

SEPTEMBER 2012 QUARTERLY REPORT

PERTH, Western Australia, October 31, 2012: Coalspur Mines Limited (“Coalspur” or “Company”) (ASX: CPL, TSX: CPT) is pleased to present its quarterly report for the three months ending 30 September 2012.

Highlights:

- The Company completed a scoping study on Vista Extension which confirmed the potential for an economic and technically feasible underground longwall mine. Highlights of the scoping study included:
 - Forecast average production of 3.8 million tonnes per annum (“**Mtpa**”) (6.3 Mtpa run of mine) marketable coal;
 - Potentially mineable resources of approximately 108 Mt and a mine life of 28 years;
 - Development costs of C\$346 million, which reflect cost savings due to the close proximity of the Vista infrastructure; and
 - Low average operating costs of C\$58.2/t free-on-board Ridley Terminals over the life of the mine.
- Coalspur finalised port allocation agreements with Ridley Terminals to secure 11.7 Mtpa of deep water port throughput capacity, which substantially satisfies the port requirements for the anticipated Vista Coal Project (“**Vista**”) production.
- The Company expanded its memorandum of understanding with CN rail from 11.2Mtpa to 12.0Mtpa to accommodate the optimized production profile on Vista.
- Regulatory bodies continued their review of Coalspur’s Environmental Impact Assessment and Mine License applications, and the Company made substantial progress with respect to aboriginal consultation and other stakeholder engagement.
- The Company continued its process to identify a strategic investment partner, which it anticipates concluding during 2012.

Subsequent to quarter end, the Company completed an optimisation study on Vista which minimized the capital required to achieve initial production. Highlights of the study include:

- 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

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TSX Code: CPT
ASX Code: CPL

CANADIAN COAL PROJECTS

Vista Coal Project

Capital Optimization Study on Vista Decreases Capital Required to Commence Production

Coalspur announced the results of an optimisation study on Vista which resulted in a decrease in the capital required to bring Vista into production to C\$527 million (C\$343 million lower than the Vista Feasibility Study). The optimisation study focused on the mining schedule, the timing of equipment purchases, and a staged approach to construct the processing and clean coal facilities to better align with the ramp up profile of Vista.

The updated development schedule divides the first phase of development into two stages and reaches a clean coal production rate of 12.0 Mtpa over five years as opposed to four years as contemplated in the Feasibility Study. The updated development schedule was designed so there is no implication on the Vista regulatory application process that is currently underway.

Further details of the optimisation study can be found in the Coalspur news release dated 26 October 2012.

Clean Coal Transportation update

During the previous year, the Company entered into an agreement with Ridley Terminals to provide 4.0 Mtpa of port capacity from a future port expansion from 25.0 Mtpa to 30.0 Mtpa, contingent upon Ridley Terminals receiving approval for expansion. During the quarter 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 received a refund of C\$3.2 million of refundable deposit on August 31, 2012 as a result of the change. The Company has secured a total of 11.7 Mtpa of port capacity at Ridley Terminals which substantially satisfies the port requirements for anticipated Vista production. This capacity will be provided from the expansion of Ridley Terminals which is currently under construction, and on schedule for completion by the end of 2014.

Coalspur updated its memorandum of understanding with CN Rail to increase Coalspur's allocated rail haulage from 11.2 Mtpa to 12.0 Mtpa in order to accommodate the optimized production profile on Vista. Coalspur and CN continue to work towards definitive transportation and construction agreements which are expected to be concluded in 2012.

Vista Extension

Completion of Positive Scoping Study

On 30 July 2012 the Company announced the results of a scoping study which confirmed the technical and economic potential for an underground longwall on Vista Extension. Vista Extension has the benefit of being in close proximity to Vista and will be able to leverage off the coal mining, handling and processing infrastructure to be constructed as well as the rail and port capacity that has been secured.

Further details of the scoping study on Vista Extension are contained in the Coalspur news release dated 30 July 2012.

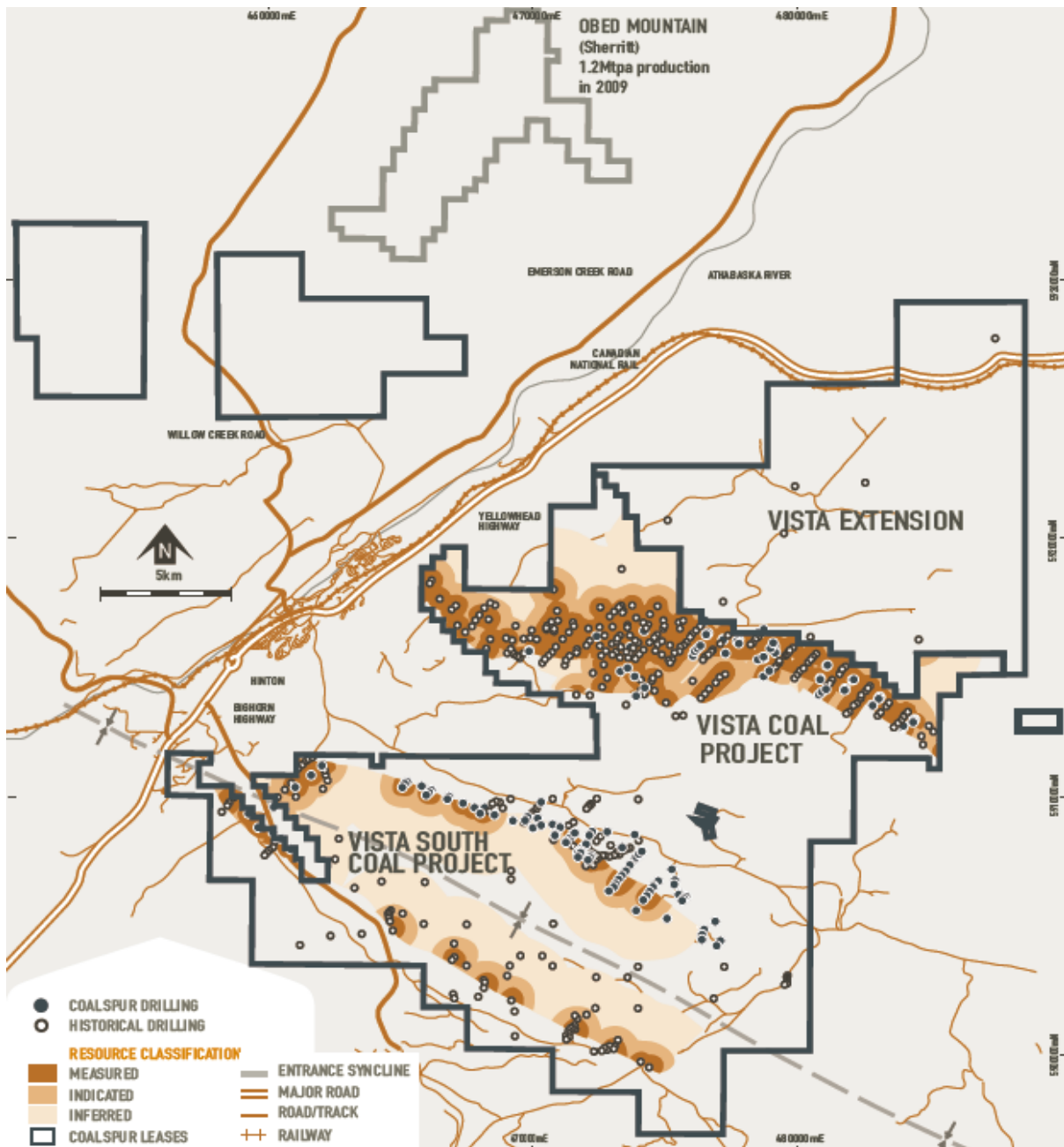


Figure 1: Coalspur Lease Holdings

CORPORATE

Credit Facility

On 16 September 2012, the Company drew a further C\$10 million against its C\$70 million credit facility with the Highland Park Group to fund ongoing expenses related to the regulatory process and detailed engineering on Vista. The Company has an additional C\$40 million available to it under the facility, and must repay any amounts borrowed under the facility by May 16, 2014.

Coal Reserves and Resources

The Coal Reserve and Coal Resource estimates on Vista, the Vista South Coal Project, and Vista Extension have been prepared by independent experts and are in accordance with the JORC Code (2004) and National Instrument 43-101.

Table 1: 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 Coal Project and Vista Extension Coal Resource estimates are effective May 8, 2012, Vista South Coal Project Coal Resource estimates are effective May 22, 2012.

Table 2: Vista Coal Project 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
Vista Total Reserves	503.7	61.8	565.5	280.0	33.3	313.4

Note: Coal Reserve estimates effective December 13, 2011.

Going Forward

The Company is currently focusing on the financing, regulatory and technical efforts necessary to commence construction on Vista. Activities in the coming months are expected to include:

- Progress discussions with potential strategic investment partners;
- Advance the regulatory applications necessary to commence construction on Vista;
- Progress negotiations with CN on the definitive transportation agreement;
- Continue detailed design engineering on Vista; and
- Continue discussions with mining contractors who may be utilised during the construction phase and the initial years of mining at Vista.

For additional information, please contact:

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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 are compliant with National Instrument 43-101 – "Standards of Disclosure for Mineral Projects" ("NI 43-101") and the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") and are available for review on SEDAR at sedar.com.

Competent Person / Qualified Person Statements

The information in this report that relates to coal quality and process yield estimates to derive Marketable Coal Reserves, coal processing, thermal drying, infrastructure, and associated capital and operating costs 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 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 report in the form and context in which it appears.

The information in this 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 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 report in the form and context in which it appears.

All other scientific and technical information in this report is based on information compiled by Mr. 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 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.

Forward Looking Statements

This 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", "future", "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.

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, which is available from SEDAR at www.sedar.com.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

COALPSUR MINES LIMITED

ABN

73 003 041 594

Quarter ended ("current quarter")

September 30, 2012

Consolidated statement of cash flows

	Current quarter \$C'000	Year to date (3 months) \$C'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration & evaluation	-	-
(b) development	(1,082)	(1,082)
(c) production	-	-
(d) administration	(2,078)	(2,078)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	18
1.5 Interest and other costs of finance paid	(158)	(158)
1.6 Income taxes paid	-	-
1.7 Other (rental income)	7	7
	-	-
Net Operating Cash Flows	(3,293)	(3,293)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4,141)	(4,141)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (re-fund for port capacity)	3,200	3,200
c) Capitalized finance costs	-	-
Net investing cash flows	(941)	(941)
1.13 Total operating and investing cash flows (carried forward)	(4,234)	(4,234)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,234)	(4,234)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	10,000	10,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material): (a) share issue costs	-	-
	Net financing cash flows	10,000	10,000
	Net increase (decrease) in cash held	5,766	5,766
1.20	Cash at beginning of quarter/year to date	6,988	6,988
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	12,754	12,754

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$C'000
1.23	Aggregate amount of payments to the parties included in item 1.2	101
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Following the publication of the Vista Coal Project Feasibility Study, the functional currency of the group's parent company was prospectively changed to Canadian dollars as of February 1, 2012.

1.12: During the previous year, the Company entered into an agreement with Ridley Terminals Ltd. to provide 4.0 Mtpa of port capacity from a future port expansion from 25.0 Mtpa to 30.0 Mtpa, contingent upon Ridley Terminals receiving approval for expansion. During the quarter 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 received a refund of C\$3.2 million of refundable deposit on August 31, 2012 as a result of the change.

1.16: The Company drew C\$10 million on its previously negotiated C\$70 million credit facility for current cash needs. At the end of the quarter, C\$40 million of the credit facility is available.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

1 million options vested as a result of the company drawing \$10 million on its credit facility. The options have strike price of A\$1.248 and expire on September 14, 2015.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$C'000	Amount used \$C'000
3.1 Loan facilities	40,000	30,000
3.2 Credit standby arrangements	112	98

Estimated cash outflows for next quarter

	\$C'000
4.1 Exploration and evaluation	-
4.2 Development	8,677
4.3 Production	-
4.4 Administration	2,655
Total	11,342

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$C'000	Previous quarter \$C'000
5.1 Cash on hand and at bank	773	5,534
5.2 Deposits at call	11,981	1,454
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	12,754	6,988

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Not applicable			
6.2 Interests in mining tenements acquired or increased	Not applicable			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference *securities <i>(description)</i>	32,500,000	-	Not applicable	Not applicable
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	620,729,899	620,729,899	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	<i>Options:</i>		<i>Exercise price</i>	<i>Expiry date</i>
	2,750,000	-	A\$0.10	31 Dec 2013
	2,750,000	-	A\$0.15	30 June 2014
	2,750,000	-	A\$0.20	31 Dec 2014
	2,750,000	-	A\$0.25	30 June 2015
	800,000	-	A\$0.40	31 Dec 2013
	1,150,000	-	A\$0.50	30 June 2014
	1,150,000	-	A\$0.60	31 Dec 2014
	350,000	-	A\$0.70	30 Jun 2015
	125,000	-	A\$0.35	10 Feb 2013
	1,450,000	-	A\$0.85	30 June 2014
	1,450,000	-	A\$0.95	31 Dec 2014
	1,450,000	-	A\$1.05	30 Jun 2015
	2,000,000	-	A\$0.80	30 Aug 2013
	15,000,000	-	A\$0.70	31 Dec 2012
	8,000,000		A\$1.5624	8 May 2014
	2,000,000		A\$1.622	16 May 2014
	1,000,000		A\$1.248	14 Sept 2015
	<i>Rights:</i>		<i>Exercise price</i>	
	840,514		A\$Nil	30 June 2013
	705,514		A\$Nil	30 June 2015
	705,514		A\$Nil	30 June 2016
	135,000		A\$Nil	31 Dec 2012
7.8 Issued during quarter	<i>Rights:</i>		<i>Exercise price</i>	
	90,449		A\$Nil	30 June 2013
	90,449		A\$Nil	30 June 2015
	90,449		A\$Nil	30 June 2016
7.9 Exercised during quarter			<i>Exercise</i>	<i>Expiry date</i>
7.10 Expired/forfeited during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:..... Date: October 31, 2012
(~~Director~~/Company secretary)

Print name: Simon Robertson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.