COALSPUR MINES LIMITED

FINANCIAL REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2014

ABN 73 003 041 594

CORPORATE DIRECTORY

DIRECTORS:

Mr. Mark Rodda	Director (non-executive), Chairman
Ms. Gill Winckler	President and CEO
Mr. Denis Turcotte	Director (non-executive)
Mr. David Murray	Director (non-executive)

COMPANY SECRETARY:

Ms. Xenia Kritsos (Canada)

Mr. Simon Robertson (Australia)

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AUDITOR:

Deloitte Touche Tohmatsu

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2014 (the "Financial Statements"), which are unaudited, the 2013 Financial Statements for the year ended December 31, 2013, and the 2013 MD&A for the year ended December 31, 2013. The effective date of this report is November 13, 2014.

This discussion is current at the date of this MD&A. The Financial Statements and the financial information contained in this MD&A were prepared in accordance with Australian International Financial Reporting Standards ("AIFRS"). The Condensed Financial Statements were prepared in accordance with the Australian Accounting Standards Board ("AASB") 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. All figures are expressed in Canadian dollars ("$") unless otherwise indicated.

Unless the context otherwise requires, references in this MD&A to the "Company" or "Coalspur" are references to Coalspur Mines Limited and its subsidiaries.

Additional information relating to the Company and its business, including the Company's Annual Information Form ("AIF"), is available under the Company's profile on SEDAR at www.sedar.com.

OVERALL PERFORMANCE AND REVIEW OF OPERATIONS

During the nine months ended September 30, 2014 and up to the date of this report, Coalspur advanced the Vista project ("Vista") on a number of fronts, however as previously announced, the Company was not able to secure the funding and regulatory permits necessary to enable construction to commence in mid-2014. As a consequence thereof, since mid-2014 the Company has been focused on a strategic review process which was announced and initiated in June 2014. Progress across the principal activity areas has been as follows:

- Operations: Coalspur advanced its engineering for Vista Phase 1, changed its preferred supplier of engineering, procurement and construction ("EPC") services from Forge Group North America ("Forge") to Sedgman Limited ("Sedgman") and executed a binding EPC contract with Sedgman. The Company selected Thiess Pty Ltd ("Thiess") as its preferred mining contractor. In August, the Company filed an updated technical report relating to the Vista, Vista Extension and Vista South projects;
- Regulatory: the Alberta Energy Regulator ("AER") issued a decision approving Vista in February 2014, and subsequently issued a number of supplemental approvals and licenses, culminating in the issuance of a mineral surface lease for Phase 1 of Vista on October 10, 2014;

- Funding: the Company was not able to secure full funding required for the development of Vista Phase 1; however it 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"). The US$10 million is being used to advance key operational activities and also undertake a strategic review process relating to all aspects of the Company and its business; and
- Governance: As a result of its strategic review process the Company reduced the size of its Board of Directors following the resignations of three non-executive directors and the alternate director.

Operations

The Company continued to advance its detailed engineering work on Vista Phase 1 and finalized its contract and execution plans for the project. In April 2014, Coalspur announced that it had changed its preferred supplier of EPC services from Forge to Sedgman following the placing of Forge's parent company into administration and, later, liquidation. Sedgman participated in Coalspur's 2013 competitive front-end engineering and design process for Vista and was ideally positioned to step into the role of lead EPC contractor. The key terms and capital estimate that had been agreed with Forge were essentially matched by Sedgman and, on August 7, 2014, Coalspur executed a binding EPC contract with Sedgman Canada Limited.

The Company advanced its mine planning for Vista Phase 1 and, following a competitive request for proposal process with several reputable mining contractors, selected Thiess as Coalspur's 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. The mining contract with Thiess is under negotiation and will underpin Vista's competitive FOB cash cost position.

On August 5, the Company filed an updated technical report relating to the Vista, Vista Extension and Vista South projects.

The Company reduced its workforce from 28 on January 1, 2014 to 12 by August 15, 2014 in order to reduce cash expenditure and preserve liquidity. Key employees were retained to focus on critical short term activities.

Regulatory

In January 2014, Coalspur announced that it had reached an agreement with the Alexis Nakota Sioux Nation ("Alexis") who was the last remaining intervener in relation to the regulatory approval for Vista. As a result, Alexis withdrew as an intervener paving the way for the AER to grant project approval for Vista Phase 1. The AER approved Vista Phase 1 on February 27, 2014 and subsequently issued an amended mine permit, an amended processing plant approval, and pit and dump licenses. On July 2, 2014 the Alberta Aboriginal Consultation Office formally declared Coalspur's consultation in respect of Vista Phase 1 to be adequate.

In August 2014, the AER issued the following approvals and licenses for Phase 1 of Vista:

- an approval under the *Environmental Protection and Enhancement Act* (Alberta) for the construction, operation and reclamation of Vista;
- an approval under the *Water Act* (Alberta) to carry out activities for the purpose of constructing, operating, maintaining and reclaiming Vista; and
- a license under the *Water Act* (Alberta) to operate works and to divert a limited amount of ground water and surface water annually.

The final stage of the AER approval process was the issuance of a Mineral Surface Lease pursuant to the *Public Lands Act* (Alberta) on October 10, 2014, subsequent to quarter end.

Funding

Coalspur's plans to begin construction on Vista are subject to securing all financing necessary for the development of Vista Phase 1. Throughout the first half of 2014 the Company sought to secure the financing necessary for the construction of Vista. However, given the deteriorating thermal coal market conditions and the time taken to advance final permits and licenses it was unable to obtain a full funding solution. See Note 2 to the Condensed Consolidated Financial Statements for the period ended September 30, 2014.

In June 2014, Coalspur secured an additional US$10 million funding through a further drawing under its existing senior secured debt facility with EIG, subject to additional undertakings and conditions described in the Company's news release dated June 23, 2014. The US$10 million was drawn down in a single tranche in June, and is being used to progress key activities at Vista and enable Coalspur to undertake its strategic review process. During the strategic review process the Company has been considering a range of funding alternatives which include, but are not limited to, full funding of Vista, a refinancing or recapitalization 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. The objective of the strategic review process, which is being overseen by a Special Committee of the Board of Directors constituted of independent non-executive directors, is to maximize value for all stakeholders of Coalspur. Deutsche Bank has been appointed by Coalspur to act as its financial advisor in relation to the strategic review process. No assurance can be given at this stage that any definitive agreements or arrangements will be entered into with any party. The Company will update the market at the appropriate time.

Governance

Mark Rodda was appointed as the new Chairman with effect from 15 July 2014 following the resignations from the Board of Directors of Mr. Theodore Mayers, Mr. Colin Steyn (previous chairman) and Mr. Peter Breese (and Mr. Bill Smart, the alternate director for Messrs. Steyn and Breese). Messrs. Steyn, Breese and Smart are affiliated with Borrowdale Park S.A. ("Borrowdale Park"). Borrowdale Park is Coalspur's largest shareholder and also has a secured loan with the Company under which a total of $33 million has been drawn. As the Company will consider all matters relating to the future funding of the Company including its current finance facilities and capital structure during its strategic review process, it was considered to be in the best interests of both the Company and the directors affiliated with Borrowdale Park that they resign from the Board.

Expenditure Analysis

	Nine months ended		Three months ended	
	Sept. 30, 2014	Sept. 30, 2013	Sept. 30, 2014	Sept. 30, 2013
	$	$	$	$
Operating expenditures				
Vista	8,878,878	18,895,864	1,316,573	4,620,440
Less: capitalized development - Vista	(7,191,869)	(15,394,907)	(979,431)	(3,939,792)
Operating expenditure	**1,687,009**	**3,500,957**	**337,142**	**680,648**
Exploration and evaluation expenses				
Vista	-	-	-	-
Less: capitalized development - Vista	-	-	-	-
Vista Extension	50,512	50,512	-	-
Vista South	12,656	12,656	12,656	12,656
Exploration and evaluation expense	**63,168**	**63,168**	**12,656**	**12,656**
Corporate expense	4,835,797	5,909,102	1,009,015	1,641,449
Administrative expense	2,806,973	3,443,417	730,004	1,478,564
Finance costs associated with credit facilities	5,582,329	4,601,627	-	2,162,048
Less: capitalised finance costs - Vista	(5,582,329)	(4,601,627)	-	(2,162,048)
Corporate and administrative expense	**7,642,770**	**9,352,519**	**1,739,019**	**3,120,013**

Development expenditures were $8.9 million during the period ended September 30, 2014, versus $18.9 million during the prior period ended September 30, 2013. The decrease in expenditure reflects the efforts made by the Company to conserve cash and reduce contractor and engineering expenditure while the Company works to secures all financing or other strategic arrangements for the development of Vista Phase 1.

The Company incurred $63,168 of exploration and evaluation expenses during the period ended September 30, 2014 (2013 - $63,168) for the annual payment of coal leases on the Vista Extension and Vista South projects.

Corporate and Administration

Corporate and administrative expenditures for the period ended September 30, 2014 totalled $7.6 million, versus $9.4 million for the period ended September 30, 2013. Corporate and administrative expenses decreased overall as a result of the Company's efforts to conserve cash by reducing its IT, workforce, and travel costs. Efforts associated with financing alternatives continued during the period ended September 30, 2014. Consistent with the prior period, finance costs associated with the EIG and Borrowdale Park facilities were capitalized to mine development assets until June 30, 2014, afterwards finance costs are recognised through the statement of profit and loss.

Other projects

The Company has two other coal project areas in addition to Vista: Vista Extension, located on the northeast boundary of Vista; and the Vista South Coal Project ("Vista South") located approximately 6km southwest of Vista.

To date exploration and evaluation expenditure on these two properties has been nominal and the Company has no immediate plans to evaluate them further. For further information regarding these projects, please refer to the updated NI43-101 Technical Report dated July 31, 2014, which is available on www.sedar.com and www.asx.com.au.

Outstanding Share Information

As at the date of this MD&A, the Company had 641,544,455 fully paid ordinary shares issued and outstanding. The following table sets out the Company's securities that are currently issued and outstanding:

Type of Security	Number
Outstanding ordinary shares	641,544,455
Outstanding unlisted performance share rights (note 1)	9,965,082
Outstanding unlisted options (note 2)	24,680,739
Outstanding unlisted warrants (note 3)	134,000,000
Total	810,190,276

Notes

(1) Unlisted performance share rights are issued pursuant to the Company's Performance Rights Plans to attract and retain directors, employees, and key contractors, and vest upon satisfaction of certain milestones.

(2) The outstanding unlisted options are convertible into ordinary shares and are subject to exercise prices ranging from A$0.20 to A$1.62 and expiry dates ranging from December 31, 2014 to February 13, 2019. At the date of this MD&A, 21,900,000 unlisted options were exercisable.

(3) The Company issued 120,000,000 warrants to EIG and 14,000,000 warrants to Borrowdale Park in connection with their respective credit facilities in July 2013.

Summary of Quarterly Results

($000s, except where noted) Canadian Dollars	30-Sep 2014	30-Jun 2014	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013	31-Mar 2013	31-Dec 2012
Loss for the period	(12,731)	(8,149)	(13,950)	(3,532)	(6,438)	(4,357)	(4,650)	(3,169)
Loss per share (cents per share)	(1.96)	(1.51)	(2.17)	(0.55)	(1.00)	(0.68)	(0.73)	(0.51)
Cash and cash equivalents	8,006	10,588	4,194	10,669	17,076	4,862	14,056	14,868
Exploration and evaluation assets	13,509	13,509	13,509	13,509	13,509	13,509	13,509	13,509
Mine development assets	159,492	158,513	152,695	146,752	140,384	134,282	128,880	120,388
Non-current prepayments	42,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800
Intangible assets	2,500	2,500	2,500	2,500	2,500	2,500	3,500	3,500
Other assets	14,379	21,076	21,748	22,465	23,464	3,894	2,921	3,499
Total assets	242,530	250,917	239,711	240,949	241,386	203,626	208,544	201,001
Available credit	-	-	-	-	-	30,000	30,000	40,000
Current liabilities	109,908	105,792	2,320	2,757	2,811	4,441	5,017	3,723
Long term liabilities	-	-	86,663	74,212	71,563	40,000	40,000	30,000
Total liabilities	109,908	105,792	88,983	76,969	74,374	44,441	45,017	33,723
Net assets	132,622	145,125	150,728	163,980	167,012	159,185	163,527	167,278

Notes:

(1) As at September 30, 2014, 24,680,739 Unlisted Options, and 9,965,082 Performance Rights were considered anti-dilutive as they would decrease the loss per share.
(2) The quarter ended March 31, 2014 has been restated to correct for errors identified in the quarter ended September 30, 2014. See Note 18 to the Condensed Interim Consolidated Financial Statements for the period ended June 30, 2014.

Net assets remained relatively steady between December 2012 and December 2013 as the increase in assets has been offset by a corresponding increase in debt, resulting from the Company's original and restructured credit facilities with Borrowdale Park, along with the EIG Facility, the first draw down on which took place in July 2013. The decline in net assets beginning March 2014 is a result of recognition of a mark-to-market loss on embedded derivatives associated with the EIG debt as well as accelerated amortisation of Other Assets as a deferred financing expense. See Note 8 and 10 to the Condensed Consolidated Financial Statements for the period ended September 30, 2014.

Financial Condition and Liquidity

Cash

The Company had combined cash and cash equivalents of $8.0 million at September 30, 2014. As of the date of this report, the Company has a cash balance of $7.3 million. For information regarding the solvency of the Company, see Note 2, Going Concern to the Condensed Interim Consolidated Financial Statements for the period ended September 30, 2014.

Senior secured facility with EIG

The EIG Facility, under which Coalspur had drawn US$47 million as at 30 September 2014, with an original maturity date of July 12, 2021, and carries interest at a rate of 8% per annum in cash plus 3% per annum which can be capitalised or paid in cash. Consistent with the terms of the EIG Facility, Coalspur granted EIG 120 million warrants with an exercise price of A$0.55 each, expiring on the maturity date of the EIG Facility, or earlier, in certain circumstances.

In March 2014, Coalspur announced that it had amended the EIG Facility. The EIG Facility previously required that the Company execute a mining contract by March 31, 2014 in order to facilitate the sizing by EIG of the EIG Facility. To secure the mining contract in this timeframe would have been premature in light of the delayed regulatory approval process for Vista and the date was accordingly extended to March 31, 2015 (this date was subsequently amended to November 15, 2014 in the EIG Letter Agreement described below). The terms of the EIG Facility were revised to provide that, after selecting the preferred mining contractor, EIG would assess the mining costs for Vista and determine the final size of the EIG Facility.

Coalspur selected its preferred mining contractor in May 2014 and in June 2014, EIG provided Coalspur with a notice providing the final sizing of the overall EIG Facility of US$175 million. Coalspur determined that it would not accept the EIG funding package as sized as a senior facility of that size is not large enough to enable the Company to fully fund and construct Vista. As a result of Coalspur exercising its right to not accept EIG's debt sizing, the EIG Facility (including all draws, fees and interest) will be due for repayment on March 31, 2015. Upon repayment of the EIG Facility, the EIG warrants will lapse.

As a result of not accepting the EIG funding package the final debt repayment date was accelerated. The fees paid and warrants/options issued in respect of the EIG Facility and the Borrowdale Park Note will be amortised through the statement of profit and loss on an accelerated basis over the remaining duration of the facilities. Previously, these costs were being recognised as capital in nature through mine development assets. See Note 8 and 10 to the Condensed Consolidated Financial Statements for the period ended September 30, 2014.

At the same time as receiving the sizing notice from EIG, the Company entered into a letter agreement with EIG ("EIG Letter Agreement") documenting the terms and conditions for an additional draw down of US$10 million. A deferred fee will be payable on the additional funds drawn down at the time of prepayment or repayment of such funds. The EIG Letter Agreement and subsequent amendments signed in July and September 2014 bind Coalspur to additional obligations including in relation to the use of funds, which have been drawn down in full and key milestones to ensure continued progress on Vista. Key milestones, a number of which have already been fulfilled, include the delivery of an updated life-of-mine plan, the maintenance and progress of permits and licenses, continued development of Vista Phase 2 engineering, execution of binding contracts with the preferred EPC and mining contractors, and the completion of an updated Bankable Feasibility Study. The Letter Agreement provides for events of default giving EIG the right to accelerate repayment of the Company's indebtedness in various circumstances, including if these milestones are not achieved within their specified time frames. As of the date of this report, the Company was in compliance with the additional undertakings in the EIG Letter Agreement.

Borrowdale Park secured facility

The Company has a secured facility with Borrowdale Park (the "Borrowdale Park Note") under which a total amount of $33 million has been drawn. The Borrowdale Park Note bears interest at 10.5% per annum and can be repaid at any time with a final maturity date of one month following the repayment of the EIG Facility.

During the quarter ended March 31, 2014, Coalspur announced that it had reached an agreement with Borrowdale Park, for the provision of a Bridge Facility of $10 million by means of an amendment to its original $30 million Borrowdale Park Note. The amendment agreements giving effect to the Bridge Facility were signed on April 2, 2014. The Bridge Facility has an interest rate of 10.5% per annum and reasonable arrangement and commitment fees are payable by Coalspur. The Company made a draw of $3 million on the Bridge Facility prior to its availability expiration on June 30, 2014.

Funding going forward

The Company announced a strategic review process on June 23, 2014 under which it is examining funding options for Coalspur. The strategic review process has a completion date of no later than March 31, 2015, the date on which the EIG Facility is due for repayment. Deutsche Bank has been appointed by Coalspur to act as its financial advisor during the strategic review process. As part of its strategic review process, a range of alternatives is being considered which include, but are not limited to, full funding of Vista, a refinancing or recapitalization 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. No assurance can be given at this stage that any definitive agreements or arrangements will be entered into with any party.

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

Commitments and planned payments

($000s) ***Canadian Dollars***	**Total (excluding per year)**	**Less than 1 year**	**1-3 years**	**4-5 years**	**5+ years**	***After 5 years (per year)***
Borrowdale Park credit facility principal (note 1)	33,000	33,000	-	-	-	-
Borrowdale Park facility interest (note 2)	6,691	6,691	-	-	-	-
EIG credit facility principal (note 3)	49,629	49,629		-	-	-
EIG facility interest (note 4)	8,572	8,572	-	-	-	-
Operating leases	674	185	325	164	-	-
Mineral and surface leases	1,338	223	669	446	-	223
Minimum port payments (note 5)	122,650	-	35,300	87,350	-	54,020
Payments to First Nations	6,137	-	4,537	1,600	-	800
Commitments Total	**228,691**	**98,300**	**40,831**	**89,560**	**-**	**55,043**
Mineral lease acquisitions (note 6)	10,000	-	10,000	-	-	-
Vista development (Note 7)	478,000	-	-	-	-	-
Planned payments Total	**488,000**	**-**	**10,000**	**-**	**-**	**-**
Total commitments and planned payments	**716,691**	**98,300**	**50,831**	**89,560**	**-**	**55,043**

Notes:

1) The $33 million is due for repayment 30 days after funds are repaid to EIG.
2) Interest on the $33 million Borrowdale Park subordinated note and bridge facility is accrued and capitalised at 10.5% and is to be repaid 30 days after the repayment of EIG.
3) The Company borrowed US$37 million from EIG in July 2013. A subsequent draw was made in June 2014 for US$10 million. As Coalspur rejected the final sizing notice from EIG (see further discussion in Financial Condition and Liquidity), the EIG Facility (including all draws, fees and interest) will be due for repayment on March 31, 2015.
4) Interest is accrued and capitalised at 11% on the EIG facility until Vista commences production, after which interest is payable quarterly. Coalspur used the US$47 million principal for calculations in this table up to and including the repayment date of March 31, 2015.
5) The Company has not recognised these commitments as liabilities because it will either claim relief in terms of force majeure (as noted below), utilize the throughput capacity or attempt to sell it to other parties. The contract with Ridley Terminals begins in 2015 with 2.5 Mt of capacity allocation. The minimum throughput payments are considered a contingent liability. In December 2013, Coalspur declared force majeure for the tonnages in 2015 and 2016 as a result of the government delays incurred during the regulatory approval process. The force majeure terminated on October 10,2014, upon the issuance of a mineral surface lease by the AER; see Note 7d to the financial statements for more information.
6) The Company holds a beneficial interest in five coal leases that are integral to Vista. In accordance with the terms of the agreement to purchase these leases, initial payments of $2 million and $6 million have been made, and title to these leases will transfer to Coalspur upon the payment of an additional $10 million which must be made by February 19, 2016.
7) Given the time taken to advance both final permits and full financing for Vista Phase 1, the Company currently has no set construction date. See the section titled "Overall Performance and Discussion of Operations" above. As a result, the payments due by period breakdown for the Vista development planned payments is not provided at this time. No material commitments will be made with respect to Vista construction until development funding is obtained.

NI 43-101 Technical Report

In March 2014, Coalspur issued an updated technical report entitled "Coalspur Mines Limited Vista Coal Project, Alberta, Canada Project N0. 04372 NI43-101 Independent Technical Report" (the "Previous Report") following the revised capital expenditure estimates for phases one and two of Vista. Subsequently, in June 2014 the Company issued a news release clarifying its disclosure regarding Vista following a review by the British Columbia Securities Commission (the "BCSC"). The BCSC stated the Previous Report was not in compliance with the requirements of National Instrument 43-101 ("NI 43-101"), in that NI43-101 requires the report to contain scientific or technical information relating to the entire Vista project, and the position of the BCSC is that Vista, Vista Extension and Vista South constitute a single project. In addition, two of the authors of the Previous Report are Members of the Australian Institute of Mining and Metallurgy and therefore not qualified persons.

The Company filed an updated technical report on August 5, 2014 to address the deficiencies described above and other non-compliance issues identified by the BCSC relating to the form of the report, consents and certificates.

BUSINESS STRATEGIES AND PROSPECTS

For the past quarter the Company has together with Deutsche Bank, focused on the strategic review process that was announced on June 30, 2014. This focus will remain and the Company will update the market at the appropriate time determined by the board of directors.

TRANSACTIONS WITH RELATED PARTIES

Borrowdale Park is a significant shareholder of the Company. For the nine months ended September 30, 2014, Coalspur accrued $4.4 million of interest pertaining to the amended $33 million subordinated debt obligation and Bridge Facility. See the section titled "Financial Condition and Liquidity" above and Note 16 to the attached Financial Statements for more information.

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

DIVIDENDS

No dividends were paid or declared during the period. No recommendation for payment of dividends has been made.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The attached financial statements were prepared in accordance with AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. A description of the Company's significant accounting policies is provided in Note 1 to the audited Consolidated Financial Statements for the year ended December 31, 2013. At present, the Company has no accounting estimates that rely on highly uncertain assumptions that are likely to change in the future.

Adoption of new and revised accounting standards

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

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's President and Chief Executive Officer Chief Financial Officer have concluded that, as of the end of the period covered by this report and for the year ended December 31, 2013, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports it files is recorded, processed, summarized and reported within the appropriate time periods and is accumulated and communicated to management, including the all officers of the Company as appropriate, to allow timely decisions regarding required disclosure.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the three and nine months ended September 30, 2014 that materially affect, or are reasonably likely to materially affect, internal control over financial reporting.

SIGNIFICANT EVENTS AFTER BALANCE DATE

The following events occurred after September 30, 2014:

- On October 10, 2014, the AER issued a mineral surface lease ("MSL") pursuant to the *Public Lands Act* (Alberta) for Phase 1 of Vista. The MSL is the final material approval required from the AER in order to commence construction of Vista. A development permit will be sought by Coalspur from Yellowhead County prior to commencing construction.

- The Company notified Ridley Terminals of the termination with effect from October 10, 2014 (the date of issuance of the MSL), of the force majeure declared by the Company in December 2013 due to delays in obtaining regulatory approvals.

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

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 August 5, 2014 (refer to ASX announcement dated April 1, 2014 and September 23, 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 September 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.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
EXPRESSED IN CANADIAN DOLLARS

(Unaudited) Canadian Dollars	Note	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Operating expenses	4	**(337,142)**	(680,648)	**(1,687,009)**	(3,500,957)
Exploration and evaluation expenses		**(12,656)**	(12,656)	**(63,168)**	(63,168)
Corporate and administrative expenses	4	**(1,739,019)**	(3,120,013)	**(7,642,770)**	(9,352,519)
Other income	4	**153,291**	91,635	**351,648**	312,932
Other gains and losses	4	**(1,005,022)**	(469,741)	**(758,772)**	(594,244)
Operating loss		**(2,940,548)**	(4,191,423)	**(9,800,071)**	(13,197,956)
Financing expense	10	**(1,384,660)**	(2,246,650)	**(1,384,660)**	(2,246,650)
Deferred financing expense	8	**(6,696,927)**	-	**(6,696,927)**	-
Interest expense	10	**(2,549,694)**	-	**(2,549,694)**	-
Mark-to-market adjustment on embedded derivatives	10	**840,992**	-	**(11,932,167)**	-
Loss before income tax		**(12,730,837)**	(6,438,073)	**(32,363,519)**	(15,444,606)
Income tax expense		**-**	-	**-**	-
Loss for the period		**(12,730,837)**	(6,438,073)	**(32,363,519)**	(15,444,606)
Loss attributable to members of Coalspur Mines Limited		**(12,730,837)**	(6,438,073)	**(32,363,519)**	(15,444,606)
Other comprehensive income					
Exchange differences on translation of foreign operations		**-**	-	**-**	(5,153,984)
Other comprehensive income for the period, net of tax		**-**	-	**-**	(5,153,984)
Total comprehensive loss for the period		**(12,730,837)**	(6,438,073)	**(32,363,519)**	(20,598,590)
Total comprehensive loss attributable to members of Coalspur Mines Limited		**(12,730,837)**	(6,438,073)	**(32,363,519)**	(20,598,590)
Basic and diluted loss per share (cents per share)		**(1.96)**	(1.00)	**(3.35)**	(2.42)

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

Coalspur

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EXPRESSED IN CANADIAN DOLLARS

(Unaudited) Canadian Dollars	Note	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS			
Current Assets			
Cash and cash equivalents		**8,006,443**	10,668,872
Trade and other receivables		**56,152**	114,842
Prepayments	5	**696,814**	1,066,937
Total Current Assets		**8,759,409**	11,850,651
Non-current Assets			
Property, plant and equipment		**1,016,558**	1,072,698
Exploration and evaluation assets		**13,509,295**	13,509,295
Mine development assets	6	**159,492,325**	146,751,942
Prepayments	7	**42,800,000**	42,800,000
Intangible assets	7	**2,500,000**	2,500,000
Reclamation security deposit		**73,526**	-
Other assets	8	**14,379,049**	22,464,605
Total Non-current Assets		**233,770,753**	229,098,540
TOTAL ASSETS		**242,530,162**	240,949,191
LIABILITIES			
Current Liabilities			
Trade and other payables	9	**886,555**	2,610,333
Provisions		**107,526**	146,964
Credit facilities and fees payable	10	**85,435,080**	-
Interest payable on credit facilities	10	**10,606,229**	-
Embedded derivative	10	**12,872,363**	-
Total Current Liabilities		**109,907,753**	2,757,297
Non-Current Liabilities			
Credit facilities	10	**-**	69,568,910
Interest payable on credit facilities	10	**-**	3,703,008
Conversion feature on credit facility	10	**-**	940,195
Total Non-Current Liabilities		**-**	74,212,113
TOTAL LIABILITIES		**109,907,753**	76,969,410
NET ASSETS		**132,622,409**	163,979,781
EQUITY			
Contributed equity	11	**230,124,519**	230,124,519
Share based payment reserve	12	**30,322,067**	29,315,920
Foreign currency translation reserve	13	**(12,401,553)**	(12,401,553)
Accumulated losses		**(115,422,624)**	(83,059,105)
TOTAL EQUITY		**132,622,409**	163,979,781

Going concern (Note 2)

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

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

For the Nine Months Ended September 30, 2014 (Unaudited) Canadian Dollars	Note	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
Balance at December 31, 2013		**230,124,519**	**29,315,920**	**(12,401,553)**	**(83,059,105)**	**163,979,781**
Net loss for the period		**-**	**-**	**-**	**(32,363,519)**	**(32,363,519)**
Total comprehensive loss for the period		**-**	**-**	**-**	**(32,363,519)**	**(32,363,519)**
Transactions with owners, recorded directly in equity:						
Exercise of unlisted options		**-**	**-**	**-**	**-**	**-**
Conversion of share rights		**-**	**-**	**-**	**-**	**-**
Share based payments	12	**-**	**1,006,147**	**-**	**-**	**1,006,147**
Balance September 30, 2014		**230,124,519**	**30,322,067**	**(12,401,553)**	**(115,422,624)**	**132,622,409**

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

Coalspur

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

For the Nine Months Ended September 30, 2013 (Unaudited) Canadian Dollars	Note	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
Balance at December 31, 2012		225,856,621	17,905,440	(12,401,553)	(64,082,467)	167,278,041
Net loss for the period		-	-	-	(15,444,606)	(15,444,606)
Total comprehensive loss for the period		-	-	-	(15,444,606)	(15,444,606)
Transactions with owners, recorded directly in equity:						
Exercise of unlisted options		3,161,839	(2,375,768)	-	-	786,071
Conversion of share rights		1,106,059	(1,106,059)	-	-	-
Share based payments		-	14,392,573	-	-	14,392,573
Balance September 30, 2013		230,124,519	28,816,186	(12,401,553)	(79,527,073)	167,012,079

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

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
EXPRESSED IN CANADIAN DOLLARS

(Unaudited) Canadian Dollars	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Cash flows from operating activities				
Payments to suppliers and employees	**(1,740,580)**	(5,327,517)	**(9,358,551)**	(10,954,789)
Interest received	**9,022**	13,921	**15,882**	104,757
Rental income	**139,614**	77,714	**331,910**	208,175
Net cash outflow from operating activities	**(1,591,944)**	(5,235,882)	**(9,010,759)**	(10,641,857)
Cash flows from investing activities				
Payments for port capacity	**-**	-	**-**	(150,000)
Payments for plant and equipment	**-**	(92,650)	**(52,000)**	(277,136)
Payments for mine development assets	**(979,702)**	(3,939,792)	**(7,158,103)**	(16,102,122)
Refund received for port capacity	**-**	-	**-**	-
Payments for exploration and evaluation assets	**(14,850)**	(14,117)	**(15,121)**	(67,173)
Net cash outflow from investing activities	**(994,552)**	(4,046,559)	**(7,225,224)**	(16,596,431)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	**-**	-	**-**	785,313
Proceeds from borrowings	**-**	28,874,671	**13,754,400**	38,874,671
Payments for financing	**-**	-	**(45,000)**	(1,647,030)
Interest and other costs of finance paid	**-**	(7,401,769)	**-**	(8,589,358)
Net cash inflow from financing activities	**-**	21,472,902	**13,709,400**	29,423,596
Net (increase)/decrease in cash and cash equivalents	**(2,586,496)**	12,190,461	**(2,526,583)**	2,185,308
Net foreign exchange differences	**4,642**	23,116	**(135,846)**	23,116
Cash and cash equivalents at beginning of period	**10,588,297**	4,862,487	**10,668,872**	14,867,640
Cash and cash equivalents at end of period	**8,006,443**	17,076,064	**8,006,443**	17,076,064

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the three and nine months ended September 30, 2014 has been prepared in accordance with the Corporations Act 2001 and AASB 134. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standard IAS 34 Interim Financial Reporting.

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

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

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

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

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors on November 13, 2014.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

Certain pronouncements were issued by the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2013.

Pronouncements that are not applicable to the Company have been excluded from this note. The following pronouncements are mandatory for accounting periods after December 31, 2013:

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

2. GOING CONCERN

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

For the nine months ended 30 September 2014, the Company has incurred a net loss after tax of $32,363,519 (30 September 2013: loss $15,444,606) and experienced net cash outflows from operating and investing activities of $9,010,759 and $7,225,224 respectively (30 September 2013: outflows of $10,641,857 and $16,596,431 respectively). As at September 30, 2014 the Company had a working capital deficiency of $101,148,344 (December 31, 2013: surplus of $9,093,354).

The working capital deficiency as at September 30, 2014 arises largely due to the EIG Facility and Borrowdale Park Facility being presented as current liabilities. The EIG Facility of $52,435,080 and related accrued interest and fees payable of $20,411,680 mature and are due for repayment on 31 March 2015 provided all conditions as stated in the original letter agreement and as amended and restated in July and September 2014, with EIG ("EIG Letter Agreement") continue to be satisfied. The Borrowdale Park Facility of $33,000,000 and related accrued interest and fees payable of $4,352,368 are due for repayment one month after the settlement of the EIG Facility.

As of the date of this report, the Company has a cash balance of $7.3 million. It is projected that the Company has sufficient funds to conduct operations including its announced strategic review process until March 2015, and the maturity of the EIG Facility. Under the strategic review process, the Company continues to pursue a range of strategic alternatives in order to preserve and enhance shareholder value, which include but are not limited to, a refinancing or recapitalization 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.

However the level of headroom within management's cash flow forecasts is minimal. In accordance with the EIG Letter Agreement the Company is required to obtain advance consent of EIG for any variance in excess of 15% of forecast expenditures provided to EIG. The Company is also required to satisfy undertakings described in the EIG Letter Agreement, a number of which have already been fulfilled. The remaining undertakings are in respect of the use of proceeds in accordance with forecast expenditures agreed with EIG, monthly reporting to EIG of actual and budgeted results, reporting to EIG on all undertakings contained in the EIG Letter Agreement, maintaining all permits and licenses required to commence construction of Phase 1, entering a binding mining contract for Phase 1, providing EIG with updates on the terms and status of port agreements, updating a bankable feasibility study for Phase 1, pursuing alternative financings and a process for divestment ("Divestment"), and reporting to EIG on the status of the Divestment. Refer to Note 10 for further information.

The EIG Letter Agreement provides for a number of events of default giving EIG the right to accelerate repayment of the Company's indebtedness in various circumstances, including if these undertakings are not achieved within their specified timeframes. This may result in the EIG Credit Facility and related accrued interest and fees payable being repayable on demand which in turn will result in the Borrowdale Park Credit Facility and related accrued interest and fees payable being repayable within one month.

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

The Company's ability to raise capital in order to fund its operations is adversely influenced by weak thermal coal market conditions, and the deterioration of coal prices. No assurance can be given at this stage that any definitive agreements or arrangements will be entered into with any party, prior to the maturity of the EIG Facility on 31 March 2015, or earlier should this be required as outlined above. Without financing, the Company may be forced to cease operations.

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

Should the Company be unable to obtain the continuing financial support of its lenders and enter into any definitive agreements or arrangements as referred to above prior to the maturity of the EIG Facility, or at an earlier date should this be required, there is a material uncertainty whether the Company will be able to continue as a going concern and therefore, whether it would be able to realise its assets and extinguish its liabilities in the normal course of business.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

3. SEGMENT INFORMATION

The Consolidated Entity operates in one segment, being coal development in Canada. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

4. REVENUE AND EXPENSES

Coalspur created an Operating expense category to more accurately reflect that the Company's primary focus has shifted from exploration and evaluation of its mineral properties to development and construction of its Vista project ("Vista").

Continuing operations	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Share-Based payments expense/(recovery)				
Included in operating expenses 1	**184,726**	165,057	**381,020**	(105,390)
Included in corporate and administrative expenses	**44,038**	210,509	**625,127**	530,162
	228,764	375,566	**1,006,147**	424,772
Other Income				
Interest income	**6,033**	13,921	**12,094**	104,757
Rental income 2	**147,258**	77,714	**339,554**	208,175
	153,291	91,635	**351,648**	312,932
Other gains and losses				
Net foreign exchange gain (loss)	**(1,005,022)**	(469,741)	**(758,772)**	(594,244)

Notes:

1. During Q2, 2013 the performance milestone for Tranche 5 (finance) was met. Therefore, the share rights associated with Tranche 5 were exercised and transferred to equity from the P&L, resulting in a recovery for the nine months ended September 30, 2013.
2. Coalspur sub-leases office space in Calgary, Alberta where the Company's head office was located prior to moving to Vancouver, British Columbia in September 2013.

Coalspur

5. PREPAYMENTS (Current)

	September 30, 2014	December 31, 2013
	$	$
Security deposits	**30,987**	30,987
Transmission facilities prepayment 1	**623,043**	993,166
Prepaid rent	**42,784**	42,784
	696,814	1,066,937

Notes:

1 The Company paid a deposit to Fortis Alberta Inc. for preliminary and detailed engineering, environmental assessment, and preparation and filing of facility application for the construction of transmission facilities at Vista.

6. MINE DEVELOPMENT ASSETS

Canadian Dollars	Nine Months Ended September 30 2014	Year Ended December 31 2013
Movement in mine development assets		
Vista Project		
Carrying amount at beginning of period	**146,751,942**	120,387,691
Capitalized development costs	**5,056,628**	18,808,004
Capitalized finance costs (1)	**7,683,755**	7,556,247
Carrying amount at end of period	**159,492,325**	146,751,942

Note

1) The Company arranged a $70 million credit facility with Borrowdale Park (Note 23 to the Financial Statements for the year ended December 31, 2013) to advance the development of Vista. In July 2013 the Company achieved financial close of the senior secured debt facility with EIG (Note 15 to the Financial Statements for the year ended December 31, 2013) and made an initial draw of US$37 million under the Facility, paid EIG a US$7 million facility fee, and repaid C$10 million of the previous C$40 million owing to Borrowdale Park. During Q3, costs associated with both debt facilities ceased to be capitalized and are now recognized in the statement of profit and loss as the development of the Mine Development Assets has been suspended until completion of the strategic review process. Interest that continues to accrue on the outstanding credit facilities is also recognised in the statement of profit and loss.

7. PREPAYMENTS AND INTANGIBLE ASSETS

Agreements with Ridley Terminals Inc.

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

Summary of Agreements with Ridley Terminals			
Prepayments		***($ millions)***	**Note**
Deposit paid	$	42.8	*5(b)*
Option fee-other asset	$	2.5	*5(c)*
Option fee-expensed	$	1.0	*5(c)*
Total paid to date	$	46.3	

Summary of Minimum Throughput Payments with Ridley Terminals				
Year		**Minimum Throughput Payment**	**Contracted Volume**	**Note**
		($ millions)	(Mtpa)	5(d)
2013	$	-	-	
2014	$	-	-	
2015	$	12.8	2.5	
2016	$	23.1	4.5	
2017	$	38.0	7.4	
2018	$	50.8	9.9	
2019	$	51.9	10.1	
2020	$	54.9	10.7	
2021	$	54.9	10.7	
2022	$	54.9	10.7	
2023	$	54.9	10.7	
2024	$	54.9	10.7	
2025	$	54.9	10.7	
2026	$	54.9	10.7	
2027	$	54.9	10.7	
2028	$	54.9	10.7	
Total	**$**	**671.2**	**130.7**	

(a) Contract cancellation / exercise date

As of September 30, 2014, the Company’s total committed port capacity commences with 2.5 Mtpa in 2015 and ramps up to 10.7 Mtpa by 2020 in accordance with Vista’s initial production profile.

(b) Deposits

All throughput capacity is subject to non-refundable deposits of $4 per tonne multiplied by annual contract capacity, which will be offset against future port charges, or minimum throughput charges. Deposits of $42.8 million have been classified as non-current assets, and will be amortised as they are offset against future throughput or minimum payment charges.

(c) Option fees

The Company paid $3.5 million on October 27, 2011 for two options to purchase additional throughput capacity totalling 3.5 Mtpa commencing in 2018. During the year ended December 31, 2013 the Company exercised its option to acquire 2.5 Mtpa capacity, and allowed its option to acquire an additional 1.0 Mtpa to expire. Accordingly $2.5 million is classified as a non-current intangible asset, and will be amortised over the initial term of the contract. $1 million was expensed in Q2, 2013.

(d) Minimum throughput charges

The Company’s port capacity at Ridley Terminals is subject to minimum throughput charges based on a percentage of contracted capacity and throughput rates. As of September 30, 2014, the Company is subject to minimum throughput payments totalling $671 million over the initial 14 year term of the contract which could become payable in the event Coalspur is unable to meet specified minimum throughput commitments.

The contract with Ridley Terminals begins in 2015 with an entitlement of 2.5 million tonnes during that year. As a result of various delays in obtaining the necessary regulatory approvals, licenses and permits for the construction and operation of Vista, Coalspur determined on December 18, 2013 to declare force majeure as defined in section 14.2 of the 2011 TSA with Ridley Terminals Inc. The delays resulting from the force majeure are anticipated to result in the inability of Coalspur to meet the declared contract volume of 2.5 million tonnes in 2015 and a portion of the 4.5 million tonnes in 2016. The force majeure was terminated with effect from October 10, 2014, which was the date of issuance by the Alberta Energy Regulator (“AER”) of a mineral surface lease for Phase 1 of Vista.

8. OTHER ASSETS

The amounts shown in the table below pertain to the facility agreements with Borrowdale Park and EIG. Given that the credit facilities were obtained to finance the development of the mine, such finance costs were previously capitalised to Mine Development Assets until such time as the mine is ready for use as intended by management.

As discussed in Note 10 the EIG Facility has been amended and now has a final maturity and repayment date of March 31, 2015 and a month subsequent to that repayment, settlement of the Borrowdale Park facility is required.

As a result of not accepting the EIG funding package the final debt repayment date was accelerated. The fees paid and warrants/options issued in respect of the EIG Facility and the Borrowdale Park Note will be amortised through the statement of profit and loss on an accelerated basis over the remaining duration of the facilities.

Details (cumulative)	September 30, 2014 $	December 31, 2013 $
Share-based payments associated with Borrowdale Park facility	5,307,000	5,307,000
Warrants issued to EIG and Borrowdale park (Note 9)	13,889,800	13,889,800
Legal fees incurred for financing	1,647,030	1,647,030
Finance fee paid to Borrowdale Park for bridge loan	45,000	-
Finance fee paid to EIG (US$7 million)	7,401,240	7,401,240
Capitalised to Mine Development Assets	(5,907,639)	(4,474,010)
Deferred financing costs recognised to statement of profit and loss	(6,696,927)	-
Financing expense on modification of Borrowdale Park facility (Note 10)	(2,246,650)	(2,246,650)
Conversion feature on EIG credit facility (Note 10)	940,195	940,195
Closing Balance	**14,379,049**	**22,464,605**

9. TRADE AND OTHER PAYABLES

	September 30, 2014 $	December 31, 2013 $
Trade creditors	**103,995**	717,114
Accrued expenses	**782,560**	1,893,219
	886,555	2,610,333

10. CREDIT FACILITIES

Continuing operations	September 30, 2014 $	December 31, 2013 $
Credit Facilities		
Borrowdale Park Credit Facility (Note 13)	**33,000,000**	30,000,000
EIG Credit Facility	**52,435,080**	39,568,910
	85,435,080	69,568,910
Interest Payable on Credit Facilities		
Borrowdale Park Credit Facility	**4,352,368**	1,643,990
EIG Credit Facility	**6,253,861**	2,059,018
	10,606,229	3,703,008

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

Borrowdale Park, (see Note 16) is owed $33 million as a subordinated debt obligation with an interest rate of 10.5%. Interest on the Borrowdale Park Note is calculated at the end of each month, capitalised and added to the principal balance of the note. The ultimate maturity date of the Borrowdale Park Note is August 12, 2021 however it may be repaid early without penalty. The Borrowdale Park Note also becomes payable one month following the repayment of the EIG Facility. If the Borrowdale Park Note is not repaid by early maturity, defined as completion of a 6 Mtpa facility and production at 90% of capacity for a continuous three month period, the interest rate on the note will increase to 20% per annum. If the note is not repaid by the early maturity date, Borrowdale Park will have the option to convert the Borrowdale Park Note into Coalspur shares at a 50% discount to the 10 day volume weighted average price at that time. Under IFRS this conversion feature is accounted for as an embedded derivative and recorded as a liability at fair value of $0.01 million.

The EIG Facility originally had a maturity date of July 12, 2021, and carries interest at a rate of 8% per annum in cash plus 3% per annum which can be capitalised or paid in cash. In July 2013, consistent with the terms of the EIG Facility, Coalspur granted EIG 120 million warrants with an exercise price of A$0.55 each, expiring on the maturity date of the EIG Facility, or earlier, in certain circumstances. These warrants lapse upon full repayment of the EIG Facility by March 31, 2015. The Company has currently drawn down US$47 million from the EIG Facility.

In March 2014, Coalspur announced that it had amended its EIG Facility with EIG. The EIG Facility previously required that the Company execute a mining contract by March 31, 2014 in order to facilitate the sizing by EIG of the EIG Facility. To secure the contract in this timeframe would have been premature in light of the delayed regulatory approval process for Vista and the date was accordingly extended to March 31, 2015 (this date was subsequently amended to November 15, 2014 in the EIG Letter Agreement described below). The revised terms of the EIG Facility provided that, after selecting the preferred mining contractor, EIG would assess the mining costs for Vista and determine the final size of the EIG Facility. The revised terms also included an additional make whole premium that was granted to EIG in the event that Coalspur rejected the final sizing under certain conditions.

In June 2014, EIG provided Coalspur with a notice providing the final sizing of the overall EIG Facility of US$175 million. Coalspur determined that it would not accept the EIG funding package as sized as a senior facility of that size is not large enough to enable the Company to fully fund Vista in the current thermal coal market. As a result of Coalspur exercising its right to not accept EIG's debt sizing, the EIG Facility (including all draws, fees and interest) is now due for repayment on March 31, 2015. A make-whole premium of US$12 million, payable at March 31, 2015, was recorded as a mark to market adjustment in the statement of profit or loss, and is disclosed as an embedded derivative in the statement of financial position. As a further result of not accepting the EIG funding package, the final debt repayment date was accelerated. The fees paid and warrants/options issued in respect of the EIG Facility and the Borrowdale Park Note will be amortised through the statement of profit and loss on an accelerated basis over the remaining duration of the facilities. Previously, these costs were being recognised as capital in nature through mine development assets. Interest that continues to accrue on the outstanding credit facilities is now recognised in the statement of profit and loss.

Coalspur secured an additional US$10 million funding through a further drawing under its existing senior secured debt facility with EIG, subject to additional undertakings and conditions described in the Company's news release dated June 23, 2014 (the "EIG Letter Agreement"). The US$10 million working capital loan was drawn down in a single tranche in June, and is being used to progress key activities at Vista and enable Coalspur to conduct a strategic review process. The EIG Letter Agreement, as amended in July and September 2014, binds Coalspur to additional obligations including agreement in relation to the use of funds and key milestones to ensure continued progress on Vista. Key milestones include the delivery of an updated life-of-mine plan, the maintenance and progress of permits and licenses, continued development of Vista Phase 2 engineering, execution of binding contracts with the preferred EPC and mining contractors, and the completion of an updated Bankable Feasibility Study. The Letter Agreement provides for events of default giving EIG the right to accelerate repayment of the Company's indebtedness in various circumstances, including if these milestones are not achieved within their specified time frames.

A deferred fee of US$3.5 million is payable on the additional funds drawn down under the EIG Facility at the time of prepayment or repayment of the additional funds. The date of payment of the fee will be March 31, 2015, the due date for the EIG Facility repayment. The US$3.5 million fee will be amortized to the statement of profit and loss using the effective interest rate method.

11. CONTRIBUTED EQUITY

	Nine Months Ended September 30, 2014		Year Ended December 31, 2013	
	Volume	C$	Volume	C$
(a) Issued capital				
Fully paid ordinary shares	**641,394,435**	**230,124,519**	634,123,901	225,856,621
Exercise of unlisted options	**-**	**-**	5,625,000.00	3,161,839
Conversion of share rights	**150,020**	**-**	1,645,534.00	1,106,059
	641,544,455	**230,124,519**	641,394,435	230,124,519

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

Date	Details	Number of Shares	Average Issue Price C$	Total C$
January 1, 2014	**Opening Balance**	**641,394,435**	**0.36**	**230,124,519**
	Conversion of share rights	**150,020**	**-**	**-**
September 30, 2014	**Closing Balance**	**641,544,455**	**0.36**	**230,124,519**

12. SHARE BASED PAYMENT RESERVE

Movements of Unlisted Options and Performance Rights during the period were as follows:

Date	Details	Share Based Payment Reserve $	Number of Performance Rights	Number of Unlisted Options
January 1, 2014	**Opening Balance**	**29,315,920**	**8,048,034**	**24,500,000**
	Options issued to employees during the period	-	-	4,203,012
	Share rights issued to employees and directors during the period	-	12,728,012	-
	Options forfeited [1]	(12,656)	-	(1,422,273)
	Share rights forfeited/cancelled [2]	(367,896)	(10,442,529)	-
	Options expired	-	-	(2,600,000)
	Share rights expired	-	(218,435)	-
	Amortization of share based payments	1,386,699	-	-
	Exercise of share rights [3]	-	(150,000)	
	Net movement for the period	1,006,147	1,917,048	180,739
September 30, 2014	**Closing Balance**	**30,322,067**	**9,965,082**	**24,680,739**

Notes

1) Forfeiture of option upon employee departures from the Company prior to completing the service period required under the employee option plan.
2) Forfeiture of share rights upon employee departures from the Company prior to completing the service period required under the share rights plan. As well, tranches 3, 4 and 8 held by employees were cancelled as they were incapable of being fulfilled and lost their value as a performance incentive for employees.
3) Organisational structure tranche of share rights were exercised and converted to ordinary shares by establishing a satisfactory organization structure for the development of Vista Project by September 27, 2014.

13. FOREIGN CURRENCY TRANSLATION ADJUSTMENT

Each entity in the Group uses the functional currency which best represents its primary economic environment. The Group's Canadian subsidiary, Coalspur Mines (Operations) Ltd. has always had a Canadian functional currency. In 2012 the Company determined the functional currencies of Coalspur Mines Ltd. and Coalspur Mines (Holdings) Pty Ltd. had changed from Australian to Canadian dollars as a result of its decision to pursue development of Vista following completion of a feasibility study on January 30, 2012.

Exchange differences arising on translation of entities within the Group with different functional currencies are taken to the foreign currency translation reserve, and recognised in profit and loss when the net investment is disposed of as described in Note 1 (d) of the notes to the financial statements for the year ended December 31, 2013. There have been no exchange translation differences since the Company adopted Canadian dollars as its reporting currency on February 1, 2012.

14. DIVIDENDS PAID OR PROVIDED FOR

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

15. CONTINGENT LIABILITIES

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

In addition to the consideration payable above, the vendor is entitled to a royalty equal to 1% of the sales revenue generated from the sale of coal produced from the relevant leases.

On the basis that the above payments will only be paid at the option of the Group, no provision for any liability has been recognised in these financial statements.

As part of the contracts described in Note 7, the Company is required to make minimum throughput payments to Ridley Terminals beginning in 2015. The Company has not recognised these commitments as liabilities because it will either claim relief in terms of force majeure (as noted below), utilize the throughput capacity or attempt to sell it to other parties. The contract with Ridley Terminals begins in 2015 with 2.5 Mt of capacity allocation. The minimum throughput payments are considered a contingent liability. In December 2013, Coalspur declared force majeure for the tonnages in 2015 and 2016 as a result of the government delays incurred during the regulatory approval process and, in October, Coalspur notified Ridley Terminals of the termination of the force majeure with effect from October 10, 2014, the date of issuance by the AER of a mineral surface lease for Phase 1 of Vista; see Note 7d to the financial statements for more information.

16. RELATED PARTY TRANSACTIONS

During 2012, the Company entered into a $70 million Facility Agreement (the "Borrowdale Park Note") with Borrowdale Park S.A. ("Borrowdale Park"), a significant shareholder of the Company. Under the agreement, Coalspur provided Borrowdale Park with security over its assets, issued eight million options to purchase ordinary shares as a facility fee, and seven million options to purchase ordinary shares as a funding fee, which vest at a rate of one million options per $10 million drawn on the facility. In addition to obtaining shareholder approval for the issue of security and options on April 26, 2012, the Company initiated a committee of independent directors to evaluate the transaction on behalf of the Board of Directors. Messer's Steyn and Smart, previous directors of the Company abstained from discussion and voting on issues related to the facility. The Company's first draw of $20 million on the Facility Agreement took place on May 16, 2012, the second draw of $10 million took place on September 14, 2012 and the third draw of $10 million took place on March 18, 2013.

Coalspur had a balance owing of $40 million on its $70 million Borrowdale Park facility at June 30, 2013. The Company repaid Borrowdale Park $10 million in July 2013, and restructured the remaining $30 million as a subordinated debt obligation with interest at 10.5% per annum, and issued 14 million warrants to Borrowdale Park with an exercise price of A$0.55. The Borrowdale Park Note can be repaid at any time with a final maturity date of August 12, 2021. If the Borrowdale Park Note is not repaid by early maturity, defined as completion of a 6 Mtpa facility and production at 90% of capacity for a continuous three month period, Borrowdale Park will have the option to convert the Borrowdale Park Note into shares at a 50% discount to the 10 day weighted average price at that time. Coalspur currently intends to repay the Borrowdale Park Note prior to reaching 6 Mtpa of production.

In January 2014, Coalspur announced that it had reached an agreement with its major shareholder, Borrowdale Park, for the provision to Coalspur of a bridge loan facility of C$10 million ("Bridge Facility") by means of an amendment to its existing $30 million credit facility with Borrowdale Park. The amendment agreements giving effect to the Bridge Facility were signed on April 2, 2014. The Bridge Facility has an interest rate of 10.5% per annum and reasonable arrangement and commitment fees are payable by Coalspur. The Company made a draw of $3 million on the Bridge Facility in April 2014. The ability to draw further funds under the Bridge Facility expired on June 30, 2014.

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

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	September 30, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Cash and cash equivalents	8,006,443	8,006,443	10,668,872	10,668,872
Accounts receivable	56,152	56,152	114,842	114,842
	8,062,595	8,062,595	10,783,714	10,783,714
Financial liabilities				
Accounts payable and accrued liabilities	886,555	886,555	2,610,332	2,610,332
Credit facility (note 7) 1	96,041,299	77,254,699	69,568,910	69,568,910
Conversion feature on credit facility	99,203	99,203	940,195	940,195
	97,027,057	78,240,457	73,119,437	73,119,437

1) The effective interest rates for the EIG and Borrowdale Park facilities are 11.57% and 11.07%, respectively.

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

The following method was used to estimate fair values:

- The fair value of cash, receivables, and payables approximate their carrying amounts due to the short-term maturities of these instruments.
- The fair value of the credit facilities is estimated by discounting the expected future cash flows associated with these facilities using current market rates of similar facilities.
- The fair value of the conversion feature on the credit facility is estimated using a binomial method with the significant unobservable input being the ability to repay the debt by the early maturity date. The Company does not presently have plans to repay this debt prior to the early maturity date.

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

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

The fair value hierarchy of financial instruments measured at fair value on the consolidated statements of financial position is as follows:

	September 30, 2014			December 31, 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents	8,006,443	-	-	10,668,872	-	-

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

18. SUBSEQUENT EVENTS AFTER BALANCE DATE

The following significant events occurred after balance date:

- On October 10, 2014, the AER issued a mineral surface lease ("MSL") pursuant to the Public Lands Act (Alberta) for Phase 1 of Vista. The MSL is the final material approval required from the AER in order to commence construction of Vista. A development permit will be sought by Coalspur from Yellowhead County prior to commencing construction.
- The Company notified Ridley Terminals of the termination with effect from October 10, 2014 (the date of issuance of the MSL), of the force majeure declared by the Company in December 2013 due to delays in obtaining regulatory approvals.

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