



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 1 OCTOBER 2010

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STRATEGIC AND INSTITUTIONAL PLACEMENTS TO RAISE \$80M

*The Directors of Coalspur Mines Limited ("**Coalspur**" or "**Company**") are pleased to advise that BMO Capital Markets and JP Morgan are acting as Joint Lead Agents and Joint Bookrunners for a Share Placement to North American and European based strategic and institutional investors.*

The Share Placement will raise A\$44.0 million (before costs) by the issue of 55 million Ordinary Shares at A\$0.80 each. The Share Placement is being made to strategic and institutional investors.

A further A\$36.0 million (before costs) will also be raised from a Private Placement of convertible notes which, subject to shareholder approval, will convert into 45 million Ordinary Shares at A\$0.80 each. The Private Placement is being made to a number of current strategic and institutional shareholders, with the largest participant being the Highland Park Group.

Proceeds from the placements will be used to fund the acquisition of the New Coal Leases (see ASX release dated 16 June 2010) and to enable further accelerated development of the Company's world class Vista Coal Project.

Commenting on the transaction, Mr Gene Wusaty, Managing Director and Chief Executive Officer said, "The scale of the placements and the high quality of the strategic and institutional investors is further testament to the Company's Vista Coal Project. Having the support of BMO Capital Markets and JP Morgan as the Company continues to develop the Vista Coal Project and progress its proposed listing on TSX will be a huge benefit going forward."

"Using the funds from the placements, rather than the previously announced debt facility, to accelerate the acquisition of the New Coal Leases will place the Company in a stronger financial position to rapidly develop the Vista Coal Project. By the end of the December 2010 quarter, we will have completed the Pre-feasibility Study while having retained all of the off-take and marketing rights to our coal and will still be debt free, which is a significant achievement for a Company of our size and a project of this scale."

The placements will settle by:

- *Share Placement - the issue of 55 million ordinary shares at \$0.80 each to raise \$44 million; and*
- *Private Placement - the issue of convertible notes with a total face value of \$36 million, which will automatically convert at \$0.80 each into 45 million ordinary shares upon subsequent shareholder approval.*

The Company will then accelerate the exercise of its right to acquire the New Coal Leases, with settlement of the acquisition of the New Coal Leases to occur within 15 business days. Further details regarding the transaction will be included in a Notice of General Meeting to be sent to shareholders shortly. Settlement of the placements is expected to occur by mid-October 2010.

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About Coalspur

Coalspur is a coal exploration and development company with offices in Calgary and Hinton, Alberta, Canada and Perth, Western Australia. The Company has significant coal properties in the Coal Branch Region of west-central Alberta, which are currently the subject of a Pre-Feasibility Study with a goal to develop a major new thermal export coal mine to meet growing energy demands worldwide. The Company is listed on the Australian Securities Exchange ("**ASX**") under the symbol "CPL" and is pursuing a dual listing on the Toronto Stock Exchange ("**TSX**").

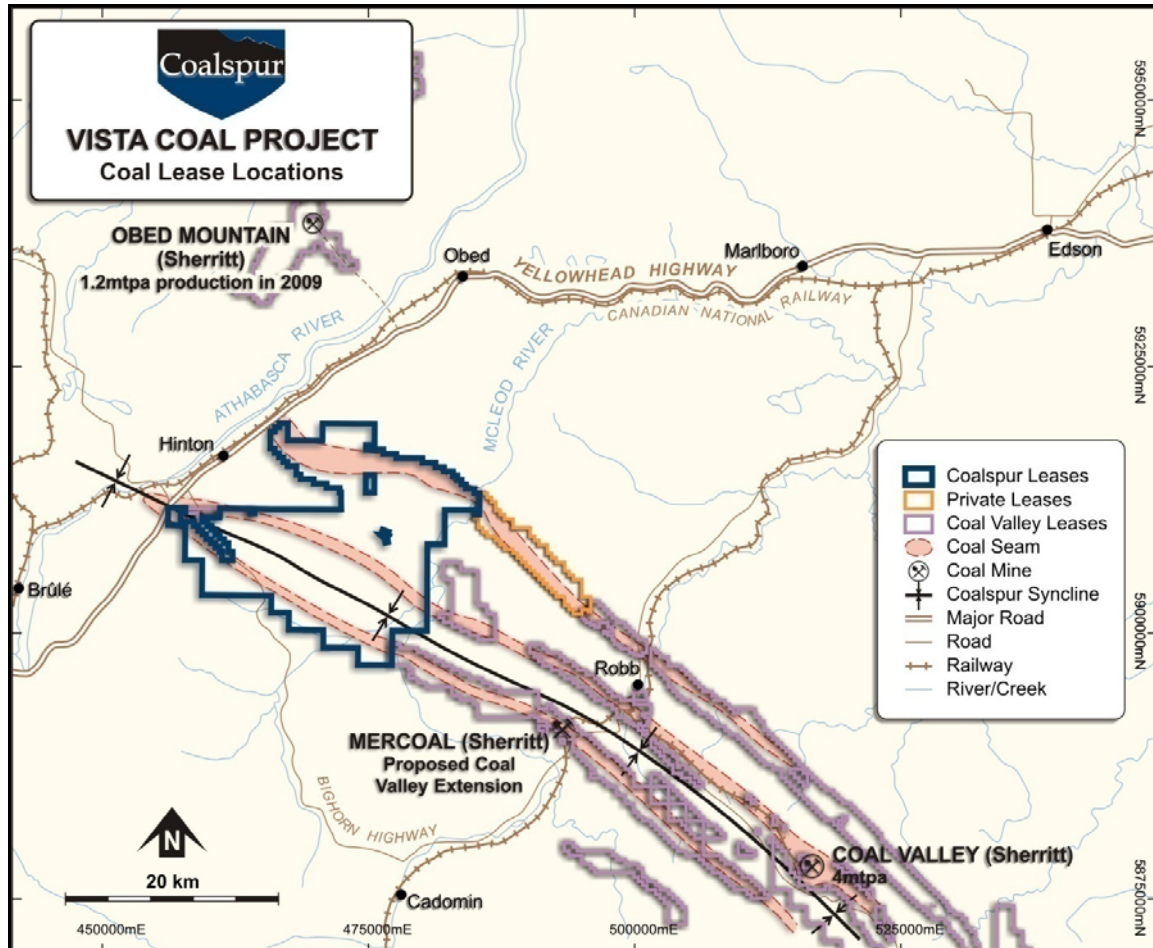


Figure 1: Vista Coal Leases

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