Option based payments were in existence during the current and prior year:

Grant Date	Exercise Price	Fair Value at grant date	Expiry date	Volume granted	Volume execised or converted to Ordinary Shares	Volume lapsed or expired	Volume outstanding at June 30, 2012
30-Sep-09	A$ 0.100	A$ 0.402	31-Dec-13	2,750,000			2,750,000
30-Sep-09	A$ 0.150	A$ 0.393	30-Jun-14	2,750,000			2,750,000
30-Sep-09	A$ 0.200	A$ 0.388	31-Dec-14	2,750,000			2,750,000
30-Sep-09	A$ 0.250	A$ 0.386	30-Jun-15	2,750,000			2,750,000
30-Sep-09	A$ 0.500	A$ 0.202	30-Jun-14	600,000			600,000
24-Nov-09	A$ 0.400	A$ 0.237	31-Dec-13	1,800,000	(1,000,000)		800,000
24-Nov-09	A$ 0.500	A$ 0.236	31-Dec-13	1,800,000	(1,600,000)		200,000
24-Nov-09	A$ 0.600	A$ 0.238	31-Dec-14	1,800,000		(1,000,000)	800,000
10-Feb-10	A$ 0.350	A$ 0.244	30-Jun-15	400,000	(275,000)		125,000
24-Mar-10	A$ 0.500	A$ 0.391	31-Dec-13	350,000			350,000
24-Mar-10	A$ 0.600	A$ 0.395	31-Dec-14	350,000			350,000
24-Mar-10	A$ 0.700	A$ 0.400	30-Jun-15	350,000			350,000
14-May-10	A$ 0.850	A$ 0.676	30-Jun-14	750,000			750,000
14-May-10	A$ 0.950	A$ 0.689	31-Dec-14	750,000			750,000
14-May-10	A$ 1.050	A$ 0.702	30-Jun-15	750,000			750,000
16-Jul-10	A$ 0.850	A$ 0.676	30-Jun-14	700,000			700,000
16-Jul-10	A$ 0.950	A$ 0.689	31-Dec-14	700,000			700,000
16-Jul-10	A$ 1.050	A$ 0.702	30-Jun-15	700,000			700,000
30-Aug-10	A$ 0.800	A$ 0.512	30-Aug-13	17,000,000	(15,000,000)		2,000,000
10-Sep-10	A$ 0.700	A$ -	31-Dec-12	15,000,000			15,000,000
27-Apr-12	(1)	A$ 0.257	(1)	5,000,000			5,000,000
27-Apr-12	A$ 1.560	A$ 0.578	8-May-15	8,000,000			8,000,000
27-Apr-12	A$ 1.620	A$ 0.257	16-May-16	2,000,000			2,000,000
				69,800,000	(17,875,000)	(1,000,000)	50,925,000

Notes:

(1) These Unlisted Options vest at a rate of one million options per $10 million drawn under the credit facility. They are exercisable at the greater of $1.248 and 120% of the VWAP for the five trading days immediately prior to the vesting date and expire three years from the date of vesting.

18. FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on translation of entities within the Group with different functional currencies are taken to the foreign currency translation reserve, and recognized in profit and loss when the net investment is disposed of as described in Note 1(d).

Movements in Foreign Currency Translation Reserve During the Past Three Years Were as Follows:

Foreign Currency Translation Reserve	2012	2011	2010
	$	$	$
		(Restated)	(Restated)
Balance at July 1	(6,870,060)	1,271,538	(333,902)
Difference on translation of foreign currency (Note 1d)	(5,531,493)	(8,141,598)	1,605,440
Balance at June 30	(12,401,553)	(6,870,060)	1,271,538

19. ACCUMULATED LOSSES

	2012	2011	2010
	$	$	$
		(Restated)	(Restated)
Balance at July 1	(34,865,441)	(18,176,798)	(9,592,070)
Net loss for the year	(22,273,755)	(16,688,643)	(8,584,728)
Balance at June 30	(57,139,196)	(34,865,441)	(18,176,798)

20. STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash Flows from Operations

The statement of cash flows in the financial statements is prepared under the direct method. The table below reconciles the net after tax loss to the operating activities, as per the cash flow statement using the indirect method.

	2012 $	2011 $
		(Restated)
Loss for the year	(22,273,755)	(16,688,643)
Adjustment for non-cash income and expense items		
Depreciation and amortisation	56,284	53,980
Net foreign exchange loss/(gain)	76,264	(151,212)
Amortization of share-based payments (Note 27)	4,212,686	4,837,470
Difference on translation of foreign currency (Note 1d)	196,246	(138,354)
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	(195,110)	(25,234)
(Increase)/decrease in prepayments	(34,681)	(48,871)
Increase/(decrease) in trade, other payables and provisions	109,251	886,771
Net cash outflow from operating activities	(17,852,815)	(11,274,093)
(b) Reconciliation of Cash		
Cash at bank and on hand	5,581,065	3,631,501
Short-term deposits	1,407,265	64,341,047
	6,988,330	67,972,547

	2012 $	2011 $
		(Restated)
21. EARNINGS PER SHARE		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net loss	(22,273,755)	(16,688,643)
Earnings used in calculating basic and diluted earnings per share	(22,273,755)	(16,688,643)

	NUMBER OF ORDINARY SHARES 2012	**NUMBER OF ORDINARY SHARES 2011**
Weighted average number of Ordinary Shares used in calculating basic and diluted earnings per share	596,732,416	456,279,557

(a) Anti-Dilutive Securities

As at June 30, 2012, 32,500,000 Performance Shares, 50,925,000 Unlisted Options, and 2,115,195 Performance Rights were considered anti-dilutive as they would decrease the loss per share.

(b) There were no Conversions, Calls, Subscriptions or Issues subsequent to June 30, 2012.

22. PRIOR PERIOD ADJUSTMENT

The balance sheet has been restated for the year ended June 30, 2011 and 2010 as the Company elected to change its presentation currency during the year, details of which are included in Note 1 (e).

23. RELATED PARTIES

(a) Subsidiaries

		Equity Interest	
		2012	2011
	COUNTRY OF INCORPORATION	%	%
Subsidiaries of Coalspur Mines Limited:			
Coalspur Mines (Holdings) Pty Ltd	Australia	100	100
Kep Pty Ltd	Australia	100	100
Subsidiaries of Coalspur Mines (Holdings) Pty Ltd:			
Coalspur Mines (Operations) Ltd	Canada	100	100

(b) Ultimate Parent

Coalspur Mines Limited is the ultimate parent of the Group.

(c) Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Key Management Personnel, including remuneration and equity holdings, are included at Note 25.

24. PARENT ENTITY DISCLOSURES

(a) Financial Position

	2012 $	2011 $ (Restated)	2010 $ (Restated)
Assets			
Current assets	1,431,032	67,642,093	19,337,882
Non-Current assets	204,067,385	116,637,713	16,305,464
Total Assets	205,498,417	184,279,806	35,643,346
Liabilities			
Current liabilities	86,012	817,149	1,594,301
Long term liabilities	-	-	-
Total Liabilities	86,012	817,149	1,594,301
Net Assets	205,412,405	183,462,657	34,049,045
Equity			
Contributed equity	216,197,853	195,545,209	43,335,409
Accumulated losses	(28,026,381)	(20,689,198)	(15,379,456)
Share based payment reserve	17,240,933	9,578,626	4,690,953
Foreign currency translation reserve	-	(971,980)	1,402,139
Total Equity	205,412,405	183,462,657	34,049,045

(b) Financial Performance

	2012 $	2011 $ (Restated)	2010 $ (Restated)
Loss for the year	(5,759,079)	(5,309,743)	(5,546,104)
Other comprehensive income	(971,980)	2,374,119	(1,402,139)
Total Comprehensive Income	(6,731,059)	(2,935,624)	(6,948,243)

Notes:

The parent entity has guaranteed that its operating subsidiary, Coalspur Mines (Operations) Ltd. will repay all principal and interest owing on the credit facility as described in Note 26.

The parent entity does not have any commitments or contingent liabilities at June 30, 2012.

25. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

Details of the Directors and Key Management Personnel ("**KMP**") of the Group during or since the end of the financial year are set out below. Unless otherwise stated, individuals held their office from July 1, 2011 until the date of this report.

Directors	
Mr. Colin Steyn	Chairman (non-executive)
Ms. Gill Winckler	President and Chief Executive Officer (appointed July 1, 2012)
Mr. Denis Turcotte	Director (non-executive)
Mr. Peter Breese	Director (non-executive) (appointed September 6, 2011)
Mr. David Murray	Director (non-executive) (appointed October 13, 2011)
Mr. Ted Mayers	Director (non-executive) (appointed October 13, 2011)
Mr. Mark Rodda	Director (non-executive) (appointed October 13, 2011)
Mr. William Smart	Alternate Director (non-executive)
Mr. Gene Wusaty	Managing Director and Chief Executive Officer (resigned June 30, 2012)
Mr. Mark Pearce	Director (non-executive)(resigned October 13, 2011)
Mr. Ian Middlemas	Director (non-executive) (resigned October 13, 2011)
KMP's	
Mr. David Leslie	Vice President, Technical Services
Mr. Dermot Lane	Vice President, Development
Mr. Wayne Drier	Vice President, Commercial
Mr. Jay Bell	Vice President, Finance and Acting CFO
Mr. Allan McGowan	Vice President, Vista Project Development (resigned June 11, 2012)

	2012 $	2011 $
(b) Key Management Personnel Compensation		(Restated)
Short-term employee benefits	2,385,630	1,481,557
Post-employment benefits	38,856	43,351
Share-based payments expense	3,128,437	2,716,040
Total compensation	5,552,923	4,240,948

(c) Unlisted Option Holdings of Key Management Personnel:

2012	Held At July 1, 2011	Issued	Exercised	Lapsed/ Expired	Other Change	Held at June 30, 2012	Vested and Exercisable at June 30, 2012
Directors	(Restated)						
Colin Steyn	29,933,333	15,000,000	(15,000,000)	-	-	29,933,333	24,933,333
Eugene Wusaty	11,000,000	-	-	-	(11,000,000)	-	-
Denis Turcotte	-	-	-	-	-	-	-
David Murray	-	-	-	-	-	-	-
Ted Mayers	-	-	-	-	-	-	-
Mark Rodda	66,667	-	-	-	-	66,667	66,667
Peter Breese	-	-	-	-	-	-	-
William Smart	29,933,333	15,000,000	(15,000,000)	-	-	29,933,333	24,933,333
Ian Middlemas	-	-	-	-	-	-	-
Mark Pearce	2,000,000	-	-	-	(2,000,000)	-	-
Executives							
David Leslie	2,250,000	-	-	-	-	2,250,000	2,250,000
Dermot Lane	2,400,000	-	-	-	-	2,400,000	2,400,000
Wayne Drier	-	-	-	-	-	-	-
Jay Bell	-	-	-	-	-	-	-
Allan McGowan	-	-	-	-	-	-	-
Total	**47,650,000**	**15,000,000**	**(15,000,000)**	**-**	**(13,000,000)**	**34,650,000**	**29,650,000**

2011 - Restated	Held At July 1, 2010	Issued	Exercised	Lapsed/ Expired	Other Change	Held at June 30, 2011	Vested and Exercisable at June 30, 2011
Directors							
Ian Middlemas	5,600,000	-	(5,600,000)	-	-	-	-
Eugene Wusaty	11,000,000	-	-	-	-	11,000,000	8,250,000
Mark Pearce	1,710,000	2,000,000	(1,710,000)	-	-	2,000,000	2,000,000
Colin Steyn	52,333,333	-	(22,400,000)	-	-	29,933,333	29,933,333
Denis Turcotte	-	-	-	-	-	-	-
Executives							
David Leslie	2,250,000	-	-	-	-	2,250,000	1,500,000
Dermot Lane	2,400,000	-	-	-	-	2,400,000	1,600,000
Wayne Drier	-	-	-	-	-	-	-
Jay Bell	-	-	-	-	-	-	-
Allan McGowan	-	-	-	-	-	-	-
Denis Lehoux	3,000,000	-	(2,000,000)	(1,000,000)	-	-	-
Total	**78,293,333**	**2,000,000**	**(31,710,000)**	**(1,000,000)**	**-**	**47,583,333**	**43,283,333**

Notes:

- *KMP's who were appointed during the year show their initial balance in the opening column*
- *KMP's who resigned during year show their final option balance at time of resignation in the other changes column*
- *The Unlisted options received by Mr Steyn and Mr Smart during the year ended June 30, 2012 are associated with the credit facility in Note 25, and held by Highland Park*
- *Messrs. Steyn and Smart share an interest in the same securities*

(d) Performance Right Holdings of Key Management Personnel during the current and prior years:

2012 - SHARE RIGHTS	HELD AT JULY 1, 2011	ISSUED	CONVERTED TO ORDINARY SHARES	LAPSED/ EXPIRED	HELD AT JUNE 30, 2012
Directors					
Colin Steyn	-	-	-	-	-
Eugene Wusaty	600,000	-	(150,000)	(450,000)	-
Denis Turcotte	100,000	-	(25,000)	-	75,000
David Murray	-	100,000	(25,000)	-	75,000
Ted Mayers	-	100,000	(25,000)	-	75,000
Mark Rodda	-	100,000	(25,000)	-	75,000
Peter Breese	-	-	-	-	-
William Smart	-	-	-	-	-
Ian Middlemas	-	-	-	-	-
Mark Pearce	-	-	-	-	-
Executives					
David Leslie	-	256,000	(64,000)	-	192,000
Dermot Lane	-	256,000	(64,000)	-	192,000
Wayne Drier	-	405,000	(135,000)	-	270,000
Jay Bell	-	256,000	(64,000)	-	192,000
Allan McGowan	-	256,000	(64,000)	(192,000)	-
Total	**700,000**	**1,729,000**	**(641,000)**	**(642,000)**	**1,146,000**

2011 - SHARE RIGHTS	HELD AT JULY 1, 2010	ISSUED	CONVERTED TO ORDINARY SHARES	LAPSED/ EXPIRED	HELD AT JUNE 30, 2011
Directors					
Colin Steyn	-	-	-	-	-
Eugene Wusaty	-	600,000	-	-	600,000
Denis Turcotte	-	100,000	-	-	100,000
David Murray	-	-	-	-	-
Ted Mayers	-	-	-	-	-
Mark Rodda	-	-	-	-	-
Peter Breese	-	-	-	-	-
William Smart	-	-	-	-	-
Ian Middlemas	-	-	-	-	-
Mark Pearce	-	-	-	-	-
Executives					
David Leslie	-	-	-	-	-
Dermot Lane	-	-	-	-	-
Wayne Drier	-	-	-	-	-
Jay Bell	-	-	-	-	-
Allan McGowan	-	-	-	-	-
Total	**-**	**700,000**	**-**	**-**	**700,000**

(e) Ordinary Share Holdings of Key Management Personnel during the current and prior years:

2012	ORDINARY SHARES HELD JULY 1, 2011 (2)	CHANGES TO HOLDINGS DURING THE YEAR: PURCHASED	VESTED SHARE RIGHTS	Exercised UNLISTED OPTIONS	SOLD (1)	Other changes (3)	SUB-TOTAL NET CHANGE DURING YEAR	BALANCE HELD JUNE 30, 2012
Directors								
Eugene Wusaty	2,600,000	100,000	150,000	-	(52,500)	(2,797,500)	(2,600,000)	-
Colin Steyn (4)	123,483,333	2,632,200	-	15,000,000	-	-	17,632,200	141,115,533
Denis Turcotte	900,000	-	25,000	-	-	-	25,000	925,000
David Murray	-	-	25,000	-	-	-	25,000	25,000
Ted Mayers	350,000	-	25,000	-	-	-	25,000	375,000
Mark Rodda	366,667	-	25,000	-	-	-	25,000	391,667
Peter Breese	438,000	-	-	-	-	-	-	438,000
William Smart (4)	123,483,333	2,632,200	-	15,000,000	-	-	17,632,200	141,115,533
Ian Middlemas	14,900,000	-	-	-	-	(14,900,000)	(14,900,000)	-
Mark Pearce	2,280,000	-	-	-	-	(2,280,000)	(2,280,000)	-
Executives								
David Leslie	-	-	64,000	-	(64,000)	-	-	-
Dermot Lane	400,000	-	64,000	-	(22,400)	-	41,600	441,600
Wayne Drier	-	114,000	135,000	-	-	-	249,000	249,000
Jay Bell	61,250	-	64,000	-	(22,400)	-	41,600	102,850
Allan McGowan	305,000	1,500	64,000	-	(64,000)	(306,500)	(305,000)	-
Total (4)	**146,084,250**	**2,847,700**	**641,000**	**15,000,000**	**(225,300)**	**(20,284,000)**	**(2,020,600)**	**144,063,650**

2011	ORDINARY SHARES HELD JULY 1, 2012 (2)	PURCHASED	VESTED SHARE RIGHTS	Exercised UNLISTED OPTIONS	SOLD (1)	Other changes (3)	SUB-TOTAL NET CHANGE DURING YEAR	BALANCE HELD JUNE 30, 2012
Directors	(Restated)							
Eugene Wusaty	2,600,000	-	-	-	-	-	-	2,600,000
Colin Steyn	59,733,333	-	-	63,750,000	-	-	63,750,000	123,483,333
Denis Turcotte	125,000	775,000	-	-	-	-	775,000	900,000
Ian Middlemas	9,300,000	5,600,000	-	-	-	-	5,600,000	14,900,000
Mark Pearce	2,280,000	1,710,000	-	-	-	-	-	2,280,000
Executives								
David Leslie	-	-	-	-	-	-	-	-
Dermot Lane	400,000	-	-	-	-	-	-	400,000
Wayne Drier	-	-	-	-	-	-	-	-
Jay Bell	11,250	50,000	-	-	-	-	50,000	61,250
Allan McGowan	305,000	-	-	-	-	-	-	305,000
Total	**74,754,583**	**8,135,000**	**-**	**63,750,000**	**-**	**-**	**70,175,000**	**144,929,583**

1) *Some employees sold a portion of shares resulting from the conversion of Performance Rights to cover Canadian withholding taxes*
2) *KMP's who were appointed during the year show their initial balance in the opening column*
3) *KMP's who resigned during year show their final share balance in the other changes column*
4) *During the year ended June 30, 2012 Messrs. Steyn and Smart shared an interest in the same securities*

(f) No loans were provided to or received from Key Management Personnel during the year ended June 30, 2012 (2011: Nil).

26. RELATED PARTY TRANSACTIONS

In February 2012, the Company entered into a $70 million Facility Agreement with Borrowdale Park S.A. ("**Highland Park**"), which is associated with Messrs Colin Steyn and William Smart. Under the agreement, Coalspur provided Highland Park with security over its assets, issued eight million options to purchase ordinary shares as a facility fee, and seven million options to purchase ordinary shares as a funding fee, which vest at a rate of one million options per $10 million drawn on the facility. In addition to obtaining shareholder approval for the issue of security and options on April 26, 2012, the Company initiated a committee of independent directors to evaluate the transaction on behalf of the Board of Directors. Messer's Steyn and Smart abstained from discussion and voting on issues related to the facility. The Company's first draw of $20 million on the Facility Agreement took place on May 16, 2012. As of the date of this MD&A, $50 million is available to Coalspur due to draws received.

The key terms and conditions of the Facility Agreement are as follows:

- The secured facility is for up to $70 million, to be drawn in increments of $10 million;
- Interest is payable every 180 days and bears an annual fixed interest rate of 6.25%;
- Drawdown period - 12 months from the satisfaction of the conditions precedent;
- Repayment period - 24 months with from first draw down; and
- Coalspur may repay the facility early, at its discretion, with no penalty.

On May 8, 2012, Coalspur issued Highland Park 15 million unlisted options to purchase ordinary shares as follows:

- Eight million vested establishment options with an exercise price of $1.562 and an expiry date of May 8, 2015.
- Seven million funding options, which will vest at the rate of one million options per $10 million drawn, with an exercise price equal to the greater of A$1.25, or 120% of the volume weighted average market price for the five trading days prior to the relevant draw down date. These options expire three years from their respective vesting dates. Unvested options cannot be exercised and will expire on repayment or termination of the Facility Agreement.
- On May 16, 2012, the Company drew $20 million under the facility, causing two million funding options to vest with a strike price of A$1.622.

A placement fee of 5% ($555,000) was paid in the first quarter of financial year 2012 to Highland Park in relation to a private placement of 6,000,000 Ordinary Shares in June 2011.

Apollo Group Pty Ltd ("**Apollo Group**"), a company of which Mr Mark Pearce is a director, received a monthly retainer of A$21,500 for the provision of administrative and accounting services and the provision of a fully serviced office to Coalspur between July 1, 2011 and November 30, 2011. Apollo also received, from time to time, consulting fees for additional services provided. Apollo ceased to be a related party to Coalspur following the resignation of Mr Mark Pearce as a Coalspur director on October 13, 2011.

All related party transactions are measured at cost which approximates market value for services provided or fees paid.

27. SHARE-BASED PAYMENTS

(a) Share-based Payment Expense

The expense recognized for equity-settled share-based payments during the year is shown in the table below:

	2012 $	2011 $
Director, employee, and contractor Performance Rights	3,501,352	28,105
Credit facility establishment options	4,620,800	-
Credit facility funding options	907,300	-
Director and employee share options	711,334	4,809,365
Deferred share based payment costs (Note 12)	(5,528,100)	-
Expense arising from equity-settled share-based payment transactions	4,212,686	4,837,470

(b) Types of Share-Based Payments

The Group adopted a long-term incentive plan ("**LTIP Program**") in June 2011 which utilizes Performance Rights to incent and reward directors, executives, employees, and contractors for long-term performance. The plan was approved by shareholders at a general meeting in June 2011.

		2012		2011	
Share Rights	Granted	Vested	Cancelled	Granted	Vested
Director Share Rights	300,000	250,000	450,000	700,000	-
Executive Share Rights	1,429,000	391,000	192,000	-	-
Employee Share Rights	1,279,350	250,155	60,000	-	-
Total Share Rights	3,008,350	891,155	702,000	700,000	-

The Company grants Performance Rights to eligible participants under the LTIP Program. Performance Rights are granted upon the achievement of certain performance milestones as determined by the Board from time to time. Performance Rights have been granted on milestones linked to the development of Vista as follows:

- Tranche 1 – Feasibility Study Milestone performance conditions were satisfied on January 30, 2012 and the Performance Rights vested on January 31, 2012;
- Tranche 2 – Project Construction Milestone, commencement of construction at Vista, which has an expiry date of 30 June 2013;
- Tranche 3 – Initial Production Milestone, initial production at Vista, with an expiry date of June 30, 2015;
- Tranche 4 – Ramp-up Production Milestone, ramp-up of production to 4.0 Mtpa equivalent for a three month period, which has an expiry date of June 30, 2016; and
- Tranche 5 – Financing Milestone, subject to execution of appropriate binding financing as required to fund Phase 1, which has an expiry date of December 31, 2012.

These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration.

Up until August 30, 2010, the Group provided Unlisted Options to some directors and employees as part of their remuneration and incentive arrangements in order to attract and retain their services and to provide an incentive linked to the performance of the Group.

The Company also issues share-based payments as fees for consultants and financing arrangements.

(c) Summary of Share-based Payments

The following table illustrates the number and weighted average exercise prices ("**WAEP**") of Performance Rights and Unlisted Options granted as share-based payments at the beginning and end of the financial year:

	2012 NUMBER	2012 WAEP	2011 NUMBER	2011 WAEP
Outstanding at beginning of year	51,695,000	$ 0.605	20,700,000	$ 0.378
Granted during the year	18,008,350	$ 1.325	34,800,000	$ 0.728
Exercised during the year (Note 17)	(15,961,155)	$ 0.753	(2,805,000)	$ 0.453
Cancelled during the year	(702,000)	$ -	(1,000,000)	$ 0.600
Outstanding at end of year	53,040,195	$ 0.813	51,695,000	$ 0.605

(d) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life of Unlisted Options and Performance Rights granted as share-based payments by the Group and outstanding as at June 30, 2012 is 2.5 years (2011: 2.8 years).

(e) Range of Exercise Prices

The range of exercise prices of Unlisted Options and Performance Rights granted as share-based payments by the Group and outstanding as at June 30, 2012 was nil to $1.62 (2011: nil to $1.05).

(f) Weighted Average Fair Value

The weighted average fair value of Unlisted Options and Performance Rights granted as share-based payments by the Group during the year ended June 30, 2012 was $0.458 (2011: $0.300).

(g) Options and Performance Rights Pricing Model

The fair value of the equity-settled Unlisted Options and Performance Rights granted are estimated as at the date of grant using the Binomial option valuation model.

2012 INPUTS	SERIES 1	SERIES 2	SERIES 3
Security type	Option	Option	Option
Exercise price	$ 1.67	$ 1.62	$ 1.62
Grant date share price	$ 1.69	$ 1.14	$ 1.14
Dividend yield	-	-	-
Volatility	49%	49%	49%
Risk-free interest rate	1.19%	1.34%	1.34%
Grant date	Apr 26, 2012	May 15, 2012	
Expiry date	May 8, 2015	May 15, 2015	
Expected life of option/right	3.0 years	3.0 years	3.0 years
Fair value at grant date	$ 0.578	$ 0.257	$ 0.257

2011 INPUTS	SERIES 1	SERIES 2	SERIES 3	SERIES 4	SERIES 5
Security type	Option	Option	Option	Option	Option
Exercise price	$ 0.85	$ 0.95	$ 1.05	$ 0.80	$ 0.80
Grant date share price	$ 0.795	$ 0.795	$ 0.795	$ 0.725	$ 0.725
Dividend yield	-	-	-	-	-
Volatility	120%	120%	120%	120%	120%
Risk-free interest rate	4.59%	4.80%	4.80%	4.38%	4.38%
Grant date	Jul 16, 2010	Jul 16, 2010	Jul 16, 2010	Aug 30, 2010	Aug 30, 2010
Expiry date	Jun 30, 2014	Dec 31, 2014	Jun 30, 2015	Aug 30, 2013	Aug 30, 2013
Expected life of option/right	3.96 years	4.46 years	4.96 years	3.00 years	3.00 years
Fair value at grant date	$ 0.621	$ 0.635	$ 0.648	$ 0.043	$ 0.512

2011 INPUTS CONTINUED	SERIES 6	SERIES 7	SERIES 8	SERIES 9
Security type	Right	Right	Right	Right
Exercise price	Nil	Nil	Nil	Nil
Grant date share price	$ 1.58	$ 1.58	$ 1.58	$ 1.58
Dividend yield	-	-	-	-
Volatility	N/A	N/A	N/A	N/A
Risk-free interest rate	N/A	N/A	N/A	N/A
Grant date	Jun 10, 2011	Jun 10, 2011	Jun 10, 2011	Jun 10, 2011
Expiry date	Jul 31, 2012	Jun 30, 2013	Jun 30, 2015	Jun 30, 2016
Expected life of option/right	1.14 years	2.06 years	4.06 years	5.06 years
Fair value at grant date	$ 1.58	$ 1.58	$ 1.58	$ 1.58

28. AUDITORS' REMUNERATION

	2012 $	2011 $
Amounts received or due and receivable by Deloitte Touche Tohmatsu for:		
An audit or review of the financial report of the entity and any other entity in the Group	137,649	91,063
Other services in relation to the entity and any other entity in the Group	-	39,614
	137,649	130,677

The audit fee increased from 2011 to 2012 due to the increased complexity of the Company and the specific requirements of ISA 600 which deals with Group Audits. Coalspur continues to develop all of its projects and grow in size and operations. The Company is dual listed on the TSX and ASX. In 2011, Deloitte reviewed prospectus documents associated with a public offering on the TSX.

29. SEGMENT INFORMATION

The Consolidated Entity operates in one segment, being coal exploration and development in Canada. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The main risks arising from the Group's financial instruments are equity price risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains.

As the Group's operations change, the Directors will review this policy periodically going forward. Over the next 12 months, the Group plans to progress discussions with potential off-take and joint venture partners regarding project finance opportunities to fund the construction of Vista. In addition, the Group may also consider other funding alternatives, including debt, for additional capital required to develop Vista. Accordingly, the Group will review its need to enter into derivative transactions to manage its interest rate, foreign currency and other financial risks arising from the Group’s operations and sources of financing.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarized below.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a bank, customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2012	2011	2010
	$	$	$
		(Restated)	(Restated)
Cash and cash equivalents	6,988,330	67,972,547	19,051,668
Trade and other receivables	399,879	204,769	178,690
	7,388,209	68,177,316	19,230,358

The Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

Trade and other receivables comprise primarily GST refunds due. Where possible the Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. At June 30, 2012, $Nil (2011: $Nil) of the Group's receivables are past due. No impairment losses have been recognized.

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Where possible, the Group invests its cash and cash equivalents with banks that are rated the equivalent of investment grade and above. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At June 30, 2012 and 2011, the Group had sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

2012	<6 MONTHS $	6 -12 MONTHS $	1 - 5 YEARS $	> 5 YEARS $	TOTAL $
Financial Assets					
Cash and cash equivalents	6,988,330				6,988,330
Trade and other receivables	399,879				399,879
	7,388,209	-	-	-	7,388,209
Financial Liabilities					
Trade and other payables	2,239,177	-	-	-	2,239,177
	2,239,177	-	-	-	2,239,177

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2012 $	2011 $	2010 $
Interest-bearing financial instruments		(Restated)	(Restated)
Cash at bank on hand	5,581,065	3,631,501	1,772,647
Short-term deposits	1,407,265	64,341,046	17,279,021
	6,988,330	67,972,547	19,051,668

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 1.21% (2011: 1.13%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

Interest rate sensitivity is not relevant at present as the credit facility has a fixed interest rate and have a relatively low cash balance with Canadian interest rates at approximately 1%.

(e) Foreign Currency Risk

The Company has limited exposure to foreign currency risks since it changed its functional currency from Australian to Canadian dollars. The Group's risk management policy prohibits speculation in foreign currencies. The Company carries a small amount Australian denominated bank deposits.

Prior to the Company adopting Canadian dollars as its functional currency on February 1, 2012 it was exposed to foreign currency exchange fluctuations between Canadian and Australian dollars as described in Note 18.

As the Group does not currently have revenue it does not enter into derivative transactions to manage foreign currency risk. The Group holds Canadian dollar cash and cash equivalents to fund its planned Canadian operations over the next 12 months; the majority of the Group's expenditure over this period is expected to be in Canadian dollars.

At the reporting date, the Group's exposure to financial instruments denominated in foreign currencies was:

	2012			2011		
	C$	A$	TOTAL EQUIVALENT C$	C$	A$	TOTAL EQUIVALENT A$
Financial assets						
Cash and cash equivalents	5,598,664	1,334,805	6,988,330	53,595,098	13,921,912	67,972,547
Trade and other receivables	358,154	40,078	399,879	119,341	82,627	204,769
	5,956,818	1,374,883	7,388,209	53,714,439	14,004,539	68,177,316
Financial liabilities						
Trade and other payables	2,153,165	82,617	2,239,178	1,342,164	789,828	2,158,664
Credit facility	20,000,000	-	20,000,000	-	-	-
	2,153,165	82,617	2,239,178	1,342,164	789,828	2,158,664

Notes:

Different currencies are shown for illustrative purposes. The Company is not exposed to Canadian dollar fluctuations at June 2012 and is not exposed to Australian dollar fluctuations at June 2011.

As stated above, the Group has not engaged in any derivative transactions to manage foreign currency risk.

Foreign exchange rate sensitivity

The Group's functional and presentation currency is now Canadian dollars as reflected in Note 1. The Group is not currently subject to foreign exchange rate sensitivity as the majority of the Company's construction costs relating to Vista Project, and its operating costs are incurred in Canadian dollars. A small balance of approximately A$1.3 million was held at June 30, 2012 from which A$ expenses are paid.

(f) Equity Price Risk

The Company is not exposed to equity price risk as it does not hold equity investments.

(g) Commodity Price Risk

The Group’s future revenues will be exposed to commodity price risk which can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(h) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group is not currently subject to externally imposed capital requirements.

During the year, the Company entered into a Finance Facility with Highland Park as set out in Note 25. Over the next 12 months, the Group plans to progress discussions with potential off-take and joint venture partners, and contract miners regarding project finance opportunities to fund the development and construction of Vista. The Group’s capital management policy will be reviewed periodically going forward as the Group's operations change.

(i) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(j) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

31. COMMITMENTS

Commitments and planned payments		PAYMENTS DUE BY PERIOD			
($000's)	**TOTAL (up to 5 years)**	**LESS THAN 1 YEAR**	**1 - 3 YEARS**	**4 - 5 YEARS**	***AFTER 5 YEARS (per year)***
Credit Facility principal	20,000	-	20,000	-	-
Credit Facility interest	2,449	1,250	1,199	-	-
Operating Leases	917	287	605	25	-
Mineral and surface leases	1,146	191	573	382	*191*
Mineral lease acquisitions	10,000	-	-	10,000	-
Minimum port payments	7,600	-	-	7,600	*12,100*
Total	42,112	1,728	22,377	18,007	*12,291*

Mineral Lease – Deferred Consideration

Coalspur holds a beneficial interest in five coal leases within Vista. Title to these leases is being held in escrow until a final payment of $10 million is paid to the Vendor. If the payment is not made by February 19, 2016, then title of the leases may remain with the Vendor resulting in the Company losing its rights to the leases.

In addition to the consideration payable above, the Vendor is entitled to a royalty equal to 1% of the sales revenue generated from the sale of coal produced from the Original Leases.

On the basis that the above payment will only be paid at the option of the Group, no provision for any liability has been recognized in these financial statements.

32. EVENTS SUBSEQUENT TO BALANCE DATE

During the year, the Company entered into an agreement with Ridley Terminals to provide 4.0 Mtpa port capacity from a future port expansion from 25.0 Mtpa to 30.0 Mtpa, contingent upon Ridley Terminals receiving approval for expansion. Since the end of the financial year, Ridley Terminals advised that it had not received approval for the expansion, and in lieu, agreed to provide Coalspur with 2.2

Mtpa of secured capacity from its current expansion infrastructure. Coalspur is entitled to a refund of $3.2 million of refundable deposit as a result of the change.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since June 30, 2012 that have significantly affected or may significantly affect operations, he results of those operations, or the state of affairs subsequent to June 30, 2012 of the Company.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Coalspur Mines Limited:

1. In the opinion of the directors:

   (a) the attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

      (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and

      (ii) section 297 (gives a true and fair view of the financial position as at June 30, 2012 and of the performance for the year ended on that date of the Company and consolidated group); and

   (b) there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they become due and payable.

2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended June 30, 2012.

On behalf of the Board

Gill Winckler
President & Chief Executive Officer
September 7, 2012

Deloitte.

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Independent Auditor's Report to the Members of Coalspur Mines Limited

Report on the Financial Report

We have audited the accompanying financial report of Coalspur Mines Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 33 to 86.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Coalspur Mines Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Coalspur Mines Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 27 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Coalspur Mines Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants
Perth, 7 September 2012