



COALSPUR MINES LIMITED

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AND MD&A FOR THE THREE MONTHS
ENDED MARCH 31, 2014**

ABN 73 003 041 59

CORPORATE DIRECTORY

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Mr. Colin Steyn	Chairman (non-executive)
Ms. Gill Winckler	Director, President and CEO
Mr. Denis Turcotte	Director (non-executive)
Mr. Peter Breese	Director (non-executive)
Mr. David Murray	Director (non-executive)
Mr. Ted Mayers	Director (non-executive)
Mr. Mark Rodda	Director (non-executive)
Mr. William Smart	Alternate Director (non-executive)

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TABLE OF CONTENTS	Page
Management's Discussion and Analysis	3
Condensed Interim Consolidated Statement of Comprehensive Income	14
Condensed Interim Consolidated Statement of Financial Position	15
Condensed Interim Consolidated Statement of Changes in Equity	16
Condensed Interim Consolidated Statement of Cash Flows	18
Notes to Condensed Interim Consolidated Financial Statements	19
Appendix A – Certification of Interim Filings	31

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
MD&A FOR THE THREE MONTHS ENDED MARCH 31, 2014

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2014 (the "Financial Statements"), which are unaudited, together with the audited 2013 Financial Statements for the year ended December 31, 2013, and the 2013 MD&A for the year ended December 31, 2013. The effective date of this report is May 14, 2014.

This discussion is current at the date of this MD&A. The Financial Statements and the financial information contained in this MD&A were prepared in accordance with Australian equivalents to International Financial Reporting Standards ("AIFRS"). These Financial Statements also comply with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB"). All figures are expressed in Canadian dollars ("\$\$") unless otherwise indicated.

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.

OVERALL PERFORMANCE

During the three months ended March 31, 2014, Coalspur reached agreements with the last remaining First Nation intervener for its Vista project ("Vista"), announced a bridge facility to underpin continued project spend ahead of regulatory approvals and project funding, announced that the Alberta Energy Regulator ("AER") granted approval of Vista and continued to assess project financing alternatives for Phase 1 of Vista.

In January 2014, Coalspur announced that it had reached an agreement with the Alexis Nakota Sioux Nation ("Alexis") relating to the development of Vista. As a result, Alexis withdrew as an intervener in relation to the regulatory approval of Vista. The AER closed its hearing relating to Coalspur's applications for approval of Vista Phase 1 on January 13, 2014, approved Vista on February 27, 2014 and subsequently issued a mine permit, processing plant approval and pit and dump licences. Coalspur continues to work with the various regulatory agencies relating to its applications in order to secure detailed licences and permits for Vista, which it anticipates receiving in the next couple of months.

DISCUSSION OF OPERATIONS

The Company made considerable progress on Vista during the quarter ended March 31, 2014 by obtaining the AER's approval for Vista Phase 1 and the subsequent receipt of certain related technical approvals and licences, advancing procurement and construction plans, and progressing potential

**COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
MD&A FOR THE THREE MONTHS ENDED MARCH 31, 2014**

financing alternatives. In addition, the Company has run a competitive tender process for its mining contract which is nearing conclusion.

Coalspur's plans to begin construction on Vista are subject to securing all financing and permits necessary for the development of Vista Phase 1. Based on the expectation that detailed licenses and permits would be received and financing secured by mid-2014, the Company has previously stated that it intended to commence construction in June 2014 and produce first coal in mid-2016. Although the AER has approved Vista Phase 1 and subsequently issued a mine permit, processing plant approval and pit and dump licences, the Company continues to work with regulators to finalize the few remaining permits and licences. The Company also continues to pursue options for securing the financing necessary for the construction of Vista, a key element of which is the determination of the final size of its existing senior, secured debt facility ("EIG Facility") with EIG Global Energy Partners ("EIG"). Given the time taken to advance both final permits and licences and full financing for Vista Phase 1, the Company does not intend to start construction in mid-2014. It should be noted that the Company is progressing its funding plans for Vista and is in advanced discussions with potential strategic investors relating to its future financing. The Company is also considering other financing alternatives and will provide an update on its expected schedule for construction and operations based on the outcome of those discussions. No assurance can be given at this stage that any definitive agreements or arrangements will be entered into with any party.

Expenditure Analysis

	Quarter ended	
	March 31, 2014	March 31, 2013
Exploration, Evaluation, and Development		
Vista	4,361,040	8,410,722
Less: capitalized development - Vista	<u>(3,245,707)</u>	<u>(7,350,314)</u>
Development expense	<u>1,115,333</u>	<u>1,060,408</u>
Corporate expense	1,662,193	2,753,311
Administrative expense	1,104,514	951,216
Finance costs associated with credit facilities	2,284,151	1,142,296
Less: capitalized finance costs - Vista	<u>(2,284,151)</u>	<u>(1,142,296)</u>
Corporate and administrative expenses	<u>2,766,707</u>	<u>3,704,527</u>
Total Mine Development Capitalization	5,529,858	8,492,610

The Company expended \$4.4 million on development during the quarter ended March 31, 2014, versus \$8.4 million on exploration and development during the quarter ended March 31, 2013. The decrease in such expenses from 2013 to 2014 reflects the efforts made by the Company to conserve cash and reduce contractor and engineering spend while the Company obtains final detailed licenses and permits and secures all financing for the development of Vista Phase 1.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
MD&A FOR THE THREE MONTHS ENDED MARCH 31, 2014

Corporate and Administration

Corporate and administrative expenditures for the quarter ended March 31, 2014 totalled \$2.8 million, versus \$3.7 million for the quarter ended March 31, 2013. Corporate and administrative expenses decreased partly as a result of the Company’s effort to conserve cash. Furthermore, efforts associated with evaluating and finalizing project financing alternatives during the quarter ended March 31, 2013 increased expenditures during that period. Finance costs associated with the EIG and Borrowdale Park facilities were capitalized to mine development assets.

Other projects

The Company has two other coal project areas in addition to Vista. Vista Extension is located on the northeast boundary of Vista and covers 14,432 hectares. The Vista South Coal Project (“Vista South”) covers 23,287 hectares and is located approximately 6km southwest of Vista.

For more information on Vista Extension, 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 Vista South, please refer to the technical report titled “Resource Estimate for the Vista South Coal Property” dated June 25, 2012. Expenditures in these two project areas have been scaled back and plans to explore or develop the projects are on hold until adequate funding for Vista has been secured.

Outstanding Share Information

As at the date of this MD&A, the Company had 641,394,435 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	641,394,435
Outstanding unlisted performance share rights (note 1)	13,458,328
Outstanding unlisted options (note 2)	27,695,498
Warrants	134,000,000
Total	816,548,261

Notes

- (1) Unlisted performance share rights are issued pursuant to the Company’s Performance Rights Plans to attract and retain directors, employees, and key contractors, and vest upon satisfaction of certain milestones.
- (2) The outstanding unlisted options are convertible into ordinary shares and are subject to exercise prices ranging from A\$0.20 to A\$1.62 and expiry dates ranging from June 30, 2014 to December 31, 2016. At the date of this MD&A, 24,500,000 unlisted options were exercisable.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
MD&A FOR THE THREE MONTHS ENDED MARCH 31, 2014

Summary of Quarterly Results

<i>(\$000s, except where noted) Canadian Dollars</i>	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013	31-Mar 2013	31-Dec 2012	30-Sep 2012	30-Jun 2012
Loss for the period	(4,859)	(7,190)	(6,438)	(4,357)	(4,650)	(3,169)	(3,774)	(2,810)
Loss per share (cents per share)	(0.77)	(1.14)	(1.00)	(0.68)	(0.73)	(0.51)	(0.61)	(0.45)
Cash and cash equivalents	4,194	10,669	17,076	4,862	14,056	14,868	12,754	6,988
Exploration and evaluation assets	13,509	13,509	13,509	13,509	13,509	13,509	13,509	13,509
Mine development assets	152,695	146,752	140,384	134,282	128,880	120,388	114,585	109,726
Non-current prepayments	42,800	42,800	42,800	42,800	42,800	42,800	42,800	46,000
Intangible assets	2,500	2,500	2,500	2,500	3,500	3,500	3,500	3,500
Other assets	21,748	22,465	23,464	3,894	2,921	3,499	4,308	5,218
Total assets	239,711	240,949	241,386	203,626	208,544	201,001	193,143	186,195
Available credit	-	-	-	30,000	30,000	40,000	40,000	50,000
Current liabilities	2,320	2,757	2,811	4,441	5,017	3,723	2,465	2,297
Long term liabilities	77,572	74,212	71,563	40,000	40,000	30,000	30,000	20,000
Total liabilities	79,892	76,969	74,374	44,441	45,017	33,723	32,465	22,297
Net assets	159,819	163,960	167,012	159,185	163,527	167,278	160,678	163,898

Notes:

(1) As at March 31, 2014, 27,695,498 Unlisted Options, and 13,458,328 Performance Rights were considered anti-dilutive as they would decrease the loss per share.

Net assets have remained steady over the last eight quarters as the increase to assets was offset by a corresponding increase to long term debt, resulting from the Company's original and restructured credit facilities with Borrowdale Park, along with the EIG Facility, the first draw down on which took place in July 2013.

Financial Condition and Liquidity

The Company had combined cash and cash equivalents of \$4.2 million at March 31, 2014. In April 2014, the Company finalised the \$10 million bridge loan facility (“Bridge Facility”) with its major shareholder Borrowdale Park S.A. (“Borrowdale Park”) (as more fully described below). The Company made a draw of \$3 million on the Bridge Facility but it is unlikely that it would make any further draws until such time that the Company has greater assurance that further funding will be obtained and therefore certainty regarding its ability to repay such further draw down. As of the date of this report, the Company has a cash balance of \$5.2 million and it is projected that the Company has enough funds to conduct limited operations to the end of July 2014.

It should be noted that the Company is progressing its funding plans for Vista and is in advanced discussions with potential strategic investors relating to its future financing. The Company is also considering other financing alternatives. No assurance can be given at this stage that any definitive agreements or arrangements will be entered into with any party.

The EIG Facility has a maturity date of July 12, 2021, and carries interest at a rate of 8% per annum in cash plus 3% per annum which can be capitalised or paid in cash. Cash payments will not start until Coalspur is in production. In July 2013, consistent with the terms of the EIG Facility, Coalspur granted EIG 120 million warrants with an exercise price A\$0.55 each, expiring on the maturity date of the EIG Facility, or earlier, in certain circumstances. The Company has currently drawn down US\$37 million from the EIG Facility.

On March 31, 2014, Coalspur announced that it had amended its EIG Facility with EIG. The EIG Facility previously required that the Company execute a mining contract by March 31, 2014, which would have been premature in light of the delayed regulatory approval process for Vista. This date was accordingly extended to March 31, 2015. Coalspur has issued a request for proposals for a mining contractor and the revised terms of the EIG Facility provide that, after the preferred mining contract proposal is selected, EIG will assess the mining costs for Vista and determine the final size of the EIG Facility. The previously agreed sizing mechanics and assumptions in the EIG Facility no longer apply. The amended terms of the EIG Facility provide for compensation ranging between US\$7 million and US\$12 million that will be payable to EIG in the event that EIG sizes the debt below US\$250 million or not at all, and either EIG or Coalspur withdraws from the EIG Facility prior to any further draw-down of the EIG Facility (which is now permissible under the revised terms). If EIG sizes the debt over US\$250 million, the make whole provisions of the original EIG Facility remain unchanged. Following the sizing process, further draw-downs on the EIG Facility will be available upon satisfaction of customary conditions precedent for a facility of this nature, including the Company entering into a definitive mining contract, obtaining permits and approvals required for construction, and securing full funding for Vista’s development.

**COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
MD&A FOR THE THREE MONTHS ENDED MARCH 31, 2014**

Subsequent to shareholder approval, and in accordance with the terms of the EIG Facility, the Company repaid Borrowdale Park \$10 million in July 2013, restructured the remaining \$30 million as a subordinated debt obligation with interest at 10.5% per annum (the "Borrowdale Park Note"), and, in accordance with the terms of the Borrowdale Park Note, issued 14 million warrants to Borrowdale Park with an exercise price of A\$0.55. The Borrowdale Park Note can be repaid at any time with a final maturity date of August 12, 2021. If the Borrowdale Park Note is not repaid by early maturity, defined as completion of a 6 Mtpa facility and production at 90% of capacity for a continuous three month period, the interest rate on the note will increase to 20% per annum. If the Borrowdale Park Note is not repaid by the early maturity date, Borrowdale Park will have the option to convert the Borrowdale Park Note into Coalspur shares at a 50% discount to the 10 day volume weighted average price at that time.

During the quarter, Coalspur announced that it had reached an agreement with Borrowdale Park, for the provision of the Bridge Facility of \$10 million by means of an amendment to its existing \$30 million credit facility with Borrowdale Park. The amendment agreements giving effect to the Bridge Facility were signed subsequent to the quarter end on April 2, 2014. The Bridge Facility has an interest rate of 10.5% per annum and reasonable arrangement and commitment fees are payable by Coalspur.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
MD&A FOR THE THREE MONTHS ENDED MARCH 31, 2014

The following is a summary of the Company's outstanding commitments and planned payments.

Commitments and planned payments

<i>(\$000s)</i> <i>Canadian Dollars</i>	Total (excluding per year)	Less than 1 year	1-3 years	4-5 years	After 5 years (per year)
Borrowdale Park credit facility principal (note 1)	30,000	-	-	30,000	-
Borrowdale Park facility interest (note 2)	14,244	-	-	14,244	-
EIG credit facility principal (note 3)	40,915	-	-	40,915	-
EIG facility interest (note 4)	11,253	-	2,251	9,002	-
Operating leases	706	200	337	169	-
Mineral and surface leases	955	191	382	382	191
Minimum port payments (note 5)	122,650	-	35,300	87,350	54,020
Payments to First Nations	6,137	1,485	3,052	1,600	800
Commitments Total	226,860	1,876	41,322	183,662	55,011
Mineral lease acquisitions (note 6)	10,000	-	10,000	-	-
Vista development (Note 7)	478,000	-	-	-	-
Planned payments Total	488,000	-	10,000	-	-
Total commitments and planned payments	714,860	1,876	51,322	183,662	55,011

Notes:

- 1) The Company repaid \$10 million principal to Borrowdale Park in July 2013, and plans to repay the remaining \$30 million before the Company achieves 6 Mtpa of saleable coal for three consecutive months.
- 2) Interest on the \$30 million Borrowdale Park subordinated note is accrued and capitalised at 10.5% and is expected to be repaid in December 2017.
- 3) The Company borrowed US\$37 million from EIG in July 2013. Principal payments to EIG are planned to commence in 2017.
- 4) Interest is accrued and capitalised at 11% on the EIG facility until Vista commences production, after which interest is payable quarterly. Coalspur used the US\$37 million principal for calculations in this table as further draws and amounts are uncertain.
- 5) The Company has not recognised these commitments as liabilities because it will either utilize the throughput capacity or attempt to sell it to other parties. The contract with Ridley Terminal's begins in 2015 for 2.5 Mt. The minimum throughput payments of \$12.8 million on the 2.5 Mt are considered a contingent liability. If commitments are reached, Coalspur will approach Ridley Terminals for consent to on-sell the excess capacity. In December 2013, Coalspur declared force majeure for the tonnages in 2015 and 2016 as a result of the government delays incurred during the regulatory approval process; see Note 7d to the financial statements for more information.
- 6) 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.
- 7) Given the time taken to advance both final permits and full financing for Vista Phase 1, the Company does not intend to start construction on Vista Phase 1 in mid-2014. See the section titled "Discussion of Operations" above. As a result, the payments due by period breakdown for the Vista development planned payments is not provided at this time. No material commitments will be made with respect to Vista construction until final permits and licenses and development funding are obtained.

**COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
MD&A FOR THE THREE MONTHS ENDED MARCH 31, 2014**

TRANSACTIONS WITH RELATED PARTIES

Borrowdale Park is associated with current directors Messrs Colin Steyn and William Smart. For the three months ended March 31, 2014, Coalspur accrued \$0.8 million of interest pertaining to the restructured \$30 million subordinated debt obligation. See the section titled “Financial Condition and Liquidity” above and Note 16 to the attached Financial Statements for more information.

During the quarter, Coalspur announced that it had reached an agreement with its major shareholder, Borrowdale Park, for the provision to Coalspur of the Bridge Facility, as more fully described in the section titled “Financial Condition and Liquidity” above.

All related party transactions are measured at cost or estimated fair market value in the event cost is not determinable.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The attached financial statements were prepared in accordance with AIFRS and also comply with International Financial Reporting Standards (“IFRS”) as adopted by the International Accounting Standards Board (“IASB”). A description of the Company’s significant accounting policies is provided in Note 1 to the audited Consolidated Financial Statements for the year ended December 31, 2013. At present, the Company has no accounting estimates that rely on highly uncertain assumptions that are likely to change in the future.

Adoption of new and revised accounting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements for the period ended December 31, 2013.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only 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 quarter ended March 31, 2014 that materially affect, or are reasonably likely to materially affect, internal control over financial reporting.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
MD&A FOR THE THREE MONTHS ENDED MARCH 31, 2014

Regulatory Disclosures

For further information regarding Vista, 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 "Coalspur Mines Limited: Vista Coal Project NI 43-101 Independent Technical Report" dated March 28, 2014 (refer to ASX announcement dated April 1, 2014). For further information regarding Vista Extension, 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 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 project, please refer to the technical report titled "Resource Estimate for the Vista South Coal Property" dated June 25, 2012. The technical reports are available for review on SEDAR at sedar.com.

Competent Person / Qualified Person Statements

The information in this presentation that relates to mining infrastructure and associated capital costs, coal processing and related capital costs, is based on information compiled by Colin Gilligan, the Chief Operating Officer of Coalspur. Mr. Gilligan 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 which he is undertaking, to approve and consent to the inclusion of such information in this presentation. Mr. Gilligan has approved and consents to the inclusion of such information in this presentation in the form and context in which it appears.

The information in this report that relates to mining infrastructure and associated capital costs is based on information compiled by Mr. Colin Gilligan, the Chief Operating Officer of Coalspur, and has been reviewed by Mr. Richard Tremblay, who is a Member of the Association of Professional Engineers and Geoscientists of British Columbia. Mr. Tremblay is a full-time employee of Coalspur, and has sufficient experience which is relevant to the style of infrastructure 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 National Instrument 43-101 – "Standards of Disclosure for Mineral Projects" ("NI 43-101"). Mr. Tremblay has approved the inclusion of such information in this report in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements concerning Coalspur Mines Limited and its subsidiaries, 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

**COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
MD&A FOR THE THREE MONTHS ENDED MARCH 31, 2014**

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 Form under the heading “Description of the Business - Risk Factors”, and elsewhere. The Company has several material risk factors that could cause actual results to differ materially from the forward-looking information, including, but not limited to; risks associated with funding requirements for Vista development, uncertainties relating to fluctuations in coal price, applications for approvals, permits and licences for mining, coal processing, pits and spoils are delayed or refused, inability to execute construction or production plan on cost and on schedule, risks associated with fatality or severe injury to one or more employees or contractors, inability to recruit or retain key personnel required to plan, build or operate a major mining facility in Hinton, risks of take or pay commitments to Ridley Terminals Inc., overlapping surface and mineral rights could restrict the development of the project, failure of a major service provider to deliver on its contract, misstatement of coals reserve and/or resource estimate, failure to obtain, or maintain, legal title in project leases, risks of significant unexpected environmental damage, risks of significant depreciation on the US dollar against the Canadian dollar, risk of insiders trading while in possession of non-public inside information, risk of inaccurate financial reporting, unauthorized use and misappropriation of company assets, risk of computer failure causing loss of information or business interruption, adverse tax legislation change, and material adverse changes to government policies or legislation in respect of mining.

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. The Company has applied several material factors or assumptions to develop the forward-looking statements, which may prove to be incorrect, including, but not limited to: (1) that all required third party approvals will be obtained for

**COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
MD&A FOR THE THREE MONTHS ENDED MARCH 31, 2014**

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.

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



COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)	Three Months Ended		
Canadian Dollars	Note	March 31, 2014	March 31, 2013
Operating expenses		(1,115,333)	(1,060,408)
Corporate and administrative expenses		(2,766,707)	(3,704,527)
Other income	4	109,292	77,677
Other gains and losses	4	(1,086,327)	37,316
Loss before income tax		(4,859,075)	(4,649,942)
Income tax expense		-	-
Loss for the period		(4,859,075)	(4,649,942)
Total comprehensive loss attributable to members of Coalspur Mines Limited		(4,859,075)	(4,649,942)
Basic and diluted loss per share (cents per share)		(0.77)	(0.73)

The above Condensed Interim Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited)		March 31, 2014	December 31, 2013
Canadian Dollars	Note		
ASSETS			
Current Assets			
Cash and cash equivalents		4,193,885	10,668,872
Trade and other receivables		76,705	114,842
Prepayments	5	1,100,703	1,066,937
Total Current Assets		5,371,293	11,850,651
Non-current Assets			
Property, plant and equipment		1,087,986	1,072,698
Exploration and evaluation assets		13,509,295	13,509,295
Mine development assets	6	152,694,556	146,751,942
Prepayments	7	42,800,000	42,800,000
Intangible assets	7	2,500,000	2,500,000
Other assets	8	21,747,790	22,464,605
Total Non-current Assets		234,339,627	229,098,540
TOTAL ASSETS		239,710,920	240,949,191
LIABILITIES			
Current Liabilities			
Trade and other payables	9	2,177,773	2,610,333
Provisions	10	142,274	146,964
Total Current Liabilities		2,320,047	2,757,297
Long term Liabilities			
Credit facilities	11	70,914,970	69,568,910
Interest payable on credit facilities	11	5,716,866	3,703,008
Conversion feature on credit facility	11	940,195	940,195
Total Long Term Liabilities		77,572,031	74,212,113
TOTAL LIABILITIES		79,892,078	76,969,410
NET ASSETS		159,818,842	163,979,781
EQUITY			
Contributed equity	12	230,124,519	230,124,519
Share based payment reserve	13	30,014,056	29,315,920
Foreign currency translation reserve		(12,401,553)	(12,401,553)
Accumulated losses		(87,918,180)	(83,059,105)
TOTAL EQUITY		159,818,842	163,979,781

The above Condensed Interim Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2014 (Unaudited)	Ordinary Shares	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
Canadian Dollars					
Balance at December 31, 2013	230,124,519	29,315,920	(12,401,553)	(83,059,105)	163,979,781
Net loss for the period	-	-	-	(4,859,075)	(4,859,075)
Total comprehensive loss for the period	-	-	-	(4,859,075)	(4,859,075)
Transactions with owners, recorded directly in equity:					
Exercise of unlisted options	-	-	-	-	-
Share based payments	-	698,136	-	-	698,136
Balance March 31, 2014	230,124,519	30,014,056	(12,401,553)	(87,918,180)	159,818,842

The above Condensed Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2013 (Unaudited)	Ordinary Shares	Performance Shares	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
Canadian Dollars						
Balance at December 31, 2012	225,856,621	-	17,905,440	(12,401,553)	(64,082,467)	167,278,041
Net loss for the period	-	-	-	-	(4,649,942)	(4,649,942)
Total comprehensive loss for the period	-	-	-	-	(4,649,942)	(4,649,942)
Transactions with owners, recorded directly in equity:						
Exercise of unlisted options	68,825	-	-	-	-	68,825
Share based payments	-	-	830,266	-	-	830,266
Balance March 31, 2013	225,925,446	-	18,735,706	(12,401,553)	(68,732,409)	163,527,190

The above Condensed Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)	Three Months Ended	
Canadian Dollars	March 31, 2014	March 31, 2013
Cash flows from operating activities		
Payments to suppliers and employees	(3,246,183)	(3,325,679)
Interest received	4,975	54,070
Rental income	104,317	23,607
Net cash outflow from operating activities	(3,136,891)	(3,248,002)
Cash flows from investing activities		
Payments for port capacity	-	(150,000)
Payments for plant and equipment	(52,000)	(134,069)
Payments for mine development assets	(3,245,707)	(7,350,315)
Payments for exploration and evaluation	(271)	-
Net cash outflow from investing activities	(3,297,978)	(7,634,384)
Cash flows from financing activities		
Proceeds received from exercise of unlisted options	-	68,825
Proceeds from borrowings	-	10,000,000
Net cash inflow from financing activities	-	10,068,825
Net decrease in cash and cash equivalents	(6,434,869)	(813,561)
Net foreign exchange differences period	(40,118)	1,856
	10,668,872	14,867,640
Cash and cash equivalents at end of period	4,193,885	14,055,935

The above Condensed Interim Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the three months ended March 31, 2014 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting ("AASB 134").

In addition to the Australian requirements, further information has been included in the Condensed Consolidated Financial Statements in order to comply with applicable Canadian securities law, on the basis that the Company is dual listed on the Toronto Stock Exchange.

These unaudited condensed consolidated interim financial statements have been prepared by management in accordance with Australian Accounting Standards ("AAS's") as issued by the Australian Accounting Standards Board ("AASB") and have been prepared in accordance with AASB 134 applying accounting policies consistent with those disclosed in *Note 1* of the December 31, 2013 consolidated financial statements, except for the new standards adopted on January 1, 2014.

The unaudited condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and, therefore, should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended December 31, 2013 and any public announcements made by Coalspur Mines Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in Note 1 of the December 31, 2013 audited consolidated financial statements.

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors on May 14, 2014.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The significant accounting policies are the same as those set out in the Company's December 31, 2013 audited consolidated financial statements and have been consistently applied to all the periods presented in these financial statements other than as follows:

Certain pronouncements were issued by the International Financial Reporting Interpretations Committee ("IFRIC") that is mandatory for accounting periods after December 31, 2013. Pronouncements that are not applicable to the Company have been excluded from this note.

**COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The following pronouncements are mandatory for accounting periods after December 31, 2013:

(a) IFRIC 21 Levies - the Interpretation is effective for annual periods beginning on or after January 1, 2014. This Standard provides clarification on the accounting for a liability to pay a levy. The Company has adopted this standard as of January 1, 2014 and determined the impact of this standard on the Company is not significant.

NOTE 2. GOING CONCERN

This consolidated financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As of the date of this report, the Company has a cash balance of \$5.2 million, it is projected that the Company has enough funds to conduct limited operations until the end of July 2014.

The Board of Directors regularly reviews the financial condition of Coalspur's assets and liabilities, together with the progress being made in respect of financing the Company, in order to satisfy itself of, among other things, the validity of the going concern assumption and the Company's capacity to take on additional debt finance. In the event that the Company's attempts to secure new capital are unsuccessful the consequences could include, but are not limited to, the requirement for the Company to re-assess the recoverability of the carrying value of its assets that could result in a write-down in the value of its assets, consideration of more aggressive or hybrid forms of financing that could have a dilutive impact to existing shareholders, or consideration of an orderly winding-up of the Company's operations.

Historically, the Company has had operating losses, negative cash flows from operations, and has raised equity and debt to fund operations. Whether, and when, the Company can attain profitability and positive cash flows from operations is uncertain due to significant funding requirements as well as successful mining operations and processing activities in accordance with management's schedule, coal price, and foreign exchange assumptions to enable positive cash flows to be achieved. The uncertainty of the Company's success in raising additional capital funding may cast doubt on the Company's ability to continue as a going concern.

The Company's need to raise capital in order to fund its operations is adversely influenced by uncertain market conditions, requirement for additional regulatory permits, and a decline in coal prices. In addition to the Company's existing debt facilities, the Company continues to pursue a range of alternatives in order to preserve and enhance shareholder value, certain of which are at an advanced stage, through the injection of new capital, the refinancing of existing debt facilities, or an alternative form of transaction. No assurance can be given at this stage that any definitive agreements or arrangements will be entered into with any party.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. SEGMENT INFORMATION

The Consolidated Entity operates in one segment, being coal 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.

NOTE 4. REVENUE AND EXPENSES

Canadian Dollars	Three Months Ended	
	March 31, 2014	March 31, 2013
(a) Other Income		
Interest income	4,975	54,070
Rental income	104,317	23,607
	109,292	77,677
(b) Other Losses		
Net foreign exchange gain on cash	256,090	-
Net foreign exchange (loss)/gain on debt	(1,342,417)	37,316
	(1,086,327)	37,316

NOTE 5. PREPAYMENTS (Current)

	March 31, 2014	December 31, 2013
	\$	\$
Security deposits	30,987	30,987
Transmission facilities prepayment ¹	1,026,932	993,166
Prepaid rent	42,784	42,784
	1,100,703	1,066,937

Notes:

¹ The Company paid a deposit to Fortis Alberta Inc. for transmission facilities in 2012 and 2013.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. MINE DEVELOPMENT ASSETS

Canadian Dollars	Three Months Ended March 31 2014	Year Ended December 31 2013
Movement in mine development assets		
Vista Project		
Carrying amount at beginning of period	146,751,942	120,387,691
Capitalized development costs	3,211,941	18,808,004
Capitalized finance costs (1)	2,730,673	7,556,247
Carrying amount at end of period	152,694,556	146,751,942

(1) The Company arranged a \$70 million credit facility with Borrowdale Park (Note 23 to the Financial Statements for the year ended December 31, 2013) to advance the development of Vista. In July 2013 the Company achieved financial close of the senior secured debt facility with EIG and made an initial draw of US\$37.0 million under the Facility, paid EIG a US\$7.0 million facility fee, and repaid C\$10 million of the previous C\$40 million owing to Borrowdale Park. The finance costs associated with the assets under development are recorded as other assets (Note 8) and amortised to Mine Development Assets over the life of the credit facility.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. PREPAYMENTS AND INTANGIBLE ASSETS

Agreements with Ridley Terminals Inc.

The Company has contracted with Ridley Terminals to secure port capacity of 2.5Mtpa in 2015, increasing to 10.7Mtpa in 2020 through 2028. Prior to the expiry of the initial term in 2028, the Company has the option to renew the arrangement for an additional seven years.

Summary of Agreements with Ridley Terminals

Prepayments	(\$ millions)	Note
Deposit paid	\$ 42.8	7(b)
Option fee-other asset	\$ 2.5	7(c)
Option fee-expensed	\$ 1.0	7(c)
Total paid to date	\$ 46.3	

**Summary of Minimum Throughput
Payments with Ridley Terminals**

Year	Minimum Throughput Payment (\$ millions)	Contracted Volume (Mtpa)	Note 7(d)
2013	\$ -	-	
2014	\$ -	-	
2015	\$ 12.6	2.5	
2016	\$ 22.7	4.5	
2017	\$ 37.4	7.4	
2018	\$ 50.0	9.9	
2019	\$ 51.0	10.1	
2020	\$ 54.0	10.7	
2021	\$ 54.0	10.7	
2022	\$ 54.0	10.7	
2023	\$ 54.0	10.7	
2024	\$ 54.0	10.7	
2025	\$ 54.0	10.7	
2026	\$ 54.0	10.7	
2027	\$ 54.0	10.7	
2028	\$ 54.0	10.7	
Total	\$ 659.7	130.7	

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(a) Contract cancellation / exercise date

As of December 31, 2013, the Company's total committed port capacity commences with 2.5 Mtpa in 2015 and ramps up to 10.7 Mtpa by 2020.

(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 port charges, or minimum throughput charges. Deposits of \$42.8 million have been classified as non-current assets, and will be amortised as they are offset against future throughput or minimum payment charges.

(c) Option fees

The Company paid \$3.5 million on October 27, 2011 for two options to purchase additional throughput capacity totalling 3.5 Mtpa commencing in 2018. During the prior year the Company exercised its option to acquire 2.5 Mtpa capacity, and allowed its option to acquire an additional 1.0 Mtpa to expire. Accordingly \$2.5 million is classified as a non-current intangible asset, and will be amortised over the initial term of the contract. \$1.0 million was expensed in Q2 2013.

(d) Minimum throughput charges

The Company's port capacity at Ridley Terminals is subject to minimum throughput charges based on a percentage of contracted capacity and throughput rates. As of March 31, 2014, the Company is subject to minimum throughput payments totalling \$660 million over the initial 14 year term of the contract which could become payable in the event Coalspur is unable to meet specified minimum throughput commitments.

The contract with Ridley Terminals begins in 2015 to ship 2.5 Mt during that year. Due to a longer than expected regulatory process, first production is expected in the first half of 2016. As a result of various delays in obtaining the necessary regulatory approvals, licenses and permits for the construction and operation of Vista, Coalspur determined on December 18, 2013 to declare force majeure as defined in section 14.2 of the 2011 TSA with Ridley Terminals Inc. Specifically, the force majeure event constitutes "acts or refusals to act of any government or government agency in...its sovereign....capacity", in light of regulatory delays in approving the project. The delays resulting from the force majeure are anticipated to result in the inability of Coalspur to meet the declared contract volume of 2.5 million tonnes in 2015 and possibly a portion of the 4.5 million tonnes in 2016.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. OTHER ASSETS

The amounts shown in the table below pertain to the transaction costs incurred to obtain and close the facility agreements with Borrowdale Park and EIG. Given that the credit facility was obtained to finance the development of the mine, such finance costs are amortised using the effective interest rate method and capitalised to Mine Development Assets until such time the mine is ready for use as intended by management.

Details (cumulative)	March 31, 2014	December 31, 2013
	\$	\$
Share-based payments associated with Borrowdale Park facility ("BP")	5,307,000	5,307,000
Warrants issued to EIG and Borrowdale Park	13,889,800	13,889,800
Legal fees incurred for financing	1,647,030	1,647,030
Finance fee paid to EIG (US\$7 million)	7,401,240	7,401,240
Amortisation capitalised to Mine Development Assets	(5,190,825)	(4,474,010)
Financing expense on modification of the BP (Note 11)	(2,246,650)	(2,246,650)
Conversion feature on EIG credit facility (Note 11)	940,195	940,195
Closing Balance	21,747,790	22,464,605

NOTE 9. TRADE AND OTHER PAYABLES

	March 31, 2014	December 31, 2013
	\$	\$
Trade creditors	1,160,209	717,114
Accrued expenses	1,017,564	1,893,219
	2,177,773	2,610,333

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

NOTE 10. PROVISIONS

	March 31, 2014	December 31, 2013
	\$	\$
Employee entitlements	142,274	146,964

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. Credit Facilities

Continuing operations	March 31, 2014	December 31, 2013
Credit Facilities		
Borrowdale Park Credit Facility (note 16)	30,000,000	30,000,000
EIG Credit Facility	40,914,970	39,568,910
	70,914,970	69,568,910
Interest Payable on Credit Facilities		
Borrowdale Park Credit Facility	2,470,348	1,643,990
EIG Credit Facility	3,246,517	2,059,018
	5,716,865	3,703,008

During the prior year the Company renegotiated the terms of the debt held with Borrowdale Park including stated interest rate, maturity date, method of accruing interest, warrant features, and priority of the obligation (the "Borrowdale Park Note"). The modification resulted in a financing expense of approximately \$2.2 million and related principally to the write-off of deferred financing costs on the original Borrowdale Park financing, previously recognized in Other Assets.

Borrowdale Park, see Note 16, is owed \$30 million as a subordinated debt obligation with an interest rate of 10.5%. Interest on the Borrowdale Park Note is calculated at the end of each month, capitalised and added to the principal balance of the note. The ultimate maturity date of the Borrowdale Park Note is August 12, 2021 however it may be repaid early without penalty. If the Borrowdale Park Note is not repaid by early maturity, defined as completion of a 6 Mtpa facility and production at 90% of capacity for a continuous three month period, the interest rate on the note will increase to 20% per annum. If the note is not repaid by the early maturity date, Borrowdale Park will have the option to convert the Borrowdale Park Note into Coalspur shares at a 50% discount to the 10 day volume weighted average price at that time. Under IFRS this conversion feature is accounted for as an embedded derivative and recorded as a liability at an estimated fair value of \$0.9 million.

EIG provided a senior secured debt facility of up to US\$350 million (the final size of which will be determined after completion of EIG's sizing process referred to in the section titled "Financial Condition and Liquidity" of the Company's Management Discussion and Analysis for the interim period ending March 31, 2014) with an interest rate of 8% per annum in cash plus 3% per annum which can be capitalised or paid in cash ("EIG Facility"). Cash payments will not start until Coalspur is in production. On July 12, 2013, Coalspur made an initial draw of US\$37 million on the EIG Facility. The interest is calculated at the end of each quarter, capitalised and added to the principal balance of the EIG Facility. The ultimate maturity date of the EIG Facility is July 12, 2021.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. CONTRIBUTED EQUITY

	Three Months Ended		Year Ended	
	March 31, 2014		December 31, 2013	
	Volume	\$	Volume	\$
(a) Issued capital				
Fully paid ordinary shares	641,394,435	\$ 230,124,519	634,123,901	\$ 225,856,621
Exercise of unlisted options	-	-	5,625,000	3,161,839
Conversion of share rights ¹	-	-	1,645,534	1,106,059
	641,394,435	\$ 230,124,519	641,394,435	\$ 230,124,519

Notes:

1. Tranche 5 share rights were exercised and converted to ordinary shares by obtaining financing for Vista Phase 1 by June 30, 2013.

(b) Movements in ordinary share capital during the past three months were as follows:

Date	Details	Number of Shares	Average	Total
			Issue Price \$	
January 1, 2014	Opening Balance	641,394,435	0.36	230,124,519
	Shares issued	-	-	-
	Share issue costs	-	-	-
March 31, 2014	Closing Balance	641,394,435	0.36	230,124,519

NOTE 13. SHARE BASED PAYMENT RESERVE

Movements of Unlisted Options and Performance Rights during the past three months were as follows:

Date	Details	Share Based Payment Reserve
January 1, 2014	Opening Balance	29,315,920
	Share based payments	698,136
March 31, 2014	Closing Balance	30,014,056

NOTE 14. DIVIDENDS PAID OR PROVIDED FOR

No dividends have been paid or provided for during the period.

**COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 15. CONTINGENT LIABILITIES

The Company holds a beneficial interest in five coal leases that are an integral part of Vista. In accordance with the terms of the agreement with the vendor of these leases, initial payments of \$2.0 million and \$6.0 million have been made, and title to the leases will pass to Coalspur Mines (Operations) Ltd. upon the payment of an additional \$10.0 million upon the earlier of reaching an average production rate of 90,000 tonnes of coal per month from Vista over a three month period or February 19, 2016.

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 recognised in these financial statements.

As part of the contracts described in Note 7, the Company is required to make minimum throughput payments to Ridley Terminals beginning in 2017. These future payments have not been recognized as a liability as management believes it is unlikely to incur minimum payments related to unutilised allocation because throughput allocation surplus, to the extent there is any, may be sold to a third party or returned to Ridley Terminals under certain circumstances. Also, as a result of various delays in obtaining the necessary regulatory approvals, licenses and permits for the construction and operation of Vista, Coalspur determined on December 18, 2013 to declare force majeure as defined in section 14.2 of the 2011 TSA with Ridley Terminals Inc. See Note 7d for more information.

NOTE 16. RELATED PARTY TRANSACTIONS

During 2012, the Company entered into a \$70 million Facility Agreement (the "Borrowdale Park Note") with Borrowdale Park S.A. ("Borrowdale Park"), which is associated with Messrs Colin Steyn and William Smart. Under the agreement, Coalspur provided Borrowdale 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, the second draw of \$10 million took place on September 14, 2012 and the third draw of \$10 million took place on March 18, 2013.

Coalspur had a balance owing of \$40 million on its \$70 million Borrowdale Park facility at June 30, 2013. The Company repaid Borrowdale Park \$10 million in July 2013, and restructured the remaining \$30

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

million as a subordinated debt obligation with interest at 10.5% per annum, and issued 14 million warrants to Borrowdale Park with an exercise price of A\$0.55. The Borrowdale Park Note can be repaid at any time with a final maturity date of August 12, 2021. If the Borrowdale Park Note is not repaid by early maturity, defined as completion of a 6 Mtpa facility and production at 90% of capacity for a continuous three month period, Borrowdale Park will have the option to convert the Borrowdale Park Note into shares at a 50% discount to the 10 day weighted average price at that time. Coalspur currently intends to repay the Borrowdale Park Note prior to reaching 6 Mtpa of production.

During the quarter Coalspur announced that it had reached an agreement with its major shareholder, Borrowdale Park, for the provision to Coalspur of a bridge loan facility of C\$10 million (“Bridge Facility”) by means of an amendment to its existing CAD\$30 million credit facility with Borrowdale Park. The amendment agreements giving effect to the Bridge Facility were signed subsequent to the quarter end on April 2, 2014. The Bridge Facility has an interest rate of 10.5% per annum and reasonable arrangement and commitment fees are payable by Coalspur. The Company has made a draw of \$3 million on the Bridge Facility but it is unlikely that the Company would make any further draws until such time that the Company has greater assurance that further funding will be obtained and therefore certainty regarding its ability to repay such further draw down.

All related party transactions are measured at the exchange amounts for services provided or fees paid.

NOTE 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Set out below is a comparison by class of the carrying amounts and fair value of the Company’s financial instruments that are carried in the consolidated financial statements:

	March 31, 2014		December 31, 2013		Hierarchy Level
	Carrying amount	Fair value	Carrying amount	Fair value	
	\$	\$	\$	\$	
Financial assets					
Cash and cash equivalents	4,193,885	4,193,885	10,668,872	10,668,872	1
Accounts receivable	76,705	76,705	114,842	114,842	1
	<u>4,270,590</u>	<u>4,270,590</u>	<u>10,783,714</u>	<u>10,783,714</u>	
Financial liabilities					
Accounts Payable and accrued liabilities	2,177,773	2,177,773	2,610,332	2,610,332	1
Credit facility ¹ (note 11)	70,914,970	63,049,544	69,568,910	63,053,051	2
Conversion feature on credit facility	940,195	940,195	940,195	940,195	3
	<u>74,032,938</u>	<u>66,167,512</u>	<u>73,119,437</u>	<u>66,603,578</u>	

Notes:

¹ The effective interest rates for the EIG and Borrowdale Park facilities are 12.31% and 12.44%, respectively.

**COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The fair values of the financial assets and liabilities are shown at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of cash, receivables, and payables approximate their carrying amounts due to the short-term maturities of these instruments. The fair value of the credit facilities is estimated by discounting the expected future cash flows associated with these facilities using current market rates of similar facilities. The fair value of the conversion feature on the credit facility is estimated using a binomial method with the significant unobservable input being the ability to repay the debt by the early maturity date and the estimated quoted share price at the time of conversion in the event the debt is not repaid before maturity date.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – Inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

During the reporting periods, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

NOTE 18. SUBSEQUENT EVENTS AFTER BALANCE DATE

The following significant events occurred after balance date to May 14, 2014:

Subsequent to March 31, 2014, Coalspur announced that its preferred supplier of engineering, procurement and construction (“EPC”) services has been changed to Sedgman Limited (“Sedgman”).

Subsequent to March 31, 2014, Coalspur executed definitive agreements for, and received a \$3 million draw from, the Bridge Facility with Borrowdale Park.

Subsequent to March 31, 2014, Coalspur announced the fact that it no longer intends to commence construction in June 2014, due to delays in securing all financing and permits necessary for the development of Phase 1 of the Vista project. For further details, please see the section titled “Discussion of Operations” of the Company’s Management Discussion and Analysis for the interim period ending March 31, 2014.

Other than disclosed above, there were no significant events occurring after the balance sheet date requiring disclosure.

APPENDIX A

Form 52-109F2 – Certification of Interim Filings (Full Certificate)

I, Gill Winckler, Chief Executive Officer of Coalspur Mines Limited, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Coalspur Mines Limited (the “issuer”) for the interim period ended March 31, 2014.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Committee of Sponsoring Organisations of the US Treadway Commission (COSO).
- 5.2 N/A
- 5.3 N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on January 1, 2014 and ended on March 31, 2014 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Dated: May 14, 2014

“Gill Winckler”

Gill Winckler
Chief Executive Officer

APPENDIX A

Form 52-109F2 – Certification of Interim Filings (Full Certificate)

I, Robert Gough, Chief Financial Officer of Coalspur Mines Limited, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Coalspur Mines Limited (the “issuer”) for the interim period ended March 31, 2014.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Committee of Sponsoring Organisations of the US Treadway Commission (COSO).
- 5.2 N/A
- 5.3 N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on January 1, 2014 and ended on March 31, 2014 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Dated: May 14, 2014

“Robert Gough”

Robert Gough
Chief Financial Officer