COALSPUR MINES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED 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

PRINCIPAL OFFICES:

Canada:
Suite 1000
550 11th Avenue SW
Calgary AB T2R 1M7
CANADA

Telephone: +1 403 261 9997
Facsimile: +1 403 767 6378

Australia (Registered Office):
Level 1
28 Ord Street
Perth WA 6005
AUSTRALIA

Telephone: +61 8 6555 2945
Facsimile: +61 8 6210 1153

STOCK EXCHANGE LISTINGS:

Canada:
TSX Code: CPT – fully paid ordinary shares

Australia:
ASX Code: CPL – fully paid ordinary shares

WEBSITE:

www.coalspur.com

SOLICITORS:

Canada:
Blake, Cassels & Graydon LLP

Australia:
Hardy Bowen Lawyers

AUDITOR:

Deloitte Touche Tohmatsu

BANKERS:

Canada:
TD Canada Trust

Australia:
Australia and New Zealand Banking Group Limited

SHARE REGISTRIES:

Canada:
Computershare Investor Services Inc.
100 University Avenue
Toronto, Ontario, M5 J2Y1

Telephone:
+1 416 263 9449
Facsimile:
+1 416 981 9800

Australia:
Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000

Telephone:
1300 557 010

International:
+61 8 9323 2000

Facsimile:
+61 8 9323 2033

Management's Discussion and Analysis for the year ended June 30, 2012

INTRODUCTION

The following Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with the audited Annual Financial Statements for the year ended June 30, 2012. The effective date of this report is September 7, 2012.

This discussion is current at the date of this MD&A. The Annual Financial Report and the financial information contained in this MD&A were prepared in accordance with Australian equivalents to International Financial Reporting Standards ("**AIFRS**"). All figures are expressed in Canadian dollars ("**$**") unless otherwise indicated as Australian dollars ("**A$**"). *Please note that the Company changed its presentation currency from Australian to Canadian dollars during the year, as described in Note 1 to the consolidated financial statements.*

All scientific and technical information referred to in the MD&A is based on technical reports prepared in accordance with Canadian National Instrument 43-101 guidance and Australian JORC code.

Unless the context otherwise requires, references in this MD&A to the 'Company' or 'Coalspur' are references to Coalspur Mines Limited and its subsidiaries.

Additional information relating to the Company and its business, including the Company's Annual Information Form ("**AIF**"), is available under the Company's profile on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A 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; and (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

OVERVIEW

Coalspur is a coal exploration and development company with 1.7 billion tonnes ("**Bt**") of Measured and Indicated Coal Resources. Coalspur's flagship project is the Vista Coal Project ("**Vista**"), which has the potential to be the largest export thermal coal mine in North America. Vista is located in the heart of the Coal Branch Region near Hinton, Alberta and in close proximity to existing transportation infrastructure. In addition, Coalspur holds coal leases directly to the south and north of Vista which the Company believes have the potential to host a significant coal resource and leverage off planned Vista infrastructure.

Coalspur is incorporated under the laws of Australia and listed on the Australian Securities Exchange (the "**ASX**") under the symbol 'CPL' and the Toronto Stock Exchange (the "**TSX**") under the symbol 'CPT'. The Company's principal objective is to become a significant coal producer in the short to medium term.

OVERALL PERFORMANCE

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 also originally negotiated agreements for up to 13.5 million tonnes per annum ("**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 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 at Ridley Terminals near Prince Rupert, British Columbia;
- $12.0 million for a potential further 4.0 Mtpa of capacity at Ridley Terminals, pending Federal Government approval of its 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. As a result, $3.2 million in deposits previously paid to Ridley Terminals was refunded and the total tonnage under contract with Ridley Terminals is now 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 net proceeds of $12.8 million from the exercise of options to purchase ordinary shares. As of the date of this MD&A, the Company had $50 million available to draw under its credit facility, which is available until May 16, 2014.

In comparison, cash increased by $45 million during the 2011 fiscal year; with cash expenditures of $94 million offset by $140 million in equity contributions from public and private offerings of ordinary shares, and from the exercise of listed and unlisted options to purchase ordinary shares.

The year to date net loss increased to $22.3 million in 2012 from $16.7 million in 2011 as a result of increased activity associated with the Company's projects. The Company does not anticipate any significant revenue until Vista Phase 1 becomes operational.

Further financing is required for the Company to achieve its objective of becoming a significant coal producer in the short to medium term, and the Company is continuing a process to secure funding for Phase 1 of Vista. The Company initially expected to finalize this process by June 30, 2012, however uncertain global markets and weak short-term coal prices have resulted in this process taking longer than anticipated. The success of this effort depends in part on the continued strength in the commodity market for seaborne thermal coal and the general economic environment.

Industry and economic factors affecting Company performance

During the second half of the year ended June 30, 2012 the price of thermal coal decreased significantly, which management believes negatively affected the Company's share price and hence market capitalization. The spot price of Newcastle thermal coal in early January 2012 was approximately US$113 per tonne and by June 30, 2012 it had fallen to approximately $87 per tonne, a decrease of 23%. The other significant factor that management believes has negatively affected the Company's share price is the ongoing economic uncertainty in Europe. The Company has re-evaluated the net present value of Vista with a current third-party coal price estimate and has determined there is no need to write down any capital associated with Vista or its other coal projects.

Since June 30, 2012, the spot price of Newcastle thermal coal has increased to over US$91 per tonne with Newcastle futures pricing for 2015, the initial production year for Vista, currently at US$109 per tonne. Coalspur management is confident that this strengthening in the thermal coal market will have a beneficial impact on the Company's share price and the Company's process to secure funding and/or strategic investment partners for Phase 1 of Vista.

Selected Annual Information

The annual information presented below has been restated from Australian to Canadian dollars. Assets and liabilities were translated at the closing exchange rate of their relevant periods, and income and expenses were translated using the average exchange rate for the period as disclosed in Note 1 to the Annual Financial Statements.

	Year Ended		
($000s, except per share amounts)	**30-Jun**	**30-Jun**	**30-Jun**
Prepared in accordance with AIFRS	**2012**	**2011**	**2010**
(000's of $CAD except where noted)		**(restated)**	**(restated)**
Measured and Indicated Coal Resource (thousands of metric tonnes)	1700	1079	813
Proven and Probable Marketable Coal Reserve (thousands of metric tonnes)	313	260	-
Loss for the period	(22,274)	(16,689)	(8,585)
Loss per share (cents per share)	(3.73)	(3.65)	(2.94)
Cash and cash equivalents	6,988	67,973	19,051
Exploration and evaluation assets	13,509	97,245	13,165
Mine development assets	109,726	-	-
Non-current prepayments	46,000	-	344
Intangible assets	3,500	-	-
Other assets	5,218	-	-
Total assets	186,195	165,576	33,039
Current liabilities	2,297	2,188	1,919
Non-current liabilities	20,000	-	-
Total liabilities	22,297	2,188	1,919

Over the past three years the Company has pursued its objective of becoming a significant thermal coal producer in the short to medium term by evaluating, acquiring, and developing thermal coal resources in the Hinton region. The Company presently holds over 55,000 hectares of mineral property, with Measured and Indicated Resources of approximately 1.7 billion tonnes. The following transactions and events have had a significant effect on the Company's development:

- June 2009: the Company acquired 339 million tonnes of coal resources;
- December 2009: the Company acquired 16,247 hectares of coal lease properties which formed the basis of the Vista South Coal Project ("**Vista South**");
- February 2010: the Company completed a Scoping Study on Vista;
- October 2010: the Company commenced trading on the TSX under the symbol 'CPT';
- October 2010: the Company acquired additional coal leases and an associated Mine Permit which increased Vista lease holdings to approximately 10,000 hectares;

- November 2011: the Company's Measured and Indicated coal resources were increased to over 1.0 billion tonnes and Inferred resources increased to 357 million tonnes;
- December 2010: the Company completed a Pre-Feasibility Study which confirmed the technical and economic viability of Vista;
- October 2011: the Company secured a port allocation agreement with Ridley Terminals for up to 8.5 Mtpa for up to 21 years (the "**First Agreement**");
- November 2011: Coalspur and CN signed a memorandum of understanding ("**MOU**") to rail coal from Vista to Ridley Terminals beginning in 2015;
- January 2012: the Company completed a positive Feasibility Study on Vista which defined a mine which produced 11.2 Mtpa of clean coal for 30 years;
- March 2012: the Company executed an option to purchase an additional 1.0 Mtpa of port capacity from Ridley Terminals under its First Agreement. The Company also signed a Second Agreement to secure a further 4.0 Mtpa capacity, 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;
- April 2012: the Company acquired 14,432 hectares of coal leases adjacent to Vista for $13 million ("**Vista Extension**"). In July 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 Vista. The Scoping Study defined a longwall mine with average production of marketable coal of 3.8 Mtpa over a 28 year mine life; and
- April 2012: Coalspur filed the regulatory application necessary to construct, operate, and commission Phase 1 of Vista which will allow for production of up to 5.0 Mtpa. Approval is targeted for early 2013.

The Company has raised approximately $270 million in equity and debt to fund the acquisition, exploration, and development of mineral properties during the last three years, including:

- During November 2009, a placement of 25 million shares at A$0.32 each to institutional investors;
- During June 2011, a private placement of 60 million shares, at A$0.50 each to Borrowdale Park S.A. ("**Highland Park**"), a strategic investor;
- During October 2010, the Company raised A$80 million before costs from private placements of 55 million ordinary shares and 45 million convertible notes which were subsequently converted into 45 million ordinary shares in November 2010;
- During May 2011, the Company completed a Canadian public offering of 24 million shares to raise C$44.4 million before costs;
- During June 2011, the Company completed a private placement of six million ordinary shares to Highland Park to raise C$11.1 million before costs; and

- During February 2012, the Company entered into an agreement with Highland Park 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.

The Company does not anticipate paying any dividends until after Vista Phase 1 and Phase 2 have been commissioned, and may not pay any dividends at any time.

The Company's net loss of $22.3 million during the year ended June 30, 2012 was $5.6 million more 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 $7.7 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 through its $70 million credit facility, which is drawn in $10 million increments. 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.

DISCUSSION OF OPERATIONS

Coalspur controls over 55,000 hectares of mineral leases within the Hinton region of Alberta. These leases contain Measured and Indicated Coal Resources of 1.7 billion tonnes and have access to a high capacity rail and port infrastructure. Most of the mineral leases are contained by the Company's projects.

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 receiving project financing during 2012 and 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, and as a result, transferred $97 million of mining lease acquisition costs from exploration and evaluation assets to mine development assets. In addition, $6.4 million of direct development expenditures were capitalized subsequent to the completion of the study, as was a scheduled $6 million payment to maintain the Company's interest in certain mineral leases. Further information on additional mineral lease payments is disclosed in Note 31 of the Consolidated Annual Financial Statements.

The Feasibility Study 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 the $370 million development cost of Phase 2. The Feasibility Study estimates Vista free on board ("**FOB**") cash costs of C$61.2/t in the initial 10 years of production and C$67.6/t over life of 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 from 11.2 Mtpa to 12.0 Mtpa, reducing the mine life from 30 to 28 years, and increasing 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.

The Company entered into agreements with Ridley Terminals during the year to secure port allocation of up to 13.5 Mtpa, commencing in 2015. The initial terms of these agreements expire in 2028 and each has an optional seven year extension. The First Contract secured up to 9.5 Mtpa for Coalspur. The Second Contract, for up to 4.0 Mtpa, was contingent on Ridley Terminals obtaining Government approval to expand the port facility. Subsequent to year end, Ridley Terminals advised Coalspur that approval had been delayed, and offered 2.2 Mtpa capacity from its existing infrastructure expansion on similar terms as the Second Contract, which was accepted. While this change resulted in Coalspur's future port capacity reducing from 13.5 Mtpa to 11.7 Mtpa, it is not expected to have a significant effect on either Phase 1 or Phase 2 of Vista. The reduction in the tonnage on the Second Contract resulted in a $3.2 million refund of deposits previously paid to Ridley Terminals.

The First Contract can be cancelled at the Company's option prior to March 1, 2013; the Second Contract, and its subsequent amendment, has been executed and is not cancellable. Further information about the Company's agreements with Ridley Terminals is located in Note 11 to the Annual Financial Report.

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 are underway and results to date support the Company's estimate that the Phase 1 regulatory approvals required to commence construction at Vista will 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 that Phase 2 approvals will be received in mid-2015 which will enable construction of Phase 2 to commence shortly thereafter. Production from Phase 2 is scheduled to begin in 2017.

The Company signed a memorandum of understanding ("**MOU**") with CN Rail 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. Coalspur is currently advancing discussions with CN Rail to formulate the MOU into a definitive 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 the proposed Vista mining facilities. An additional 70 sonic locations and test pits, and roughly 10 core and pumping wells will contribute to the detailed engineering phase of the project and are scheduled to commence in the coming year.

Vista expenditures for the most recent two years are summarized in the following table:

Vista Project Expenditures	Year ended June 30 ($ millions)	
	2012	2011
Expensed exploration and development costs	3.8	8.6
Capitalized direct development costs incurred subsequent to completion of Feasibility Study	6.4	-
Capitalized payments to acquire mineral properties	6.7	83.7
	16.9	92.3

During the 2012 fiscal year, expenditures on Vista were $75 million less than the prior year due primarily to the acquisition of the McLeod River North and Z-Block leases, which were acquired for $83.5 million in 2011. Acquisition expenditures in 2012 consisted primarily of scheduled payments against existing lease options. Total exploration and development costs increased by 21% from the prior year, due to costs associated with the Feasibility Study and detailed engineering on Vista. Subsequent to the completion of the Feasibility Study in January 2012, direct Vista development expenditures were capitalized.

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 Vista. 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 Vista. 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 substantial 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 in 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, Administration, and other areas

Corporate and administrative expenses for the year ended June 30, 2012 totaled $7.2 million, up 51% from the prior year as a result of the increased size and complexity of the Company's operations. Contributing factors to the increase include the number of employees which increased from 12 to 20 during the year, efforts to secure project funding, and an increase to share based payment expense.

Finance expenses decreased from $0.6 million in 2011 to nil in 2012. During 2012 the Company incurred finance fees of $5.7 million on its $70 million credit facility. These fees were recorded in other assets as deferred credit facility fees and will accrete to Vista's Mine Development Assets over the life of the credit facility. See Note 12 of the Notes to the Annual Financial Report for additional information. The Company drew $20 million on this facility during May 2012, and as of the date of this MD&A, $50 million remains available for Coalspur to draw under the facility.

The Company continues to advance its process (the "**Process**") of identifying strategic investment partners which will form part of the financing strategy to fund Phase 1 of Vista. The Process may also include long term marketing arrangements for the purchase of coal from Vista. The Company has concluded trips to Japan, Korea and China visiting with potential strategic investment partners. The Company had expected to complete the Process by June 30, 2012, however, uncertain global markets and weak short-term coal prices have resulted in this process taking longer than anticipated. The facility agreement with Highland Park provides flexibility for a strategic investor to acquire up to 25% of Vista, beyond which the consent of Highland Park is required.

QUARTERLY RESULTS

($000s, except where noted) Canadian Dollars	Quarter Ended (Unaudited) 30-Jun 2012	31-Mar 2012	31-Dec 2011 (Restated)	30-Sep 2011 (Restated)	30-Jun 2011 (Restated)	31-Mar 2011 (Restated)	31-Dec 2010 (Restated)	30-Sep 2010 (Restated)
Measured and Indicated Coal Resources (millions of tonnes)	1,700	1,079	1,079	1,079	1,079	1,014	1,014	813
Proven and Probable Marketable Coal Reserves (millions of tonnes)	313	313	313	260	260	260	-	-
Presentation Currency (Note 1 to the Annual Financial Statements)	$	$	A$	A$	A$	A$	A$	A$
Exploration and evaluation expense	13,509	-	6,028	-	6	-	83,543	112
Loss for the period	(2,810)	(5,541)	(9,564)	(4,210)	(3,882)	(3,708)	(4,168)	(4,846)
Loss per share (cents per share)	(0.45)	(0.80)	(1.58)	(0.73)	(0.74)	(0.76)	(0.84)	(1.56)
Cash and cash equivalents	6,988	22,220	23,905	64,334	67,973	12,793	16,579	25,811
Exploration and evaluation assets	13,509	509	99,881	93,853	93,853	93,847	93,847	10,304
Mine development assets	109,726	105,314	-	-	-	-	-	-
Non-current prepayments	46,000	32,000	-	-	-	-	-	-
Intangible assets	3,500	-	-	-	-	-	-	-
Other assets	5,218	-	-	-	-	-	-	-
Total assets	186,195	165,102	154,973	161,174	165,576	110,592	114,191	39,774
Current liabilities	2,297	4,220	2,769	2,411	2,188	1,795	3,003	1,286
Long term liabilities	20,000	-	-	-	-	-	-	-
Total liabilities	22,297	4,220	2,769	2,411	2,188	1,795	3,003	1,286
Net assets	163,898	160,882	152,204	158,763	163,388	108,797	111,188	38,488

Notes: 1) The presentation currency of the Company changed in Q3 of 2012 from Australian to Canadian dollars.

Total assets have increased over the last eight quarters as a result of the Company's acquisition of mineral properties and payments to Ridley Terminals to secure port capacity. Net assets showed a steady increase as capital was provided through contributions of equity until the Company drew $20 million on its credit facility in May 2012.

Subsequent to the completion of a Feasibility Study on Vista, the Company determined that the functional currency of the Group's parent company had changed from Australian to Canadian currency, and elected to change the Group's presentation currency to Canadian dollars, as disclosed in Note 1 to the Company's Annual Financial Statements. In addition, the Feasibility Study led to the reclassification of $97 million of exploration and evaluation assets to development assets in the quarter ended March 31, 2012, and the subsequent capitalization of $6.4 million of direct Vista development expenditures.

FINANCIAL CONDITION

At June 30, 2012, the Company had $7 million in cash after drawing $20 million from its credit facility during the final quarter of the year. Interest is payable on the credit facility semi-annually at a fixed interest rate of 6.25%. As of the date of this report, the Company has $50 million available under the credit facility, which must be re-paid in full by May 16, 2014. Management estimates that its existing cash and credit is sufficient to meet most forecast administrative, development, and exploration expenditures over the next 12 months, however additional funding will be required in order to proceed with planned construction at Vista. The Company is currently in discussions with potential partners as part of the financing strategy to fund Phase 1 of Vista, however if the Company is unable to secure additional funding by early 2013, it is probable that the planned construction on Vista will be delayed beyond its scheduled start date, which could in turn delay the planned commencement of production in 2015.

The following is a summary of the Company's outstanding commitments as at June 30, 2012:

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*

The Company is party to a number of agreements with Ridley Terminals with cancellation and option dates ranging between March 1 and May 1, 2013, as disclosed in Note 11 to the Consolidated Annual Financial Statements. Coalspur is subject to minimum throughput payments of $7.6 million within the next five years, however the Company has not recognized these minimum payments as contingent liabilities because it will either utilize the throughput capacity or sell it to other parties.

The Company holds a beneficial interest in five coal leases that are integral to Vista. In accordance with the terms of the agreement to purchase these leases, initial payments of $2 million and $6 million have been made, and title to these leases will transfer to Coalspur upon the payment of an additional $10 million which must be made by February 19, 2016.

Liquidity

The Company's cash balance decreased by $46.5 million during the year as a result of investments and operating costs required to progress Vista. These expenditures were partially offset by $13.5 million in proceeds from the exercising of unlisted options to purchase ordinary shares. ("**Unlisted Options**")

The Company does not anticipate any significant revenue prior to its planned commencement of production from Vista in 2015. During the year, the Company secured a $70 million credit facility with Highland Park in order to fund the pre-construction development of Vista, the acquisition of Vista Extension and ongoing expenses; however it will require additional capital funds in order to develop Vista. The Company forecasts that $870 million in capital funding is required to bring Vista to first production. The funds can be obtained through strategic investment, equity financing, share issuance, off-take partnerships and other financing arrangements. This capital could prove difficult to obtain in the event of an economic downturn, reduction in the price of thermal coal or a decline in the Company's stock value.

Capital Resources

In the event the Company is unsuccessful in securing funding or a strategic investment partner, it forecasts that there are sufficient cash and credit resources to fund key operations and development for the upcoming year.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 620,729,899 fully paid ordinary shares issued and outstanding. The following table sets out the Company's securities that are currently issued and outstanding:

Type of Security	Number
Outstanding Ordinary Shares	620,729,899
Outstanding Unlisted Performance Shares (note 1)	32,500,000
Outstanding Performance Share Rights (note 2)	2,367,828
Outstanding Unlisted Options (note 3)	50,925,000
Total	**706,522,727**

Notes

(1) Unlisted performance shares were issued to acquire mineral projects and are convertible into ordinary shares upon the satisfaction of certain milestones as disclosed in Note 16e to the Consolidated Annual Financial Statements.

(2) Unlisted performance share rights ("**Performance Rights**") are issued pursuant to the Company's Long Term Incentive Plan to attract and retain directors, employees and contractors. During the year, 3,008,350 Performance Rights were issued; 891,155 were exercised; and 702,000 were cancelled.

(3) The outstanding Unlisted Options are convertible into Ordinary Shares and are subject to exercise prices ranging from A$0.10 to A$1.622 and expiry dates ranging from December 31, 2012 to June 30, 2015. At the date of this MD&A, 45,925,000 Unlisted Options had vested and were exercisable.

Coalspur's current market capitalization is approximately $366 million based on the September 6, 2012 TSX closing price of $0.59 (approximately $376 million calculated on a diluted basis including all ordinary shares, share rights, and in-the-money options).

TRANSACTIONS WITH RELATED PARTIES

In February 2012, the Company entered into a $70 million Facility Agreement with Highland Park which is associated with Messrs Colin Steyn and William Smart, both of whom are directors. Under the agreement, Coalspur provided Highland Park with security over its assets, and 15 million options to purchase ordinary shares. In addition to obtaining shareholder approval for the issue of security and options on April 26, 2012, the Company established a committee of independent directors to evaluate the transaction on behalf of the Board of Directors. Messr'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 draw under the facility.

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

i. The secured facility is for up to $70 million, to be drawn in increments of $10 million;

ii. Interest is payable every 180 days and bears an annual fixed interest rate of 6.25%;

iii. Drawdown period - 12 months from the satisfaction of the conditions precedent;

iv. Repayment period - 24 months from the first draw down;

v. Coalspur may repay the facility early, at its discretion, with no penalty;

Shareholder approval for the grant of security and issue of options was received April 26, 2012.On May 8, 2012, Coalspur issued Highland Park 15 million unlisted options to purchase ordinary shares as follows:

a. eight million establishment options with an exercise price of $1.5624 expiring on May 8, 2015; and

b. 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 will 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 $20 million under the facility, causing two million funding options to vest with a strike price of A$ 1.6220 per share.

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

Apollo Group Pty Ltd ("**Apollo**"), a company of which Mr Mark Pearce, Coalspur's former Company Secretary, 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.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The attached consolidated annual financial statements were prepared in accordance with AIFRS. A description of the Company's significant accounting policies is provided in Note 1 to the consolidated annual financial statements. At present, the Company has no accounting estimates that rely on highly uncertain assumptions that are likely to change in the future.

Functional and Presentation Currency

The Annual Financial Statements for the year ended June 30, 2012 and comparative periods are presented in Canadian dollars. Each entity within the Group uses the functional currency which best represents it primary economic environment. Following the completion of the Vista Feasibility Study on January 30, 2012, the Company determined the functional currencies of Coalspur Mines Ltd. and Coalspur Mines (Holdings) Pty Ltd. 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.

Following the change in functional currency noted above, the Company elected to adopt Canadian dollars as its presentation currency. The change in presentation currency represents a voluntary change in accounting policy, which has been applied retrospectively as disclosed in Note 1(d) and 1(e) to the Annual Financial Statements.

Exploration, Evaluation, and Development Expenditures

The Company completed a Feasibility Study on Vista during the year. In accordance with the Company's accounting policy, $97 million worth of exploration and evaluation assets were transferred to mine development assets following the completion of the Feasibility Study on January 30, 2012. In addition, $2.4 million of direct exploration and evaluation expenditures associated with Vista were capitalized as mine development assets for the first time. Future direct development expenditures pertaining to Vista will be capitalized as mine development assets, and evaluated for impairment on a quarterly basis.

FINANCIAL INSTRUMENTS

The Company's principal financial instruments are comprised of short-term deposits, current accounts, receivables and amounts payable under its $70 million credit facility and to trade vendors. The main risks arising from the Company's financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. Realized foreign exchange gains and losses associated with these instruments are recognized in the income statement as other income or other expenses.

The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy, which is reviewed and updated as circumstances warrant.

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

The fair values of receivables, payables, cash and short-term deposits approximate their carrying value.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. While the Company has updated internal controls to keep pace with its growth, any system of internal control can only provide reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the year ended June 30, 2012 that materially affect, or are reasonably likely to materially affect, internal control over financial reporting.

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 7, 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 MD&A 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 MD&A 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 MD&A 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.*