

NEWS RELEASE

October 26, 2012

REVISED DEVELOPMENT PLAN SUBSTANTIALLY REDUCES CAPITAL REQUIRED TO FIRST PRODUCTION AT VISTA

Highlights:

- *Development capital to achieve first production in 2015 reduced to C\$527 million (C\$343 million lower than the Vista Feasibility Study)*
- *Potential further reduction of up to C\$82 million by leasing/contracting mobile equipment, taking development capital to approximately C\$445 million*
- *Total net funding to achieve full 12.0 Mtpa production capacity of C\$841 million with project cashflows substantially contributing to expansion funding*
- *Development capital expected to be funded either by a strategic partner or a combination of a strategic partner and an off-take arrangement*
- *Development plan maintains integrity of the current regulatory process*

CALGARY, Alberta: Coalspur Mines Limited ("Coalspur" or "Company") (ASX: CPL, TSX: CPT) is pleased to announce the results of an optimization study (the "Study") which has resulted in a significant decrease to the capital required to bring its flagship Vista Coal Project ("Vista") into production.

The Study focused on the mining schedule, the timing of equipment purchases, and a phased approach to construct the processing and clean coal facilities to better align with the ramp up profile of Vista. The Study has shown that the scheduling of Vista can be optimised such that the original Phase 1 plan for 5.0 million tonnes per annum ("**Mtpa**") can be developed in two discrete stages. The new development schedule entails a first stage that will provide for 3.0 Mtpa of clean coal production with the second stage providing for a further 2.0 Mtpa production. Phase 2 will add an additional 7.0 Mtpa, taking Vista to its ultimate design capacity of 12.0 Mtpa of clean coal production. The ramp-up to full capacity will now be over five years as opposed to four years as contemplated in the Feasibility Study.

The staged approach to Phase 1 is essentially a development scheduling change and ensures that there is no impact on the regulatory applications that were filed earlier this year and that the timeline to first production remains intact. Furthermore, this approach allows for the majority of expansion capital to be substantially funded through free cash flow from Vista and reduces the estimated total net funding to reach full 12.0 Mtpa to C\$841 million.

Commenting on the Study, President and CEO, Gill Winckler said "We are very pleased with the results of the Study as it significantly reduces the capital expenditure required to bring Vista into production and provides us with optionality for future development phases. Furthermore, all the work done on the Phase 1 regulatory applications and the detailed engineering remains valid and our timeline to first production remains intact, as does our maximum clean coal production rate. The slower schedule will enable us to better manage the social and economic impacts of Vista in the Hinton region and give us more time to work with the community and key stakeholders."

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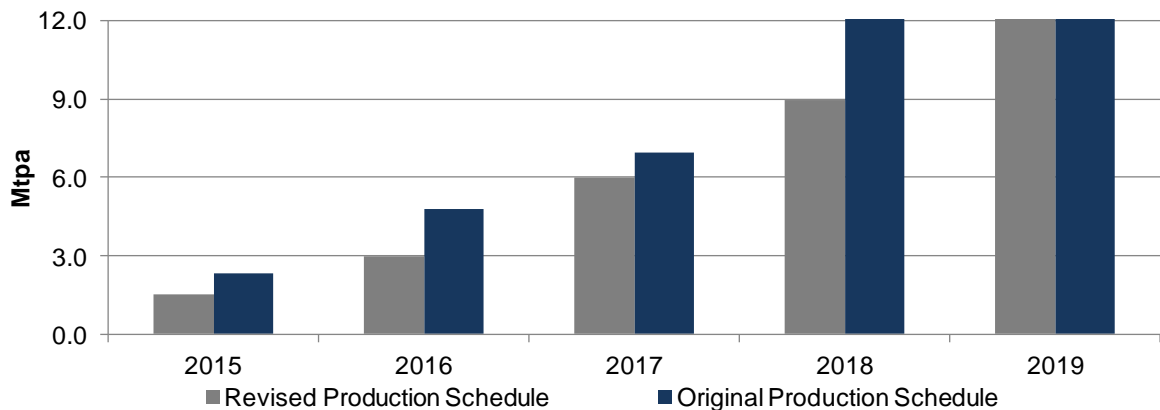
TSX Code: CPT
ASX Code: CPL

Enhanced Mining Schedule

The Study was completed by CWA Engineering Inc., Golder Associates (Marston), and an experienced owner's group. The parties evaluated the mining schedule and the timing of equipment purchases to find areas of optimization. The Study concluded that through utilizing equipment and infrastructure components suitable for smaller mining operations in the earlier phases and then building additional components as necessary in later phases, significant amounts of development capital could be deferred. This design methodology differs from the approach outlined in the Feasibility Study where the majority of the raw and clean coal handling infrastructure was constructed in the first phase.

The detailed design engineering work on Vista is continuing and now incorporates the optimized development schedule. The revised ramp up profile is depicted below, based on the Company commencing construction on Vista during the first half of 2013.

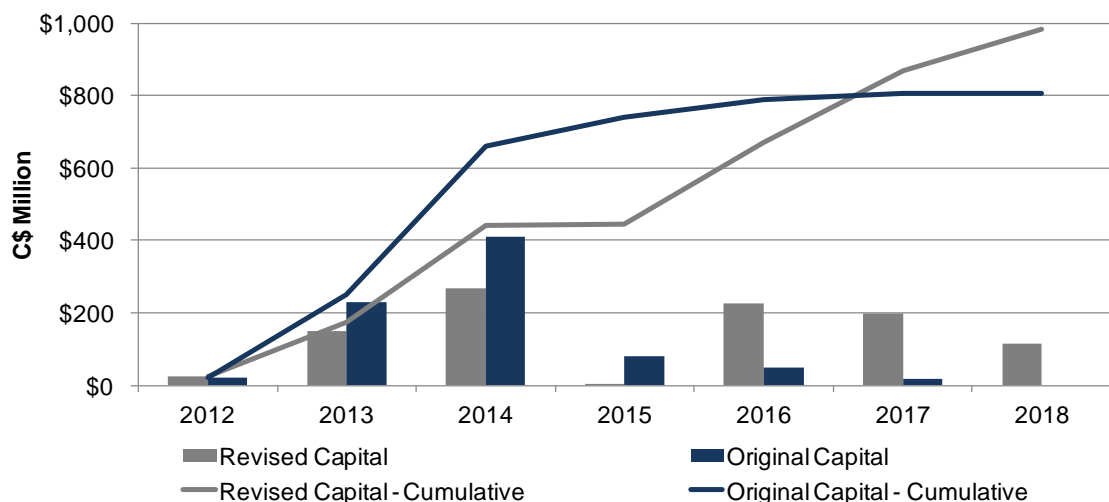
Vista Clean Coal Production Summary



Capital Costs

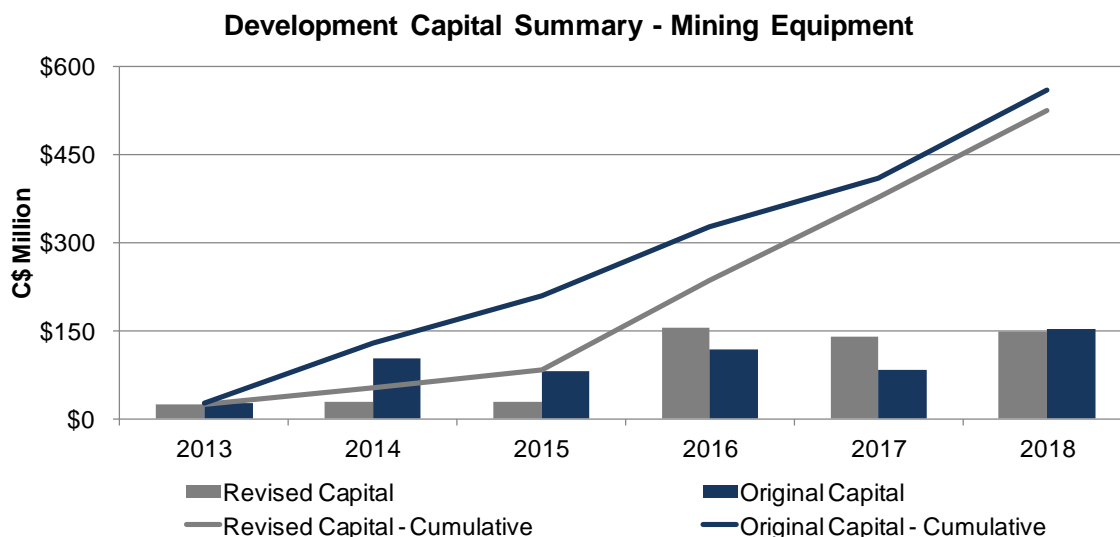
The enhanced schedule provides for an optimized capital expenditure profile which defers selected capital items into later phases, resulting in a significant decrease in the funding required to develop Vista in the early production years. Expansion capital required to develop the second stage of Phase 1 and Phase 2 of Vista will be substantially funded through free cash flows. The table below shows the revised infrastructure development capital, excluding mining equipment.

Development Capital Summary - Infrastructure



Note: Excludes capital required for mining equipment.

The capital required to purchase the mining equipment to reach full production is estimated to be approximately C\$524 million, as shown below.



On the assumption that Coalspur purchases all infrastructure and mining equipment capital for Vista, the net funding requirements to reach full production of 12.0 Mtpa are reduced to approximately C\$841 million (C\$53 million lower than estimated in the Vista Feasibility Study).

As part of the ongoing detailed engineering for Vista the Company has been evaluating capital reduction opportunities which include sourcing equipment and materials outside of North America and contracting / leasing the mobile equipment fleet. The Company estimates that if a mining contractor is utilized the savings in the first stage of Phase 1 would be approximately C\$82 million which would reduce the capital required to first production to approximately C\$445 million. Similar savings would be possible in the second stage of Phase 1 and Phase 2.

The decision to utilize a mining contractor will be made over the coming months as the Company works on further optimization initiatives and finalizes its funding strategy for Vista.

Operating Costs

The optimized development schedule results in a slight increase in operating costs over the life of the mine. The average mine gate operating costs are C\$59.86/t over the first five years of production and C\$62.21/t over the first 10 years. As compared to the previous mine schedule, operating costs increased by C\$0.50/t over the first five years of production and C\$1.03/t over the first 10 years.

Operating Costs Summary			
Mine Schedule	Years 1 – 5 (C\$/t)	Years 1 – 10 (C\$/t)	Years 1 – 29 (C\$/t)
Coal & Waste Mining	19.65	22.47	29.17
Coal Handling & Processing	5.12	4.98	4.99
General & Administrative	1.40	1.07	0.96
Rail & Port	33.69	33.69	33.69
Total Average Cash Operating Cash Cost per Saleable Clean Tonne	59.86	62.21	68.81

Development Plan and Regulatory Requirements

The revised mine plan from will not require any modification to the regulatory application and process that is underway on Vista. The updated production schedule complies with the terms of the mine license and other applications that the Company has submitted. These applications are well underway and approvals for a 5.0 Mtpa development are anticipated towards the end of the first quarter of 2013. Coalspur has also initiated the technical and environmental studies required to support the regulatory applications for the remaining 7.0 Mtpa of production capacity for Vista to reach 12.0 Mtpa. Coalspur expects to complete these studies and file the necessary additional applications in the second half of 2013.

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About Coalspur

Coalspur Mines Limited ("Coalspur" or "Company") is a coal exploration and development company with approximately 55,000 hectares of coal leases located within the Hinton region of Alberta, Canada. Coalspur's flagship coal project is the Vista Coal Project ("Vista") which has the potential to be the largest export thermal coal mine in Canada.

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

JORC / NI 43-101 Coal Resources				
	Measured (Mt)	Indicated (Mt)	Measured & Indicated (Mt)	Inferred (Mt)
Vista Coal Project	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 Extension Coal Resource estimates effective May 8, 2012, Vista Coal Project Coal Resource estimates effective May 8, 2012 and Vista South Coal Project Coal Resource estimates effective May 22, 2010.

Vista is designed to reach a maximum clean coal production rate of 12.0 Mtpa, has a long mine life of 29 years and will be developed over two phases. Phase 1 will be developed in two discrete stages: the first stage will produce 3.0 Mtpa of clean coal at a capital cost of approximately C\$527 million and the second will provide for a further 2.0 Mtpa of production. Phase 2 will add an additional 7.0 Mtpa to take Vista to its maximum design capacity of 12.0 Mtpa by 2019. Marketable Coal Reserves on Vista are 313 Mt from a Recoverable Coal Reserve of approximately 566 Mt.

JORC / NI 43-101 Compliant Coal Reserves						
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 effective December 13, 2011

Coalspur has offices in Calgary and Hinton in Canada as well as in Australia. The Company is dual listed on the Toronto Stock Exchange ("TSX") under the symbol "CPT" and on the Australian Securities Exchange ("ASX") under the symbol "CPL".

Regulatory Disclosures

For further information regarding the Vista Coal Project and Vista Extension, 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 titled "Coalspur Mines Limited: Updated Resource Estimate for the Vista Coal Project" dated September 12, 2012. For further information regarding the Vista South Coal Project, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the project, please refer to the technical report titled "Resource Estimate for the Vista South Coal Property" dated June 25, 2012. The technical reports for the Vista Coal Project, the Vista South Coal Project, and Vista Extension are compliant with National Instrument 43-101 – "Standards of Disclosure for Mineral Projects" ("NI 43-101") and are available for review on SEDAR at sedar.com.

Competent Person / Qualified Person Statements

The information in this news release that relates to Coal Resources on the Vista Coal Project and Vista Extension, mining engineering, Recoverable Coal Reserves, capital costs, mining operating costs, and economic financial analysis, process capital costs and associated infrastructure, and all other scientific and technical information in this 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. Mr. Leslie has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"), and a "Qualified Person" under NI 43-101. Mr. Leslie has approved and consents to the inclusion of such information in this news release in the form and context in which it appears.

The information in this news release that relates to coal quality and process yield estimates to derive Marketable Coal Reserves is based on information compiled by Mr. Gordon Mudryk, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. Mudryk is a full-time employee of Coalspur. Mr. Mudryk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Mudryk has approved and consents to the inclusion of such information in this news release in the form and context in which it appears.

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

Forward Looking Statements

This news release contains forward-looking statements concerning Coalspur, including statements regarding Coalspur's plans for its mineral projects, development plans and timing, development and operating costs, production, regulatory approvals, 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.