

JUNE 2014 QUARTERLY REPORT

VANCOUVER, British Columbia, Canada, 31 July 2014: Coalspur Mines Limited (“Coalspur” or “Company”) (ASX: CPL, TSX: CPT) is pleased to present its quarterly report for the three months ending 30 June 2014.

Highlights of past quarter

In April 2014, Coalspur announced that its preferred supplier of engineering, procurement and construction (“EPC”) services had been changed to Sedgman Limited (“Sedgman”, ASX: SDM). This decision was made following the placing of the former EPC contractor's parent company (Forge Group Limited) into administration and later liquidation. Sedgman participated in Coalspur's 2013 competitive front-end engineering and design process for the Vista project (“Vista”) and was ideally positioned to step into the role of lead EPC contractor.

In May 2014, Coalspur released an update on the Company's financial position and activities. This update included the fact that the Company no longer intends to commence construction in June 2014, due to delays in securing all financing and permits necessary for the development of Phase 1 of Vista. The Company also provided an update on ongoing funding discussions and liquidity.

In May 2014, the Alberta Energy Regulator (“AER”) issued an amended mine permit, an amended processing plant approval, and pit and dump licences for Phase 1 of Vista, pursuant to the AER's approval of Vista Phase 1 in February 2014.

On May 31, 2014, the Company held its Annual General Meeting of shareholders at which the shareholders approved all items of business before the meeting, including the re-appointment of all directors of the Company.

In June 2014, Coalspur announced that it had selected Thiess Pty Ltd (“Thiess”) as its preferred mining contractor for Vista. Thiess was selected based on, among other things, its proven track record as the world's preeminent total services mining contractor, together with attractive pricing of the contracted services which underpin Vista's competitive FOB cost position.

In June 2014, Coalspur secured an additional US\$10 million funding through a further drawing under its existing senior secured debt facility with EIG Global Energy Partners (“EIG” or “EIG Facility”), subject to additional undertakings and conditions. The US\$10 million working capital was drawn down in a single tranche in July, and will be used to progress key activities at Vista and enable Coalspur to conduct a strategic review process whereby it will consider a range of alternatives available to the Company, with a view to enhancing shareholder value. The strategic alternatives that will be pursued and reviewed by the Company may include, but are not limited to, full funding of Vista, a refinancing or recapitalisation of the Company, the sale of all or a portion of the Company's assets, formation of a joint venture, the outright sale of the Company and a merger or other business combination transaction involving a third party. Deutsche Bank has been appointed by Coalspur to act as its financial advisor to the strategic review process.

On 23 June 2014, Coalspur provided clarification on previously issued technical disclosure. As a result of a review by the British Columbia Securities Commission, it was determined that the Company's March 28, 2014 technical report entitled "Coalspur Mines Limited Vista Coal Project, Alberta, Canada NI43-101 Independent Technical Report" was not in compliance with certain requirements of National Instrument 43-101. The Company has prepared an updated technical report to ensure compliance, there are no material differences between the recommendations and conclusions in the updated report and the March 28, 2014 report, and the updated report is expected to be filed in early August.

Subsequent to quarter end, Mr. Theodore (Ted) Mayers, Mr. Colin Steyn, and Mr. Peter Breese (and Messrs. Steyn and Breese's alternate, Mr. Bill Smart) resigned as directors of the Company. Mr. Mark Rodda was appointed as Chairman of the Company. The Company also agreed minor variations to the EIG Facility which included varying the undertaking to enter into a construction contract by August 1, 2014 by extending the date to

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August 15, 2014, and varying the undertaking to enter into a mining contract by August 1, 2014 by extending the date to September 30, 2014.

Going Forward

Activities in the coming months are expected to include:

- Continuing to work with the various regulatory agencies in order to secure detailed permits and licenses for Vista Phase 1;
- Advancing key elements of work around Vista Phase 2;
- Progressing the strategic review process together with Deutsche Bank; and
- Finalising the EPC contract with Sedgman and the mining contract with Thiess.

For additional information, please contact:

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Schedule of tenements held by the Company

| Project Name | Location | Permit/lease number | Percentage Interest | Status |
|--------------------|----------|---------------------|---------------------|---------|
| Vista Coal Project | Alberta | 1307020587 | 100% | Granted |
| Vista Coal Project | Alberta | 1307020588 | 100% | Granted |
| Vista Coal Project | Alberta | 1307060429 | 100% | Granted |
| Vista Coal Project | Alberta | 1308020345 | 100% | Granted |
| Vista Coal Project | Alberta | 1308020346 | 100% | Granted |
| Vista Coal Project | Alberta | 1308020347 | 100% | Granted |
| Vista Coal Project | Alberta | 1308020348 | 100% | Granted |
| Vista Coal Project | Alberta | 1308020349 | 100% | Granted |
| Vista Coal Project | Alberta | 1308050904 | 100% | Granted |
| Vista Coal Project | Alberta | 1308050905 | 100% | Granted |
| Vista Coal Project | Alberta | 1308120620 | 100% | Granted |
| Vista Coal Project | Alberta | 1308120622 | 100% | Granted |
| Vista Coal Project | Alberta | 1308120624 | 100% | Granted |
| Vista Coal Project | Alberta | 1311040471 | 100% | Granted |
| Vista Coal Project | Alberta | 1311040472 | 100% | Granted |
| Vista Coal Project | Alberta | 1311050576 | 100% | Granted |
| Vista Coal Project | Alberta | 1311050581 | 100% | Granted |
| Vista Coal Project | Alberta | 1311050582 | 100% | Granted |
| Vista Coal Project | Alberta | 1399080001 | 100% | Granted |

| | | | | |
|--------------------|---------|------------|------|-------------|
| Vista Coal Project | Alberta | 80368501 | 100% | Application |
| Vista Coal Project | Alberta | 80368502 | 100% | Application |
| Vista Coal Project | Alberta | 80368503 | 100% | Application |
| Vista Extension | Alberta | 1307050787 | 100% | Granted |
| Vista Extension | Alberta | 1307050788 | 100% | Granted |
| Vista Extension | Alberta | 1307050789 | 100% | Granted |
| Vista Extension | Alberta | 1307050790 | 100% | Granted |
| Vista Extension | Alberta | 1307050791 | 100% | Granted |
| Vista Extension | Alberta | 1307050792 | 100% | Granted |
| Vista Extension | Alberta | 1307050793 | 100% | Granted |
| Vista Extension | Alberta | 1307050794 | 100% | Granted |
| Vista Extension | Alberta | 1307050795 | 100% | Granted |
| Vista Extension | Alberta | 1307050796 | 100% | Granted |
| Vista Extension | Alberta | 1307050797 | 100% | Granted |
| Vista Extension | Alberta | 1307050798 | 100% | Granted |
| Vista Extension | Alberta | 1307050799 | 100% | Granted |
| Vista Extension | Alberta | 1307050800 | 100% | Granted |
| Vista Extension | Alberta | 1307050801 | 100% | Granted |
| Vista Extension | Alberta | 1307050802 | 100% | Granted |
| Vista Extension | Alberta | 1308060419 | 100% | Granted |
| Vista Extension | Alberta | 1308060420 | 100% | Granted |
| Vista South | Alberta | 1308120621 | 100% | Granted |
| Vista South | Alberta | 1308120623 | 100% | Granted |
| Vista South | Alberta | 1309120451 | 100% | Granted |
| Vista South | Alberta | 1309120452 | 100% | Granted |
| Vista South | Alberta | 1309120453 | 100% | Granted |
| Vista South | Alberta | 1309120454 | 100% | Granted |
| Vista South | Alberta | 1309120455 | 100% | Granted |
| Vista South | Alberta | 1309120456 | 100% | Granted |
| Vista South | Alberta | 1309120457 | 100% | Granted |
| Vista South | Alberta | 1309120458 | 100% | Granted |
| Vista South | Alberta | 1309120459 | 100% | Granted |
| Vista South | Alberta | 1309120460 | 100% | Granted |
| Vista South | Alberta | 1309120461 | 100% | Granted |
| Vista South | Alberta | 1309120462 | 100% | Granted |
| Vista South | Alberta | 1309120463 | 100% | Granted |
| Vista South | Alberta | 1309120464 | 100% | Granted |
| Vista South | Alberta | 1310090997 | 100% | Granted |

| | | | | |
|-----------------|---------|------------|------|---------|
| Vista South | Alberta | 1310090998 | 100% | Granted |
| Vista South | Alberta | 1310090999 | 100% | Granted |
| Vista South | Alberta | 1310091000 | 100% | Granted |
| Vista South | Alberta | 1310091001 | 100% | Granted |
| Athabasca River | Alberta | 1311120568 | 100% | Granted |
| Athabasca River | Alberta | 1311120570 | 100% | Granted |
| Athabasca River | Alberta | 1311120572 | 100% | Granted |
| Athabasca River | Alberta | 1311120573 | 100% | Granted |
| Athabasca River | Alberta | 1311120574 | 100% | Granted |

Regulatory Disclosures

For further information regarding Vista, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the project, please refer to the technical report titled "Coalspur Mines Limited: Vista Coal Project NI 43-101 Independent Technical Report" dated July 31, 2014 (refer to ASX announcement dated July 31, 2014). For further information regarding Vista Extension, please refer to the technical report titled "Coalspur Mines Limited: Updated Resource Estimate for the Vista Coal Project" dated September 12, 2012. For further information regarding Vista South, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the project, please refer to the technical report titled "Resource Estimate for the Vista South Coal Property" dated June 25, 2012. The technical reports are available for review on SEDAR at sedar.com.

Forward Looking Information

This report contains forward-looking information concerning Coalspur, including information regarding Coalspur's plans for financing, permitting and developing Vista, and other matters. All statements in this report, other than statements of historical facts, that address events or developments that Coalspur expects to occur, are statements of forward-looking information. Although Coalspur believes that such forward-looking information is based on reasonable assumptions, such information is not a guarantee of future performance and actual results or developments may differ materially from the forward-looking information. Material factors or assumptions used by Coalspur to develop forward-looking information include the following: (a) additional financing for the development of Vista will be available on reasonable terms; (b) coal price and currency exchange rate assumptions; (c) regulatory approvals, permits and licenses for the development, construction and operation of Vista will be obtained on a basis consistent with Coalspur's current expectations; (d) Coalspur, EPC and mining contractors will execute construction and production plans on cost and on schedule; (e) key personnel will be retained or recruited; (f) accuracy of mineral resource and reserve estimates; (g) Coalspur's title to mineral and surface rights will be maintained; (h) no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; and (i) Coalspur's secured creditors will continue to be supportive of its strategic process. Factors that could cause actual results to differ materially from forward-looking information include: (i) uncertainties relating to obtaining the additional financing required for the development of Vista or successfully selling Coalspur or some for all of its assets and uncertainties related to project realization values; (ii) conditions for drawdown and other requirements under existing credit facilities, including the acceleration of debt due to events of default; (iii) fluctuations in coal prices and currency exchange rates; (iv) uncertainties regarding the receipt and conditions of regulatory approvals, permits and licenses required for the development, construction and operation of Vista; (v) uncertainties relating to the ability of Coalspur, EPC or mining contractors to execute construction or production plans on cost or on schedule; (vi) uncertainties relating to the retention or recruitment of key personnel; (vii) take or pay commitments with Ridley Terminals; (viii) uncertainties in Coalspur's mineral resource or reserve estimates; (ix) any significant disruptions affecting operations; (x) uncertainties related to aboriginal claims and overlapping mineral or surface rights; and (xi) uncertainties related to general economic, market and business conditions. For more information on Coalspur, investors should review Coalspur's continuous disclosure filings that are available at www.sedar.com and www.asx.com.au.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

COALSPUR MINES LIMITED

ABN

73 003 041 594

Quarter ended ("current quarter")

June 30, 2014

Consolidated statement of cash flows

| | Current quarter C\$'000 | Year to date (6 months) C\$'000 |
|---|----------------------------|---------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for: | | |
| (a) exploration & evaluation | - | - |
| (b) development | (893) | (2,080) |
| (c) production | - | - |
| (d) administration | (3,479) | (5,538) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 2 | 7 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other - rental income | 88 | 192 |
| | - | - |
| Net Operating Cash Flows | (4,282) | (7,419) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | (52) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other a) Capitalized finance costs | - | - |
| b) Capitalized development costs | (2,933) | (6,179) |
| Net investing cash flows | (2,933) | (6,231) |
| 1.13 Total operating and investing cash flows (carried forward) | (7,215) | (13,650) |

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

| | | | |
|------|--|---------|----------|
| 1.13 | Total operating and investing cash flows (brought forward) | (7,215) | (13,650) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 13,754 | 13,754 |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material): -financing costs | (45) | (45) |
| | Net financing cash flows | 13,709 | 13,709 |
| | Net increase (decrease) in cash held | 6,494 | 59 |
| 1.20 | Cash at beginning of quarter/year to date | 4,194 | 10,669 |
| 1.21 | Exchange rate adjustments to item 1.20 | (100) | (140) |
| 1.22 | Cash at end of quarter | 10,588 | 10,588 |

Payments to directors of the entity and associates of the directors

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

| | | Current quarter C\$'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 258 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

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

The Company's debt agreements with EIG and Borrowdale Park accrue interest at 11% and 10.5%, respectively, until Coalspur is in production at which point cash repayments commence.

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

Not applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available C\$'000 | Amount used C\$'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | - | 83,109 |
| 3.2 Credit standby arrangements | 186 | 24 |

Estimated cash outflows for next quarter

| | C\$'000 |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | - |
| 4.2 Development | 4,004 |
| 4.3 Production | - |
| 4.4 Administration | 1,841 |
| Total | 5,845 |

Reconciliation of cash

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

| | Current quarter C\$'000 | Previous quarter C\$'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 10,588 | 664 |
| 5.2 Deposits at call | - | 3,530 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 10,588 | 4,194 |

Mining interests and changes in interests in mining tenements and petroleum tenements

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

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

| | Total number | Number quoted | Issue price per security (see note 3) | Amount paid up per security (see note 3) |
|---|--------------------------|---------------|---------------------------------------|--|
| 7.1 Preference ⁺ securities <i>(description)</i> | - | - | Not applicable | Not applicable |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 ⁺Ordinary securities | 641,544,455 | 641,544,455 | Not applicable | Not applicable |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 ⁺Convertible debt securities <i>(description)</i> | - | - | - | - |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | <i>Options/Warrants:</i> | | <i>Exercise price</i> | <i>Expiry date</i> |
| | 2,750,000 | - | A\$0.20 | 31 Dec 2014 |
| | 2,750,000 | - | A\$0.25 | 30 June 2015 |
| | 1,150,000 | - | A\$0.60 | 31 Dec 2014 |
| | 350,000 | - | A\$0.70 | 30 June 2015 |
| | 1,450,000 | - | A\$0.95 | 31 Dec 2014 |
| | 1,450,000 | - | A\$1.05 | 30 June 2015 |
| | 8,000,000 | - | A\$1.5624 | 8 May 2015 |
| | 2,000,000 | - | A\$1.622 | 16 May 2015 |
| | 1,000,000 | - | A\$1.248 | 14 Sept 2015 |
| | 1,000,000 | - | A\$1.248 | 18 Mar 2016 |
| | 2,412,647 | - | A\$0.30 | 13 Feb 2019 |
| | 14,000,000 | - | A\$0.55 | 1 July 2021 |
| | 120,000,000 | - | A\$0.55 | 1 July 2021 |
| | 1,007,514 | - | C\$0.30 | 30 June 2019 |
| | <i>Rights:</i> | | <i>Exercise price</i> | <i>Expiry date</i> |
| | 624,375 | | A\$Nil | 30 June 2015 |
| | 1,168,751 | | A\$Nil | 15 Dec 2015 |
| | 624,375 | | A\$Nil | 30 June 2016 |
| | 9,485,161 | | A\$Nil | 31 Dec. 2016 |
| 7.8 Issued during quarter | <i>Options:</i> | | <i>Exercise price</i> | <i>Expiry date</i> |
| | 1,007,514 | | C\$0.30 | 30 June 2019 |
| | <i>Rights:</i> | | | |
| | 2,257,514 | | C\$Nil | 31 Dec 2016 |
| 7.9 Exercised during quarter | <i>Rights:</i> | | <i>Exercise price</i> | <i>Funds Received</i> |
| | 150,000 | | C\$Nil | Nil |
| 7.10 Expired/forfeited during quarter | <i>Rights:</i> | | | <i>Expiry date</i> |
| | 45,000 | | A\$Nil | 30 June 2015 |
| | 45,000 | | A\$Nil | 30 June 2016 |
| | 256,630 | | A\$Nil | 30 June 2014 |
| | 307,114 | | A\$Nil | 15 Dec 2015 |
| | 3,242,851 | | A\$Nil | 31 Dec 2016 |
| | <i>Options:</i> | | | |
| | 1,150,000 | | A\$0.50 | 30 June 2014 |
| | 1,450,000 | | A\$0.85 | 30 June 2014 |
| | 1,052,851 | | C\$0.30 | 13 Feb 2019 |
| 7.11 Debentures <i>(totals only)</i> | - | - | | |
| 7.12 Unsecured notes <i>(totals only)</i> | - | - | | |

See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:....."Robert Gough" Date: 30 July 2014
(~~Director/Company secretary~~/Officer)

Print name: Robert Gough

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.