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**NEWS RELEASE**

May 4, 2011

**COALSPUR COMPLETES C\$44.4 MILLION PUBLIC OFFERING**

**CALGARY, Alberta: Coalspur Mines Limited (“Coalspur” or “Company”) (ASX: CPL, TSX: CPT)** is pleased to announce that it has successfully completed its public offering of 24,000,000 ordinary shares (the **“Ordinary Shares”**) of the Company at an issue price of C\$1.85 per Ordinary Share for gross proceeds to the Company of C\$44.4 million (**“Public Offering”**). This was announced to the market on April 13, 2011.

The Public Offering was managed by a syndicate of agents led by Haywood Securities Inc., BMO Capital Markets and RBC Capital Markets and including Salman Partners Inc.

In addition to the Public Offering, the previously announced private placement of 6,000,000 ordinary shares at C\$1.85 each to raise a further C\$11.1 million, before costs (**“Private Placement”**), is expected to be completed in June 2011. The Private Placement is being made to the Highland Park Group, a strategic shareholder of the Company.

Commenting on the completion of the Public Offering, Mr Gene Wusaty, Managing Director and CEO said, “We have an exciting few months ahead of us now with impending results from a number of recent activities and the rapid progression of the Bankable Feasibility Study.”

“We will also be bringing forward a number of key activities that have the potential to enhance the production profile and value of the Vista Coal Project whilst we continue to grow the Company’s profile in the North American investment community.”

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities to be offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration or in accordance with an applicable exemption from the registration requirements.

A copy of the Appendix 3B, section 708A notice and Final Prospectus are attached.

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**[www.coalspur.com](http://www.coalspur.com)**

Coalspur Mines Limited  
ABN: 73 003 041 594

TSX Code: CPT  
ASX Code: CPL

## About Coalspur

Coalspur Mines Limited ("Coalspur" or "Company") is a coal exploration and development company with over 32,000 hectares of coal exploration leases located within the Hinton region of Alberta, Canada. Coalspur's flagship coal project is the Vista Coal Project which has the potential to be one of the largest export thermal coal mines in North America.

The Vista Coal Project covers approximately 8,700 hectares and contains over 20km of continuous gently dipping strike length and a Measured and Indicated Coal Resource base of over 800 million tonnes of low sulphur, high volatile bituminous, export quality thermal coal. The Company is currently undertaking a Bankable Feasibility Study on the Vista Coal Project, following a Pre-Feasibility Study ("PFS") completed in December 2010 that defined an initial marketable reserve of over 260 million tonnes on the Vista Coal Project which makes it one of the largest undeveloped export orientated thermal coal projects in North America.

JORC / NI 43-101 Coal Reserves						
	Recoverable Coal Reserve			Marketable Coal Reserve		
	Proven (Mt)	Probable (Mt)	Proven & Probable (Mt)	Proven (Mt)	Probable (Mt)	Proven & Probable (Mt)
Export Product	349.2	79.5	428.7	185.9	42.7	228.7
Domestic Product	66.2	26.8	93.0	22.5	8.9	31.4
<b>Coalspur Total Reserves</b>	<b>415.4</b>	<b>106.3</b>	<b>521.7</b>	<b>208.4</b>	<b>51.6</b>	<b>260.1</b>

The PFS defined a 31 year mine life producing approximately 9.0 million tonnes per annum ("Mtpa") of saleable coal from the processing of approximately 18.0Mtpa of run of mine ("ROM") coal. Initial development costs for the Vista Coal Project are expected to be ~C\$580 million. The Vista Coal Project is able to leverage off already established first world infrastructure, with CN rail facilities located adjacent to the Project that are substantially underutilised and provide a rail track suitable for the transport of coal to deepwater ports with excess capacity that already service the growing demand from the Asian 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	588.9	331.6	920.5	282.3
Vista South Coal Project	51.5	41.9	93.3	75.0
<b>Coalspur Total Resource</b>	<b>640.4</b>	<b>373.5</b>	<b>1,013.8</b>	<b>357.3</b>

In addition the Company holds leases directly south of the Vista Coal Project named Vista South. The Vista South Project area covers over 23,000 hectares extends for over 25km on each of the northern and southern limb of the Entrance Syncline which the company believes has the potential to host a significant coal resource. First phase drilling in the area together with existing historical information has allowed the Company to define an initial Measured and Indicated Coal Resource of 93 million tonnes. Further drilling and potential resource upgrades are scheduled during 2011 on Vista South.

Coalspur has offices in Calgary and Hinton in Canada as well as in Australia. The Company's goal is to develop a major new thermal export coal region in Alberta to meet growing energy demands worldwide and in particular of the insatiable Asia Pacific market. 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 South Project, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the projects, please refer to the technical report on the Vista Coal Project titled "Vista Coal Project Prefeasibility Study" dated January 25, 2011 and the technical report on the Vista South Project titled "Resource Estimate for the Vista South Coal Property" dated December 15, 2010, which are compliant with National Instrument 43-101 – "Standards of Disclosure for Mineral Projects" ("NI 43-101") and are available for review on SEDAR at [sedar.com](http://sedar.com).*

### **Competent Person / Qualified Person Statements**

*The information in this news release that relates to Coal Resources is based on information compiled by Mr. Robert J. Morris, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. Morris is a full-time employee of Moose Mountain Technical Services, who are consultants to Coalspur. Mr. Morris 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. Morris 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 mining engineering and Recoverable Coal Reserves is based on information compiled by Mr. Robert Fong, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. Fong is an associate of Moose Mountain Technical Services, who are consultants to Coalspur. Mr. Fong 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. Fong consents to the inclusion of such information in this news release in the form and context in which it appears.*

*All other scientific and technical information in this news release is based on information compiled by Mr. Eugene Wusaty, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Wusaty is a full-time employee of Coalspur. Mr. Wusaty has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a "Competent Person" as defined in the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Wusaty 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 information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's permits and approvals, business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, scoping, pre-feasibility and other studies, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'expect', 'potential', 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', "evolve" and similar expressions. Persons reading this news release are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different.*

*Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to the risk factors set out in the Company's Annual Information Form. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information.*

*The Company disclaims any intent or obligation to update or revise any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.*

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

**COALSPUR MINES LIMITED**

ABN

**73 003 041 594**

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Ordinary Shares  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | (a) 24,000,000 (Public Offering)<br>(b) 9,000,000 (Exercise of listed options) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares   |

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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4	<p>Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>	Yes						
5	Issue price or consideration	<p>(a) 24,000,000 shares at CAD\$1.85 each</p> <p>(b) 9,000,000 shares at AUD\$0.08 each</p>						
6	<p>Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(a) To fund the Company’s activities until completion of the Bankable Feasibility Study at the Company’s Vista Coal Project including to:</p> <ul style="list-style-type: none"><li>• accelerate development activities at the Company’s Vista Coal Project;</li><li>• bring forward activities to enhance the production profile at the Company’s Vista Coal Project; and</li><li>• undertake extensive exploration drilling program at the Company’s Vista South Project to increase resource base.</li></ul> <p>(b) Exercise of listed options</p>						
7	Dates of entering <sup>+</sup> securities into uncertificated holdings or despatch of certificates	3 May 2011						
8	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX (including the securities in clause 2 if applicable)	<table><tr><th>Number</th><th><sup>+</sup>Class</th></tr><tr><td>527,593,428</td><td>Ordinary shares</td></tr><tr><td>46,226,838</td><td>Listed options exercisable at \$0.08 each on or before 30 June 2011</td></tr></table>	Number	<sup>+</sup> Class	527,593,428	Ordinary shares	46,226,838	Listed options exercisable at \$0.08 each on or before 30 June 2011
Number	<sup>+</sup> Class							
527,593,428	Ordinary shares							
46,226,838	Listed options exercisable at \$0.08 each on or before 30 June 2011							

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<sup>+</sup> See chapter 19 for defined terms.

	Number	+Class
9      Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	25,000,000	D class performance shares
	25,000,000	E class performance shares
	7,500,000	Performance shares
	2,750,000	Incentive options exercisable at \$0.10 each on or before 31 December 2013
	2,750,000	Incentive options exercisable at \$0.15 each on or before 30 June 2014
	2,750,000	Incentive options exercisable at \$0.20 each on or before 31 December 2014
	2,750,000	Incentive options exercisable at \$0.25 each on or before 30 June 2015
	800,000	Incentive options exercisable at \$0.40 each on or before 31 December 2013
	1,150,000	Incentive options exercisable at \$0.50 each on or before 30 June 2014
	1,150,000	Incentive options exercisable at \$0.60 each on or before 31 December 2014
	350,000	Incentive options exercisable at \$0.70 each on or before 30 June 2015
	195,000	Incentive options exercisable at \$0.35 each on or before 10 February 2013
	1,450,000	Incentive options exercisable at \$0.85 each on or before 30 June 2014
	1,450,000	Incentive options exercisable at \$0.95 each on or before 31 December 2014
	1,450,000	Incentive options exercisable at \$1.05 each on or before 30 June 2015
	17,000,000	Unlisted options exercisable at \$0.80 each on or before 30 August 2013
	15,000,000	Unlisted options exercisable at \$0.70 each on or before 31 December 2012

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable
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**Part 2 - Bonus issue or pro rata issue**

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the <sup>+</sup> securities will be offered	Not applicable
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	Not applicable
15	<sup>+</sup> Record date to determine entitlements	Not applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	<p>Names of countries in which the entity has <sup>+</sup>security holders who will not be sent new issue documents</p> <p><small>Note: Security holders must be told how their entitlements are to be dealt with.</small></p> <p><small>Cross reference: rule 7.7.</small></p>	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable

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<sup>+</sup> See chapter 19 for defined terms.

23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	Not applicable
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable
32	How do <sup>+</sup> security holders dispose of their entitlements (except by sale through a broker)?	Not applicable
33	<sup>+</sup> Despatch date	Not applicable

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<sup>+</sup> See chapter 19 for defined terms.



## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

### Entities that have ticked box 34(b)

38 Number of securities for which  
+quotation is sought

Not applicable

39 Class of +securities for which  
quotation is sought

Not applicable

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+ See chapter 19 for defined terms.

40	<p>Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	Not applicable	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	Not applicable	
42	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX ( <i>including</i> the securities in clause 38)	Number Not applicable	<sup>+</sup> Class Not applicable

+ See chapter 19 for defined terms.

**Quotation agreement**

1        +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2        We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3        We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4        We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..... Date: 4 May 2011  
(~~Director~~/Company secretary)

Print name:        Mark Pearce  
                              == == == == ==

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+ See chapter 19 for defined terms.



## Notice under Section 708A

**4 May 2011**

Coalspur Mines Limited (the "Company") has issued 33,000,000 fully paid ordinary shares. The issued securities are part of a class of securities quoted on the Australian Securities Exchange ("ASX").

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Corporations Act 2001 (Cwth) (the "Act") that:

1. the Company issued the securities without disclosure to investors under Part 6D.2 of the Act;
2. as at the date of this notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and section 674 of the Act; and
3. as at the date of this notice, there is no information that is "excluded information" within the meaning of sections 708A(7) and 708A(8) of the Act.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States unless an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Coalspur Mines Limited at Level 9, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000 (telephone: +61 8 9322 6322) and are also available electronically at [www.sedar.com](http://www.sedar.com).

NEW ISSUE

## SHORT FORM PROSPECTUS

April 25, 2011



# COALSPUR MINES LIMITED

Cdn\$1.85

24,000,000 Ordinary Shares

Coalspur Mines Limited ("Coalspur" or the "Corporation") hereby qualifies for distribution in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador an aggregate of 24,000,000 ordinary shares (the "Ordinary Shares") in the capital of the Corporation (the "Offering") at an offering price of Cdn\$1.85 per Ordinary Share (the "Offering Price"). The Ordinary Shares will be issued pursuant to an agency agreement (the "Agency Agreement") dated as of April 25, 2011 between the Corporation and Haywood Securities Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc. and Salman Partners Inc. (together, the "Agents"). The Offering Price was determined by negotiation between the Corporation and the Agents. See "Plan of Distribution".

The outstanding ordinary shares ("Shares") of the Corporation are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "CPT" and the Australian Securities Exchange (the "ASX") under the symbol "CPL". On April 21, 2011, the last trading day on the TSX prior to the filing of this prospectus, the closing price of the Shares on the TSX was Cdn\$1.93. On April 21, 2011, the last trading day on the ASX prior to the filing of this prospectus, the closing price of the Shares on the ASX was A\$1.95.

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### Price: Cdn\$1.85 per Ordinary Share

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	Price to Public	Agents' Fee <sup>(1)</sup>	Net Proceeds to the Corporation <sup>(2)</sup>
Per Ordinary Share .....	Cdn\$1.85	Cdn\$0.0925	Cdn\$1.7575
Total.....	Cdn\$44,400,000	Cdn\$2,220,000	Cdn\$42,180,000

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Notes:

- <sup>(1)</sup> Pursuant to the terms and conditions of the Agency Agreement, the Corporation has agreed to pay a cash commission to the Agents equal to 5% of the gross proceeds of the Offering (the "Agents' Fee").
- <sup>(2)</sup> After deducting the aggregate Agents' Fee, but before deducting the other expenses of the Offering, estimated to be Cdn\$580,000 which will be paid by the Corporation.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Other than in respect of the Ordinary Shares sold to purchasers in the United States, which will be represented by individual certificates, and other than pursuant to certain exceptions, one or more book

entry-only certificates representing the balance of the Ordinary Shares will be issued in registered form to the CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and deposited with CDS on the Closing Date, which is expected to take place on or before May 3, 2011, or such other date as may be agreed upon by the Corporation and the Agents. A purchaser of Ordinary Shares (other than a purchaser of Ordinary Shares in the United States) will receive only a customer confirmation from the registered dealer through which the Ordinary Shares are purchased. During the distribution of the Offering, the Agents may effect transactions in the Shares in accordance with applicable market stabilization rules. (See “Plan of Distribution”).

The Agents conditionally offer the Ordinary Shares on a commercially reasonable efforts basis, subject to prior sale, if, as and when issued by the Corporation and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution”, subject to the approval of certain legal matters on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Agents by Miller Thomson LLP.

The TSX has conditionally approved the listing of the Ordinary Shares distributed under this short form prospectus on the TSX. Listing is subject to the Corporation fulfilling all of the requirements of the TSX on or before July 12, 2011. The Corporation has also applied to list the securities distributed under this prospectus on the ASX. Listing on the ASX will be subject to the Corporation fulfilling all the listing requirements of the ASX.

The Corporation’s head and registered office is located at Level 9, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000, telephone +61 8 9322 6322.

Certain of the directors and officers of the Corporation and certain of the experts named in this prospectus reside outside of Canada. Certain of the assets of these persons and the Corporation may be located outside Canada. The Corporation is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction and resides outside of Canada. Although the Corporation and each of Messrs. Pearce, Middlemas and Steyn have appointed Blake, Cassels & Graydon LLP, Suite 2600, Three Bentall Centre, 595 Burrard Street, PO Box 49314, Vancouver, BC V7X 1L3, Canada as its agent for service of process in Canada, it may not be possible for investors to effect service of process within Canada upon the directors, officers and experts referred to above. It may also not be possible for investors to collect from the Corporation or to enforce against the Corporation, its directors and officers and certain of the experts named in this prospectus judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

**An investment in the Ordinary Shares is highly speculative and involves significant risks that should be carefully considered by prospective investors. The risks outlined in this short form prospectus and in the documents incorporated herein by reference should be carefully reviewed and considered by prospective investors. See “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements”.**

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## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Miller Thomson LLP, counsel to the Agents, the Ordinary Shares, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder for trusts governed by a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan and a tax-free savings account (“**TFSA**s”), as defined in the Tax Act.

Notwithstanding the foregoing, a holder of Ordinary Shares will be subject to a penalty tax if the Ordinary Shares are held in a TFSA and are a “prohibited investment” for the particular holder’s TFSA under the Tax Act. However, the Ordinary Shares will not be a prohibited investment for a TFSA of a particular holder provided the holder deals at arm’s length with the Corporation for the purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in the Corporation or any person or partnership that does not deal at arm’s length with the Corporation for purposes of the Tax Act. Holders should consult their own tax advisors as to whether the Ordinary Shares will be a prohibited investment in their particular circumstances.

The 2011 federal budget proposed to extend the concept of “prohibited investment” to registered retirement savings plans and registered retirement income funds, with the penalty for investment in a prohibited investment imposed on the annuitant thereof. In its current form, the proposal will apply to transactions occurring and investments acquired after March 22, 2011, with certain transitional provisions. There is no guarantee that the proposal will be enacted in its current form, or at all. Prospective holders should consult their own tax advisors in this regard.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This short form prospectus and the documents incorporated by reference contain “forward looking statements” concerning anticipated developments and events that may occur in the future. Forward looking statements include, but are not limited to, statements with respect to the future price of coal, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, without limitation, inherent uncertainties and risks associated with mineral exploration; uncertainties related to the availability of future financing necessary to undertake activities on Coalspur’s properties; uncertainties related to general economic conditions; uncertainties related to global financial conditions; risks related to the integration of businesses and assets acquired by Coalspur; risks associated with Coalspur having no history of earnings or production revenue; uncertainties related to the possible recalculation of, or reduction in, the Corporation’s mineral reserves and resources; uncertainties related to the outcome of studies to be undertaken by Coalspur; uncertainties relating to fluctuations in coal price; the risk that Coalspur’s title to its properties could be challenged; risks related to Coalspur’s ability to attract and retain qualified personnel; uncertainties related to the requirement for ministerial approval for a change of control of Coalspur; risks relating to consultation with the public and aboriginal groups; uncertainties related to the competitiveness of the mineral resource industry; risks associated with Coalspur being subject to government regulation, including changes in regulation; risks associated with Coalspur being subject to environmental laws and regulations, including a change in regulation; risks associated with Coalspur’s need for governmental licenses, permits and approvals; uninsured risks and hazards; risks associated with fluctuations in foreign exchange rates; risks related to default by joint venture parties, contractors and agents; inherent risks associated with litigation; risks associated with potential conflicts of interest; risks related to effecting service of process on directors resident in foreign countries; uncertainties related to Coalspur’s limited operating history; risks related to Coalspur’s lack of a dividend history; risks relating to short term investments; and uncertainties related to fluctuations in Coalspur’s share price. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.



In making the forward-looking statements included in this short form prospectus and the documents incorporated by reference herein the Corporation 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) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (3) permitting, development and expansion proceeding on a basis consistent with the Corporation's current expectations; (4) currency exchange rates being approximately consistent with current levels; (5) certain price assumptions for coal; (6) production forecasts meeting expectations; (7) the accuracy of the Corporation's current mineral resource and reserve estimates; (8) labour and materials costs increasing on a basis consistent with the Corporation's current expectations; (9) that any additional required financing will be available on reasonable terms; and (10) assumptions made and judgments used in engineering and geological interpretation. Other assumptions are discussed throughout this short form prospectus and, in particular, under "Risk Factors" herein and in the Corporation's annual information form for the year ended June 30, 2010 incorporated herein by reference.

There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. These forward looking statements are made as of the date of this prospectus and, other than as required by applicable securities laws, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

## GENERAL MATTERS

The consolidated financial statements of the Corporation incorporated by reference in this short form prospectus are reported in Australian dollars and have been prepared in accordance with International Financial Reporting Standards.

The address of Coalspur's website is [www.coalspur.com](http://www.coalspur.com). Information contained on Coalspur's website is not part of this short form prospectus nor is it incorporated by reference herein. Prospective investors should rely only on the information contained or incorporated by reference in this short form prospectus. Coalspur has not authorized any person to provide different information.

The Ordinary Shares being offered for sale under this short form prospectus may only be sold in those jurisdictions in which offers and sales of the Ordinary Shares are permitted. This short form prospectus is not an offer to sell or a solicitation of an offer to buy the Ordinary Shares in any jurisdiction where it is unlawful. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus, regardless of the time of delivery of this short form prospectus or of any sale of the Ordinary Shares.

## CURRENCY & EXCHANGE RATE INFORMATION

The Corporation reports in Australian dollars. Unless otherwise indicated, all references to "\$" or "dollars" in this short form prospectus refer to Canadian dollars. References to "A\$" in this short form prospectus refer to Australian dollars. The following table sets forth, for each of the years indicated, the year end exchange rate, the average closing rate and the high and low closing exchange rates of one Canadian dollar in exchange for one Australian dollar as quoted by the Bank of Canada.

	Year Ended June 30,		
	2008	2009	2010
High .....	\$1.1920	\$1.3291	\$1.1583
Low .....	\$1.0223	\$1.0181	\$1.0181
Average .....	\$1.1045	\$1.1583	\$1.0748
Year End .....	\$1.0267	\$1.0680	\$1.1120

The closing exchange rate on April 21, 2011 as reported by the Bank of Canada for the conversion of Canadian dollars into Australian dollars was Cdn\$1.00 equals A\$0.9757 (the "Exchange Rate").

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference into this short form prospectus from documents filed with the securities commissions or similar authorities in Canada.** Copies of documents incorporated herein by reference may be

obtained upon request without charge from the Corporation at Level 9, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000, telephone: +61 8 9322 6322, and are also available electronically on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The following documents, filed with the securities regulatory authorities in the jurisdictions in Canada in which the Corporation is a reporting issuer, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- (a) the annual information form (the “**Annual Information Form**”) of the Corporation for the fiscal year ended June 30, 2010 dated October 27, 2010;
- (b) the material change report filed April 25, 2011 regarding the Offering;
- (c) the material change report filed December 23, 2010 regarding the appointment of Denis Turcotte as a director of the Corporation;
- (d) the material change report filed December 22, 2010 regarding an announcement of the completion of a pre-feasibility study on the Vista Coal Project;
- (e) the material change report filed November 18, 2010 regarding the coal resource upgrade on the Vista Coal Project;
- (f) the material change report filed November 12, 2010 regarding the announcement of the initial coal resource on the Vista South Project;
- (g) the audited comparative consolidated financial statements of the Corporation as at June 30, 2010 together with the Auditor’s Report and notes thereto;
- (h) the unaudited consolidated financial statements of the Corporation for the three months and six months ended December 31, 2010 together with the notes thereto; and
- (i) the management’s discussion and analysis of the Corporation for the three months ended December 31, 2010.

The Corporation’s financial statements for the year ended June 30, 2010 were audited in accordance with Australian Auditing Standards and International Standards on Auditing. Except as noted below, there are no material differences in the form or content of the audit report for the Corporation’s financial statements for the year ended June 30, 2010 (the “**Audit Report**”) as compared to an auditor’s report prepared in accordance with Canadian GAAS and if the Audit Report was prepared in accordance with Canadian GAAS it would not contain a reservation. Furthermore, the auditing standards applied are substantially equivalent to Canadian GAAS.

In Canada, reporting standards for auditors require that an auditor’s opinion state that the consolidated financial statements of the company present fairly, in all material respects, the financial position of the consolidated entity and its results of operations and cash flows. In Australia, reporting standards for auditors require that an auditor’s opinion state that the consolidated financial statements of a company give a true and fair view of the state of the consolidated entity’s affairs and of its profit for the year. In all other respects, there are no material differences in the form and content of the Audit Report.

**Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained in this short form prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this short form prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.**

**Any document of the type required to be incorporated into the short form prospectus by item 11.1 of Form 44-101F1 – *Short Form Prospectus* (excluding confidential material change reports and excluding those portions of documents that are not required pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference herein) filed by the Corporation after the date of this short form prospectus and before the termination of the distribution is deemed to be incorporated by reference in this short form prospectus. Copies of the documents**

incorporated by reference may be obtained without charge from the secretary of the Corporation at the above-mentioned address and telephone number and are also available electronically at [www.sedar.com](http://www.sedar.com). Information on the Corporation's website does not constitute part of this short form prospectus.

## THE CORPORATION

Coalspur is a coal exploration company incorporated under the laws of Australia and listed on the ASX under the symbol "CPL" and the TSX under the symbol "CPT". The Corporation's principal objective is to become a coal producer in the short to medium term.

Coalspur's Vista Coal Project (the "**Project**") is a potentially large scale, open pit, thermal coal project located in the heart of the Coal Branch Region near Hinton, Alberta, which is located in close proximity to existing transportation infrastructure. Coalspur's Vista South Coal Project ("**Vista South**") is located directly south of the Project and is at an earlier stage of exploration than the Project. Further information regarding the Project and Vista South is included under "Mineral Properties" in this short form prospectus.

The Corporation considers the Project and Vista South to be two separate projects and the Corporation will make decisions to develop the Project and Vista South independently of each other.

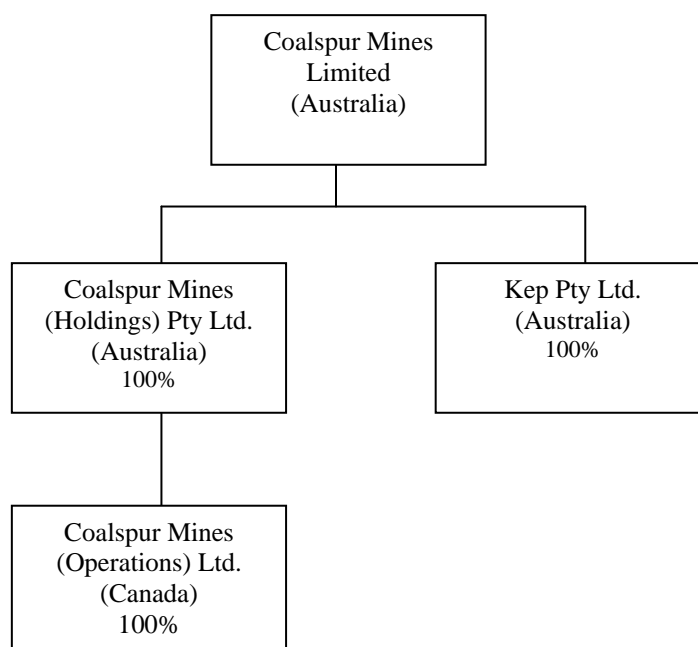
The Corporation was incorporated in Australia on December 31, 1985. The Corporation converted to a public company in Australia on September 26, 1986 and its Shares commenced trading on the ASX on August 27, 1987 and presently trade under the symbol "CPL". The Corporation's Shares commenced trading on the TSX under the symbol "CPT" on October 27, 2010.

The Corporation's share capital consists of an unlimited number of Shares without par value, of which 494,593,428 Shares are issued and outstanding, an aggregate of 57,500,000 performance shares are outstanding, an aggregate of 55,226,838 listed options are outstanding, and an aggregate of 51,995,000 unlisted options are outstanding as of April 21, 2011. The performance shares, listed options and unlisted options are convertible into an equivalent number of Shares.

The Corporation's registered and head office is located at Level 9, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000, telephone: +61 8 9322 6322; facsimile: +61 8 9322 6558; email: [info@coalspur.com](mailto:info@coalspur.com); website: [www.coalspur.com](http://www.coalspur.com).

## Intercorporate Relationships

The following chart describes the inter-corporate relationships amongst the Corporation and the Corporation's subsidiaries. The percentage of ownership is listed for each entity.



## RECENT DEVELOPMENTS

### Permitting Update

On April 21, 2011, the Government of Alberta issued three Orders In Council which authorize the Energy Resources Conservation Board (the “ERCB”) to:

- (a) amend Approval No. C 82-2 by changing the holder's name for the Coal Processing Plant #8 approval to a subsidiary of the Corporation;
- (b) amend Mine Permit No. C82-60 into two distinct mine permits; and
- (c) transfer one of the two new distinct mine permits (McPherson Creek Mine No. 1815) to a subsidiary of the Corporation.

As of the date of this prospectus, the above amendments and transfers have not yet been effected by the ERCB and the Corporation has not received any documentation regarding the amendments and transfers; however the Corporation expects to receive documentation regarding the amendments and transfers shortly. The Corporation has not yet been advised of the conditions and requirements that will be included in the permits.

### Vista Coal Project

On April 11, 2011, the Corporation announced that a Bankable Feasibility Study (“BFS”) had commenced on the Project. The BFS is scheduled for completion by December 2011 and will build on the technical and feasibility studies already undertaken on the Project, including the recently completed Pre-Feasibility Study (“PFS”) which confirmed the Project’s technical and economic viability. Following a comprehensive and competitive tender process, the BFS was awarded to Snowden Mining Industry Consultants Inc., a subsidiary of Downer EDI Limited, who will act as the overall project manager for a consortium of experienced coal industry firms. The firms chosen to participate in the BFS are internationally recognized and will provide personnel who have coal industry experience. The selected project team members from each firm are experienced in preparing various aspects of coal mining studies required for the BFS.

On February 25, 2011, the Corporation announced that the interpretation of the first phase development drilling at the Project has indicated the potential for the Silkstone seam to extend for over a 16km strike length within the Project. The potential strike length and cumulative coal thickness of the Silkstone seam have the potential to add to the production profile defined in the PFS. Only a small portion in the central lease area is included in the Project’s current Coal Resource estimate. Further drilling is being planned to extend the definition of the Silkstone seam to the western boundary limits of the Project.

On February 17, 2011, the Corporation announced that the second phase of development drilling had commenced at the Project. In addition to undertaking further confirmatory drilling for the upcoming BFS, the program has been designed to investigate the underground long wall potential at the Project. The Corporation is also progressing with programs focused on the mine planning and permitting component of the Project development and upcoming BFS.

### Vista South Coal Project

On March 23, 2011, the Corporation announced the results from recent drilling at Vista South. The drilling program was designed to further delineate the geology of the Northern limb of the Entrance Syncline and to test for extensions to the South East of the Vista South deposit. Vista South currently hosts a Measured & Indicated Coal Resource of 93.3 million tonnes (“Mt”), which is confined to the North West portion of the project area. The results from an additional 20 rotary holes have confirmed coal intercepts outside the existing resource model. The recent drilling results will enable the Corporation to perform further resource modelling on Vista South, which is expected to result in increases to the Coal Resource at Vista South during the June 2011 quarter.

## MINERAL PROPERTIES

### VISTA COAL PROJECT

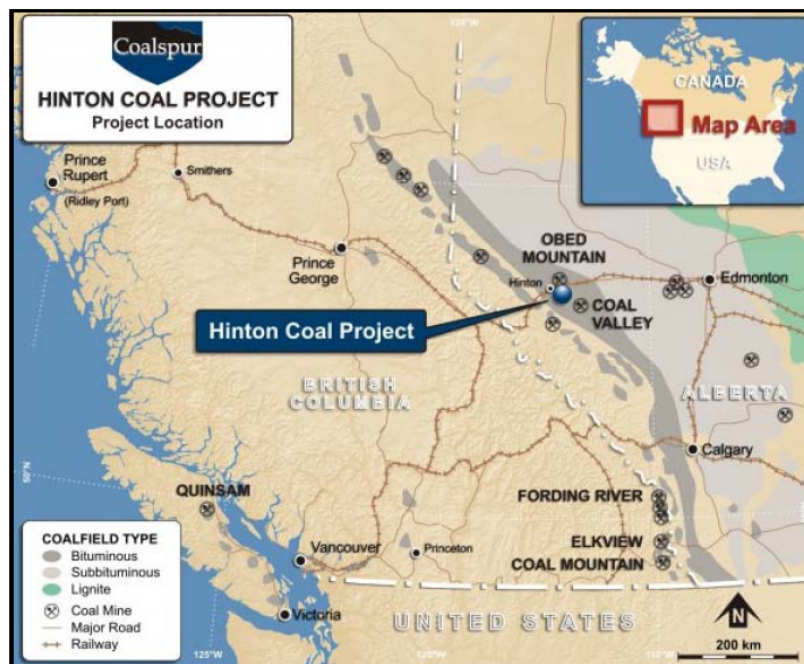
Unless stated otherwise, the information in this section is based on the technical report entitled “Vista Coal Project Prefeasibility Study JORC/NI 43-101 Technical Report – Hinton, Alberta, Canada” (the “**Technical Report**”), which is compliant with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”). The Technical Report is dated January 25, 2011 and was prepared by Kevin Souza, Ting Lu and Miloje Vicentijevic of Wardrop Engineering

Inc. (“**Wardrop**”), Robert F. Engler, Robert J. Morris and Robert Fong of Moose Mountain Technical Services (“**MMTS**”) and Les Gezcy of CPG Resources – QCC Pty Limited, independent “qualified persons” as defined in NI 43-101. The information regarding the Project in this section has been extracted from the Technical Report. For a complete description of assumptions, qualifications and procedures associated with the information in the Technical Report, reference should be made to the full text of the Technical Report, which is available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

### Project Description and Location

The Project is comprised of the Hinton East, Hinton West, McLeod River North and Z Block properties which are located in the Hinton area of west central Alberta. The coal leases are located south of Highway 16, the Canadian National Railway (“CN”) rail line and the Athabasca River, all of which run parallel to each other in the area. It is approximately 4km east of the town of Hinton, 60km southwest of the town of Edson and 40km northeast of the Jasper Park boundary on Highway 16. Its approximate centre is 5,915,000 North and 476,000 East and consists of several sections of land extending over 22.3km eastward to the McLeod River.

### Project Location Map



The Project consists of seventeen contiguous coal leases. Coalspur holds fourteen tenured coal leases and three coal leases under application. The total area of the combined leases is approximately 8,788 hectares. Alberta Crown Coal Leases are granted for a term of 15 years and are renewable for additional terms on application.

Leases 1308120620, 1308120622, 1308120624, 1308020345, 1308020346, and 1308020348 constitute the Hinton East property while 1308020347, 1308020349, 80368501, 80368502 and 80368503 constitute the Hinton West property.

### Hinton East and West Coal Tenures

Lease Number	Status	Area
1308120620	Coal lease	896 ha
1308120622	Coal lease	1,072 ha
1308120624	Coal lease	1,120 ha
1308020345	Coal lease	384 ha
1308020346	Coal lease	256 ha
1308020347	Coal lease	176 ha
1308020348	Coal lease	256 ha
1308020349	Coal lease	464 ha

**Total = 8 leases, 4,624ha**

## Hinton West Coal Lease Applications

Lease Number	Status	Area
80368501	Application	146 ha
80368502	Application	97.5 ha
80368503	Application	113 ha

**Total = 3 lease applications, 356.5ha**

## McLeod River North

Lease Number	Expiry Date	Area
1307070587	July 20, 2022	768 ha
1307070588	July 20, 2022	992 ha
1308050904	May 8, 2023	64 ha
1308050905	May 8, 2023	112 ha
1399080001	August 28, 2014	1,104 ha

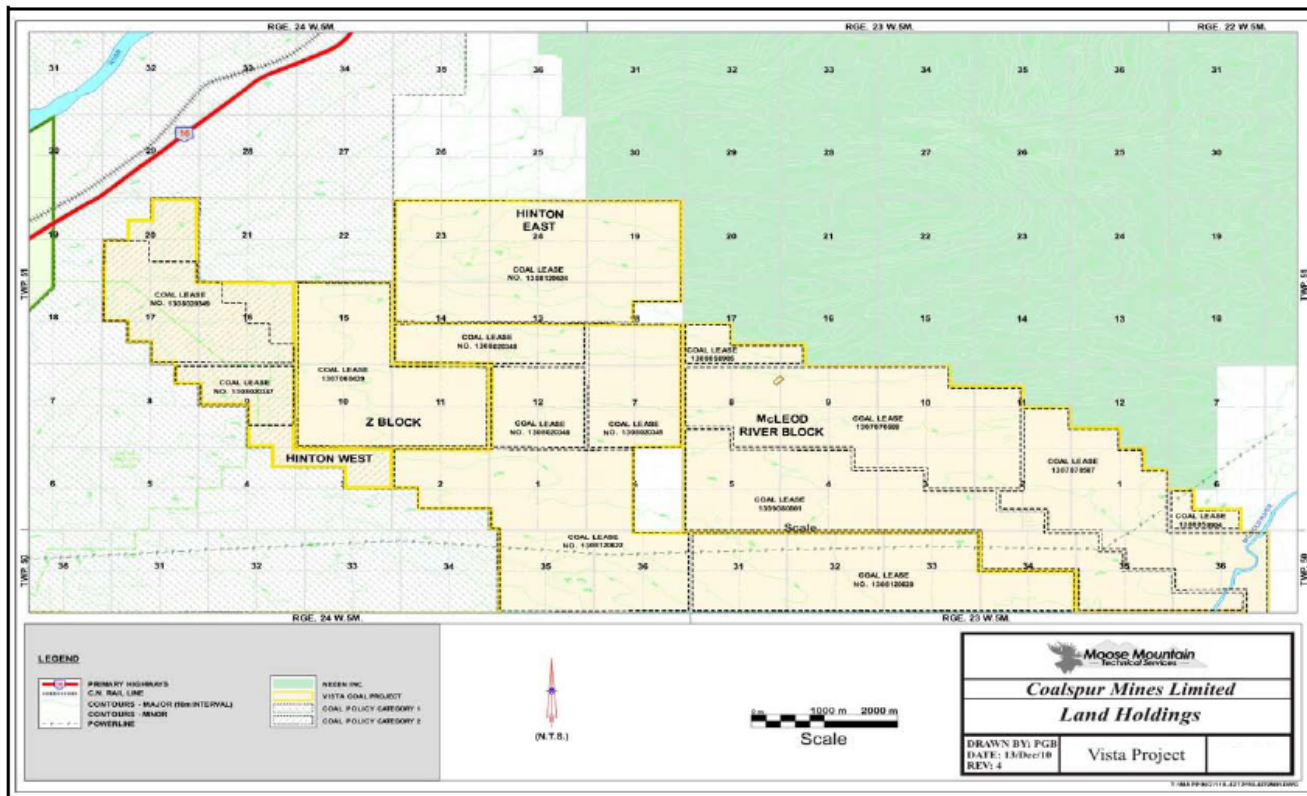
**Total = 5 leases, 3,040 ha**

## Z Block

Lease Number	Expiry Date	Area
1307060429	June 16, 2022	768 ha

**Total (leases and lease applications) = 17 leases, 8,788.5ha**

## Land Holdings



Coalspur purchased the beneficial interest in the Hinton East and Hinton West coal leases from Consolidated Tanager Limited (“**Tanager**”) on February 19, 2009 with the following further milestone payments to be paid, at the Corporation’s option, as follows:



- C\$6,000,000 upon the earlier of the completion of a feasibility study on the Project or February 19, 2012; and
- C\$10,000,000 upon the earlier of reaching an average production rate of 90,000 tonnes of coal per month from the Project over a three month period or February 19, 2016.

A royalty of 1% of gross product sales revenue coming from Hinton East and West blocks is also payable by Coalspur to Tanager.

Coalspur completed the purchase of the McLeod River North and Z Block coal leases from Mancal Coal Inc. (“**Mancal**”) on October 25, 2010.

The Project is subject to a royalty payable to the Alberta government. Prior to project payback, the royalty will be 1% of the product revenue derived from crown leases. Subsequent to project payback, the royalty will be 1% of the project revenue plus 13% of the net revenue derived from crown leases. If a mine’s costs exceeds its revenue in a production year, only the minimum royalty will apply; this loss will be carried forward to subsequent year(s).

Certain types of exploration activity require an Exploration Permit, issued by the Alberta Government, prior to conducting the work on a mineral property. The current or future operations of Coalspur, including exploration, development and commencement of production activities on the Project require such permits. Other permits governed by laws and regulations pertaining to development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters, may be required as the Project progresses.

At this time there are no environmental liabilities identified at the Project.

#### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The Project is located near the town of Hinton in west central Alberta. Primary road access to the general area is via the Yellowhead Highway (Highway 16), which is an all-weather divided paved major highway which connects Hinton with Edson, Alberta 85km to the east, with Edmonton, Alberta 280km to the east. The Athabasca River flows parallel to and north of the highway and the town of Hinton. Highway 40 runs north from Highway 16 approximately 7km southwest of Hinton and connects to Grande Cache 138km to the northwest.

The CN main rail line runs parallel the Athabasca River and Highway 16, approximately 8km north of the Project. The railway provides direct access for coal delivery to the Port of Vancouver and to the Ridley Island Terminal at Prince Rupert.

Paved landing strips are available at both Hinton and Edson for light aircraft.

The Project is directly accessible driving southeast from Hinton along the McPherson Creek logging road which is owned and maintained by West Fraser Mills Ltd. This all weather gravel road bisects the Z Block north to south and runs parallel down the center of the McLeod River North property to the McLeod River.

The Project is situated in the northwest trending outer foothills physiographic region of the Rocky Mountains which is characterized by relatively low, rounded hills with local muskeg in low lying areas. The highest elevation in the area is 1,440m, and the average elevation of the valley floors is approximately 1,195m.

The Project is covered with second growth pine with mixes of white spruce and poplar on the hillsides and ridges while alders, willows and black spruce occur in low lying areas. The region is part of the West Fraser Forest Management Area and has been commercially logged in the past.

The climate of the region may be classified as continental sub-humid. Daily temperatures range from a mean maximum of 9°C to a mean minimum of minus 2.5°C, with a mean daily temperature of 3°C. Extreme temperatures range from a maximum of 35°C to a minimum of minus 42°C. The average annual number of days with frost is 280.

The mean total precipitation in the region is approximately 398.8mm, which includes the rainfall equivalent of a mean snowfall of 138cm. The average annual number of days with measurable precipitation is 133. Surface rights are held by the Alberta Government and logging and timber management are granted to West Fraser Mills Ltd under a Forest Management Area agreement. Shell Oil has three active natural gas wells on the Project and associated pipeline infrastructure. There are no private landholders on the Project.

## History

The previous exploration and development of the Project was carried out by two separate companies: Tanager and Manalta.

### *Consolidated Tanager Limited*

From 1963 to 1964, Imperial Oil Ltd. drilled 60 test holes in the area. However, these holes were not properly surveyed, the geophysical logs were of poor quality and most of the original data is poorly documented.

In 1971, Associated Porcupine Mines Ltd. (“**Associated Porcupine**”) acquired the coal rights to the areas that are now Hinton East and Hinton West. In partnership with Granby Mining Co. Ltd. (“**Granby**”), Associated Porcupine carried out exploration on their Hinton properties from 1972-1974. Exploration consisted of geological mapping, prospecting of the cuttings from seismic boreholes, an induced polarization survey, shallow backhoe trenching and two drilling programs. Seven rotary holes (594m) in the east part of their Hinton East block were drilled in 1972.

Eight diamond holes (661m) in their Hinton West block were drilled in 1974. All the holes were geophysically logged with a density, gamma ray and neutron suite. However, none of the holes or trenches were surveyed, only two trenches located bedrock and none of the core was kept or photographed. Granby subsequently dropped their interest in the properties.

In 1981, Esso Minerals Canada (“**Esso**”) signed an agreement with Associated Porcupine whereby Esso would earn an interest in the property.

In 1981, Esso drilled nine rotary holes (2,782.2m) and one corehole (400m) on the Hinton East property. All drillholes were geophysically logged and sampling and analyses were carried out on the core. New aerial photography was also undertaken to construct high quality topographic maps of the area.

In 1982, 44 rotary holes (6,126.7m) and 10 coreholes (1,222.4m) were drilled and geophysically logged on Hinton East. Three of the coreholes were also geotechnically logged.

In 1983, 13 rotary holes (1,305m) were drilled and geophysically logged on Hinton East. A geological model based on work from 1981-1983 was generated for Hinton East and West that correlated the seams from both areas. An application was made to the Alberta government to reclassify 922 hectares of Hinton West from Category I, which prohibits exploration, to Category IV.

The Alberta government reclassified the 922 hectares of Hinton West into Category II in 1984. Exploration in 1984 concentrated on Hinton West and consisted of nine rotary drillholes (1,272.4m). The holes were geophysically logged and drill cuttings were analyzed.

The 1985 exploration program consisted of four coreholes (469.6m) and four rotary holes (567m). All holes were geophysically logged and the coreholes were geotechnically logged. The coal core was sampled and analyzed in detail.

During their four year option period, Esso completed, in addition to its exploration programs, an Engineering Feasibility Study and a Preliminary Application for a Mine Permit to the Alberta Government.

Esso terminated their option agreement in 1985 and the property reverted to Associated Porcupine.

Tanager obtained the property from Associated Porcupine sometime between 1985 and 1989. In 1989, Tanager hired LAS Energy Associates Ltd. to do a thorough evaluation of the Hinton Property in order to determine the optimum development strategy for the property.

Coalspur purchased (with certain milestone payments to be paid at future dates) the beneficial interest in the Hinton East and Hinton West coal leases from Tanager on February 19, 2009.

### *Manalta Coal Limited*

Manalta Coal Limited (“**Manalta**”) acquired the current McLeod River North and Z Block leases in 1971 and began a major coal exploration drilling program on the McLeod River North Property in 1981 and 1982. A total of 148 rotary drillholes including 45 till holes, and 17 rotary coreholes were completed during this period along nine cross sectional access lines spaced



between 800m to 1100m apart. The drilling program was designed to intersect the two major mineable coal zones (Val d'Or and McPherson) on the property and quantify resource estimates to a high degree of accuracy.

The coreholes were analyzed on individual coal seam plies to forecast in situ coal quality. Subsequent washability studies were undertaken to determine clean coal quality and product yield expectations. In 1981 Manalta extracted two 600 tonne bulk samples from the Val d'Or and McPherson zones for detailed washability studies and plant design purposes.

This work and subsequent mining, civil engineering and environmental studies were compiled and submitted as formal Mine Development Application to the Government of Alberta in 1982. The Alberta Government issued a Mine Development Permit in early 1983.

The Project remained dormant until 1992 when Manalta initiated a 17 hole exploration drilling program on the Z Block lease. The purpose was to define mineable resources on this lease. Eight of the holes were cored to confirm coal quality.

All of the 1980/1981 and subsequent 1992 drilling was geophysically logged. HQ diameter core samples were obtained by continuous wire line methods with good to excellent recovery in the main coal sections. All of the sampling and analytical procedures were sound.

Manalta proceeded with an updated Mine Feasibility Study which incorporated both the Z Block and McLeod River North leases. The study was completed in 1995, but Manalta decided not to proceed with development.

Manalta became an income trust in 1997 and subsequently sold all of its operating assets in 1998. Some of the non-operating assets did not become part of the Manalta Income Trust and were retained by Mancal and its predecessor companies.

On October 25, 2010 Coalspur completed the purchase of the McLeod River North and Z Block coal leases from Mancal.

## **Geological Setting**

The Project is located on the eastern margin of the outer foothills of the Rocky Mountain thrust belt. The rocks form part of a thick sequence of continental sediments from the Saunders Group that overlies the marine Wapiabi Formation of the Alberta Group. The Upper Cretaceous-Tertiary Saunders Group is over 3,600m thick and is divisible into the Brazeau, Coalspur and Paskapoo Formations. Although all three units include carbonaceous partings and thin coal seams, major coal deposits are restricted to the Coalspur and Paskapoo Formations.

Strata of the Saunders Group were deposited mainly within lacustrine and alluvial environments. The Brazeau and Coalspur Formations were deposited as a series of five cyclothems, each consisting of a lower part that comprises mainly channel sandstones, and an upper part consisting mostly of mudstones with coaly shales and/or coal beds, and lacustrine rhythmites. The fifth cyclothem is the Coalspur Formation. The thickest coal beds are associated with alluvial deposits in the upper part. The Coalspur Formation is up to 600m thick and includes seven major seams, which range up to 22m in thickness. This formation contains the vast majority of coal resources in the outer foothills.

The Paskapoo Formation, which overlies the Coalspur Formation, is a continental alluvial-plain deposit and includes thick successions of poorly indurated mudstones and sandstones. Economically important coals are restricted to the Paskapoo Formation north of Hinton, Alberta, where a coal-bearing interval about 140m thick contains up to six seams of high volatile bituminous coal, with individual seams up to 5m thick.

### *Coalspur Formation*

The coal bearing upper part of Coalspur Formation consists of approximately 300 meters of interbedded sandstones, siltstones and carbonaceous to bentonitic mudstones and several thick continuous coal zones. True bentonites and tuff layers are present, most commonly associated with the coal zones.

A distinct, resistive conglomerate known as the Entrance Conglomerate marks the base of the Coalspur Formation and is approximately 275m below the lowermost coal zone. Thick cross bedded sandstones of the Tertiary Paskapoo Formation conformably overlie the Coalspur Formation throughout the region.

Six persistent and correlatable Coalspur coal zones have been identified in the Hinton region. In descending order they are identified as the Val d'Or, Arbour, McLeod, McPherson, Silkstone and Mynheer zones. These zones are typically multi ply

coal seams interbedded mudstone/bentonite partings and can range in thickness from 1m to up to 35m. The most significant zones present on the Project are the Val d'Or, McLeod and McPherson.

### *Structural Geology*

The Coalspur Formation on the Project is exposed in subcrop along the erosional eastern margin of the Prairie Creek Anticline. This margin area is bounded to the west by the Pedley Fault, a major reverse thrust, which separates the folded and deformed strata of the Foothills Belt from the undeformed Alberta Syncline strata.

The structure is a simple monocline, trending 300 degrees northwest/southeast. The beds dip gently northeast from 6 degrees in the western part of the property up to 15 degrees at the McLeod River on the eastern boundary.

No significant faulting has been identified on the property. Glacial ice deformation has been observed locally along the subcrop margins of the coal zones.

The property is overlain entirely by a mantle of glacial till and alluvium which varies from 5m to 30m in thickness. Consequently, all stratigraphic and structural conclusions are based entirely on drillhole data.

### **Exploration**

Exploration on the Project has consisted of two separate campaigns conducted by Esso and Manalta.

#### *Hinton East and West*

Associated Porcupine carried out initial exploration between 1971 and 1974. Their programs consisted of geological mapping, prospecting of the cuttings from seismic boreholes, an induced polarization survey, shallow backhoe trenching, 15 drillholes, downhole geophysical logging and minor sampling. Density, gamma ray and neutron logs were run on all holes. Coal samples were taken from two holes.

Exploration by Esso on the Hinton property was carried out continuously between 1981 and 1985. Their work consisted of geologic mapping, aerial photography producing topographic maps, drilling, downhole geophysical logging, sampling and subsequent analytical work. All the Esso drillholes were logged with a full suite of geophysical logs, including gamma ray, caliper, long-spaced density, bed resolution density, focused beam electric, and sonic. In total, Esso drilled 94 drillholes on the property for a total of 14,145.3m. There were 182 corehole samples taken.

#### *McLeod River North and Z Block*

Manalta initiated a major exploration program on the McLeod River North property in 1980 and continued through calendar 1981. The program was designed to define the surface mineable coal resources of the Val d'Or and McPherson zones within 100m of surface. A closely spaced drilling pattern was laid out on nine cross sectional drill access lines spaced between 800m and 1100m apart along strike of the coal bearing zone. A total of 148 rotary drillholes, including 45 till holes, and 17 continuous wire line HQ coreholes were completed and geophysically logged.

In addition two large 600 tonne bulk samples were extracted from the site in 1981 for pilot scale washability testing. Manalta completed a 17 hole drilling program on the Z Block lease area in 1992 to define the surface mineable resource potential. Eight of these holes were cored to provide quality samples.

All of the geophysical logs and core sample data from both of these programs has been reviewed and compiled by MMTS.

### **Mineralization**

There are six continuous coal zones recognized within the upper 300m of the Coalspur Formation identified in descending order as the Val d'Or, Arbour, McLeod, McPherson, Silkstone and Mynheer. Of these, only the Val d'Or, McLeod and McPherson maintain a persistent mineable thickness throughout the lease areas and constitute the majority of the mineable resource volume. The Arbour is only locally present in the West Block and the Silkstone and Mynheer usually are too deep and thin to be considered.

The Val d'Or Zone consists of seven correlatable sub-seam plies numbered in ascending order from V1 through V7. Some of these plies are divided into lower and upper units by thin partings. The individual plies maintain relatively constant thickness over the strike length of the properties; while most of the variation takes place in the interbedded rock parting material. The average zone thickness is 31.75m; of which 15.40m is coal. The zone thickness increases from 20m along the east boundary at the McLeod River to over 60m in the West Block. This is almost entirely due to increases in the Interply sandstone sequence in the upper part of the zone, as the total coal thickness remains relatively constant.

The McLeod zone consists of three correlatable plies, labeled L1 to L3 in ascending order. These plies are typically high ash coal. The zone has an average thickness of 4.65m of which 3.70m is coal.

The McPherson zone consists of four plies, identified as P1 through P4 in ascending order. The McPherson plies are the most consistent in terms of thickness and continuity. The average zone thickness is 6.98m of which 5.99m is coal.

For each zone/ply the following criteria for inclusion in resource applies:

- Minimum mineable seam thickness is 0.5m; rock partings 0.3m or greater are considered removable.

## **Drilling**

### *Hinton East and West*

In 1972, Associated Porcupine drilled seven rotary drillholes on their Hinton East block, totalling 594m. In 1974, they drilled eight diamond holes on their Hinton West block, totalling 661m. In total, Associated Porcupine drilled fifteen holes for a total of 1,255 metres.

In total, Esso drilled 12,053.3 metres in seventy-nine rotary holes and 2,092.0 metres in fifteen coreholes for a total of 14,145.3 metres in ninety-four drillholes.

In early 2010, Coalspur drilled ten core holes, five on Hinton West and five on Hinton East. The drilling was designed to verify the geology and to collect samples for further coal quality testing.

### *McLeod River North and Z Block*

Manalta conducted their exploration drilling program on the McLeod River North property in 1980/1981 during the winter months due to soft ground that required frozen conditions for off road access.

The drilling was undertaken with two to five drill rigs. These were typically Mayhew 1000 and Failing 1250/1500 type rotary drills mounted on trucks or Nodwell tracked vehicles. These types of drills normally have a maximum drilling depth limitation of 120m.

The coring was conducted with a Cyclone TH100 truck mounted drill rig equipped with 3 metre Chistensen triple tube core barrel. This allowed for continuous retrieval of 6.99cm diameter core inside a plastic liner. The reported core recovery ranged from 85% to 100% with an average value of 95%.

All holes were geophysically logged upon completion; using the following suite of logs:

- Gamma ray
- Single point resistance
- Focused beam resistivity
- Density
- Neutron
- Caliper

The 1992 Z Block exploration program used the same equipment.

In total, Manalta drilled 7,677.0 metres in one hundred forty-eight rotary holes and 937 metres in seventeen coreholes on the McLeod River North property for a total of 8,614.0 metres in one hundred sixty-five drillholes. On the Z Block property they drilled 803 metres in nine rotary holes and 701.5 metres in eight coreholes for a total of 1,504.5 metres in seventeen holes.

### **Sampling and Analysis**

MMTS was not involved in any sampling or coal quality work on the property that was done by Esso and Manalta, though all of this work was completed under the direct supervision of an experienced geologist.

The sampling procedure used by Manalta for sampling coal in core included:

- surveying of drillhole locations (X, Y, and Z)
- systematic sampling of coal by collecting the entire coal interval
- systematic core logging and down hole geophysics completed to better define coal locations
- sealing coal samples in plastic bags and shipping them to a certified lab for analysis
- storing analysis certificates for future inspection.

Coring was done using a plastic liner inside a split barrel on a HQ wireline coring system. Once filled, the core tubes were capped, labelled and set in snow to freeze. Down hole geophysics was completed on all holes. Coal core tubes were then sent to Birtley Laboratories in Calgary. The core tubes remained frozen until they were sampled in individual plies.

Work conducted by Esso in the Hinton East and West properties used the same wireline coring system. All coal plies greater than 0.3 m were sampled. Parting material less than 1.0 m was included with the coal samples. Partings from 0.3 m to 1.0 m were assayed. Partings greater than 1.0 m were not sampled.

For Manalta, all coal plies greater than 0.2 m were sampled. Parting material less than 0.2 m was included with the coal samples. Partings from 0.2 m to 0.5 m were assayed. Partings greater than 0.5 m were not sampled.

After logging, geophysical logs were compared to obtain final depths and thicknesses of coal seams. Sample plies were then chosen, bagged and sent for analysis.

Core recovery was generally excellent to good, ranging from 80% to 100% and averaging 95%.

In MMTS's opinion, both Esso and Manalta exercised great care and diligence to maintain sample integrity.

### **Sample Preparation, Analysis and Security**

MMTS was not involved in any of the historic sampling on the properties. All of the previous exploration sampling completed on the properties has been under the direct supervision of an experienced geologist. MMTS performed verification work which is summarized under the heading "Data Verification".

#### *Associated Porcupine and Esso Sampling*

The Associated Porcupine and Esso sampling protocol for cores collected in 1981, 1982, and 1985 was developed by Esso/DB Engineering to isolate individual coal and rock parting plies within each of the eight seams for proximate analysis and float/sink testing. The plies could then be recombined into logical mining units and washability performance could be modelled.

Continuous 7 cm diameter core intervals were collected inside PVC plastic core liners in 3 m intervals. The liner ends were sealed and the sequenced core was sent to Calgary for logging and sampling. The cores were correlated to the geophysical log record for each hole to determine recovery and identify any lost core sections.

Generally, all coal plies greater than 0.3 m were sampled. Parting material less than 1.0 m thick was included with the adjacent coal samples as it was deemed nonremovable for surface mining. Partings greater than 1.0 m thick were not sampled as they were considered removable. In total, 135 plies were sampled from 11 coreholes in the 1981-83 program and an additional 47 plies were sampled from four coreholes in the 1985 program.

Birtley Coal and Minerals Testing conducted proximate analysis for moisture, ash, volatile matter, and sulphur on each of the 182 individual ply samples. The samples were tumbled and screened at 19 mm x 6 mm, 6 mm x 0.5 mm, and 0.5 mm x 0 size fractions. The 19 mm x 6 mm and 6 mm x 0.5 mm fractions were washed at 1.4, 1.5, 1.6, and 1.7 specific gravity; proximate analysis was performed on each sink and float fraction.

### *Manalta Sampling*

The Manalta sampling protocol for cores collected in 1980, 1981, and 1992 was developed by Manalta to isolate individual coal and rock parting plies within each of the three main coal zones for proximate analysis and float/sink testing. The plies could then be recombined into logical mining units and washability performance could be modelled.

Continuous 7 cm diameter core intervals were collected in 3 m intervals in PVC liners. The liner ends were sealed and the sequenced core was sent to Calgary for logging and sampling. The cores were correlated to the geophysical log record for each hole to determine recovery and identify any lost core sections. Generally, all coal plies greater than 0.2 m were sampled. Parting material less than 0.2 m thick was included with the adjacent coal samples as it was deemed non-removable for surface mining. Partings greater than 0.5 m thick were not sampled as they were considered removable. Coal ply samples with less than 90% recovery were rejected from the analytical program.

Birtley Coal and Minerals Testing conducted proximate analysis for moisture, ash, calorific value, equilibrium moisture, and specific gravity on each of the individual ply samples. Manalta combined these individual ply assays into logical mining units. The samples were crushed and screened at 9.5 mm x 0.5 mm, and 0.5 mm x 0 size fractions. The 9.5 mm x 0.5 mm fractions were washed at 1.4, 1.5, 1.6, and 1.8 specific gravity; proximate analysis was performed on each sink and float fraction. The 0.5 mm x 0 was not processed. While it is not possible to physically verify both these processes, in MMTS's opinion, the sampling protocols were both sound and the reported results appear reasonable based on knowledge of similar coal mining operations nearby.

### **Data Verification**

MMTS completed numerous levels of verification, including:

- Checking of all 291 drillholes and core hole geophysical logs
- Checking sample intervals, individual ply analysis and composite assays
- Checking drillhole collar coordinates to eliminate any obvious errors in location

MMTS entered all drillhole data into Lithology and Coal Quality database files which were in turn uploaded into MineSight software to create a 3D resource model. MMTS believes that the database and model are accurate and presents no major threats to the resource estimate.

### **Mineral Resource Estimate**

Resources have been estimated for the Project for those areas that potentially could be mined by open pit methods. Resources that could be mined using underground methods were not analyzed in the Technical Report.

The geological modeling portion of the Project includes a review of the available data, formatting and treatment of data to support model development, an update of the geological interpretation, and the construction of the 3D resource model. Interpretation and modeling has focused on the Coalspur Formation.

The tables below summarize the pit delineated resources for the Project of immediate interest to the Corporation. The coal, as defined, is within a pit with 45 degree walls and a strip ratio of less than 20:1BCM/tonne (a pit delineated resource with an incremental strip ratio of 20 bank cubic metres of waste to one tonne of in place coal). With an incremental strip ratio, each block of coal within the pit must have twenty blocks of waste, or less, above it.

The overall strip ratio for the Project is 10.12:1.

**Summary of Measured Mineral Resources, Geology Type: “Moderate”, Low Sulphur, High Volatile Bituminous C Rank Thermal Coal**

Resource Category	In Situ (kTonnes)
<b>Measured</b>	588,900

**Summary of Indicated Mineral Resources, Low Sulphur, High Volatile Bituminous C Rank Thermal Coal**

Resource Category	In Situ (kTonnes)
<b>Indicated</b>	331,600

**Summary of Inferred Mineral Resources, Low Sulphur, High Volatile Bituminous C Rank Thermal Coal**

Resource Category	In Situ (kTonnes)
<b>Inferred</b>	282,300

Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.

*Model Extent*

The resources documented with the Technical Report represent the results of a new geologic model covering the entire Vista property. The strike length of the modelled area is approximately 22.3 km while the width is approximately 12.5 km.

*Model Geometry*

Model geometry follows the simple north, northeast dipping Coalspur Formation. Block dimensions are 25 m along strike, 25 m in the dip direction, and 10 m in elevation. The model measures 892 block (22,300 m) in length and 500 blocks (12,500 m) across and examines resources between 360 and 1460 masl in elevation (110 blocks). The model has a 56° (West of North) rotation.

*Topography*

A Lidar elevation model for the project area was obtained, dated 2005, which included grid points on a 1m x 1m grid. Drillhole collars were adjusted to fit the topographic surface. One drillhole (MR82-11) showed an elevation difference (between the survey data and the new topography) of -9.89m, one hole showed more than a -3m difference, and four holes showed more than -2m difference. Eight drillholes showed more than +4m difference (a maximum of 9.66m), while 24 drillholes showed more than 2m difference. The drillhole data was ‘draped’ to the digital data and the drillhole collar elevations were adjusted to fit the topography.

*Overburden (till) Surface*

The base of overburden surface defines the extent of glacial-fluvial cover over in situ materials. No coal seams are modeled above the base of overburden surface. The depth of overburden was reported in the drillhole logs. An interpolation, using inverse distance to the second power with a 9,500m search, and a maximum of three points, was completed. The overburden thickness was then subtracted from the topography surface to make the base of overburden surface.

*Oxide Horizon*

As the coal is to be used as a thermal product, an oxidation horizon has not been modelled. Actual evidence of oxidation from recent coring shows that in specific areas where the glacial till layer is permeable or the near surface bedrock above the coal zone is fractured, the coal is partially oxidized resulting in a calorific value loss of approximately 100 kcal/kg. However there are other circumstances where coal assays from samples immediately below the till surface appear intact with no evidence of oxidation. It is recognized that detailed predevelopment drilling will be required to more precisely define the actual subcrop margin and oxidized coal layers as part of the actual pit design process. Current cross sectional drilling lines are typically 500m apart which is not sufficient to design the actual initial cut boundaries and potential oxidized coal volumes.

### *Geological Data*

The geological database for the model was developed from previous exploration records by MMTS and includes 291 drillholes with a total of 25,518.8m. There are 48 core holes and 243 rotary holes. No trench or outcrop data has been used for modelling. The geologic structure follows earlier work by Esso on the Hinton East and West blocks and Manalta on the McLeod River and Z Block. The interpretation considers bedding to core angles logged in drill core where available.

Coal seam thicknesses from exploration drillholes are measured along the length of the hole (from geophysical logs) and because the angle of intersection between the hole and the seam is often less than perpendicular, these intersections represent an “apparent” rather than ‘true’ thickness of the seam. Adjustment from apparent to true seam thickness is, therefore, a critical step in the modelling of in place coal resources. The resource model is based on true seam thickness, as defined mathematically through the relationship between drillhole geometry and interpreted bedding geometry. The Vista model true thickness interpolation used a 5,000m x 5,000m search and an inverse distance power of two.

### *Mineable Thickness*

On the basis of the current interpretation, both the Hinton East and West properties and the McLeod River and Z Block properties are classified as a moderate, potentially surface mineable deposit. Sample analysis shows the coals to be of low sulphur, high volatile bituminous C rank thermal coal.

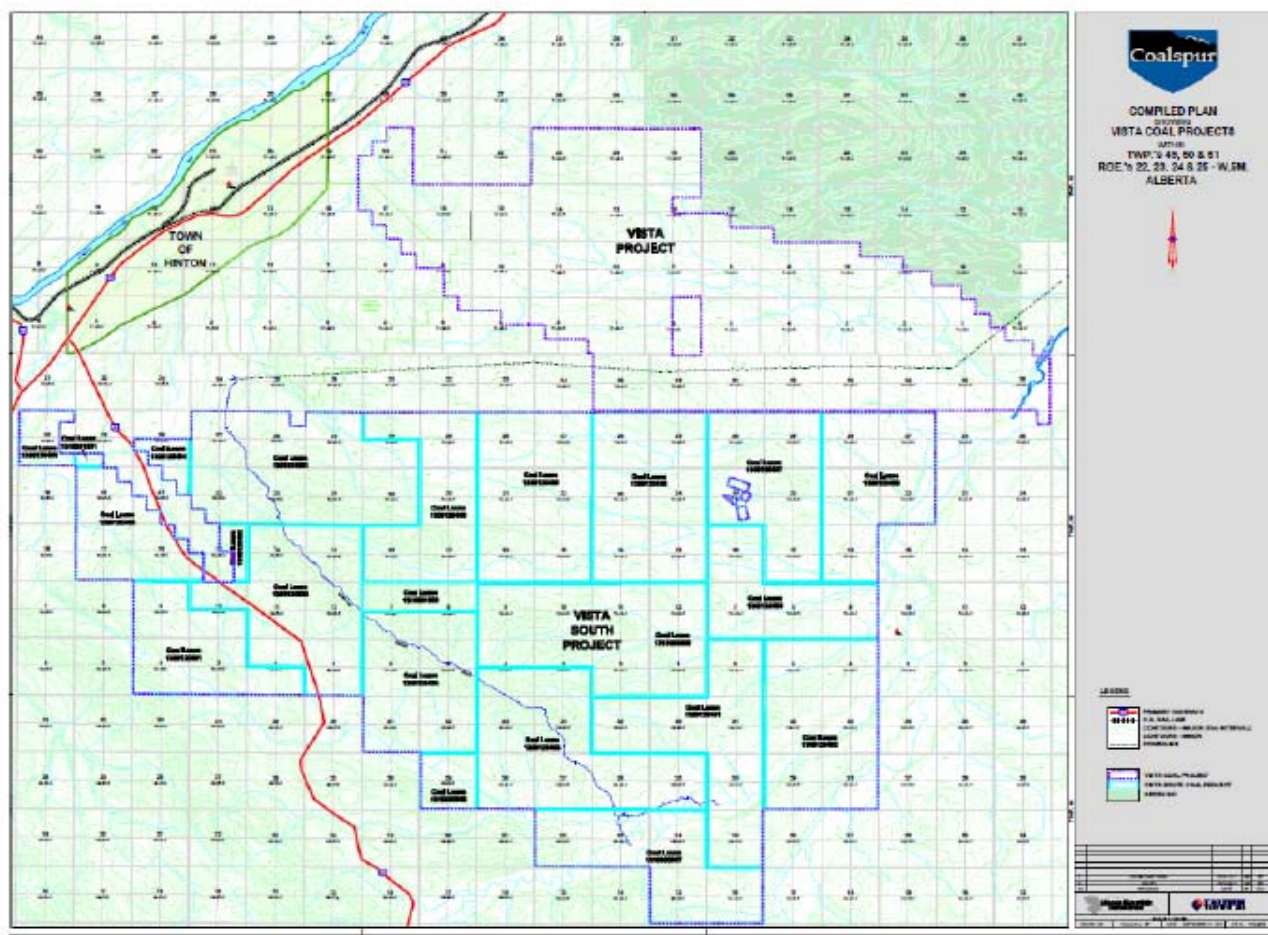
## **VISTA SOUTH PROJECT**

Unless stated otherwise, the information in this section is based on the technical report entitled “Resource Estimate for the Vista South Coal Property” (the “**Vista South Technical Report**”), which is compliant with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”). The Vista South Technical Report is dated December 15, 2010 and was prepared by Robert F. Engler and Robert J. Morris of Moose Mountain Technical Services (“**MMTS**”), independent “qualified persons” as defined in NI 43-101. The information regarding the Vista South Project in this section has been extracted from the Vista South Technical Report. For a complete description of assumptions, qualifications and procedures associated with the information in the Vista South Technical Report, reference should be made to the full text of the Vista South Technical Report, which is available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Project Description and Location**

The Vista South coal property is located southeast of the town of Hinton in west central Alberta. The coal leases are located south of Highway 16, the CN rail line and the Athabasca River, all of which run parallel to each other in the area. The property extends from approximately 4km east of the town of Hinton southeast an additional 19.3km to the Gregg River. Its approximate centre is 5,906,000 North and 470,000 East (UTM NAD 83).

The Vista South coal property consists of twenty one contiguous Alberta Crown Coal Leases held by Coalspur Mines Limited as shown below.



The total area of the combined leases is approximately 23,286.9 hectares. Alberta Crown Coal Leases are granted for a term of 15 years and are renewable for additional terms on Application. The annual payment requirement for Alberta Crown Coal Leases is currently \$3.50 per hectare for the first fifteen years.

A detailed listing of the Alberta Crown Coal Leases currently held by Coalspur Mines Limited on the Vista South property is shown in the table below.

#### Vista South Coal Tenures

Alberta Coal Lease number	Hectares	Start date	First term
1308120621	1,888	04-Dec-08	03-Dec-23
1308120623	1,536	04-Dec-08	03-Dec-23
1308120451	1,536	03-Dec-09	02-Dec-24
1308120452	1,536	03-Dec-09	02-Dec-24
1308120453	1,792	03-Dec-09	02-Dec-24
1308120454	1,280	03-Dec-09	02-Dec-24
1308120455	1,024	03-Dec-09	02-Dec-24
1308120456	1,280	03-Dec-09	02-Dec-24
1308120457	1,254.9	03-Dec-09	02-Dec-24
1308120458	1,536	03-Dec-09	02-Dec-24
1308120459	1,536	03-Dec-09	02-Dec-24
1308120460	1,152	03-Dec-09	02-Dec-24
1308120461	1,024	03-Dec-09	02-Dec-24
1308120462	96	03-Dec-09	02-Dec-24
1308120463	1,040	03-Dec-09	02-Dec-24
1308120464	160	03-Dec-09	02-Dec-24



<b>Alberta Coal Lease number</b>	<b>Hectares</b>	<b>Start date</b>	<b>First term</b>
1310090997	1,280	02-Sept-10	02-Sept-25
1310090998	256	02-Sept-10	02-Sept-25
1310090999	1,792	02-Sept-10	02-Sept-25
1310091000	256	02-Sept-10	02-Sept-25
1310091001	32	02-Sept-10	02-Sept-25
<b>Total</b>	<b>23,286.9</b>		

All of these lease holdings are in Category 4 as designated by the 1976 Alberta Coal Policy. This land category allows for coal surface mine development application by the lease holder.

Certain types of exploration activity require a Land Use Permit, issued by the Alberta Government, prior to conducting the work on a mineral property. The current or future operations of Coalspur, including exploration, development and commencement of production activities on this property require such permits. Other permits governed by laws and regulations pertaining to development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters, may be required as the project progresses.

The Vista South coal property is subject to a royalty payable to the Alberta government. Prior to project payback, the royalty will be 1% of the product revenue derived from crown leases. Subsequent to project payback, the royalty will be 1% of the project revenue plus 13% of the net revenue derived from crown leases. If a mine's costs exceeds its revenue in a production year, only the minimum royalty will apply; this loss will be carried forward to subsequent year(s).

At this time there are no environmental liabilities identified on the property.

#### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The Vista South coal property is located near the town of Hinton in west central Alberta. Primary road access to the general area is via the Yellowhead Highway (Highway 16), which is an all weather divided paved major highway which connects Hinton with Edson, Alberta 85km to the east, and Edmonton, Alberta 289km to the east. The Athabasca River flows parallel to and north of the highway and the town of Hinton. Highway 40 runs south from Highway 16 approximately 4km southwest of Hinton and essentially follows the southwest border of the property.

The CN main rail line runs parallel the Athabasca River and Highway 16, approximately 12km north of the Vista South coal property. The railway provides direct access for coal delivery to Westshore Terminals in Vancouver and to the Ridley Island Terminal at Prince Rupert.

Paved landing strips are available at both Hinton and Edson for light jet aircraft.

The Vista South coal property is directly accessible driving southeast from Hinton along the Robb logging road which is owned and maintained by West Fraser Mills Ltd. This all weather gravel road follows the north eastern margin of the property. It intersects the Gregg River Road at the south-eastern margin of the property. The Gregg River Road connects with Highway 40 on the south-western boundary. Secondary logging trails branch off the main Robb road and Highway 40, and afford additional access to the interior of the property.

The property is situated in the northwest trending outer foothills physiographic region of the Rocky Mountains which is characterized by relatively low, rounded hills with local muskeg in low lying areas. The most prominent feature is High Divide Ridge which extends down the central axis of the property. The highest elevation on this Ridge is over 1700m, and the average elevation of the valley floors is approximately 1,195 metres.

The property is covered with second growth pine with mixes of white spruce and poplar on the hillsides and ridges, while alders, willows and black spruce occur in low lying areas. The region is part of the West Fraser Forest Management Area and is being commercially logged at present.

The climate of the region may be classified as continental sub-humid. Daily temperatures range from a mean maximum of 9°C to a mean minimum of minus 2.5°C, with a mean daily temperature of 3°C. Extreme temperatures range from a maximum of 35°C to a minimum of minus 42°C. The average annual number of days with frost is 280.

The mean total precipitation in the region is approximately 500mm, which includes the rainfall equivalent of a mean snowfall of 119cm. The average annual number of days with measurable precipitation is 133.

Surface rights are held by the Alberta Government and logging and timber management are granted to West Fraser Mills Ltd under a Forest Management Area agreement. There are no oil and gas activities on the property and no private lands.

## **History**

The first geological investigations of the region were undertaken by the Geological Survey of Canada. Rutherford (1923, 1924) carried out reconnaissance mapping of the Embarras, McLeod and Athabasca Rivers. Later, Lang (1944) and Irish (1945) published more detailed maps of the Entrance and Pedley map areas. The most recent study was completed by the Alberta Geological survey in 1990, based primarily on historic drillhole information.

In the late 1920s, a small scale mining operation began at Drinnan, immediately north of the Vista South property, by Jasper Coal Ltd. Underground mining periodically took place from that time to the mid 1940's when the operation was abandoned due to declining demand for domestic coal.

The exploration and development of the current Vista South coal property was carried out by three separate companies:

### *Denison Mines Limited*

Denison Mines Limited initially acquired coal leases in the area in 1969 and undertook an initial geological reconnaissance program of the region. This led to an initial 11 hole exploration drilling program in 1971. However, these holes were not properly surveyed, the geophysical logs were of poor quality and most of this data is considered unreliable.

In 1980 through 1982, Denison commenced a major exploration program in the area which included leases in what is now the Vista South property as well as lands near Mercoal and Robb which are currently held by Sherritt International.

A total of 292 drill holes and 42 coreholes (51,090 meters) were completed over this period on all of the lease areas to identify the best prospects for development. The primary target was determined to be the Robb lease area and all subsequent effort was focused on developing the initial mine operation at this location.

Work on the properties ceased in 1985 and they remained dormant until the Robb and Mercoal interests were purchased by Luscar Ltd in the early 1990s (subsequently acquired by Sherritt International in 2001). The unsold lease interests in what is now Vista South were allowed to expire and the rights reverted back to the Alberta Government.

### *Manalta Coal Limited*

Manalta carried out a limited drilling program across the Nose of the Entrance Syncline in 1992 to identify the coal seam sequence within the Coalspur Formation in this limited area. Additional coreholes were completed for coal quality testing but unfortunately none of these core records survive.

### *Coalspur Mines Limited*

In December, 2008, the Corporation acquired 3,416 hectares of Alberta Crown Coal Leases in the Vista South area through open public tender.

An additional 13,942.9 hectares of Crown Coal Leases was successfully acquired by Coalspur in December 2009, followed again by another 3,616 hectares in September 2010. Both acquisitions were through open public tender.

Coalspur now controls a total of 23,286.9 hectares (232.9 square kilometres) of coal leases in the Vista South property.

Historic drill records (geophysical logs) from prior exploration by Denison and Manalta were acquired from the Alberta Energy Conservation Board and have been incorporated in a MineSight based computer model to facilitate resource calculation for the property.

In August 2010, Coalspur completed a 19 hole exploration drilling program in the western part of the property to develop the initial resource estimate which is the subject of the Vista South Technical Report.

## Geological Setting

The Vista South coal property is located on the eastern margin of the outer foothills of the Rocky Mountain thrust belt. The rocks form part of a thick sequence of continental sediments from the Saunders Group that overlies the marine Wapiabi Formation of the Alberta Group. The Upper Cretaceous-Tertiary Saunders Group is over 3,600m thick and is divisible into the Brazeau, Coalspur and Paskapoo Formations. Although all three units include carbonaceous partings and thin coal seams, major coal deposits are restricted to the Coalspur and Paskapoo Formations.

Strata of the Saunders Group were deposited mainly within lacustrine and alluvial environments. The Brazeau and Coalspur Formations were deposited as a series of five cyclothems, each consisting of a lower part that comprises mainly channel sandstones, and an upper part consisting mostly of mudstones with coaly shales and/or coal beds, and lacustrine rythmites. The fifth cyclothem is the Coalspur Formation. The thickest coal beds are associated with alluvial deposits in the upper part. The Coalspur Formation is up to 600m thick and includes seven major seams, which aggregate up to 22m in thickness. This formation contains the vast majority of coal resources in the outer foothills.

The Paskapoo Formation, which overlies the Coalspur Formation, is a continental alluvial-plain deposit and includes thick successions of poorly indurated mudstones and sandstones. Economically important coals are restricted to the Paskapoo Formation north of Hinton, Alberta (Obed Mountain coalfield), where a coal-bearing interval about 140m thick contains up to six seams of high volatile bituminous coal, with individual seams up to 5m thick.

### *Coalspur Formation*

The coal bearing upper part of Coalspur Formation consists of approximately 300 meters of interbedded sandstones, siltstones and carbonaceous to bentonitic mudstones and several thick continuous coal zones. True bentonites and tuff layers are present, most commonly associated with the coal zones.

A distinct, resistive conglomerate known as the Entrance Conglomerate marks the base of the Coalspur Formation and is approximately 275 meters below the lowermost coal zone. Thick cross bedded sandstones of the Tertiary Paskapoo Formation conformably over lie the Coalspur Formation throughout the region.

Six persistent and correlatable coal zones have been identified in the Hinton region. In descending order they are identified as the Val d'Or, Arbour, McLeod, McPherson, Silkstone and Mynheer zones. These zones are typically multi ply coal seams interbedded mudstone/bentonite partings and can range in thickness from 1m to up to 35m. The most significant zones present on the Vista South coal property are the Val d'Or, McLeod, McPherson and Silkstone.

### *Structural Geology*

The Coalspur Formation on the Vista South coal property is buried in subcrop along the margins of the Entrance Syncline. This large, asymmetrical fold structure extends from the Athabasca River valley south eastwards to the Lovett River over a strike length of 70km. The axial hinge is parallel to the Rocky Mountain Front Range. On the Vista South property, the structure is divided into:

- The Southwest Limb: trending northwest/southeast at steep dip angles ranging from 45 degrees to 65 degrees northeast.
- The Nose Area: extending across the syncline structure from the southwest limb to the northeast limb. A relatively flat bottom syncline structure plunging gently between 8 to 10 degrees southeast
- The Northeast Limb: extending from the Nose to the Gregg River and truncated to the northeast by the major Pedley reverse thrust fault which separates the Entrance Syncline from the adjacent Prairie Creek Anticline. The dip angle on this limb increases from 20 degrees near the nose to 35 degrees and finally near vertical where it is directly overthrust by the Pedley Fault in section 15, Twp 50, Rge24, W5M. South-eastward from this point, the structure is uncertain. Extreme deformation and structural repeats of the coal seams has been observed in drilling near the Pedley Fault overthrust on the Ski Hill Road which was intensely drilled by Denison in 1981.

The property is overlain entirely by a mantle of glacial till and alluvium which varies from 5m to 30m in thickness. Outcrops are limited and consequently all stratigraphic and structural conclusions are based mainly on drillhole data.

In the Vista South Technical Report, MMTS modeled only the northern half of the structure as more infill drilling will be required to define the Northeast Limb southeast of the Pedley Fault complex zone.

## **Exploration**

Exploration on the Vista South coal property consisted of three separate campaigns conducted by Denison Mines Limited, Manalta Coal Limited and Coalspur Mines Limited.

### *Exploration Conducted by Denison Mines Limited*

Denison Mines Limited carried out initial exploration continuously between 1980 and 1982. The programs consisted of geologic mapping, aerial photography producing topographic maps, drilling, downhole geophysical logging, sampling and subsequent analytical work.

Exploration drilling was conducted along pre-existing trails and seismic lines in the area along both limbs and the nose of the Entrance syncline. A total of eight widely spaced lines were completed on the southwest limb and a further six along the northeast limb and nose structure. Holes along the line were closely spaced in areas of complex structure.

All drillholes were logged with a full suite of geophysical logs, including gamma ray, caliper, long-spaced density, bed resolution density, focused beam resistivity and in inclined holes; a dipmeter log was run.

The program confirmed the continuity of the Coalspur Formation along the Entrance syncline and amount of variability within individual coal horizons. However due to wide spacing between lines the resource estimate could only be inferred by extrapolation with a low level of confidence. In total, Denison drilled 161 drillholes on the property for a total of 22,607m. There were an additional six HQ coreholes for a total of 2,074 m.

### *Exploration by Manalta Coal Limited*

Manalta carried out a limited 12 hole drilling program across the Nose of the Entrance Syncline in 1992 to identify the coal seam sequence within the Coalspur Formation in this limited area. An additional 3 coreholes were completed for coal quality testing but unfortunately none of these core records survive. All of these holes were geophysically logged.

### *Exploration by Coalspur Mines*

In August, 2010 Coalspur Mines Limited carried out a drilling program on the property to upgrade the confidence level of the earlier work conducted by Denison and Manalta.

Eight vertical holes were drilled in the Nose area, infilling between the historic drilling to more precisely define the structure and continuity.

On the northeast limb of the syncline 5 to 7 km along strike from the nose, six inclined holes were drilled along three cross sectional lines spaced 500m apart. All of these intersected the McPherson seam and allowed for confident extrapolation of resources in this area.

Thirteen kilometres from the nose along the northeast limb, an additional five holes were drilled into thin coal seams that appear to be stratigraphically above the Val d'Or seam. This area is at the initial phase of exploration and further drilling will be required to define resources.

In total, Coalspur completed 19 holes for a total of 3,297m, all of which were geophysically logged.

## **Mineralization**

The terminology used for identifying coal zones and individual seam plies has been adopted from Denison Mines Limited and the Alberta geological Survey.

There are six continuous coal zones recognized with in upper 300m of the Coalspur Formation identified in descending order as the Val d'Or, Arbour, McLeod, McPherson, Silkstone and Mynheer. While these individual zones maintain relatively

constant thickness and stratigraphic position in the area modeled by MMTS, the proportion of coal plies to rock partings in each zone is variable.

The Val d'Or Zone consists of two major sub-seams separated by a distinct 0.3m parting. The total zone thickness ranges from 5.5m to 3.7m with net coal thickness ranging from 2.9m to 3.6m. The geophysical log signature is distinct and looks very similar to the V3 upper and lower ply section on the adjacent Vista Property.

The Arbour Zone is 6m to 9m below the Val d'Or Zone and consists of one to three coal plies interbedded with mudstones. The total zone thickness ranges from 0.8m to 3.0m and the net coal ranges from 0.6m to 1.5m. The Arbour is typically underlain by a persistent bentonite bed which provides a correlation datum marker.

The McLeod Zone is 70m to 90m below the Arbour Zone. The E-log signature typically shows up to three coal/carbonaceous shale plies with a characteristic low density value. The zone varies in thickness from 1.5m to 3m with net coal from 0.9m to 2.5m. In certain circumstances, the McLeod zone "shales" out completely.

The McPherson Zone is 27m to 31m below the McLeod Zone. This is thickest and most consistent zone on the Vista South property. It consists of four plies, identified as P1 through P4 in ascending order. The McPherson zone ranges in total zone thickness from 9.7m to 14m with net coal thickness ranging from 6m to 9.5m. The zone appears best developed along the northeast limb of the structure and there is evidence of thrust induced over thickening in drill holes CPN 10-23 and 10-24 B where this limb is impacted by the Pedley Fault.

The Silkstone Zone consists of an Upper and Lower Silkstone Zone 47m to 55m below the McPherson Zone. The Upper Silkstone Zone is typically a single ply ranging in thickness from 0.8m to 1.1m. The Lower Silkstone is 20m to 25m below the Upper Siltstone and consists up to four thin coal plies in a total zone ranging from 1.3m to 4.9m. The net coal ranges from 0.4m to 1.3m. This seam is highly variable and not considered mineable.

The Mynheer Zone is typically 70m below the Silkstone Zone and again consists of an Upper and Lower Mynheer Zone. The Upper zone ranges in thickness from 2.5m to 8.2m with net coal ranging from 1.7m to 6.4m. This zone typically contains numerous coal plies and partings and appears to be best developed along the north-eastern limb of the syncline.

The Lower Mynheer Zone is 14m to 25m below the Upper Zone. It is highly variable, ranging from 0.7m to 5.0m with net coal ranging from 0.6m to 2.0m. Individual coal plies are thin and this zone does not appear to be mineable. For each zone/ply the following criteria for inclusion in resource applies:

1. Minimum mineable seam thickness is 0.6m; rock partings 0.3m or greater are considered removable.
2. A coal zone is considered mineable if it has a cumulative thickness of 1.0m or more (as an example, an upper ply of coal 0.4m thick, a rock parting 0.3m thick, and a lower coal ply 0.4m thick).

## **Drilling**

### *Drilling Conducted on the Vista South Property*

In 1980 through 1982, Denison drilled 161 rotary drillholes on the Vista South property block, totalling 22,607 meters. In addition, six diamond holes were completed for coal sampling purpose for a total of 2,074 meters.

In 1992 Manalta drilled 12 rotary holes on the northern border of the property, totalling 1,061 meters. An additional 3 coreholes were completed for a total of 171 meters.

In August/September 2010, Coalspur Mines Limited drilled 19 rotary holes, 8 of which were on the Nose structure and 11 of which were on the northeast limb of the syncline.

The table below summarizes the drilling on the property between 1980 and 2010.

<b>Company</b>	<b>Year</b>	<b>Rotary</b>	<b>(m)</b>	<b>Core</b>	<b>(m)</b>	<b>Total Holes</b>	<b>Total (m)</b>
Denison Mines Ltd	1980	71	9,758	3	933	74	10,691
Denison Mines Ltd	1981	79	11,638	3	1,141	82	12,779
Denison Mines Ltd	1982	11	1,211			11	1,211
Manalta Coal Ltd	1992	12	1,061	3	171	15	1,232
Coalspur Mines Ltd	2010	19	3,297			19	3,297
<b>Grand Total</b>		<b>192</b>	<b>26,965</b>	<b>9</b>	<b>2,245</b>	<b>201</b>	<b>29,210</b>

The Denison drilling was undertaken with two to five drill rigs. These were typically Mayhew 1000 and Failing 1250/1500 type rotary drills mounted on Nodwell tracked vehicles and Cyclone TH 60 and TH 100 truck mounted rigs. Coring was done with Longyear 44 HQ diamond drill rigs equipped with 3 meter Christensen triple tube core barrel. This allowed for continuous retrieval of 6.99 centimetre diameter core. The reported core recovery was good.

The 1992 Manalta program used the same type of truck mounted equipment.

The 2010 Coalspur program used two Cyclone TH 60 truck mounted rotary drills; one of which was capable of drilling at a 65 degree angle.

A detailed summary of Coal Intercepts for the Vista South coal property can be found in Appendix A to the Vista South Technical Report.

### **Sampling and Analysis**

MMTS was not involved in any sampling or coal quality work on the property that was done by Denison Mines Limited, and the only surviving record of this activity is limited to a summary report issued by Denison Mines Limited "Coalspur Project, Feasibility Study, Volume 2. Geology, August 1982." While MMTS has no reason to doubt that the processes used were valid, it cannot cite specific evidence as to the process since the relevant data is not available.

The sampling procedure used by Denison for sampling coal in core included:

- Surveying of drillhole locations (X, Y, and Z).
- Systematic sampling of coal by collecting the entire coal interval.
- Systematic core logging and down hole geophysics completed to better define coal locations.
- Sealing coal samples in plastic bags and shipping them to a certified lab for analysis.

Denison describes core recovery as good for most holes.

### **Sample Preparation, Analysis and Security**

MMTS was not involved in any of the historic sampling on the properties. All of the previous exploration sampling completed by Denison is reported in "Coalspur Project, Feasibility Study; Volume 2. Geology, August 1982" as follows:

*"All the diamond drill core was logged in detail, and full core coal samples were taken from selected mining sections. These samples were sent to General Testing Laboratories, Vancouver for analysis."*

### **Data Verification**

MMTS completed numerous levels of verification, including:

- Checking of all 291 drillholes and core hole geophysical logs
- Checking drillhole collar coordinates to eliminate any obvious errors in location

MMTS entered all drillhole data into Lithology and Coal Quality database files which were in turn uploaded into MineSight software to create a 3D resource model.

MMTS believes that the database and model are accurate and presents no major threats to the resource estimate.

## **Mineral Resource Estimate**

Resources have been estimated for the Vista South coal deposit for those areas that potentially could be mined by open pit methods. Resources that could be mined using underground methods have not been analyzed in the Vista South Technical Report.

The geological modeling portion of the project includes a review of the available data, formatting and treatment of data to support model development, an update of the geological interpretation, and the construction of the 3D resource model. Interpretation and modeling has focused on the Coalspur Formation within the Entrance Syncline.

### *Model Extent*

The resources documented with the Vista South Technical Report represent a north-western portion of the Vista South property. The strike length of the modeled area is approximately 9.6km (compared with a total strike length along the synclinal axis of 24km) while the width is approximately 5.2km.

### *Model Geometry*

Model geometry follows the Coalspur Formation along the north-western portion of the Entrance Syncline. Block dimensions are 25m along strike, 25m in the dip direction, and 10m in elevation. The model measures 386 blocks (9,650m) in length and 512 blocks (12,800m) across and examines resources between 400m and 1,700m in elevation (130 blocks). The model has a – 45° rotation (west of north, an azimuth of 315°).

### *Topography*

A digital elevation model for the project area was obtained from the Alberta Government, 1:20,000 DEM, which included an elevation datum on a 100m grid with accuracy within 5m, surface feature break lines, and general infrastructure. The drillhole data was ‘draped’ to the digital data and the drillhole collar elevations were adjusted to fit the topography.

### *Overburden (till) Surface*

The base of overburden surface defines the extent of glacial-fluvial cover over in situ materials. No coal seams are modeled above the base of overburden surface. The depth of overburden was reported in the drillhole logs. An interpolation, using inverse distance to the fourth power with a 9,500m search, and a maximum of 30 points, was completed. The overburden thickness was then subtracted from the topography surface to make the base of overburden surface.

### *Oxide Horizon*

As the coal is to be used as a thermal product, an oxidation horizon has not been modeled.

### *Geological Data*

The geological database for the model was developed from previous exploration records by MMTS and includes 232 drillholes with a total of 33,902.2m. Of these, six are core holes for a total of 522.7m. Fifty-four drillholes in the south-eastern part of the model area were not used at the time of the Vista South Technical Report (54 holes from the total of 232, totalling 7,280.1m). No trench or outcrop data has been used for modeling. The geologic structure considers bedding to core angles logged in drill core where available.

Coal seam thicknesses from exploration drillholes are measured along the length of the hole (from geophysical logs) and because the angle of intersection between the hole and the seam is often less than perpendicular, these intersections represent an ‘apparent’ rather than ‘true’ thickness of the seam. Adjustment from apparent to true seam thickness is, therefore, a critical step in the modeling of in place coal resources. The resource model is based on true seam thickness, as defined mathematically through the relationship between drillhole geometry and interpreted bedding geometry. The true thickness interpolation used a 5,000m x 5,000m search and an inverse distance power of three.

### *Mineable Thickness*

On the basis of the current interpretation, the property is classified as a moderate, potentially surface mineable deposit. Sample analyses indicate that the coal is low sulphur, high volatile bituminous C rank thermal coal. Resource assumptions for mineable thicknesses conform to GSC Paper 88-21 guidelines at 0.6m.

### *Bulk Density*

A constant SG of 1.60 for all seams was used to determine the coal tonnage.

### *Resource Classification*

During interpolation runs, MineSight® stores the distance from the model block to the nearest composite value in the zone that satisfies the search parameters. The distance values are then used to assign a resource classification code. The current model requires a data point within a search cell of 450m (measured), 900m (indicated), and 2400m (inferred), as prescribed in GSC paper 88- 21.

The three tables below summarize the pit delineated resources for the Vista South Property of immediate interest. The coal, as defined, is within a pit with 45° walls and a strip ratio of less than 20:1 BCM/tonne (a pit delineated resource with an incremental strip ratio of 20 bank cubic metres of waste to one tonne of in place coal). With an incremental strip ratio, each block of coal within the pit must have twenty blocks of waste, or less, above it.

The overall strip ratio for the Vista South Property is 12.3:1. The measured resources represent 30.6% of the total, indicated resources represent 24.9%, while inferred resources are 44.6% of the total coal.

### **Summary of Measured Resources, Vista South Property, Geology Type: “Moderate”, Low Sulphur, High Volatile Bituminous C Rank Thermal Coal**

Resource Category	In Situ (kTonnes)
<b>Measured</b>	51,500

### **Summary of Indicated Resources, Vista South Property, Low Sulphur, High Volatile Bituminous C Rank Thermal Coal**

Resource Category	In Situ (kTonnes)
<b>Indicated</b>	41,900

### **Summary of Inferred Resources, Vista South Property, Low Sulphur, High Volatile Bituminous C Rank Thermal Coal**

Resource Category	In Situ (kTonnes)
<b>Inferred</b>	75,000

The resources by seam are listed in the three tables below.

### **Summary of Measured Resources, Vista South Property, Low Sulphur, High Volatile Bituminous C Rank Thermal Coal**

Seam Name	Seam No.	Volume (Kbcm)	Partings (Kbcm)	Total Coal (Kt)	Seam (%)
Val d'Or	100	4,910.7	164.1	<b>7,900</b>	15.31%
Arbour	110	636.4	0	<b>1,000</b>	1.98%
McLeod	120	3,115	451.3	<b>5,000</b>	9.71%
McPherson 2	132	2,923.8	0	<b>4,700</b>	9.12%
McPherson 1	131	7,322.6	67.6	<b>11,700</b>	22.83%
McPherson	130	8,354.7	1033.9	<b>13,400</b>	26.05%
Upper Silkstone	140	1,094.5	0	<b>1,800</b>	3.41%
Marker 1	160	425.4	0	<b>700</b>	1.33%
Upper Mynheer	170	3,287.7	0	<b>5,300</b>	10.25%
<b>Total</b>				<b>51,500</b>	



### Summary of Indicated Resources, Vista South Property, Low Sulphur, High Volatile Bituminous C Rank Thermal Coal

Seam Name	Seam No.	Volume (Kbcm)	Partings (Kbcm)	Total Coal (Kt)	Seam (%)
Val d'Or	100	3,352.5	55.8	<b>5,400</b>	12.84%
Arbour	110	295.8	0	<b>500</b>	1.13%
McLeod	120	2,890.7	481	<b>4,600</b>	11.07%
McPherson 2	132	1,735	0	<b>2,800</b>	6.64%
McPherson 1	131	4,786.6	27.7	<b>7,700</b>	18.33%
McPherson	130	4,888.5	294.1	<b>7,800</b>	18.72%
Upper Silkstone	140	2,043.7	0	<b>3,300</b>	7.82%
Marker 1	160	837.8	0	<b>1,300</b>	3.21%
Upper Mynheer	170	5,289.3	0	<b>8,500</b>	20.25%
<b>Total</b>				<b>41,900</b>	

### Summary of Inferred Resources, Vista South Property, Low Sulphur, High Volatile Bituminous C Rank Thermal Coal

Seam Name	Seam No.	Volume (Kbcm)	Partings (Kbcm)	Total Coal (Kt)	Seam (%)
Val d'Or	100	5,163.7	126.3	<b>8,300</b>	11.07%
Arbour	110	35.2	0	<b>100</b>	0.13%
McLeod	120	4,002.1	677.9	<b>6,400</b>	8.53%
McPherson 2	132	2,941.1	0	<b>4,700</b>	6.27%
McPherson 1	131	7,544.2	0	<b>12,100</b>	16.13%
McPherson	130	7,752.7	541.1	<b>12,400</b>	16.53%
Upper Silkstone	140	4,622.7	0	<b>7,400</b>	9.87%
Marker 1	160	2,878.4	0	<b>4,600</b>	6.13%
Upper Mynheer	170	11,894	0	<b>19,000</b>	25.33%
<b>Total</b>				<b>75,000</b>	

Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.

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### USE OF PROCEEDS

Assuming the completion of the Offering, the estimated net proceeds to be received by the Corporation from this Offering will be approximately Cdn\$41,600,000. The Corporation intends to use the net proceeds of the Offering as follows:

Bankable feasibility study on the Project .....	Cdn\$11.2 million
Exploration at the Project and Vista South Project .....	Cdn\$ 6.2 million
Regulatory and environmental studies on the Project .....	Cdn\$ 6.8 million
Construction planning for the Project .....	Cdn\$ 2.4 million
Staff and internal consultant expenses .....	Cdn\$ 7.4 million
Corporate and administrative expenses.....	Cdn\$ 4.2 million
Other general working capital .....	Cdn\$ 3.4 million
<b>Total:</b>	<b>Cdn\$41.6 million<sup>(1)</sup></b>

Note:

<sup>(1)</sup> Gross proceeds of the Offering less the Agents' Fee and estimated expenses of the Offering.

Mr. Eugene Wusaty, Managing Director and CEO of the Corporation and a “Qualified Person” under NI 43-101, has determined that the above expenditures for the bankable feasibility study on the Project and exploration at the Project and Vista South Project are reasonable.

In the event that the maximum proceeds are not raised pursuant to the Offering, the allocation of the proceeds set out above will be reduced first from “Other general working capital”, second from “Exploration at the Project and Vista South Project” and third from “Construction planning for the Project”.

The Corporation intends to use the net proceeds of the Offering as stated in this short form prospectus. There may be circumstances however, where for sound business reasons, a reallocation of funds may be necessary. The Corporation has no definitive plans for the portion of the net proceeds of the Offering allocated for general corporate purposes, the allocation of which shall be at the discretion of management of the Corporation. See “Risk Factors”.

### **Business Objectives**

The Corporation’s principal objective is to become a coal producer in the short to medium term.

To achieve its principal objective, the Corporation’s proposed strategies during the next 12 months will continue to focus on the potential development of the Project and include:

- complete a bankable feasibility study (“**BFS**”) on the Project;
- continue environmental impact assessment studies in order to secure environmental approvals required for development of the Project;
- continue permitting discussions with the respective regulatory government authorities in order to secure regulatory approvals required for development of the Project;
- subject to a positive outcome from the BFS, and securing all regulatory approvals, commence construction of the process plant and associated infrastructure for the Project; and
- continue the active drilling and exploration program at the Project and Vista South Project to provide additional resources.

### **PLAN OF DISTRIBUTION**

The Corporation has appointed the Agents to act as its agents to offer for sale to the public, on a commercially reasonable efforts basis, 24,000,000 Ordinary Shares at a price of Cdn\$1.85 per Ordinary Share, subject to the terms and conditions of the Agency Agreement. The obligations of the Agents under the agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated in certain stated circumstances and upon the occurrence of certain stated events. The Offering Price per Ordinary Share was determined by negotiation between the Corporation and the Agents.

Pursuant to the Agency Agreement, the Corporation has agreed to pay a cash commission to the Agents of 5% of the gross proceeds of the Offering.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Other than in respect of the Ordinary Shares sold to purchasers in the United States, which will be represented by individual certificates, and other than pursuant to certain exceptions, one or more book entry-only certificates representing the balance of the Ordinary Shares will be issued in registered form to the CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and deposited with CDS on the Closing Date, which is expected to take place on or before May 3, 2011, or such other date as may be agreed upon by the Corporation and the Agents. A purchaser of Ordinary Shares (other than a purchaser of Ordinary Shares in the United States) will receive only a customer confirmation from the registered dealer through which the Ordinary Shares are purchased. (See “Plan of Distribution”).

The TSX has conditionally approved the listing of the Ordinary Shares distributed under this short form prospectus on the TSX. Listing is subject to the Corporation fulfilling all of the requirements of the TSX on or before July 12, 2011. The Corporation will also apply to list the securities distributed under this prospectus on the ASX. Listing on the ASX will be subject to the Corporation fulfilling all the listing requirements of the ASX.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Agents may not, at any time during the period ending on the date the selling process for the Ordinary Shares ends and all stabilization arrangements relating to the Ordinary Shares are terminated, bid for or purchase Ordinary Shares. The foregoing restrictions are subject to certain exceptions including (a) a bid for or purchase of Ordinary Shares if the bid or purchase is made through the facilities of the TSX, in accordance with the Universal Market Integrity Rules of Market Regulation Services Inc., (b) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Agents, or if the client's order was solicited, the solicitation occurred before the period of distribution as prescribed by the rules, and (c) a bid or purchase to cover a short position entered into prior to the period of distribution as prescribed by the rules. The Agents may engage in market stabilization or market balancing activities on the TSX where the bid for or purchase of Ordinary Shares is required for the purpose of maintaining a fair and orderly market in the Ordinary Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time.

None of the Ordinary Shares offered hereby have been or will be registered under the United States Securities Act of 1933, as amended (the “1933 Act”), or any securities or “blue sky” laws of any of the states of the United States. Accordingly, the Ordinary Shares may not be offered or sold within the United States except in accordance with an exemption from the registration requirements of the 1933 Act and applicable state securities laws. In addition, the Agency Agreement provides that the Agents (i) will offer and sell Ordinary Shares outside the United States only in accordance with Regulation S under the 1933 Act and (ii) will offer and sell Ordinary Shares within the United States only to institutional accredited investors who satisfy one or more of the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the 1933 Act. The certificates representing the Ordinary Shares which are sold in the United States will contain a legend to the effect that the Ordinary Shares represented thereby have not been registered under the 1933 Act or any state securities laws and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the 1933 Act or any state securities laws.

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Ordinary Shares offered hereby in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Ordinary Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirement of the 1933 Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the 1933 Act.

During the period commencing on the Closing Date and ending on the date which is 90 days following the Closing Date, the Corporation has agreed not to issue or announce the issuance of any Ordinary Shares or any securities convertible into or exchangeable for or exercisable to acquire Ordinary Shares without the prior written consent of Haywood Securities Inc. on behalf of the Agents, such consent not to be unreasonably withheld, other than pursuant to: (a) a private placement of Ordinary Shares at the Offering Price; (b) currently outstanding rights or agreements, including options, warrants and other convertible securities and any rights which have been granted or issued, subject to any necessary regulatory approval; (c) obligations in respect of existing mineral property agreements; (d) the issue of securities in connection with any arm's length property or share acquisition in the normal course of business or in connection with any business combination or similar transaction; (e) the grant of options exercisable at not less than the Offering Price; or (f) up to 6,000,000 performance rights granted under the Corporation's proposed performance rights plan.

The Corporation has agreed to indemnify each of the Agents and their affiliates and their respective directors, officers, employees and agents against certain liabilities and expenses or will contribute to payments that the Agents may be required to make in respect thereof.

## **DESCRIPTION OF THE SHARES**

The Corporation is authorized to issue an unlimited number of Shares, each without par value.

All of the Shares rank equally as to voting rights, participation in a distribution of the assets of the Corporation on a liquidation, dissolution or winding-up of the Corporation and the entitlement to dividends. The holders of Shares are entitled to:

- a) vote at all meetings of shareholders of Coalspur, except meetings at which only holders of a specified class of shares are entitled to vote;
- b) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Coalspur, any dividends declared by Coalspur; and

- c) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Coalspur, the remaining property of Coalspur upon dissolution or winding-up of Coalspur, whether voluntary or involuntary.

## PRIOR SALES

### Shares

The following table summarizes the Shares issued by Coalspur during the 12 months prior to the date of this prospectus.

Date	Price per Share	Number of Shares	Reason for issuance
April 28, 2010	A\$0.08	1,094,519	Exercise of Share purchase options
May 14, 2010	A\$0.08	1,083,000	Exercise of Share purchase options
June 2, 2010	A\$0.08	4,473,000	Exercise of Share purchase options
June 11, 2010	A\$0.50	45,000,000	Private placement of Shares
June 17, 2010	A\$0.08	280,000	Exercise of Share purchase options
June 29, 2010	A\$0.08	766,000	Exercise of Share purchase options
July 16, 2010	A\$0.08	1,053,172	Exercise of Share purchase options
August 13, 2010	A\$0.08	435,000	Exercise of Share purchase options
September 10, 2010	A\$0.08	100,000	Exercise of Share purchase options
September 10, 2010	A\$0.50	15,000,000	Private placement of Shares
October 12, 2010	A\$0.08	985,108	Exercise of Share purchase options
October 14, 2010	A\$0.80	55,000,000	Private placement of Shares
November 3, 2010	A\$0.08	1,544,816	Exercise of Share purchase options
November 17, 2010	A\$0.08	1,239,517	Exercise of Share purchase options
November 22, 2010	A\$0.80	45,000,000	Conversion of convertible notes
December 20, 2010	A\$0.08	1,372,000	Exercise of Share purchase options
December 20, 2010	A\$0.35	100,000	Exercise of Share purchase options
January 28, 2011	A\$0.08	3,430,878	Exercise of Share purchase options
February 11, 2011	A\$0.08	169,000	Exercise of Share purchase options
February 11, 2011	A\$0.50	100,000	Exercise of Share purchase options
February 11, 2011	A\$0.35	20,000	Exercise of Share purchase options
February 28, 2011	A\$0.08	374,406	Exercise of Share purchase options
March 11, 2011	A\$0.08	503,678	Exercise of Share purchase options
March 23, 2011	A\$0.08	725,330	Exercise of Share purchase options
March 23, 2011	A\$0.35	85,000	Exercise of Share purchase options
March 23, 2011	A\$0.40	1,000,000	Exercise of Share purchase options
March 23, 2011	A\$0.50	500,000	Exercise of Share purchase options
April 20, 2011	A\$0.08	2,355,561	Exercise of Share purchase options
April 20, 2011	A\$0.50	1,000,000	Exercise of Share purchase options

### Options

The following table summarizes the options convertible into Shares issued by Coalspur during the 12 months prior to the date of this prospectus.

<b>Date</b>	<b>Exercise Price per option</b>	<b>Number of options</b>	<b>Reason for issuance</b>
May 14, 2010	A\$0.85	750,000	Remuneration arrangements
May 14, 2010	A\$0.95	750,000	Remuneration arrangements
May 14, 2010	A\$1.05	750,000	Remuneration arrangements
July 16, 2010	A\$0.85	700,000	Remuneration arrangements
July 16, 2010	A\$0.95	700,000	Remuneration arrangements
July 16, 2010	A\$1.05	700,000	Remuneration arrangements
August 30, 2010	A\$0.80	15,000,000	Fee for provision of project funding facility
August 30, 2010	A\$0.80	2,000,000	Remuneration arrangements
September 10, 2010	A\$0.70	15,000,000	Issued pursuant to private placement on the basis of one option for every Share issued

### TRADING PRICE AND VOLUME

#### TSX

The following table sets forth the high and low closing sale prices and trading volumes for the Shares as reported on the TSX since listing:

<b>Month</b>	<b>High (Cdn\$)</b>	<b>Low (Cdn\$)</b>	<b>Volume</b>
October 27 - 31, 2010	1.27	1.23	815,200
November, 2010	1.83	1.26	7,474,900
December, 2010	2.00	1.63	7,992,500
January, 2011	2.31	1.95	9,292,100
February, 2011	2.02	1.77	5,142,200
March, 2011	2.13	1.49	8,878,842
April 1 - 21, 2011	2.10	1.86	4,687,800

#### ASX

The following table sets forth the high and low closing sale prices and trading volumes for the Shares as reported on the ASX during the 12 months prior to the date of this prospectus:

<b>Month</b>	<b>High (A\$)</b>	<b>Low (A\$)</b>	<b>Volume</b>
April, 2010	0.90	0.51	31,645,672
May, 2010	0.855	0.60	30,247,484
June, 2010	0.97	0.69	21,232,559
July, 2010	0.86	0.745	12,480,807
August, 2010	0.815	0.715	6,826,321
September, 2010	0.995	0.735	19,739,370
October, 2010	1.195	0.91	23,621,119
November, 2010	1.80	1.19	33,184,048
December, 2010	1.97	1.59	26,924,427
January, 2011	2.30	1.94	23,457,155

<b>Month</b>	<b>High (A\$)</b>	<b>Low (A\$)</b>	<b>Volume</b>
February, 2011	1.985	1.81	16,429,810
March, 2011	2.14	1.57	43,706,567
April 1 - 21, 2011	2.10	1.83	15,035,374

## **RISK FACTORS**

An investment in the Ordinary Shares is highly speculative and subject to a number of risks. Prospective investors in the Ordinary Shares should carefully consider the information described in this short form prospectus as well as the Risk Factors set out in the Corporation's Annual Information Form incorporated herein by reference. These risk factors, together with all other information included or incorporated by reference in this short form prospectus, including information contained in the section "Cautionary Statement Regarding Forward Looking Statements", should be carefully reviewed and considered by investors. In addition, an investor should carefully consider the following risk factors associated with the Offering.

### **Risks Associated with the Offering**

***The Corporation's Shares are publicly traded and are subject to various factors that may make the Corporation's share price volatile.***

There can be no assurance that an active market for the Shares will be sustained after the Offering. Securities of mineral resource and mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America, Australia and globally, and market perceptions of the attractiveness of particular industries. The price of the shares of the Corporation is also likely to be significantly affected by short-term changes in commodity prices, including coal prices, currency exchange fluctuation, or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the performance of the Corporation that may have an effect on the price of the shares of the Corporation include the following: the extent of analytical coverage available to investors concerning the business of the Corporation may be limited if investment banks with research capabilities do not follow the Corporation's shares; lessening in trading volume and general market interest in the Corporation's shares may affect an investor's ability to trade significant numbers of shares of the Corporation; the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's shares; and a substantial decline in the price of the shares of the Corporation that persists for a significant period of time could cause the Corporation's shares to be delisted from an exchange, further reducing market liquidity. If an active market for the shares of the Corporation does not continue, the liquidity of an investor's investment may be limited and the price of the shares of the Corporation may decline below the Offering Price.

As a result of any of these factors, the market price of the shares of the Corporation at any given point in time may not accurately reflect the long-term value of the Corporation. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

### ***Dilution from Further Equity Financing***

If the Corporation raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholder of the Corporation and reduce the value of their investment.

### ***Discretion in the Use of Proceeds***

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Corporation's results of operations may suffer.

## Risks Relating to the Corporation

### *Current Global Financial Conditions*

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Corporation to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the trading price of the Shares could continue to be adversely affected.

### *Required Consultation*

Regulatory processes for coal mines in Alberta require extensive public involvement and aboriginal consultation programs. The consultation will be undertaken in accordance with a consultation plan approved by the Alberta government as part of the regulatory process to obtain approvals required prior to beginning construction and operations. There can be no guarantee that required consultation will not create delays in project approval or unexpected interruptions in project progress, or result in additional costs to advance the Corporation's projects.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at the dates indicated, and as adjusted to give effect to the Offering. The table should be read in conjunction with the audited annual consolidated financial statements of the Corporation for the year ended June 30, 2010 and management's discussion and analysis thereon and the unaudited interim consolidated financial statements of the Corporation as at and for the three months ended December 31, 2010 and management's discussion and analysis thereon, incorporated by reference in this short form prospectus.

	As at June 30, 2010 (audited)	As at December 31, 2010 (unaudited)	As at December 31, 2010 after giving effect to the issue of Ordinary Shares <sup>(1)(2)</sup> (unaudited)
Cash and cash equivalents	A\$21,228,195	A\$16,317,419	A\$56,906,539
Long term debt	Nil	Nil	Nil
Shares (unlimited authorized)	A\$48,285,442 (362,499,962 ordinary shares)	A\$131,721,100 (484,329,575 ordinary shares)	A\$172,310,220 (508,329,575 ordinary shares)

Notes:

- (1) After deduction of the Agents' Fee and the estimated expenses of the Offering.  
(2) Calculated based on the Exchange Rate.

## CORPORATE GOVERNANCE

### Board of Directors

The Board of the Corporation is currently comprised of six directors, three of whom are independent, namely, Messrs. Steyn, Turcotte and Middlemas. Messrs. Wusaty, Pearce and Arima are not independent as they are currently executive officers of the Corporation.

The independent directors do not hold regularly scheduled meetings at which the non-independent directors and members of management are not in attendance. The Board considers that such meetings are not necessary considering the current size of the Corporation and breadth of membership of the Board, and given that the Board promotes generally open and candid discussions among independent directors. However, as required, the independent directors ask that non-independent directors excuse themselves from Board meetings when appropriate. The Board believes that this procedure is appropriate given the size of the Corporation.

The role and responsibilities of the Chair of the Board are set out in the Board charter below.

The attendance record of the directors at meetings of the Board held during the Corporation's most recently completed financial year was as follows:

<b>Current Directors</b>	<b>Board Meetings Number Eligible to Attend</b>	<b>Board Meetings Number Attended</b>
Ian Middlemas	12	12
Eugene Wusaty	10	9
Anastasios Arima	12	12
Denis Turcotte	-	-
Colin Steyn	-	-
Mark Pearce	12	12

### **Other Directorships**

The following directors of the Corporation are directors of other issuers that are reporting issuers or the equivalent in Canada or elsewhere:

- **Mr. Ian Middlemas**

Mr. Middlemas holds directorships in Mantra Resources Limited (September 2005 – present), Global Petroleum Limited (April 2007 – present), Newport Mining Limited (September 2008 – present), Odyssey Energy Limited (September 2005 – present), Pacific Energy Limited (June 2006 – present), QED Occtech Limited (July 2001 – present), Sierra Mining Limited (January 2006 – present), Sovereign Metals Limited (July 2006 – present), WCP Resources Limited (September 2009 – present), Equatorial Resources Limited (November 2009 – present), Pacific Ore Limited (April 2010 – present) and Wildhorse Energy Limited (January 2010 – present).

- **Mr. Mark Pearce**

Mr. Pearce holds directorships in Odyssey Energy Limited (September 2005 – present), Sovereign Metals Limited (July 2006 – present), WCP Resources Limited (September 2009 – present), Equatorial Resources Limited (November 2009 – present) and Pacific Ore Limited (April 2010 – present).

- **Mr. Colin Steyn**

Mr. Steyn holds directorships in Mantra Resources Limited (March 2008 – present) and Mirabela Nickel Limited (October 2009 – present).

- **Mr. Denis Turcotte**

Mr. Denis Turcotte holds a directorship in Domtar Corp. (2007 – present).

### **Board Mandate**

The Board has adopted a written charter, a copy of which is included below. Generally speaking, the Board is responsible for the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Corporation including formulating (with management) its strategic direction, approving and monitoring capital expenditures, setting remuneration, appointing, removing and creating succession policies for directors and executive officers, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for monitoring financial and other reporting.

### **Position Descriptions**

Other than as set out in the Board charter, the Board has not adopted written position descriptions for the Chairman of the Board on the basis that the role of the Chairman of the Board is well understood by all of the directors. Similarly, other than as set out in the Board charter, the Board has not adopted a written position description for the Chief Executive Officer on the



basis that the role and responsibilities are well understood. The role of chair of the Audit Committee is set out in the Audit Committee charter.

### **Orientation and Continuing Education**

The Corporation does not provide a formal orientation or education program for new directors. However, new directors are educated about the nature and operation of the Corporation's business, current issues, corporate strategy and the role of the Board, its committees and its directors by the current directors and senior officers. The Board encourages directors to participate in continuing education opportunities in order to ensure that directors maintain or enhance their skills and abilities as directors, and maintain a current and thorough understanding of the Corporation's business.

### **Ethical Business Conduct**

Directors of the Corporation must keep the Board advised, on an on-going basis, of any material personal interest in a matter that relates to the affairs of the Corporation. Where a director has a personal interest in a matter, the director will remove himself from any deliberations regarding the matter to which the conflict relates.

To encourage ethical business practices, with the prior approval of the Chairman or independent directors, each director has the right to seek independent legal and other professional advice at the Corporation's expense concerning any aspect of the Corporation's operations or undertakings in order to fulfil his duties and responsibilities as a director.

The Corporation has implemented a code of ethics and conduct for its directors, officers and employees. If any director, officer or employee suspects that a breach of the code has occurred or will occur, he or she is required to report the breach to management. No person will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach of the code. All reports will be acted upon and kept confidential. A person may obtain a copy of the code by contacting the Corporation.

### **Nomination and Compensation of Directors**

Given the Corporation's size and stage of development, the Board has not yet established a separate Nomination and Compensation Committee. However, it is noted that the Corporation is currently undertaking a review of its corporate governance framework and expects to establish such a committee in the coming months.

### **Other Board Committees**

The Board currently has no standing committees other than the Audit Committee. The information prescribed by Part 5 of NI 52-110 is set out under the heading "Directors and Officers" in the Corporation's Annual Information Form dated October 27, 2010.

### **Assessments**

Given the Corporation's size and stage of development, the evaluation of the Board as a whole, committees of the Board and its individual directors continue to be carried out periodically on an informal basis. To date, given the small size of the Board and the frequency with which its meetings are held, the Board has not found it necessary to implement a formal process in order to satisfy itself that the Board, its committees and its individual directors are performing effectively.

### **Board Charter**

#### ***Role of the Board***

The primary function of the Board of the Corporation is to manage, or supervise the management of, the business and affairs of the Corporation. In doing so, the Board shall act with a view to the best interests of the Corporation.

The Board has responsibility for, and has the authority to determine, all matters relating to policies, practices, management and operations of the Corporation. It is required to do all things necessary to determine the objectives and the strategy, and to ensure that the strategy is carried out in order to achieve the objectives of the Corporation.

The principle objective of the Corporation is to acquire, explore, develop and operate (or otherwise exploit) profitable resource projects to create and deliver sustainable value for shareholders.

The Board has the final responsibility for the successful implementation of the strategies, and the ongoing operations and performance, of the Corporation.

Without limiting the generality of that stated role, the matters reserved specifically for the Board include:

- (a) determining the vision and objectives of the Corporation;
- (b) formulating short term and long term strategies to enable the Corporation to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- (c) identifying occupational health, safety and environmental issues and formulating and implementing policies to address and manage them, and to monitor the compliance and effectiveness of these policies;
- (d) identifying other material business risks pertaining to the Corporation's operations, and to develop and implement strategies to manage these risks, and internal control systems to monitor compliance with and the effectiveness of these strategies;
- (e) appointing and approving the terms and conditions of the appointment of the Managing Director and Chief Financial Officer, and other officers;
- (f) determining the remuneration of the Corporation's Managing Director, Chief Financial Officer and other officers of the Corporation, including share and benefit plans;
- (g) establishing and determining the powers and functions of the committees of the Board ("**Committees**"), including the Audit Committee;
- (h) reviewing and providing feedback on the performance of the Managing Director and Chief Financial Officer and other officers and senior management of the Corporation;
- (i) reviewing the performance of the Board, individual directors and Committees;
- (j) endorsing the terms and conditions of employment of senior executives;
- (k) approving and fostering an appropriate culture for the Corporation that is directly aligned to its values, strategies and objectives;
- (l) identifying all areas where written Board policies are required, determining the policies, and overseeing the implementation and monitoring of compliance, including policies in relation to codes of conduct, related party transactions, and trading in the Corporation's securities;
- (m) approving the annual budget of the Corporation and variations thereto;
- (n) approving major operating and capital budgets of the Corporation, and material variations to these budgets;
- (o) authorising expenditure approval limits for the Managing Director and authorising expenditure in excess of these discretionary limits;
- (p) approving all mergers, acquisitions and disposals of projects and businesses;
- (q) considering the reports from Committees and the recommendations made;
- (r) reviewing annually the progress and performance of the Corporation towards meeting its objectives;
- (s) reviewing periodically the process, outcomes and effectiveness of the Corporation's decisions and strategies, and ensuring that valuable lessons are identified and absorbed into the process and framework for making future decisions;
- (t) authorising the issue of securities and instruments of the Corporation;

- (u) approving processes, procedures and internal control systems to ensure that the Corporation's financial results are reported on a timely and accurate basis;
- (v) approving Annual Financial Reports (and interim financial reports as may be required), Annual Reports, notices of general meetings, and profit and dividend announcements;
- (w) determining, implementing and monitoring procedures to ensure that the Australian Securities Exchange and the Toronto Stock Exchange are promptly and adequately informed of all matters considered to be material, in accordance with the continuous disclosure obligations;
- (x) overseeing the Corporation's approach to corporate governance issues;
- (y) monitoring developments in the Corporation's industry and general operating environment; and
- (z) encouraging effective communication between the Corporation and its shareholders, employees and the general public.

### ***Powers of the Board of Directors***

In order to ensure the efficient management of the Corporation, the Board recognises the need to delegate certain of its powers to executive management. These powers may be delegated to a Committee of the Board, an individual director, or to an officer or employee of the Corporation.

In delegating this power, the Board must be satisfied that the delegate will exercise it reliably and competently, and in accordance with the requirements of the Board. The Board must be satisfied on reasonable grounds at all times that the delegate would exercise the power in conformity with the duties imposed on directors of the Corporation by the *Corporations Act 2001 (Cth)* and the Corporation's Constitution. The Board must also be satisfied, on reasonable grounds and in good faith and after making proper inquiry if the circumstances indicated the need for inquiry that the delegate was reliable and competent in relation to the power delegated.

The Board accepts responsibility for the manner in which the delegated powers are exercised, and must monitor the efficiency and effectiveness of the exercise of these powers by the delegate.

### ***Delegation of Authority to Managing Director and Senior Management***

The Board delegates responsibility for the day-to-day management of the Corporation and its operations to its Managing Director and senior management. This delegation of authority includes responsibility for:

- (a) formulating, with the Board, the vision, strategies, business plans and budgets for the Corporation, and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) operating the Corporation's businesses within the parameters and having regard to the policies set by the Board from time to time, and keeping the Board informed of material developments in relation to those businesses;
- (c) where proposed transactions, commitments or undertakings exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- (d) identifying material business risks, formulating strategies in conjunction with the Board or the Audit Committee to manage the risks, and monitoring effectiveness of the management process and reporting to the Board and Audit Committee;
- (e) developing and managing financial reporting and internal control and monitoring systems to ensure that they are efficient and effective, and provide adequate and timely financial information pertaining to the performance, condition, and prospects of the Corporation;
- (f) implementing and monitoring compliance with the policies, processes and codes of conduct approved by the Board;

- (g) negotiating the terms and conditions of appointment of senior executives for Board approval, appointing the senior management team, and endorsing the terms and conditions of appointment of all other staff members;
- (h) implementing and monitoring compliance with policies, processes and procedures for the management and development of the Corporation's human resources, including the corporate culture and ethics;
- (i) providing strong leadership to, and effective management of, the Corporation;
- (j) ensuring that all matters requiring review or approval by the Board are raised with sufficient supporting information and advance notice to allow proper consideration by the Board; and
- (k) reporting to the Board on a monthly basis, or other agreed time frame considered to be appropriate by the Board, the performance of all parts of the business against budget.

### ***Chairman's Responsibilities***

The Chairman's responsibilities include:

- (a) chairing the meetings of the Board in an impartial manner, ensuring that meetings are properly constituted, a quorum is present, minutes of previous meetings are considered as required, all directors have a fair opportunity to participate, and the meeting is declared closed;
- (b) developing a regular schedule of Board meetings, setting the agenda for the meetings in consultation with the Managing Director, and ensuring that there is adequate time and balance allowed between strategic, operational and compliance issues;
- (c) ensuring that issues relating to conflicts of interest between the Corporation and its directors and employees are properly dealt with in accordance with the Constitution of the Corporation and applicable law;
- (d) understanding of Board and general meeting rules and procedures;
- (e) chairing the Annual General Meeting (AGM), and any Extraordinary General Meetings, and ensuring that shareholders have adequate opportunity to ask questions and provide their comments in relation to the management of the Corporation;
- (f) ensuring that the external audit partner is present at the AGM and available to answer any questions raised by shareholders;
- (g) providing leadership and ensuring the effective performance of the Board;
- (h) maintaining ongoing relations with management that are conducive to productive co-operation, and ensuring the provision by management to directors of accurate, timely and clear information;
- (i) arranging regular evaluations of the performance of the Board and its Committees and of individual directors;
- (j) ensuring directors continually update their skills and experience and knowledge of the Corporation necessary to fulfil their role on the Board and Committees; and
- (k) establishing a protocol to be applied if the Chairman is absent from meetings of the Board.

### ***Board Structure***

#### ***Criteria for Appointment***

Directors are appointed under the terms of the Corporation's Constitution. Appointments to the Board are to be based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise and experience on the Board. The categories considered necessary for this purpose is a blend of accounting and finance, business, technical and administration skills.

### *Formality of Appointment*

Directors should be appointed pursuant to formal agreements. The expectations for time to be committed and involvement in Committees and other activities of the Corporation should be set out in writing.

### *Role of Non-Executive Directors:*

Non-executive directors collectively should:

- (a) challenge executive management and contribute to the development of strategy;
- (b) scrutinise the performance of executive management against agreed objectives and strategies;
- (c) monitor the quality, quantity and efficiency of internal and external reporting of Corporation performance;
- (d) review independently and challenge the proposals presented by executive management, requesting additional information where they consider the information provided is not sufficiently detailed to support informed decision making; and
- (e) take reasonable and proper steps to satisfy themselves that financial information released to the markets and shareholders is accurate, and that there are adequate and proper financial controls and systems of risk management and that the controls are maintained and the systems robust.

Non-executive directors individually should:

- (a) take the time to ensure they are properly informed about the subject matter of all decisions they are called upon to make as directors of the Corporation;
- (b) monitor their own performance, taking into account their other time commitments, state of health, potential conflicts of interest, and personal circumstances, to determine whether they can properly discharge their duties and responsibilities as a director of the Corporation, and provide quality assistance to enable the Corporation to achieve its objectives; and
- (c) undertake ongoing education to maintain appropriate skill levels, and attend site visits to the Corporation to assist with the need to remain familiar with the Corporation's business activities.

### *Annual Review of Non-Executive Directors*

Board composition should be reviewed annually by the Board to ensure that the non-executive directors between them bring the range of skills, knowledge and experience necessary to direct the Corporation in the future, taking into account its current operations and expectations for changes in the nature and scope of its activities.

### *Expectations of Directors*

Prospective candidates for election as directors of the Corporation are to be acquainted with the role of the Board and its Committees and the contribution that directors are expected to make, including, in particular, the time commitment that the Corporation expects of directors. Directors are expected to prepare in advance of each meeting in order to fulfil their responsibilities as directors.

### *Conflicts of Interest and Potential Conflicts of Interest*

A director must inform the Board or the Chairman as soon as the director becomes aware of any conflict or potential conflict of interest the director may have in relation to any transaction or matter relevant to the Corporation or its business. Unless the Board decides or the law requires otherwise, the director should be absent from any discussion and decision on that transaction or matter.

### ***Compliance with Legislation and Board Policy***

Directors must comply with the relevant legislation impacting on their activities as directors, and with all policies established by the Board.

### ***Committees***

The Board may establish, as required, standing and temporary Committees to which it may delegate some of its powers. Each Committee shall adopt a charter in order to define the role, responsibility, powers, structure, composition, operation and administration of the Committee and the Board.

The Board has adopted an Audit Committee. The Audit Committee, and any other Committee the Board should adopt, should report to the Board, as it considers appropriate having regard to matters and issues of significance that may arise, but in any case at least twice annually.

The minutes of the Audit Committee meetings, and the meeting minutes of any other Committee the Board should adopt, should be included in the Board pack of directors for each Board meeting, except where the Chairman considers it inappropriate due to potential conflicts.

### ***Board Performance***

The Board has a process for reviewing its performance and that of its individual directors, Committees and senior management. The Board meets annually to review the outcome of this process.

The annual procedure for Board performance evaluation will be to:

- review its performance against the terms of the Board Charter;
- review the performance of Committees against the terms of their charters;
- review the contribution of each director; and
- review the changes that may be required to the charter of the Board or its Committees, taking into account the developments in the Corporation and its businesses over the preceding year, and in corporate governance practices.

The Board will determine the scope and detailed procedures involved in this performance evaluation.

### ***Indemnity and Insurance***

The Corporation maintains a Directors' and Officers' Liability insurance policy to indemnify directors against liability (subject to certain exclusions) arising out of the discharge of their duties as directors. All such insurance cover is to be obtained at reasonable rates and on reasonable terms.

### ***Independent Professional Advice***

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Corporation will pay the reasonable expenses associated with obtaining such advice.

### ***Board Review of Mandate***

The Board may review and, as and when necessary, revise the Mandate.

In accordance with applicable securities laws, the text of the Board mandate shall be included in the Corporation's management proxy circular for each annual meeting of the Corporation's shareholders.

## EXECUTIVE COMPENSATION

The following information, tables and the notes thereto summarize the compensation of the Managing Director & Chief Executive Officer, the Company Secretary & Chief Financial Officer, the Vice President, Operations, Vice President, Development and Vice President, Technical Services of Coalspur (the “**Named Executive Officers**” or “**NEOs**”) for the financial years ended June 30, 2008, 2009 and 2010. There were no other executive officers of Coalspur or its subsidiaries serving during the last financial year whose total compensation exceeded C\$150,000 per annum.

### *Compensation Discussion and Analysis*

The compensation of the Named Executive Officers is set out in the “*Summary Compensation Table*” and “*Employment Contracts*” sections below. The executive compensation policy adopted by the Board is to provide a fixed remuneration component and a performance based component to Coalspur’s executives. The Board believes that this compensation policy is appropriate given the stage of development of the Corporation and the activities which it undertakes, and is appropriate in aligning executive objectives with shareholder and business objectives.

The Board determines payments to executives and reviews their compensation annually, based on market conditions, duties and accountability. In determining an executive officer’s salary, consideration is given to the individuals’ performance, level of experience, level of responsibility and length of service. Independent external advice is sought when required.

Bonuses are used to reward executive officers for achieving certain objectives. The Corporation’s performance and the performance of the individual during the period is considered in determining whether a bonus will be paid and if so, the amount of the bonus.

The Corporation is a growing listed company with most of its funds allocated to specific exploration and development activities. As a result, the Board chooses to issue stock options to executives as a key component of the incentive portion of their remuneration, in order to retain the services of executives and to provide an incentive linked to the performance of the Corporation. Given the speculative nature of the Corporation’s activities and the small executive team responsible for its running, it is considered the performance of Coalspur’s executives and the performance and value of the Corporation are closely related. As such, options granted to executives will generally only be of benefit if Coalspur’s executives perform to the level whereby the value of the Corporation increases sufficiently to warrant exercising the options granted.

Given the evolving nature of the Corporation’s business, the Corporation’s overall compensation plan is under constant review so as to continue to address its objectives.

### *Summary Compensation Table*

The following table and the notes thereto summarise the compensation of the NEOs for the Corporation’s three most recently completed financial years.

Name and Principal Position	Financial Year	Salary A\$	Share-based awards A\$	Option-based awards <sup>(6)</sup> A\$	Non-equity incentive plan compensation		Pension value A\$	All Other Compensation A\$	Total Compensation A\$
					Annual incentive plans A\$	Long-term incentive plans A\$			
<b>Eugene Wusaty</b> <sup>(1)</sup>	2010	205,772	-	3,341,739	-	-	-	6,820	3,554,331
Managing Director & Chief Executive Officer	2009	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-	-
<b>Mark Pearce</b> <sup>(2)</sup>	2010	15,000	-	-	-	-	-	1,350	16,350
Company Secretary & Chief Financial Officer	2009	15,000	-	-	-	-	-	-	15,000
	2008	15,000	-	-	-	-	-	-	15,000
<b>Denis Lehoux</b> <sup>(3)</sup>	2010	107,359	-	449,027	-	-	-	5,393	561,779
Vice President, Operations	2009	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-	-

Name and Principal Position	Financial Year	Salary A\$	Share-based awards A\$	Option-based awards <sup>(6)</sup> A\$	Non-equity incentive plan compensation		Pension value A\$	All Other Compensation A\$	Total Compensation A\$
					Annual incentive plans A\$	Long-term incentive plans A\$			
<b>Dermot Lane</b> <sup>(4)</sup>	2010	82,667	-	359,222	-	-	-	4,301	446,190
Vice President, Development	2009	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-	-
<b>David Leslie</b> <sup>(5)</sup>	2010	11,810	-	568,944	-	-	-	855	581,609
Vice President, Technical Services	2009	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-	-

Notes:

- (1) Mr. Wusaty was appointed Managing Director & Chief Executive Officer on August 17, 2009.
- (2) Apollo Group Pty Ltd, a company controlled by Mr. Pearce, provides administrative and accounting services and the provision of a fully serviced office to Coalspur, for a monthly retainer of A\$19,000. Apollo Group Pty Ltd also receives, from time to time, consulting fees for additional services provided.
- (3) Mr. Lehoux was appointed Vice President, Operations on December 1, 2009. Mr. Lehoux resigned effective from March 18, 2011.
- (4) Mr. Lane was appointed Vice President, Development on December 1, 2009.
- (5) Mr. Leslie was appointed Vice President, Technical Services on June 1, 2010.
- (6) The fair value of the stock options granted is estimated as at the date of grant using the Binomial option valuation model taking into account the terms and conditions upon which the options were granted.

Details of stock options granted to each Named Executive Officer during the most recently completed financial year are as follows:

	Issuing Entity	Grant Date	Expiry Date	Exercise Price A\$	Grant Date Fair Value A\$ <sup>(1)</sup>	No. Granted	No. Vested at June 30, 2010
<b>Directors</b>							
Eugene Wusaty	Corporation	September 30, 2009	December 31, 2013	0.10	0.402	2,750,000	2,750,000
	Corporation	September 30, 2009	June 30, 2014	0.15	0.393	2,750,000	2,750,000
	Corporation	September 30, 2009	December 31, 2014	0.20	0.388	2,750,000	-
	Corporation	September 30, 2009	June 30, 2015	0.25	0.386	2,750,000	-
Denis Lehoux <sup>(2)</sup>	Corporation	November 24, 2009	December 31, 2013	0.40	0.237	1,000,000	1,000,000
	Corporation	November 24, 2009	June 30, 2014	0.50	0.236	1,000,000	-
	Corporation	November 24, 2009	December 31, 2014	0.60	0.238	1,000,000	-
Dermot Lane	Corporation	November 24, 2009	December 31, 2013	0.40	0.237	800,000	800,000
	Corporation	November 24, 2009	June 30, 2014	0.50	0.236	800,000	-
	Corporation	November 24, 2009	December 31, 2014	0.60	0.238	800,000	-
David Leslie	Corporation	May 14, 2010	June 30, 2014	0.85	0.676	750,000	750,000
	Corporation	May 14, 2010	December 31, 2014	0.95	0.689	750,000	-
	Corporation	May 14, 2010	June 30, 2015	1.05	0.702	750,000	-

Note:

- (1) The fair value of the stock options granted is estimated as at the date of grant using the Binomial option valuation model taking into account the terms and conditions upon which the options were granted.
- (2) Mr. Lehoux resigned effective from March 18, 2011. At the time of his resignation, the 1,000,000 options exercisable at \$0.60 on or before December 31, 2014 previously issued to Mr. Lehoux had not vested and have subsequently lapsed.

### Option Based Awards

Option based awards are considered as components of both short term and long term incentive compensation. Options are issued to key management personnel at the discretion of the Board on the basis that the Corporation is not currently of a size,



nor are its affairs of such complexity to justify the formation of a separate compensation committee. Options vest upon the optionholder remaining employed by the Corporation for a specified period of time. All options are exercisable for fully paid ordinary shares in the capital of the Corporation.

The Board is currently considering the establishment of a Performance Rights Plan (“**Plan**”) to replace the existing option based award program. The proposed Plan provides for the issuance of performance share rights (“**Performance Rights**”) which, upon a determination by the Board that the performance conditions attached to the Performance Rights have been met, will result in the issue of one new ordinary share in the Corporation for each Performance Right. The proposed Plan is subject to approval by the shareholders of the Corporation.

#### *Outstanding share-based awards and option-based awards*

The following table summarises the number and value of all option and share-based awards outstanding for each Named Executive Officer at the end of the most recently completed financial year, including awards granted before the most recently completed financial year:

Name and Principal Position	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options #	Option exercise price A\$	Option expiration date	Value of unexercised in-the-money options A\$	Number of shares or units of shares that have not vested #	Market or payout value of share-based awards that have not vested #
<b>Eugene Wusaty</b>	2,750,000	\$0.10	December 31, 2013	2,035,000	-	-
Managing Director &	2,750,000	\$0.15	June 30, 2014	1,897,500	-	-
Chief Executive Officer	2,750,000	\$0.20	December 31, 2014	1,760,000	-	-
	2,750,000	\$0.25	June 30, 2015	1,622,500	-	-
<b>Denis Lehoux</b> <sup>(1)</sup>	1,000,000	\$0.40	December 31, 2013	440,000	-	-
Vice President,	1,000,000	\$0.50	June 30, 2014	340,000	-	-
Operations	1,000,000	\$0.60	December 31, 2014	240,000	-	-
<b>Dermot Lane</b>	800,000	\$0.40	December 31, 2013	352,000	-	-
Vice President,	800,000	\$0.50	June 30, 2014	272,000	-	-
Development	800,000	\$0.60	December 31, 2014	192,000	-	-
<b>David Leslie</b>	750,000	\$0.85	June 30, 2014	-	-	-
Vice President,	750,000	\$0.95	December 31, 2014	-	-	-
Technical Services	750,000	\$1.05	June 30, 2015	-	-	-

Note:

- (1) Mr. Lehoux resigned effective from March 18, 2011. At the time of his resignation, the 1,000,000 options exercisable at \$0.60 on or before December 31, 2014 previously issued to Mr. Lehoux had not vested and have subsequently lapsed.

#### *Incentive plan awards – value vested or earned during the year*

The following table summarises the number and value of all option and share-based awards vested or earned during the year for each Named Executive Officer at the end of the most recently completed financial year:

Name	Option-based awards – Value vested during the year (A\$)	Share-based awards – Value vested during the year (A\$)	Non-equity incentive plan compensation – Value earned during the year (A\$)
Eugene Wusaty	1,732,500	-	-
Mark Pearce	-	-	-
Denis Lehoux	-	-	-
Dermot Lane	-	-	-
David Leslie	-	-	-

It is noted that the aggregate dollar value for each of the Named Executive Officers that would have been realised, had the underlying option-based awards been exercised on the vesting dates, under incentive plan awards during the most recently completed financial year was A\$1,732,500.

### *Securities Authorised for Issuance Under Equity Compensation Plans*

The following table sets out information in respect of compensation plans under which equity securities of the Corporation are authorised for issuance at June 30, 2010.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by securityholders	-	-	-
Equity compensation plans not approved by securityholders	20,700,000	A\$0.38	-

The 20,700,000 options referred to above were not granted pursuant to any formal option plan or similar compensation arrangement, however it is noted that 16,400,000 options granted during the year were approved by Shareholders at a General Meeting.

### *Compensation of Directors*

The following table sets out all amounts of compensation provided to the directors for the Corporation's most recently completed financial year:

<b>Name</b>	<b>Fees earned A\$</b>	<b>Share-based awards A\$</b>	<b>Option-based awards A\$</b>	<b>Non-equity incentive plan compensation A\$</b>	<b>Pension value A\$</b>	<b>All other compensation A\$</b>	<b>Total A\$</b>
Ian Middlemas	43,000	-	-	-	3,870	-	46,870
Colin Steyn	-	-	-	-	-	-	-
Denis Turcotte	-	-	-	-	-	-	-
Anastasios Arima <sup>(1)</sup>	90,000	-	-	25,000	10,350	-	125,350

Note:

(1) Mr. Arima is an executive director.

During the most recently completed financial year, in addition to the compensation arrangements for the Named Executive Officers and Executive Directors, each non-executive director received fees for their services as directors. With respect to payments made to non-executive directors, each receives a fixed fee of between A\$15,000 and A\$50,000 per annum. Should the non-executive directors provide services over and above those expected of such a position, the Corporation will provide reasonable remuneration for those services. During the financial year ended June 30, 2010 no such services were provided.

To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Corporation and have in limited circumstances received options. The Corporation's non-executive directors' did not receive any options as remuneration during the year ended June 30, 2010.

### *Employment Contracts*

Mr Wusaty, Managing Director and Chief Executive Officer, has a contract of employment with Coalspur Mines Limited dated 4 August 2009. The contract specifies the duties and obligations to be fulfilled by the Managing Director and Chief Executive Officer. The contract has a rolling annual term and may be terminated by the Corporation by giving 3 months notice. No

amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase “just cause” at common law in Canada). Mr Wusaty receives a fixed remuneration component of C\$200,000 per annum and a discretionary annual bonus of up to C\$100,000 per annum to be paid upon Mr Wusaty achieving key performance indicators, as agreed with by the Board. In addition Mr Wusaty will be entitled to receive a payment of C\$100,000 in the event of a change of control occurring with the Corporation.

Apollo Group Pty Ltd, a company controlled by Mr. Pearce, provides administrative and accounting services and the provision of a fully serviced office to Coalspur, for a monthly retainer of A\$19,000. Apollo Group Pty Ltd also receives, from time to time, consulting fees for additional services provided.

Mr Lehoux, previously Vice President, Operations, had a contract of employment with Coalspur Mines (Operations) Ltd. dated 16 November 2009. Mr. Lehoux resigned effective March 18, 2011. The contract specified the duties and obligations to be fulfilled by the Vice President, Operations. The contract had a rolling annual term and could be terminated by the Corporation by giving 3 months notice. No amount was payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase “just cause” at common law in Canada). Mr Lehoux received a fixed remuneration component of C\$150,000 per annum and a discretionary annual bonus of up to C\$50,000 per annum to be paid upon Mr Lehoux achieving key performance indicators, as agreed with by the Board.

Mr Lane, Vice President, Development, has a contract of employment with Coalspur Mines (Operations) Ltd. dated 17 November 2009. The contract specifies the duties and obligations to be fulfilled by the Vice President, Development. The contract has a rolling annual term and may be terminated by the Corporation by giving 3 months notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase “just cause” at common law in Canada). Mr Lane receives a fixed remuneration component of C\$132,000 per annum and a discretionary annual bonus of up to C\$25,000 per annum to be paid upon Mr Lane achieving key performance indicators, as agreed with by the Board.

Mr Leslie, Vice President, Technical Services, has a contract of employment with Coalspur Mines (Operations) Ltd. dated 24 April 2010. The contract specifies the duties and obligations to be fulfilled by the Vice President, Operations. The contract has a rolling annual term and may be terminated by the Corporation by giving 3 months notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase “just cause” at common law in Canada). Mr Leslie receives a fixed remuneration component of C\$132,000 per annum and a discretionary annual bonus of up to C\$25,000 per annum to be paid upon Mr Leslie achieving key performance indicators, as agreed with by the Board.

Mr Arima, Executive Director, has a contract of employment with Coalspur Mines Limited dated 24 April 2009. The contract specifies the duties and obligations to be fulfilled by the Executive Director. The contract has a rolling annual term and may be terminated by the Corporation by giving 2 months notice. No amount is payable in the event of termination for negligence or incompetence in regard to the performance of duties. Mr Arima receives a fixed remuneration component of A\$125,000 per annum (2009: A\$90,000) and a discretionary annual bonus of up to A\$50,000 per annum (2009: A\$25,000) to be paid upon Mr Arima achieving key performance indicators, as agreed with by the Board.

The Corporation has entered into standard protection deeds (the “**Deeds**”) with certain of its directors and officers which provide for, amongst other things, an indemnity of the directors and officers, to the extent permitted by law, against any liability which they may incur while carrying out duties as directors or officers of the Corporation, access to documents of the Board of the Corporation and the provision of directors’ and officers’ insurance.

Other than the agreements described above, the Deeds and the payment of directors’ fees, there are no employment contracts or other arrangements in existence between the Corporation or its subsidiaries and any director or officer of the Corporation and there is no arrangement or agreement made between the Corporation and any of its Named Executive Officers pursuant to which a payment or other benefit is to be made or given by way of compensation in the event of that Officer’s resignation, retirement, or other termination of employment, or in the event of a change of control of the Corporation or a change in the NEO’s responsibilities following such a change of control.

### ***Pension Plan Benefits***

The Corporation does not have a pension plan and has not provided for any pension plan benefits, other than statutory superannuation, to its Named Executive Officers. Executives receive superannuation contributions, currently at 9% for Australian employees, and do not receive any other retirement benefit.

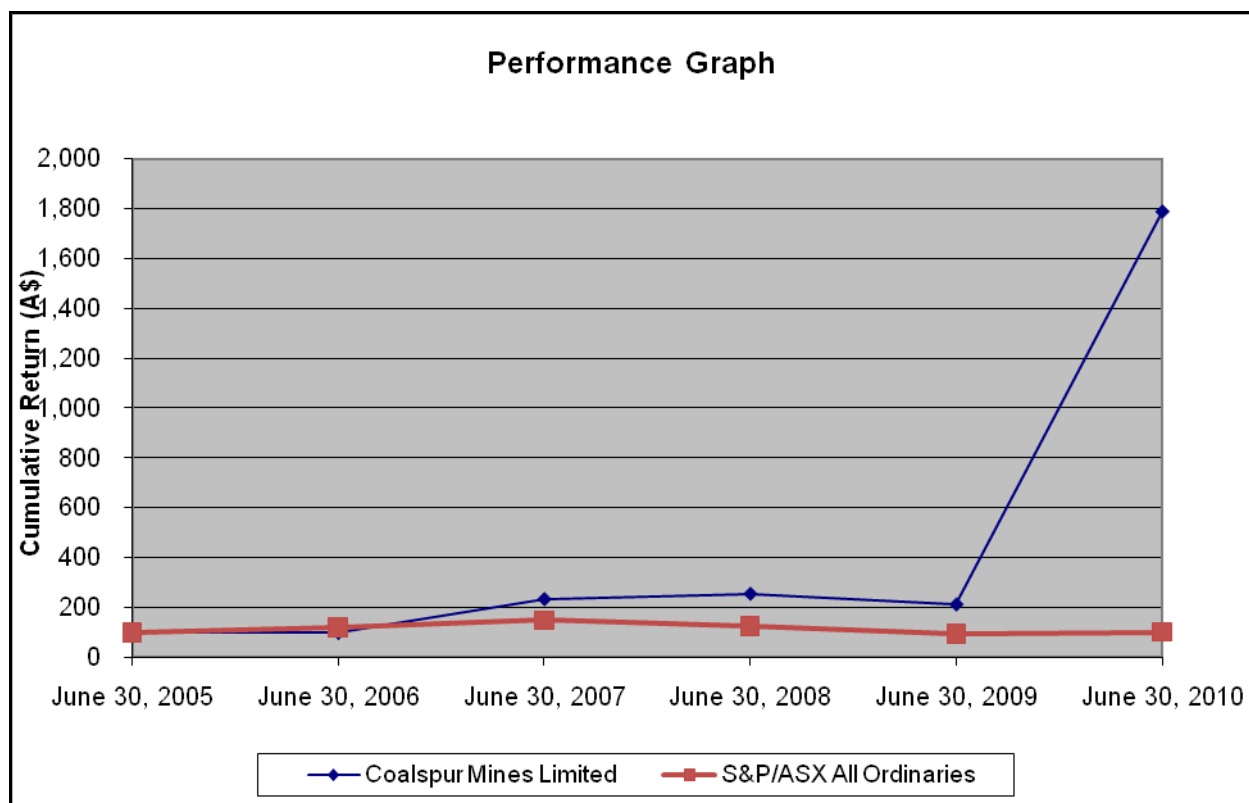
### *Compensation of Remuneration Committee*

The Corporation does not currently have a Remuneration Committee, however the Corporation is currently undertaking a review of its corporate governance framework and expects to establish such a committee in the coming months.

### *Performance Graph*

The following performance graph shows the cumulative shareholder return of Coalspur for the last four most recently completed financial years compared to the S&P/ASX All Ordinaries Index.

The table below the graph shows what a A\$100 investment in Coalspur Shares and the S&P/ASX All Ordinaries Index, respectively, made on June 30, 2005 would be worth at June 30, 2006, 2007, 2008, 2009 and 2010, following the initial investment.



	June 30, 2005 A\$	June 30, 2006 A\$	June 30, 2007 A\$	June 30, 2008 A\$	June 30, 2009 A\$	June 30, 2010 A\$
Coalspur Mines Limited	100	98	234	256	213	1,789
S&P / ASX All Ordinaries Index	100	119	149	126	93	102

### **LEGAL MATTERS**

Certain legal matters relating to the distribution of the Ordinary Shares pursuant to this short form prospectus will be passed upon by Blake, Cassels & Graydon LLP on behalf of the Corporation and by Miller Thomson LLP on behalf of the Agents. As of the date of this prospectus, the partners and associates of Blake, Cassels & Graydon LLP, as a group, and the partners and associates of Miller Thomson LLP, as a group, each beneficially own, directly or indirectly, less than 1% of the securities of the Corporation.

## **INTEREST OF EXPERTS**

Information of a scientific or technical nature regarding the Corporation's properties included by reference into this short form prospectus is based upon the Technical Report and the Vista South Technical Report. Kevin Souza, Ting Lu and Miloje Vicentijevic of Wardrop, Robert F. Engler, Robert J. Morris and Robert Fong of MMTS and Les Gezcy of CPG Resources – QCC Pty Limited, the authors of the Technical Report, are independent consultants to the Corporation and Qualified Persons under NI 43-101 and do not have an interest in the properties of the Corporation. Robert F. Engler and Robert J. Morris of MMTS, the authors of the Vista South Technical Report, are independent consultants to the Corporation and Qualified Persons under NI 43-101 and do not have an interest in the properties of the Corporation.

Eugene Wusaty, Managing Director and CEO of the Corporation, is named as having certified a statement in this short form prospectus and is a Qualified Person under NI 43-101. As at the date hereof, Mr. Wusaty owns, directly or indirectly, 2,600,000 Shares of the Corporation and 11,000,000 unlisted options of the Corporation. Other than in connection with his position with the Corporation, Mr. Wusaty does not have an interest in the properties of the Corporation.

With respect to the auditors, Deloitte Touche Tohmatsu has advised the Corporation that they have not contravened the independence requirements as set out in the Australian Corporations Act 2001 and APES 110 Code of Ethics for Professional Accountants.

Other than Mr. Wusaty, none of the aforementioned persons is currently expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of an associate or affiliate of the Corporation.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors for the Corporation are Deloitte Touche Tohmatsu, independent chartered accountants, located at Woodside Plaza Level 14 240 St. Georges Terrace Perth, Western Australia 6000.

Computershare Investor Services Inc. and Computershare Investor Services Pty Ltd. are the Corporation's transfer agents and registrars for its Shares. Computershare Investor Services Inc. is located at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1. Computershare Investor Services Pty Ltd. is located at Level 2, 45 St. Georges Terrace Perth, Western Australia, 6000.

## **PURCHASERS' RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the short form prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

## **CERTIFICATE OF THE CORPORATION**

Dated: April 25, 2011

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

(Signed) "*Eugene Wusaty*"  
Chief Executive Officer

(Signed) "*Mark Pearce*"  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*Ian Middlemas*"  
Director

(Signed) "*Colin Steyn*"  
Director

## **CERTIFICATE OF THE AGENTS**

Dated: April 25, 2011

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

**HAYWOOD SECURITIES INC.**

**BMO NESBITT BURNS INC.**

**RBC DOMINION SECURITIES INC.**

By: (Signed) "*Kevin Campbell*"  
Kevin Campbell

By: (Signed) "*Tom Jakubowski*"  
Tom Jakubowski

By: (Signed) "*Tim Loftsgard*"  
Tim Loftsgard

**SALMAN PARTNERS INC.**

By: (Signed) "*Terrance K. Salman*"  
Terrance K. Salman