

2012  
ANNUAL REPORT

# PATH of success

POSITIONED TO BECOME THE  
**LARGEST EXPORT THERMAL  
COAL PRODUCER** IN CANADA

**Coalspur**  
COALSPUR MINES LIMITED  
ABN 73. 003 041 594

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#### Regulatory Disclosures

For further information regarding the Vista Coal Project, and Vista Extension, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the projects, please refer to the technical report titled "Coalspur Mines Limited: Updated Resource Estimate for the Vista Coal Project" dated September 12, 2012. For further information regarding the Vista South Coal Project, 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 compliant with National Instrument 43-101 - "Standards of Disclosure for Mineral Projects" ("NI 43-101") and the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") and are available for review on SEDAR at [sedar.com](http://sedar.com).

#### Competent Person / Qualified Person Statements

The information in this Report that relates to coal quality and process yield estimates to derive Marketable Coal Reserves, operating costs and capital costs related to coal crushing, coal handling, processing and thermal drying is based on information compiled by Mr. Gordon Mudryk, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Mudryk is a full-time employee of Coalspur. Mr. Mudryk has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Mudryk has approved and consents to the inclusion of such information in this report in the form and context in which it appears.

The information in this Report that relates to Coal Resources is based on information compiled by Mr. John Innis, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Innis is a full-time employee of Coalspur. Mr. Innis has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Innis has approved and consents to the inclusion of such information in this report in the form and context in which it appears.

All other scientific and technical information in this Report is based on information compiled by Mr. David Leslie, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Leslie is a full-time employee of Coalspur, and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Leslie has approved and consents to the inclusion of such information in this report in the form and context in which it appears.

# PATH OF SUCCESS

We believe the success  
of our business  
is underpinned by our  
**strong commitment to**  
safety, economic, social  
and environmental  
management and  
effective corporate  
governance.

# COMPANY HIGHLIGHTS

Coalspur has a world-class coal resource, access to first-world rail and port infrastructure, a highly attractive location and the management team in place to develop what would be one of the largest export thermal coal operations in North America

Coalspur has a resource base of

**1.7Bt**

tonnes of Measured and Indicated Coal Resources

and substantial Inferred Coal Resources of

**2.0Bt**

tonnes across three properties

The combination of a large, long-life, high-quality resource, existing logistics chain, attractive jurisdiction and growth opportunities places Coalspur in a unique position among thermal coal development companies

Management success is underpinned by an integrated approach to safety, economic, social and environmental management and effective corporate governance

## VISTA COAL PROJECT

Coalspur's flagship project where reserves have been defined, a Feasibility Study has been completed and the **regulatory process is fully under way**

Large coal marketable reserve of over 313 Mt from a recoverable reserve of 566 Mt which will make Vista **the largest dedicated export thermal coal mine in North America**

To be developed in two phases: Phase 1 at 5.0 Mtpa and Phase 2 at a further 7.0 Mtpa in order to **utilise an existing mine permit and reduce upfront capital requirements**

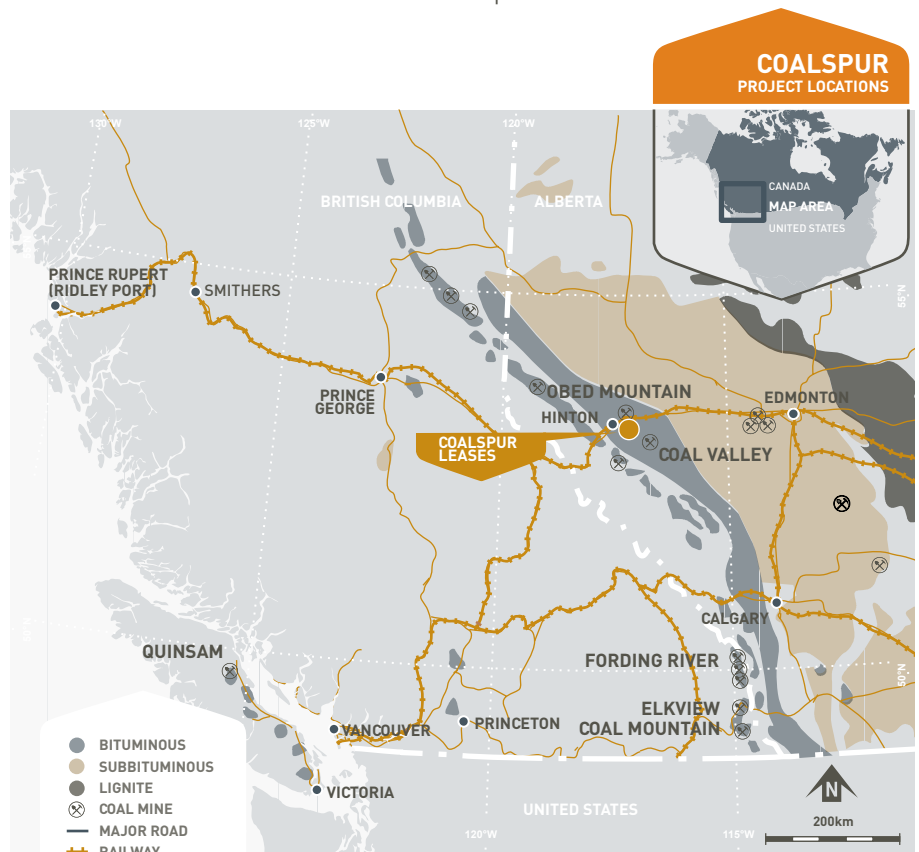
Will produce **high quality thermal coal** which is favoured by Asian utilities and end users

**Regulatory applications** for Phase 1 were submitted in April 2012 with approval expected in the quarter ending March 31 2013

Evaluating various development scenarios which **minimise the capital required** to reach first production and over the early years of mining

Coalspur has substantially advanced the process of **identifying strategic investors** which will form part of the project financing strategy for Phase 1

**On schedule to commence construction** in the quarter ending June 30, 2013 and achieve first production in 2015





## VISTA EXTENSION

Located on the same favourable geological trend as Vista and expected to contain similar **export quality** bituminous thermal coal

Completed an initial resource estimate and a Scoping Study on the property

Scoping Study confirmed Vista Extension has the potential to support an **economic and technically feasible underground longwall mine**

Any future operations on Vista Extension could **leverage infrastructure to be constructed on Vista**

## VISTA SOUTH

Located 6km south west of Vista, covers approximately **23,300 hectares** and extends for over 25km

Contains a Measured and Indicated Coal Resources of **471 Mt** and Inferred Coal Resources of **605 Mt**

**Future drilling activities** to further confirm the geological structure in the area and provide data for technical studies

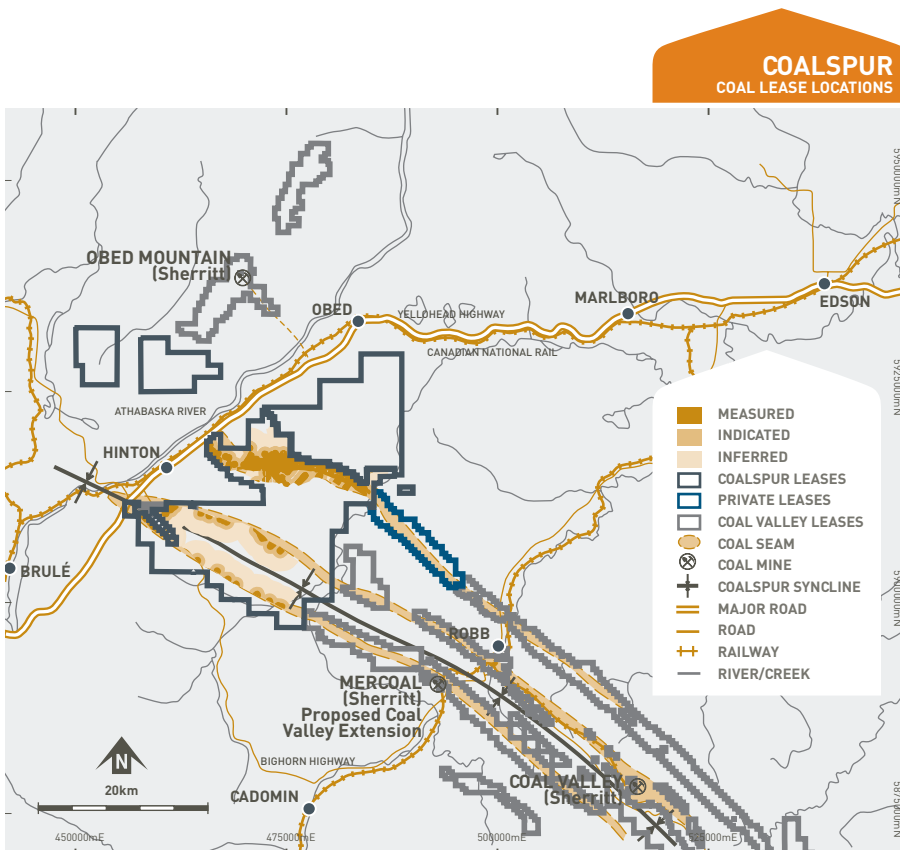
## LOCATION AND INFRASTRUCTURE

Coalspur's leases are located near the town of Hinton, Alberta, which has supported coal mining operations for **over 100 years**

The Hinton region provides Coalspur with access to **established labour markets and housing infrastructure**

**Coalspur has secured capacity at existing rail and port facilities** with no development risk or capital required

**Alberta is a stable and attractive** jurisdiction for the development and operation of mining activities



# ACCOMPLISHMENTS

## Vista Coal Project

**Completed** a Feasibility Study and commenced detailed engineering

Submitted the regulatory applications necessary to construct, operate and commission Phase 1 of Vista

## Vista Extension

**Acquired Vista Extension** which has the potential to leverage off of any future infrastructure built on Vista

An initial Coal Resource estimate on Vista Extension comprised of **174 Mt** in the Measured and Indicated Coal Resource categories and **969 Mt** in the Inferred Coal Resource category

Completed a Scoping Study which confirms the potential for an economic and technically feasible underground longwall mine

## Vista South Coal Project

Substantially increased the Vista South Measured and Indicated Coal Resources to **471 Mt** and increased the Inferred Coal Resources to **605 Mt**

## Rail & Port Infrastructure

**Signed a MOU with CN** to develop a high quality logistics supply chain to transport export thermal coal from Vista to deepwater ports on Canada's west coast

**Secured 11.7 Mtpa** of port allocation with Ridley Terminals for up to 21 years which substantially satisfies the port requirements for Vista

## Corporate

**Colin Steyn** was appointed as Chairman and five Directors were appointed to further strengthen the Board with additional operational experience and Canadian capital markets expertise

**Ms Gill Winckler**, a former senior BHP Billiton executive, was appointed President and CEO

Entered into a loan facility with the Highland Park Group for C\$70 million which provides Coalspur with the capital resources to **complete detailed engineering and the Phase 1 regulatory process**

# REVIEW OF OPERATIONS

Coalspur Mines Ltd (“Coalspur” or “Company”) is a thermal coal development company with over 55,000 hectares of coal leases located within the Hinton region of Alberta, Canada. Coalspur’s flagship project is the Vista Coal Project (“Vista”) which has the potential to be one of the largest dedicated export thermal coal mines in North America.

**Coalspur is well positioned to supply the growing demand for thermal coal from the Asian Pacific Rim countries, including China, Japan and Korea.**

The Company is uniquely positioned amongst other thermal coal development companies as it has secured up to

**11.7** MILLION TONNES PER ANNUM (“Mtpa”)

of port allocation at Ridley Terminals Inc. (“Ridley Terminals”) for up to 21 years and has executed a memorandum of understanding (“MOU”) with Canadian National Railway Company (“CN”) for up to 12.0 Mtpa.



THE COMPANY HOLDS ADDITIONAL COAL LEASES IN THE HINTON REGION WHICH PROVIDE THE OPTION FOR FURTHER DEVELOPMENT BEYOND VISTA.

## VISTA EXTENSION IS STRATEGICALLY LOCATED ON THE NORTH EAST BOUNDARY OF VISTA.

THE COMPANY HAS COMPLETED A SCOPING STUDY ON THE AREA WHICH CONFIRMED ITS POTENTIAL TO SUPPORT AN ECONOMIC AND TECHNICALLY FEASIBLE UNDERGROUND LONGWALL MINE.

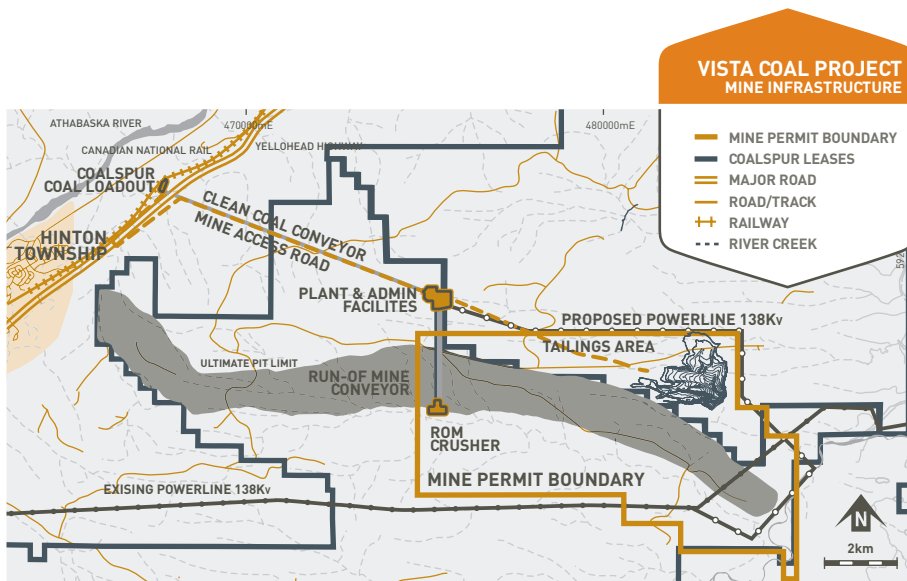
THE VISTA SOUTH COAL PROJECT IS LOCATED APPROXIMATELY 6KM SOUTH WEST OF VISTA AND COVERS OVER

**23,000** HECTARES.

THE COMPANY CONTINUES TO PERFORM EXPLORATION DRILLING ON VISTA SOUTH TO FURTHER CONFIRM THE GEOLOGICAL STRUCTURE IN THE AREA AND PROVIDE DATA FOR FUTURE TECHNICAL STUDIES. VISTA EXTENSION AND VISTA SOUTH HAVE THE POTENTIAL TO PROVIDE SIGNIFICANT VALUE TO COALSPUR BY LEVERAGING OFF ANY FUTURE INFRASTRUCTURE AND OPERATIONS AT VISTA.

Coalspur has offices in Calgary, Hinton and Vancouver in Canada as well as in Perth, Australia. The Company is dual listed on the Toronto Stock Exchange under the symbol "CPT" and on the Australian Securities Exchange under the symbol "CPL".

COALSPUR IS  
**UNIQUELY POSITIONED**  
 WITH ITS ACCESS TO FIRST-WORLD,  
 UNDER-UTILISED RAIL AND PORT  
 INFRASTRUCTURE.



**Contracts in Place with Existing Rail and Port Infrastructure**

Coalspur is uniquely positioned with its access to first-world, under-utilised rail and port infrastructure. The transportation infrastructure throughout Western Canada is well advanced and has the capacity to accommodate additional production from Vista or Coalspur’s other development options.

Coalspur has transportation contracts in place that substantially fulfill the transportation requirements to export coal from Vista to the Asia Pacific market. These transportation contracts include 11.7 Mtpa port allocation at Ridley Terminals and a MOU with CN for up to 12.0 Mtpa.

**Ridley Terminals**

Ridley Terminals is located in the Port of Prince Rupert in British Columbia, Canada, and provides Coalspur with an enviable shipping route to Coalspur’s target markets. Ridley Terminals is approximately 500km closer to Fukuyama, Japan, than Newcastle, Australia which positions Coalspur as an alternative supplier of export thermal coal to Asian Pacific economies.

Ridley Terminals operates for 365 days a year and is capable of handling 250,000 DWT cape size vessels. The throughput volume at Ridley Terminals in 2011 was 9.4 Mt and the port is in process of expanding its annual capacity to 25 Mt.

Coalspur has secured up to 11.7 Mtpa of throughput allocation with Ridley Terminals which is a staged to ramp-up according to the Vista mine plan. This port capacity commences in 2015, is contracted until 2029 and has the option to be extended for a further seven years.



## **ALBERTA WAS VOTED THE WORLD'S THIRD MOST ATTRACTIVE JURISDICTION FOR MINERAL EXPLORATION AND DEVELOPMENT.**

Fraser Institute Survey of Mining  
Companies 2011/2012

### **CN**

CN is ranked North America's most efficient rail carrier and is one of the largest rail providers in North America. CN operates a heavy gauge rail line that is adjacent to Vista, which is substantially under-utilised and provides Coalspur access to deepwater ports on the west coast of Canada.

Coalspur and CN have entered into a MOU whereby CN has committed to provide rail capacity up to 12.0 Mtpa beginning in 2015. The MOU outlines the terms to develop a high-quality logistics supply chain to transport coal from Vista to western Canadian ports. Subsequent to the MOU, CN and Coalspur have commenced the design of the loadout and rail siding. CN will be responsible for the construction of the rail siding, which will be capable of handling the loading of 175-car unit trains. Coalspur and CN are currently working towards a definitive transportation agreement which is targeted for completion in 2012.

### **Enviably Location**

Coalspur's leases are located near the town of Hinton in the province of Alberta which provides Coalspur with close proximity to established labour markets and existing rail infrastructure.

Alberta provides an ideal environment for mine development as it has long been associated with coal mining and recognises the economic benefits of mining activity. According to the Fraser Institute Survey of Mining Companies: 2011/2012, Alberta was voted the world's third most attractive jurisdiction for mineral exploration and development. The Fraser Institute characterises Alberta as hosting a resource-friendly government, competitive taxation regime, and superior infrastructure, rendering the province a standout for mining investment.

The municipalities near Coalspur's leases have hosted mining activity for over 100 years and contain numerous skilled potential employees. Hinton, which is located approximately 4km west of Vista, contains over 10,000 residents and Edson, which is located approximately 85km east of Vista, contains approximately 8,000 residents.

### **Experienced Management Team and Board of Directors**

Coalspur's management team has extensive experience in coal mining operations and has a demonstrated track record of success. Coalspur is led by President and CEO, Gill Winckler who is a former BHP Billiton senior executive. Ms Winckler's previous roles include Chief Development Officer of the Energy Coal division where she was responsible for BHP Billiton's thermal coal business development activities and project growth pipeline worldwide.

Coalspur's Board of Directors has a proven track record of developing and operating resource assets and has extensive capital markets experience. Coalspur's Chairman, Colin Steyn, is the former Managing Director and CEO of LionOre Mining International Ltd and was responsible for overseeing its development and eventual sale to Norilsk Nickel for US\$6.3 billion.

## VISTA OVERVIEW

# VISTA IS THE FLAGSHIP PROJECT OF COALSPUR.

THE LEASES COMPRISING VISTA COVER APPROXIMATELY 10,000 HECTARES AND PROVIDE FOR A LARGE SCALE, OPEN PIT POTENTIAL, THERMAL COAL PROJECT. VISTA HAS THE POTENTIAL TO BE DEVELOPED INTO ONE OF NORTH AMERICA'S LARGEST EXPORT THERMAL COAL MINES.

Vista has a Measured and Indicated Resource base of 1.1 billion tonnes ("Bt") of low sulphur, high volatile bituminous, export quality thermal coal. During 2012 the Company completed a Feasibility Study which defined a marketable reserve of over 313 million tonnes ("Mt") from a recoverable coal reserve of 566 Mt.

Following the completion of the Feasibility Study, the Company commenced detailed engineering and has submitted the necessary regulatory applications required to commence production on Vista. The design engineering and approval of the Phase 1 regulatory applications are expected in the quarter ending March 31, 2013.

Vista will be developed in two phases. Phase 1 will produce 5.0 Mtpa, with first production scheduled for early 2015; and Phase 2 will begin construction in 2015 and produce an incremental 7.0 Mtpa by 2018. This schedule is based on Coalspur receiving project financing during 2012 and regulatory approvals and Board approval to proceed with construction and mine development in the first half of 2013.

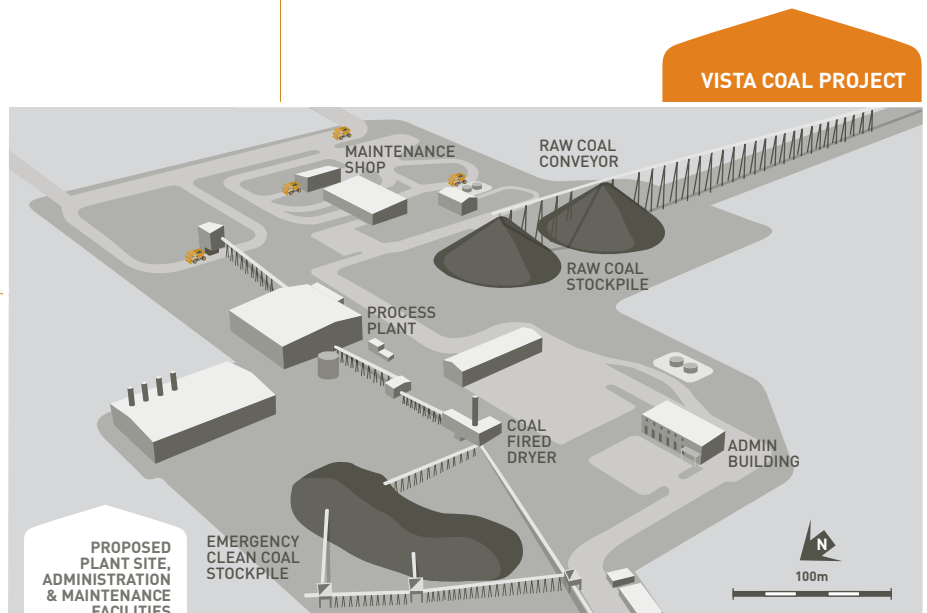
Coalspur is seeking strategic investment partners as part of the financing strategy to fund Phase 1 of Vista. Discussions with potential partners are well advanced and Coalspur expects to finalise them by the end of 2012. The Company has also initiated discussions with financial institutions and coal trading entities to evaluate additional project financing options for Phase 1 of Vista.

### Vista Feasibility Study

Coalspur completed a Feasibility Study on Vista in January 2012 which was the final major technical report to be completed before construction can commence. The Feasibility Study was undertaken by Snowden Mining Industry Consultants Inc. and a number of internationally recognised coal industry engineering firms.

Key results of the Feasibility Study include:

- + Annual marketable coal production capacity of 11.2 Mtpa of marketable clean coal from the processing of approximately 20.4 Mtpa of run of mine ("ROM") coal on Vista, after ramp-up to full production
- + Proven and Probable Marketable Coal Reserve of 313 Mt from a Recoverable Coal Reserve of 566 Mt
- + Initial 10 year clean coal strip ratio of 7.0:1 and LOM clean coal strip ratio of 9.2:1
- + Mine gate cash costs in the initial 10 years of production of C\$27.3/t and LOM costs of C\$34.4/t
- + Free-on-board ("FOB") cash costs of C\$61.0/t in the initial 10 years of production and C\$68.1/t over LOM
- + Projected first phase development costs of C\$864 million and an incremental C\$370 million to reach full capacity of 11.2 Mtpa in the second phase
- + Utilising free cash flow generated in the first phase of development reduces the estimated peak funding to reach full capacity to C\$894 million
- + Incorporating forecast coal prices from Wood Mackenzie and a Canadian dollar to US dollar exchange rate of 0.94 resulted in an after-tax net present value ("NPV") of C\$2,115 million
- + Projected initial 10 year average annual operating cashflows (EBITDA) of C\$421 million per annum ("Mpa") and LOM average annual operating cashflows of C\$587 Mpa



**Detailed Engineering**

Following the completion of the Feasibility Study, Coalspur commenced detailed engineering on Vista. The detailed engineering builds on the Feasibility Study and will provide for the final mine, infrastructure and process design for Vista. CWA Engineering Inc., which was extensively involved in the Feasibility Study, was awarded the contract for the engineering, procurement and construction management and engaged sub-contractors to perform other specialised services.

As part of the detailed engineering, an optimisation study on the coal processing plant and mine scheduling was performed. This study resulted in an increase in the annual marketable coal production capacity from 11.2 Mtpa to 12.0 Mtpa. The optimisation study was completed by CPG Resources – QCC Pty Ltd who was responsible for the processing plant and thermal dryer design components of the Feasibility Study.

Coalspur is evaluating initiatives to reduce the development capital for Vista while maintaining annual marketable coal production at 12.0 Mtpa. These initiatives include the utilisation of a mining contractor for construction and the initial years of mining, enhanced scheduling between mining operations and the coal processing plant, an optimised maintenance program, and an improved mine schedule that minimises the capital required to reach first production and over the early years of mining at Vista.

**Vista Regulatory Process**

Coalspur has filed the regulatory applications for Phase 1 of Vista. These applications include an Environmental Impact Assessment, regulatory applications under the Coal Conservation Act, Alberta Environmental Enhancement Act, Water Act, and Public Lands Act. The Company expects to receive approval of these applications in the quarter ending March 31, 2013.

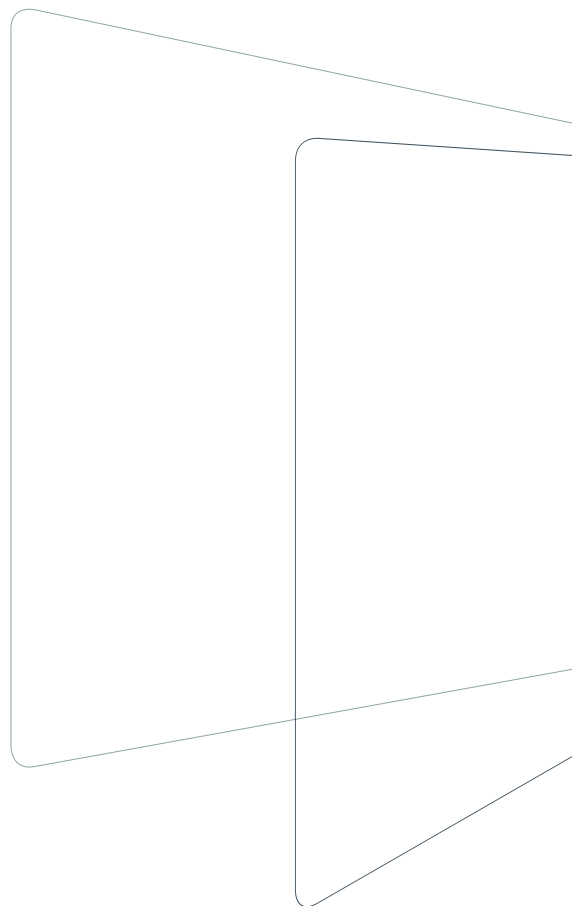
Once the applications are approved, Coalspur will have government consent to construct, operate and commission Phase 1 of Vista, which will allow for production of up to 5.0 Mtpa for 20 years. Following submission of the Phase 1 regulatory applications, Coalspur will commence the technical and environmental studies to support regulatory applications for Phase 2 of Vista, which will expand the capacity of Vista from 5.0 Mtpa to 12.0 Mtpa. This two-phase regulatory approach follows the schedule outlined in the Vista Feasibility Study which utilises the Mine Permit and Coal Processing Plant Approval that was transferred to Coalspur by the Alberta Government in May 2011.

In addition to submitting the Phase 1 applications, the Company also advanced the public engagement and aboriginal consultation programs which are required to receive approval to commence construction on Vista.

**Vista Coal Quality**

Extensive coal quality testing has been completed on Vista by Coalspur and by previous operators. During the year Coalspur engaged independent experts to perform coal quality testing to finalise the coal quality specifications on Vista. The test work further confirmed that Vista will produce high quality thermal coal which will be favoured by Asian utilities.

The coal quality testing was derived from 66 core holes and a three tonne bulk sample. The coal quality testing included over 1,200 raw coal data points encompassing all regional areas in Vista and included washability testing, clean coal analysis and attrition testing. The analysis concluded that the average calorific value of the Val d'Or and McPherson seams is 5,767 Kcal/kg on a gross as received ("gar") basis and the McLeod seam is 5,410 Kcal/kg gar.





## CLEAN COAL SPECIFICATIONS

		COMBINED VAL D'OR MCPHERSON SEAMS	MCLEOD SEAM
Total Moisture %		11.5 – 12.5	11.5 – 12.5
Ash %	gar	9 – 11	15 – 17
Calorific Value Kcal/kg	gar	5,700 – 5,800	5,250 – 5,350
Air Dried Moisture %	ad	6 – 7	6.5 – 7.5
Volatile Matter %	ad	32 – 35	30 – 33
Total Sulphur %	ad	0.35 – 0.45	0.35 – 0.45
HGI	ad	40 – 41	38 – 39

gar – gross as received basis; ad – air dry basis;

### Vista Extension Overview

Vista Extension is strategically located on the northeast boundary of Vista and covers approximately 14,400 hectares. The Company acquired Vista Extension in April 2012 and has subsequently completed an initial resource estimate and a Scoping Study on the area. The coal seams on Vista Extension are located on the same favourable geological trend as Vista and are expected to contain similar export quality bituminous thermal coals. Future development at Vista Extension has the benefit of leveraging off the secured port allocation and coal mining, handling and processing infrastructure to be developed at Vista.

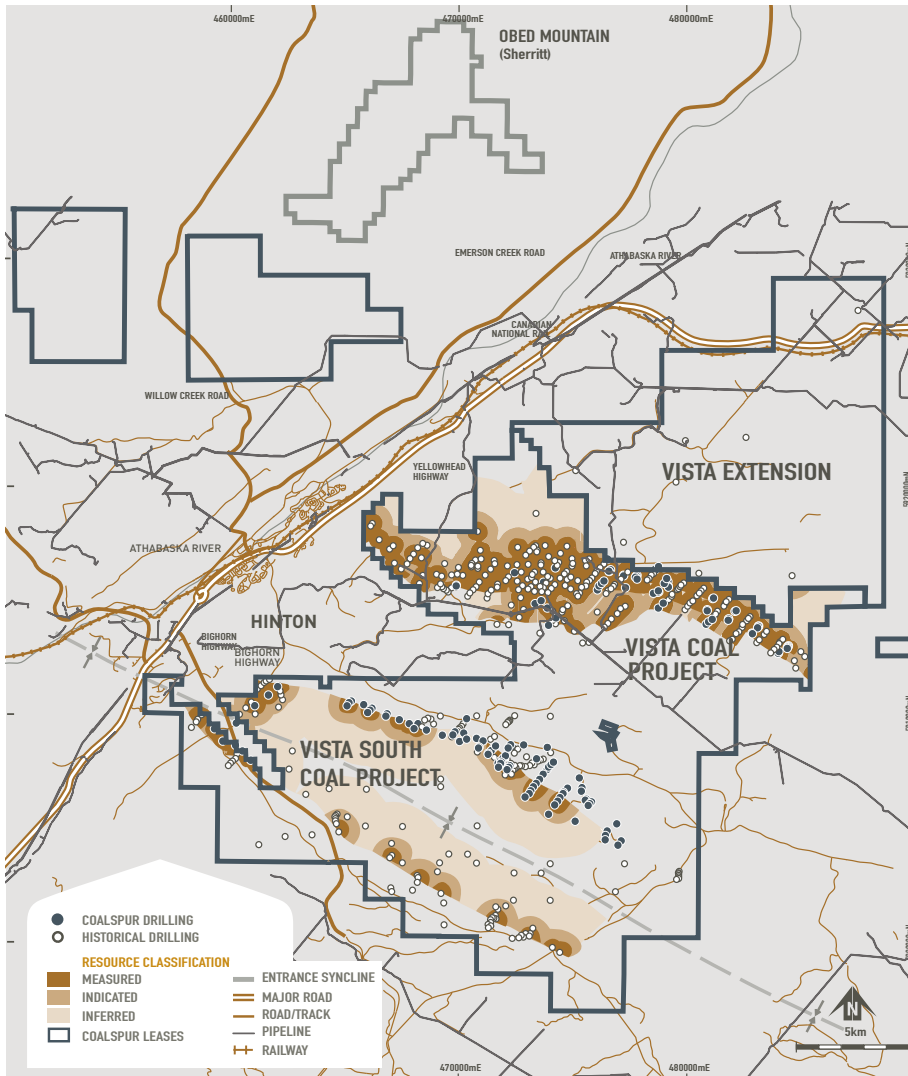
### Vista Extension Scoping Study

Subsequent to June 30, 2012, the Company completed a Scoping Study on Vista Extension. The Scoping Study confirmed the potential for an economic and technically feasible underground longwall mine on Vista Extension. Following the Scoping Study Coalspur will progress the evaluation of Vista Extension and will complete a future drilling program and a pre-feasibility study on the area.

Highlights of the Scoping Study include:

- + Average production of 3.8 Mtpa (6.3 Mtpa ROM) marketable coal from potentially mineable resources of approximately 108 Mt, and a long mine life of 28 years
- + Average mine gate costs of C\$24.5/t over the life of the mine
- + Average operating costs of C\$58.2/t FOB Ridley over the life of the mine
- + Development costs of C\$346 million which reflect the cost savings of leveraging off the close proximity to Vista infrastructure
- + Average operating cashflows, before taxation, projected at C\$153 Mpa over the life of mine, for an after-tax NPV of C\$445 million (at an 8% discount rate)

**COALSPUR**  
LEASE HOLDINGS



**Vista South Overview**

The Vista South Coal Project (“Vista South”) covers approximately 23,300 hectares and the Company believes it has the potential to host a substantial coal resource. Any future development on Vista South could provide significant value by leveraging off the planned infrastructure at Vista, providing for mine expansion or an extension of the project life.

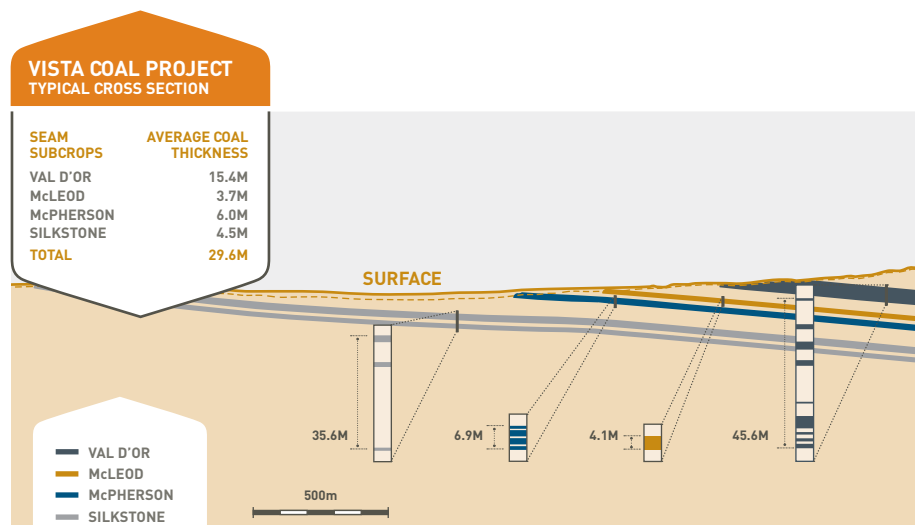
During the year the Company completed a 50 hole drilling program on Vista South. That drilling program resulted in a substantial increase in the Measured and Indicated Coal Resources from 93 Mt to 471 Mt and an increase in Inferred Coal Resources from 75 Mt to 605 Mt.

**Coalspur Reserves and Resources**

Coalspur’s Coal Reserve and Coal Resource estimates have been prepared by independent consultants and are reported in accordance with the JORC Code (2004) (“JORC”) and National Instrument 43-101 (“NI 43-101”). Across the Company’s three main tenement areas, Vista, Vista South, and Vista Extension, Coalspur’s Measured and Indicated Coal Resources total 1.7 Bt and its Inferred Coal Resources total 2.0 Bt.

## Vista

The Feasibility Study defined a Marketable Coal Reserve of over 313 Mt from a 566 Mt Recoverable Coal Reserve. The Coal Resource estimate at Vista is based on the considerable drilling and exploration activities undertaken by Coalspur and by Manalta Coal and Esso Resources in the 1980's and 1990's. Vista contains a Measured and Indicated Coal Resource of 1,056 Mt and an Inferred Coal Resource of 461 Mt.



## Vista South

The Coal Resource estimate on Vista South was substantially increased over the year following Coalspur's third drilling program on the area. Vista South has Measured and Indicated Coal Resources of 471 Mt and an Inferred Coal Resources of 605 Mt. The Coal Resource estimate is based on three drilling campaigns completed by Coalspur and historical drilling completed by previous operators.

## Vista Extension

During the year an initial Measured and Indicated Coal Resource of 174 Mt and an Inferred Coal Resource of 969 Mt was estimated on Vista Extension. The Coal Resource estimate is based on data from 275 rotary and 93 core drill holes in the Vista and Vista Extension leases.

## JORC / NI 43-101 COAL RESOURCES

	MEASURED (MT)	INDICATED (MT)	MEASURED & INDICATED (MT)	INFERRED (MT)
Vista South	210.6	259.9	470.5	604.5
Vista Coal Project	686.0	369.9	1,055.9	460.9
Vista Extension	6.5	167.2	173.7	969.3
<b>Coalspur Total Resources</b>	<b>903.1</b>	<b>797.0</b>	<b>1,700.1</b>	<b>2,034.7</b>

### Notes:

Vista Coal Project and Vista Extension Coal Resource estimates effective May 8, 2012, Vista South Coal Project Coal Resource estimates effective May 22, 2012.

# DIRECTORS' REPORT

The Directors of Coalspur Mines Limited present their report on the Consolidated Entity consisting of Coalspur Mines Limited ("Company" or "Coalspur") and the entities it controlled at the end of, or during, the year ended June 30, 2012 ("Consolidated Entity" or "Group").

## DIRECTORS

The names and details of the Group's directors in office at any time during the financial year or since the end of the financial year are:

Mr. Colin Steyn	Chairman (non-executive)
Ms. Gill Winckler	President and CEO (appointed July 1, 2012)
Mr. Denis Turcotte	Director (non-executive)
Mr. Peter Breese	Director (non-executive) (appointed September 6, 2011)
Mr. David Murray	Director (non-executive) (appointed October 13, 2011)
Mr. Ted Mayers	Director (non-executive) (appointed October 13, 2011)
Mr. Mark Rodda	Director (non-executive) (appointed October 13, 2011)
Mr. William Smart	Alternate Director (non-executive) (appointed October 13, 2011)
Mr. Gene Wusaty	Managing Director and CEO (resigned June 30, 2012)
Mr. Ian Middlemas	Director (non-executive) (resigned October 13, 2011)
Mr. Mark Pearce	Director (non-executive) (resigned October 13, 2011)

Unless otherwise stated, Directors held their office from July 1, 2011 until the date of this report.

## QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES OF DIRECTORS

### Mr. Colin Steyn

Chairman (non-executive)

Mr. Steyn has over 30 years experience in the resources sector with particular expertise in the development of mining operations in Southern Africa. Mr. Steyn was appointed a Director of the Company on October 21, 2010. Mr. Steyn was previously President and CEO of LionOre Mining International from 1999 to 2007. He was one of the original founders of LionOre and was instrumental in the growth and development of LionOre into a major international mining house. During his time as CEO, LionOre grew from a market capitalization of US\$100 million to over US\$6 billion.

Mr. Steyn is a member of the Audit Committee, and was a member of the Remuneration and Nomination Committee until October 13, 2011.

Mr. Steyn is currently a director of Mirabela Nickel Limited (October 2009 – present) and was a director of Mantra Resources Limited (March 2008 – June 2011). Other than the above, Mr. Steyn does not currently hold any directorships of other listed companies, nor has he done in the past three years.

### Ms. Gill Winckler, CA

President and Chief Executive Officer (Appointed July 1, 2012)

Ms. Winckler joined Coalspur from BHP Billiton, where she had worked for the past 15 years in a number of senior executive roles. Ms. Winckler was Chief Development Officer of the Energy Coal division where she was responsible for BHP Billiton's thermal coal business development activities and project growth pipeline around the world. During her tenure, BHP Billiton significantly increased its thermal coal presence in Australia and also initiated and advanced various expansion projects in South Africa.

Most recently Ms. Winckler was Vice President of Strategy and Development for BHP Billiton's Diamonds and Specialty Products division based in Canada. In this role she was instrumental in advancing the Company's potash growth program in Canada, specifically delivering two successful market acquisitions and multiple exploration programs, as well as progressing projects towards Feasibility Study and securing the required port and rail options.

Ms. Winckler is a Chartered Accountant and holds a B Comm (Hons) and a B.Sc.

Ms. Winckler does not currently hold any directorships of other listed companies, nor has she done in the past three years.

**Mr. Denis Turcotte, P. Eng**

Director (non-executive)

Mr. Turcotte is a Professional Engineer with over 25 years experience and was previously the President and CEO of Algoma Steel Inc. an integrated steel producer based in Sault Ste. Marie, Ontario. Mr. Turcotte is currently President and CEO of a private business consulting and investing firm and in 2006 was recognized as Canadian Business Magazine's Top CEO.

Mr. Turcotte is Chairman of the Company's Remuneration and Nominations Committee, and was a member of the Audit Committee until October 13, 2011.

Mr. Turcotte was appointed a Director of the Company on December 22, 2010. Mr. Turcotte holds directorships in Domtar Corporation (February 2007 – present), Norbord Inc. (April 2012 – present) and is a member of the Advisory Board of the Brookfield Special Situations Funds (October 2008 – present). Other than the above, Mr. Turcotte does not currently hold any directorships of other listed companies, nor has he done in the past three years.

**Mr. Peter Breese, PMD**

Director (non-executive) (Appointed September 6, 2011)

Mr. Breese has over 25 years operational experience in the global mining industry, having worked predominantly across Southern Africa (South Africa, Botswana, Tanzania and Zimbabwe) and Australia, in the uranium, nickel, platinum and chrome sectors. He has held a number of senior management positions in TSX and ASX publicly listed companies, and holds a PMD from Harvard Business School.

Mr. Breese is a member of the Remuneration and Nominations Committee.

Mr. Breese was a director and CEO of Mantra Resources Limited (January 2010 - June 2011). Other than the above, Mr. Breese does not currently hold any directorships of other listed companies, nor has he done in the past three years.

**Mr. David Murray, BSc.**

Director (non-executive) (Appointed October 13, 2011)

Mr. Murray has over 30 years of international experience in the coal industry and has held a number of senior positions within BHP Billiton, including President of the Energy Coal (2008-2009), President of Metallurgical Coal (2005-2008) and Chief Executive Officer of BHP Billiton Mitsubishi Alliance Coal (2001-2005). He has served as Chairman of the World Coal Institute, Australian Coal Association and Richards Bay Coal Terminal; as director of the Queensland Resource Council and Coal Industry Advisory Board (Advising International Energy Agency) and council member of the South African Chamber of Mines Council. He holds a B.Sc in Civil Engineering and a Post Graduate Diploma in Mining Engineering.

Mr. Murray is a member of the Remuneration and Nominations Committee.

Mr. Murray is currently a director of Coal of Africa Limited (September 2010 – present), and Meridian Resources Limited (January 2012 – present). Other than the above, Mr. Murray does not currently hold any directorships of other listed companies, nor has he done in the past three years.

**Mr. Ted Mayers, CA**

Director (non-executive) (Appointed October 13, 2011)

Mr. Mayers has extensive experience in financial management within the mining sector, and has held a number of senior financial positions with publicly listed mining companies, most recently as Chief Financial Officer of Lundin Mining. Mr. Mayers is a Chartered Accountant, with a Masters of Business Administration degree from the University of Western Ontario.

Mr. Mayers is Chairman of the Audit Committee.

Mr. Mayers was a director of Mantra Resources Limited (September 2010 – June 2011). Other than the above, Mr. Mayers does not currently hold any directorships of other listed companies, nor has he done in the past three years.

## DIRECTORS' REPORT (CONTINUED)

### QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES OF DIRECTORS (CONTINUED)

#### Mr. Mark Rodda, B.A., LLB

Director (non-executive) (Appointed October 13, 2011)

Mr. Rodda is a lawyer with private practice, in-house legal, and corporate consultancy experience with considerable practical experience in the management of mergers and acquisitions, divestments, joint ventures, corporate and project financing transactions and corporate restructuring initiatives. He is currently a partner of Napier Capital, a boutique corporate services and advisory firm. Until it was acquired by Norilsk Nickel in 2007, he was General Counsel and Corporate Secretary for LionOre Mining, a Company with operations in Australia and Africa and listings on the TSX, LSE and ASX. Mr. Rodda holds a BA and LLB.

Mr. Rodda is a member of the Audit Committee.

Mr. Rodda currently serves on the Board of Antipa Minerals Limited (November 2010 – present) as a non-executive Director. Other than the above, Mr. Rodda does not currently hold any directorships of other listed companies, nor has he done in the past three years.

#### Mr. William Smart, B.Comm

Alternate Director (non-executive) (Appointed October 13, 2011)

Mr. William (Bill) Smart has over 40 years experience in the mining industry across the nickel, platinum and chrome sectors, including 26 years working for the Anglo American Group in Zimbabwe. He has held a number of senior executive positions in the industry, including Vice President, Corporate Planning of LionOre Mining, until it was acquired by Norilsk Nickel in 2007; Managing Director of Bindura Nickel, Managing Director of Zimbabwe Alloys; as well as CEO of both Zimasco and Mimosa Mining Companies. Mr. Smart holds a B.Com, Hons.

Mr. Smart serves as an alternate director to Mr. Steyn and Mr. Breese, and was an alternate director of Mantra Resources Limited (June 2010 – June 2011), until its acquisition by ARMZ. Other than the above, Mr. Smart does not currently hold any directorships of other listed companies, nor has he done in the past three years.

#### Mr. Simon Robertson, B. Bus MApp Fin

Company Secretary (Appointed October 13, 2011)

Mr. Robertson is a Chartered Accountant and Chartered Secretary and currently holds the position of Company Secretary for a number of publically listed companies. Mr. Robertson was also previously Chief Financial Officer for a large mining services and civil engineering company with operations internationally and revenues in excess of A\$1 billion. Mr. Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales, Australia.

### FUNCTIONAL AND PRESENTATION CURRENCY

The Directors' Report is presented in Canadian dollars ("C\$") unless otherwise expressed in Australian dollars ("A\$"). The Company changed its reporting and presentation currency from Australian to Canadian dollars during the year, as disclosed in Note 1 to the financial statements. The change in currency followed the determination by the Company, that the functional currencies of Coalspur Mines Ltd and Coalspur Mines (Holdings) Pty Ltd. (Australian subsidiary) had changed to Canadian dollars because the majority of their expenditures, current and future debt and equity raisings, and future dividend stream are denominated in Canadian dollars.

### REVIEW AND RESULTS OF OPERATIONS

#### Review of Operations

The Company made considerable progress on its coal properties during the year. On Vista, Coalspur completed a positive Feasibility Study, submitted regulatory applications for the first phase of the project ("Phase 1"), and initiated detailed design work to begin construction of a mining facility once the regulatory applications are approved. The Company originally negotiated agreements for up to 13.5 Mtpa of port capacity at Ridley Terminals Inc. ("Ridley Terminals") for up to 21 years, increased its measured and indicated coal resources from 1.1 Bt to 1.7 Bt, and obtained a \$70 million credit facility which will provide with the Company with sufficient capital resources to complete detailed engineering and the regulatory process for Phase 1 of Vista.



Total cash decreased from \$68 million at June 30, 2011, to \$7 million at June 30, 2012 as a result of expenditures associated with the continued acquisition, exploration, evaluation, and development of mineral properties near Hinton. Significant expenditures during the period include:

- \$37.5 million to secure 9.5 Mtpa coal shipping capacity from current infrastructure at Ridley Terminals near Prince Rupert, British Columbia;
- \$12.0 million for an additional 4.0 Mtpa at Ridley Terminals, pending Federal Government approval for its future expansion plans. Subsequent to year end, Ridley Terminals advised that its future expansion plans have been delayed, and agreed to provide 2.2 Mtpa from its current expansion, bringing Coalspur's total capacity allocation at Ridley Terminals to 11.7 Mtpa;
- \$19.0 million for the acquisition of new mineral leases and scheduled payments against existing mineral leases;
- \$19.0 million to progress technical and regulatory initiatives associated with Vista and the Company's other coal projects; and
- \$5.7 million to administer the Company.

These cash expenditures were partially offset by borrowing \$20 million under the Company's \$70 million credit facility and from proceeds of \$12.8 million from the exercise of unlisted options to purchase ordinary shares ("Unlisted Options"). As of the date of this report the Company had \$50 million available to draw under its credit facility. This facility expires on May 16, 2014.

#### Vista Coal Project

Vista, Coalspur's flagship project, is one of the largest undeveloped export thermal coal projects in North America with Measured and Indicated Coal Resources of over 1.0 Bt and marketable reserves of 313 Mt. Vista covers approximately 10,000 hectares, providing a large scale, surface mineable, thermal coal project containing a strike length of over 20km of continuous gently dipping coal seams.

The Company plans to develop an open cut mine and coal process facility at Vista in two phases. The development plan for Vista is based on an optimized mine plan which follows the Feasibility Study. Phase 1 will produce 5.0 Mtpa; with first production scheduled for early 2015; and Phase 2 will begin construction in 2015 and produce an incremental 7.0 Mtpa by 2018. This timeline is based on Coalspur securing project financing during 2012, and receiving regulatory approvals and Board approval to proceed with construction and mine development in the first half of 2013.

Coalspur completed a Feasibility Study on Vista during the year, which defined a two phased approach to project development with a 30 year mine life. Phase 1 was estimated to require development capital of \$864 million. Phase 2 would increase production to 11.2 Mtpa of marketable coal utilizing free cash flow from Phase 1 to fund development. The Feasibility Study estimates Vista free on board ("FOB") cash costs of \$61.2/t in the initial 10 years of production and \$67.6/t over the life of the mine.

Following the Feasibility Study, Coalspur commenced detailed engineering work on Vista, which included an optimization study on the coal processing plant and mine scheduling. This effort resulted in an increase in the annual marketable coal production capacity on Vista from 11.2 Mtpa to 12.0 Mtpa, reducing the mine life from 30 to 28 years, and increased the Phase 1 capital cost by \$6 million to \$870 million. The Company is currently in discussions with a number of contractors to evaluate the possibility of contract mining during the construction and initial years of mining at Vista, which could reduce or defer initial Phase 1 capital requirements.

During the year, the Company entered into a number of agreements with Ridley Terminals to secure port allocation of up to 13.5 Mtpa, commencing in 2015. The initial terms of these agreements expire in 2028 and have optional seven year extension periods. The First Contract provides up to 9.5 Mtpa capacity from existing port infrastructure, and is cancellable at Coalspur's option prior to March 1, 2013 with no further obligation other than deposits already made. The Company signed a second agreement during the year for 4.0 Mtpa which was contingent on Ridley Terminals obtaining approval for a future port expansion. Subsequent to year end, Ridley Terminals advised that they did not obtain this approval, and agreed to provide 2.2 Mtpa capacity from its existing infrastructure expansion on similar terms as the second contract. Coalspur has now secured 11.7 Mtpa of port allocation at Ridley Terminals which substantially satisfies Vista's requirements at full production.

During the year, the Company developed comprehensive plans for reclamation, water management and other environmental protection programs to minimize the potential impacts from Vista. The Company submitted the final Environmental Impact Assessment ("EIA") and Energy Resources Conservation Board ("ERCB") applications for Phase 1 of Vista to the Alberta Government on April 30, 2012. Public engagement and aboriginal consultation programs have been fully implemented and results to date support the Company's estimate that the Phase 1 regulatory approvals required to commence construction at Vista should be received in the first half of 2013. After receiving Phase 1 approvals the Company plans to complete and submit the Phase 2 EIA and ERCB applications which will be required to reach the full production rate of 12.0 Mtpa. The Company estimates Phase 2 approvals will be received in mid-2015 which will enable construction of Phase 2 to commence shortly thereafter. Production from Phase 2 of Vista is scheduled to begin in early 2017.

The Company signed a Memorandum of Understanding ("MOU") with Canadian National Railway ("CN") during the year to develop a high quality logistics supply chain to transport export thermal coal from Vista to deepwater ports on Canada's west coast. Subsequent to year end, Coalspur and CN expanded the MOU to accommodate the optimized production rate of 12.0 Mtpa. Coalspur and CN continue to work towards a definitive transportation agreement.

During the year, the Company drilled approximately 175 test pits, auger holes, sonic locations, cores, and rotary holes within Vista to assist with detailed design of proposed Vista mining facilities.

#### **Vista Extension**

Vista Extension is located on the northeast boundary of Vista and covers 14,432 hectares. The Company acquired Vista Extension in April 2012 for \$13 million in cash. An initial resource estimate on Vista Extension resulted in Measured and Indicated resources of 173 Mt and inferred resources of 969 Mt.

Subsequent to June 30, 2012, the Company completed a Scoping Study on Vista Extension that confirmed the potential for an economic and technically feasible underground mine that could benefit from the planned coal processing and handling infrastructure at the adjacent Vista Project. The Scoping Study defined a longwall mine with average production of marketable coal of 3.8 Mtpa over a 28 year mine life. Development costs were estimated at \$346 million, reflecting cost savings due to the close proximity of Vista Extension to the Vista infrastructure, and which could be funded from cash flows from Phase 1 and Phase 2 of the Vista Project. Mine gate costs were estimated to be \$24.5/t over the life of the mine.

Coalspur will continue to progress its technical and economic evaluation of Vista Extension and is planning for a future drilling program and a pre-feasibility study on the area. This activity could lead to a resource update and will likely lead to increased exploration and evaluation expenditures.

#### **Vista South Coal Project**

Vista South covers 23,287 hectares and is located approximately 6km southwest of Vista. The Company believes Vista South has the potential to host a significant coal resource, which could provide significant value by leveraging off the planned infrastructure at Vista, providing for mine expansion or an extension of the project life.

The Company completed a 50 hole drilling program in Vista South during the year which resulted in an increase in Measured and Indicated Coal Resources from 93 Mt to 471 Mt and an increase in Inferred Coal Resources from 75 Mt to 605 Mt.

Coalspur has received drilling permits from the Alberta Government for an additional 22 exploration drill holes, from which approximately 10 holes will be drilled in 2013.

Vista South exploration and evaluation expense totaled \$2.0 million for the year ended June 30, 2012 as compared to \$1.1 million the prior year. No Vista South expenditures were capitalized during the year.

## COAL RESERVES AND RESOURCES

The Coal Reserve and Coal Resource estimates have been prepared by independent consultants and are reported in accordance with the JORC Code (2004) ("JORC") and National Instrument 43-101 ("NI 43-101").

TABLE 1: JORC / NI 43-101 COMPLIANT COAL RESERVES - VISTA

COAL SEAM	RECOVERABLE COAL RESERVE			MARKETABLE COAL RESERVE		
	PROVEN (MT)	PROBABLE (MT)	PROVEN & PROBABLE (MT)	PROVEN (MT)	PROBABLE (MT)	PROVEN & PROBABLE (MT)
Val d'Or and McPherson	429.3	45.9	475.2	248.5	26.5	275.0
McLeod	74.4	16.0	90.3	31.5	6.9	38.4
<b>Coalspur Total Reserves</b>	<b>503.7</b>	<b>61.8</b>	<b>565.5</b>	<b>280.0</b>	<b>33.3</b>	<b>313.4</b>

### Notes:

Coal Reserve estimates are effective December 13, 2011.

TABLE 2: JORC / NI 43-101 COAL RESOURCES

	MEASURED (MT)	INDICATED (MT)	MEASURED & INDICATED (MT)	INFERRED (MT)
Vista	686.0	369.9	1,055.9	460.9
Vista South	210.6	259.9	470.5	604.5
Vista Extension	6.5	167.2	173.7	969.3
<b>Coalspur Total Resources</b>	<b>903.1</b>	<b>797.0</b>	<b>1,700.1</b>	<b>2,034.7</b>

### Notes:

Vista and Vista Extension Coal Resource estimates are effective May 8, 2012. Vista South Coal Project Coal Resource estimates effective May 22, 2012.

## CORPORATE AND FINANCIAL POSITION

The Company's net loss of \$22.3 million during the year ended June 30, 2012 was \$5.6 million greater than the previous year due to increased exploration and evaluation activity on its mineral projects and, additional corporate and administrative expenses required to manage the growing Company.

Net assets of \$164 million are on par with the prior year due to the net loss being offset by \$12.9 million in proceeds from the exercise of options to purchase ordinary shares, and a \$7.6 million increase in the share based payments reserve. Cash dropped from \$68 million to \$7 million because the Company is currently funding the acquisition, evaluation, and development of its mineral properties. At June 30, 2012, and at the date of this report, the Company had drawn \$20 million on its credit facility, leaving \$50 million available to draw prior to May 16, 2014.

## DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

## PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year consisted of the acquisition exploration and development of thermal coal resource projects in the area of Hinton, Alberta, Canada. No significant change in the nature of these activities occurred during the year.

## **BUSINESS STRATEGIES AND PROSPECTS**

The Group currently has the following business strategies and prospects over the medium to long-term:

- Progress discussions with potential off-take and Joint Venture partners regarding project finance opportunities to fund the construction of Vista;
- Obtain Phase 1 regulatory approvals required to commence construction at Vista, anticipating approval towards the end of March 2013;
- After receiving Phase 1 approvals for Vista the Company plans to complete and submit the Phase 2 Environmental Impact Assessment and Energy Resource Conservation Board applications required to reach the full production rate of 12.0 Mtpa;
- Complete an additional 70 sonic locations and test pits, and roughly 10 core and pumping wells which will contribute to the detailed engineering of Vista which should be completed in the second half of 2012.
- Complete the procurement required in order to start construction in Q2 2013;
- Advance rail discussions with CN to ensure the Company will be able to haul coal to Ridley Terminals; and
- Further explore Vista Extension and Vista South to define project sizes and strategic alternatives.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

The Company achieved the following during the past financial year:

- October 2011: The Company secured a 14 year port allocation agreement with Ridley Terminals for up to 8.5 Mtpa;
- November 2011: The Company completed exploration and studies at Vista to upgrade total Measured and Indicated resources to over 1.0 Bt, and Inferred resources to 357 Mt;
- November 2011: Coalspur and CN signed a MOU to develop a high quality supply chain for railing coal to west coast thermal coal ports;
- January 2012: The Company completed a positive Feasibility Study on Vista, providing the blueprint for an export thermal coal mine with an 11.2 Mtpa capacity over a 30 year mine life, and an after tax net present value of \$2.1 billion;
- February 2012: The Company entered into an agreement with the Highland Park Group for a \$70 million loan facility ("Facility Agreement") to provide capital resources to progress detailed engineering on Vista and pursue further business development opportunities. The Company's first draw (\$20 million) on the Facility Agreement took place on May 16, 2012. As of the date of this Directors' Report, \$50 million remains available to Coalspur under the Facility Agreement;
- March 2012: The Company signed an additional agreement with Ridley Terminals to secure port allocation for an additional 1.0 Mtpa;
- March 2012: The Company acquired a further 4.0 Mtpa of port capacity at Ridley Terminals contingent on approval by the Federal Government of Ridley Terminals' future expansion plans. Subsequent to year end, Coalspur was notified that the necessary approval had been delayed, and Coalspur and Ridley Terminals agreed to a contract for 2.2 Mtpa in lieu, (see significant events after balance date below);
- April 2012: The Company acquired Vista Extension, comprising 14,432 hectares of coal leases adjacent to Vista, for \$13 million;
- May 2012: Coalspur filed the regulatory applications necessary to construct, operate and commission Phase 1 of Vista which allows for production of up to 5.0 Mtpa;
- June 2012: Mr. Wusaty resigned his position as Managing Director and CEO on June 30; and
- July 2012: Ms. Winckler was appointed as President and CEO on July 1.

#### **SIGNIFICANT EVENTS AFTER BALANCE DATE**

During the year the Company entered into an agreement with Ridley Terminals to provide 4.0 Mtpa port capacity from a planned, future port expansion (from 25.0 Mtpa to 30.0 Mtpa), contingent upon the approval of the expansion from the Federal Government of Canada. A \$12 million deposit was paid in respect of this agreement. Since the end of the financial year, Ridley Terminals advised Coalspur that approval for the expansion had been delayed, and agreed to provide Coalspur with 2.2 Mtpa of secured capacity from its current expansion on the same terms as in the 4.0 Mtpa agreement. Coalspur received a refund of \$3.2 million from Ridley Terminals as a result of the change.

Other than as outlined above, at the date of this report there are no matters or circumstances, which have arisen since June 30, 2012 that have significantly affected or may significantly affect operations, the results of those operations, or the statement of affairs subsequent to June 30, 2012, of the Consolidated Entity.

#### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

It is the Board's current intention that the Consolidated Entity will focus on the continual development of Vista. Specifically, in the coming year the Company intends to:

- Examine project financing alternatives to fund the construction of Vista through arrangements with joint venture and off-take partners and, if appropriate, enter into suitable agreements;
- Finalize detailed engineering and procurement plans in order to prepare for the anticipated construction of Vista following the receipt of regulatory approvals and project financing; and
- Progress ongoing discussions with CN and enter into suitable definitive agreements.

All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Consolidated Entity and the expected results of these operations in subsequent financial years may prejudice the interests of the Group and accordingly, has not been disclosed.

#### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no significant breaches by the Consolidated Entity during the financial year of any environmental laws or regulations.

**DIRECTORS' INTERESTS**

As at the date of this report, the Directors' and other executive KMPs' interests in the securities of the Company are as follows:

	<b>INTEREST IN SECURITIES AT THE DATE OF THE REPORT</b>		
	<b>ORDINARY SHARES</b>	<b>UNLISTED OPTIONS</b>	<b>SHARE RIGHTS</b>
Colin Steyn	141,115,533	29,933,333	–
Gill Winckler	45,000	–	–
David Murray	25,000	–	75,000
Denis Turcotte	925,000	–	75,000
Peter Breese	438,000	–	–
Ted Mayers	375,000	–	75,000
Mark Rodda	391,667	66,667	75,000
William Smart	141,115,533	29,933,333	–
David Leslie	–	2,250,000	192,000
Dermot Lane	441,600	2,400,000	192,000
Jay Bell	142,850	–	192,000
Wayne Drier	374,000	–	270,000

**SHARE OPTIONS AND PERFORMANCE RIGHTS**

The outstanding balance of Unlisted Options and Performance Rights at June 30, 2012 is represented by:

- 2,750,000 Unlisted Options with an exercise price of \$0.10 and expiring on December 31, 2013;
- 2,750,000 Unlisted Options with an exercise price of \$0.15 each and expiring on June 30, 2014;
- 2,750,000 Unlisted Options with an exercise price of \$0.20 each and expiring on December 31, 2014;
- 2,750,000 Unlisted Options with an exercise price of \$0.25 each and expiring on June 30, 2015;
- 800,000 Unlisted Options with an exercise price of \$0.40 each and expiring on December 31, 2013;
- 1,150,000 Unlisted Options with an exercise price of \$0.50 each and expiring on June 30, 2014;
- 1,150,000 Unlisted Options with an exercise price of \$0.60 each and expiring on December 31, 2014;
- 350,000 Unlisted Options with an exercise price of \$0.70 each and expiring on June 30, 2015;
- 125,000 Unlisted Options with an exercise price of \$0.35 each and expiring on February 10, 2013;
- 1,450,000 Unlisted Options with an exercise price of \$0.85 each and expiring on June 30, 2014;
- 1,450,000 Unlisted Options with an exercise price of \$0.95 each and expiring on December 31, 2014;
- 1,450,000 Unlisted Options with an exercise price of \$1.05 each and expiring on June 30, 2015;
- 8,000,000 Unlisted Options with an exercise price of \$1.562 each and expiring on May 8, 2015;
- 2,000,000 Unlisted Options with an exercise price of \$1.622 each and expiring on May 16, 2015;
- 5,000,000 at the greater of 1.248 and 120% of the 5 day VWAP immediately prior to vesting, expiring 3 years from date of vesting;
- 2,000,000 Unlisted Options with an exercise price of \$0.80 each and expiring on August 30, 2013;
- 15,000,000 Unlisted Options with an exercise price of \$0.70 each and expiring on December 31, 2012;
- 135,000 Performance Rights with no exercise price and expiring on December 31, 2012;
- 750,065 Performance Rights with no exercise price and expiring on June 30, 2013;
- 615,065 Performance Rights with no exercise price and expiring on June 30, 2015; and
- 615,065 Performance Rights with no exercise price and expiring on June 30, 2016.



## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company or Group for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer. During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to these indemnities.

During the financial year an annualized insurance premium of \$25,712 (2011: \$17,811) was paid by the Group to insure against a liability incurred by a person who is or has been a director or officer of the Company or Group.

## REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Group.

### Details of Key Management Personnel

Details of the KMP of the Group during or since the end of the financial year are set out below:

#### Directors

Mr. Colin Steyn	Chairman (non-executive)
Ms. Gill Winckler	President and Chief Executive Officer (Appointed July 1, 2012)
Mr. Denis Turcotte	Director (non-executive)
Mr. Peter Breese	Director (non-executive) (appointed September 6, 2011)
Mr. David Murray	Director (non-executive) (appointed October 13, 2011)
Mr. Ted Mayers	Director (non-executive) (appointed October 13, 2011)
Mr. Mark Rodda	Director (non-executive) (appointed October 13, 2011)
Mr. William Smart	Alternate Director (non-executive) (appointed October 13, 2011)
Mr. Gene Wusaty	Managing Director and Chief Executive Officer (resigned June 30, 2012)
Mr. Ian Middlemas	Director (non-executive) (resigned October 13, 2011)
Mr. Mark Pearce	Director (non-executive) (resigned October 13, 2011)

#### Other KMP's - Executives

Mr. David Leslie	Vice President, Technical Services
Mr. Dermot Lane	Vice President, Development
Mr. Wayne Drier	Vice President, Commercial (Appointed September 1, 2011)
Mr. Jay Bell	Vice President Finance and Acting CFO
Mr. Allan McGowan	Vice President Vista Development (resigned June 11, 2012)

Unless otherwise stated, Directors held their office from July 1, 2011 until the date of this report.

### Remuneration Policy

Coalspur's remuneration policy encompasses the "total" value (direct cash or otherwise) employees receive as a result of their employment, including all forms of base salary, short and long term incentives, benefits and perquisites. It is the belief of the board of Directors and the Chief Executive Officer that ensuring the employees of the Company are competitively paid and have access to competitive benefits is critical to Coalspur's success. With a particular emphasis on paying above the average for above average performance through the broad based use of short and long term incentive programs, the board will align employees' success with the success of the Company's shareholders.

#### Fixed Remuneration

Coalspur's compensation framework is structured in a way that aligns compensation with the naturally occurring levels that exist in the organization. These levels reflect the complexity of the work that is carried out and the associated accountabilities of the individuals that perform the various functions at each level, in addition to the skills and experience required to be successful. Total compensation includes base salary, short term incentive plan ("STIP"), and in some cases long term incentive plan components.

Coalspur will establish base salary midpoints consistent with the level of a position reflecting the range of work and responsibilities and consistent with the knowledge and experience required to be effective in the role. These base midpoint salaries will be benchmarked against similar roles in related organizations periodically to ensure competitiveness. The entire base salary framework will be reviewed annually by the Remuneration and Nominations Committee ("RNC") along with Coalspur management and adjusted as required to reflect inflation and other competitive changes.

Actual salaries will typically range between 80% and 120% of the base salary midpoint for a role, based on the knowledge and experience of the incumbent, time in role, and overall effectiveness of the individual as assessed by their supervisor through the completion of a formal performance review process conducted as required but not less frequently than on an annual basis. All base salary adjustments will require CEO approval with the exception of those for the CEO's direct reports and the CEO which will be reviewed and authorized by the RNC.

#### **Performance Based Remuneration – Short-term Incentive**

Permanent, full time employees of Coalspur may be authorized to participate in the Company's STIP program upon joining the Company or upon promotion. The STIP, as designed and amended from time to time, will pay an annual cash bonus upon the incumbent achieving targeted results related to various key performance indicators ("KPI's") that reflect overall corporate, department and individual objectives. These KPI's will be established and adjusted over time by the RNC, CEO and management to ensure the organization remains focused on business priorities. The RNC, CEO and management of Coalspur will assess performance and establish the level of success as it relates to the individual, department, and broader business objectives based on targets that will be established in January of each calendar year.

During the year ended June 30, 2012, cash bonuses of \$313,920 (2011-\$197,162) were paid to the Managing Director and executives following the achievement of their respective individual KPI's. Bonuses are granted on a calendar year basis. The maximum for the period for January to June 2012 that could be awarded is \$208,875 (2011-\$212,530). This amount has been fully accrued on the basis that executives will meet their respective KPI's. Any adjustments between the amounts accrued and the actual amounts to be paid as determined by the RNC will be adjusted in the 2013 financial year. The minimum amount of cash bonuses payable is nil.

#### **Performance Based Remuneration – Long-term Incentive**

Coalspur has adopted a Long Term Incentive Plan ("LTIP" Program) comprised of the Coalspur Employee Performance Rights Plan and the Coalspur Contractor Performance Rights Plan to attract, retain, and reward executives, senior managers, and contractors for long term performance. Given the early stage and developmental nature of the Company, the board has decided it is in the best interests of the shareholders to extend this program more broadly to attract and retain key personnel at lower levels of the organization as a transitional aspect of the LTIP program. This aspect, in addition to general trends and developments related to LTIP programs will be monitored by the RNC with adjustments recommended to the board as appropriate over time.

The plans provide for the issuance of unlisted performance share rights ("Performance Rights") which, upon satisfaction of the relevant performance conditions attached to the Performance Rights, will result in the issue of an Ordinary Share on a one to one basis upon the recommendation of the CEO and approval of the Board of Directors. Performance Rights are issued for no consideration, and no amount is payable by recipients upon conversion thereof.

Grants of Performance Rights made to eligible participants under the LTIP Program will assist with the Company's strategy to attract and retain key employees and contractors, and will:

- (a) enable the Company to recruit, incent and retain KMP and other eligible employees and contractors recently recruited;
- (b) link the reward of eligible participants with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interests of eligible participants of the proposed Plans with those of Shareholders; and
- (d) provide incentives to eligible participants of the Plans to focus on superior performance that creates Shareholder value.

Performance Rights granted under the LTIP Program to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time.

Performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration. If performance conditions are not met by the expiry date then the related Performance Rights will lapse.

Performance Rights granted under the LTIP Program to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time.

Performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration. If performance conditions are not met by the expiry date then the related Performance Rights will lapse.

The number of Performance Rights issued, exercised, lapsed, and outstanding during the year ended June 30, 2012 was as follows:

	2012	2011
Outstanding at July 1	700,000	-
Issued to Directors, employees, and contractors during the year	3,008,350	700,000
Exercised upon meeting the Feasibility Study Milestone	(891,155)	-
Lapsed during the year	(702,000)	-
Outstanding at June 30	2,115,195	700,000

#### Non-Executive Director Remuneration

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting and is currently A\$650,000 per annum. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors may receive Performance Rights under the LTIP Program to secure their initial or ongoing services.

Fees for the Chairman are presently A\$110,000 per annum and fees for Non-Executive Directors are presently set at A\$65,000 per annum, with alternate directors receiving A\$32,500. These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees set out as follows:

- Audit committee chair - A\$10,000 per annum;
- Remuneration committee chair - A\$7,500 per annum; and
- Membership on a committee - A\$2,500 per annum.

During the year ended June 30, 2012, the Company granted a total of 300,000 Performance Rights to non-executive Directors.

#### Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining the nature and amount of remuneration of KMP and returns received by shareholders from the Company during the current and previous financial years.

**DIRECTORS' REPORT** (CONTINUED)

**REMUNERATION REPORT (AUDITED)** (CONTINUED)

**Relationship between Remuneration of KMP and Shareholder Wealth** (Continued)

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. Discretionary annual cash bonuses are based upon achieving various non financial key performance indicators as detailed under "Performance Based Remuneration – Short Term Incentive" and are not based on share price or earnings. However, as noted above, certain KMP are granted Performance Rights (and in the past have received unlisted incentive options) which generally will be of greater value to KMP if the value of the Company's shares increases (subject to vesting conditions being met).

**Relationship between Remuneration of KMP and Earnings**

As discussed above, the Company is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until some time after the successful commercialization, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

**Remuneration of Directors and other KMP's**

Details of the nature and amount of each element of the remuneration of each director and other KMP of Coalspur Mines Limited are as follows:

2012	SHORT-TERM BENEFITS				POST EMPLOY- MENT BENEFITS \$	SHARE- BASED PAYMENTS \$	TOTAL \$	PERFORM- ANCE RELATED %
	SALARY & FEES \$	CASH BONUS \$	NON- MONE- TARY BENEFITS \$	OTHER \$				
<b>Directors</b>								
Colin Steyn	80,545	-	-	-	-	-	80,545	-
Denis Turcotte	56,216	-	-	-	-	94,760	150,976	62.76%
Peter Breese	46,278	-	-	-	-	-	46,278	-
David Murray	42,223	-	-	-	-	93,073	135,296	68.79%
Ted Mayers	45,953	-	-	-	-	93,073	139,026	66.95%
Mark Rodda	42,223	-	-	-	-	93,073	135,296	68.79%
William Smart	16,161	-	-	-	-	-	16,161	-
Eugene Wusaty	475,000	225,000	18,254	-	6,476	642,794	1,367,524	63.46%
Ian Middlemas	14,979	-	-	-	-	-	14,979	-
Mark Pearce	4,545	-	-	-	-	-	4,545	-
<b>Other KMP's - Executives</b>								
David Leslie	180,000	79,940	5,363	-	6,476	562,134	833,913	77.00%
Dermot Lane	170,000	81,420	5,363	-	6,476	351,410	614,669	70.42%
Wayne Drier	238,332	-	9,181	-	6,476	590,135	844,124	69.91%
Jay Bell	175,000	95,955	17,658	-	6,476	310,633	605,722	67.12%
Allan McGowan	200,756	40,480	7,762	11,043	6,476	297,352	563,870	59.91%
<b>Total</b>	<b>1,788,211</b>	<b>522,795</b>	<b>63,581</b>	<b>11,043</b>	<b>38,856</b>	<b>3,128,437</b>	<b>5,552,924</b>	

**Notes:**

<sup>1</sup> Messrs, Murray, Mayers, and Rodda were appointed on October 13, 2012.

<sup>2</sup> Mr. Wusaty resigned on June 30, 2012. A cash bonus of \$150,000 was paid during the year which represents the accrued amount from the 2011 year.

<sup>3</sup> Mr Wusaty also received \$75,000 representing his pro-rata share of his 2012 bonus.

<sup>4</sup> Messrs, Middlemas and Pearce resigned on October 13, 2012.

<sup>5</sup> Mr. McGowan resigned on June 11, 2012. Severance of \$45,200 was paid upon his departure.

<sup>6</sup> Non-monetary benefits include payments for health benefits and taxable benefits relating to vehicles.

2011 (Restated)	SHORT-TERM BENEFITS				POST EMPLOY- MENT BENEFITS \$	SHARE- BASED PAYMENTS \$	TOTAL \$	PERFORM- ANCE RELATED %
	SALARY & FEES \$	CASH BONUS \$	NON- MONE- TARY BENEFITS \$	OTHER \$				
<b>Directors</b>								
Ian Middlemans	49,505	-	-	-	4,455	-	53,960	-
Eugene Wusaty	267,063	237,853	2,081	58	5,173	931,435	1,443,663	80.99%
Mark Pearce	14,852	-	-	-	1,337	1,013,862	1,030,051	98.43%
Colin Steyn	27,443	-	-	-	-	-	27,443	-
Denis Turcotte	20,023	-	-	-	-	6,194	26,217	23.63%
Anastasios Arima	106,886	-	-	-	9,620	-	116,506	-
<b>Other KMP's - Executives</b>								
David Leslie	134,533	26,122	1,209	-	6,546	731,271	899,681	84.18%
Dermot Lane	148,554	52,578	1,337	-	4,303	9,542	216,314	28.72%
Wayne Drier	19,883	-	-	-	-	-	19,883	-
Jay Bell	80,119	24,036	984	-	4,303	-	109,442	21.96%
Allan McGowan	66,766	20,030	7,166	3,686	3,324	-	100,972	19.84%
Denis Lehoux	116,382	49,073	1,115	2,220	4,290	23,736	196,816	36.99%
<b>Total</b>	<b>1,052,009</b>	<b>409,692</b>	<b>13,892</b>	<b>5,964</b>	<b>43,351</b>	<b>2,716,040</b>	<b>4,240,948</b>	

**Notes:**

<sup>1</sup> Mr. Steyn was appointed on October 21, 2010.

<sup>2</sup> Mr. Turcotte was appointed on December 22, 2010.

<sup>3</sup> Mr. Arima resigned May 11, 2011.

<sup>4</sup> Mr. Drier was appointed effective from September 1, 2011.

<sup>5</sup> Mr. Bell was appointed on January 1, 2011.

<sup>6</sup> Mr. McGowan was appointed on February 1, 2011.

<sup>7</sup> Mr. Lehoux resigned March 18, 2011.

<sup>8</sup> During the 2011 year, a cash bonus of A\$101,150 vested and was paid to Mr Wusaty. An unvested bonus of A\$139,081 was accrued.

<sup>9</sup> Non-monetary benefits include payments for health benefits and taxable benefits relating to vehicles.

**Options and Rights Granted to Key Management Personnel**

During the financial year, the following Performance Rights and Unlisted Options were in existence:

TYPE OF SECURITY	GRANT DATE	VOLUME GRANTED	EXPIRY DATE	EXERCISE PRICE	GRANT DATE FAIR VALUE	VESTING DATE
Unlisted Options	30-Sep-09	2,750,000	31-Dec-13	A\$0.10	A\$0.402	10-Aug-09
Unlisted Options	30-Sep-09	2,750,000	30-Jun-14	A\$0.15	A\$0.393	10-Aug-09
Unlisted Options	30-Sep-09	2,750,000	31-Dec-14	A\$0.20	A\$0.388	10-Dec-09
Unlisted Options	30-Sep-09	2,750,000	30-Jun-15	A\$0.25	A\$0.386	10-Aug-11
Unlisted Options	24-Nov-09	800,000	31-Dec-12	A\$0.40	A\$0.237	1-Dec-09
Unlisted Options	24-Nov-09	800,000	30-Jun-14	A\$0.50	A\$0.236	1-Dec-10
Unlisted Options	24-Nov-09	800,000	31-Dec-14	A\$0.60	A\$0.238	1-Dec-11
Unlisted Options	14-May-10	750,000	30-Jun-14	A\$0.85	A\$0.676	1-Jun-10
Unlisted Options	14-May-10	750,000	31-Dec-14	A\$0.95	A\$0.689	1-Jun-11
Unlisted Options	14-May-10	750,000	30-Jun-15	A\$1.05	A\$0.702	30-Jun-12
Unlisted Options	30-Aug-10	2,000,000	30-Aug-13	A\$0.80	A\$0.512	30-Aug-10
Share Rights	10-Jun-11	175,000	31-Jul-12	-	A\$1.580	30-Jan-12
Share Rights	10-Jun-11	175,000	30-Jun-13	-	A\$1.580	Project Construction Milestone
Share Rights	10-Jun-11	175,000	30-Jun-15	-	A\$1.580	Initial Production Milestone
Share Rights	10-Jun-11	175,000	30-Jun-16	-	A\$1.580	Ramp-up Production Milestone
Share Rights	12-Jul-11	128,000	31-Jul-12	-	A\$1.93	30-Jan-12
Share Rights	12-Jul-11	128,000	30-Jun-13	-	A\$1.93	Project Construction Milestone
Share Rights	12-Jul-11	128,000	30-Jun-15	-	A\$1.93	Initial Production Milestone
Share Rights	12-Jul-11	128,000	30-Jun-16	-	A\$1.93	Ramp-up Production Milestone
Share Rights	13-Jul-11	64,000	31-Jul-12	-	A\$1.89	30-Jan-12
Share Rights	13-Jul-11	64,000	30-Jun-13	-	A\$1.89	Project Construction Milestone
Share Rights	13-Jul-11	64,000	30-Jun-15	-	A\$1.89	Initial Production Milestone
Share Rights	13-Jul-11	64,000	30-Jun-16	-	A\$1.89	Ramp-up Production Milestone
Share Rights	14-Jul-11	64,000	31-Jul-12	-	A\$1.85	30-Jan-12
Share Rights	14-Jul-11	64,000	30-Jun-13	-	A\$1.85	Project Construction Milestone
Share Rights	14-Jul-11	64,000	30-Jun-15	-	A\$1.85	Initial Production Milestone
Share Rights	14-Jul-11	64,000	30-Jun-16	-	A\$1.85	Ramp-up Production Milestone
Share Rights	15-Sep-11	135,000	31-Jul-12	-	A\$1.49	30-Jan-12
Share Rights	16-Sep-11	135,000	31-Dec-12	-	A\$1.49	Financing Milestone
Share Rights	17-Sep-11	135,000	30-Jun-13	-	A\$1.49	Project Construction Milestone
Share Rights	31-Jan-12	75,000	31-Jul-12	-	A\$1.83	30-Jan-12
Share Rights	31-Jan-12	75,000	30-Jun-13	-	A\$1.83	Project Construction Milestone
Share Rights	31-Jan-12	75,000	30-Jun-15	-	A\$1.83	Initial Production Milestone
Share Rights	31-Jan-12	75,000	30-Jun-16	-	A\$1.83	Ramp-up Production Milestone

Details of Performance Rights granted by the Company to each KMP of the Group during the financial year are as follows:

2012	OPTIONS/ RIGHTS	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	GRANT DATE FAIR VALUE	NO. GRANTED	NO. VESTED
<b>Directors</b>							
David Murray	Rights	31-Jan-12	31-Jul-12	-	\$1.83	25,000	25,000
David Murray	Rights	31-Jan-12	30-Jun-13	-	\$1.83	25,000	-
David Murray	Rights	31-Jan-12	30-Jun-15	-	\$1.83	25,000	-
David Murray	Rights	31-Jan-12	30-Jun-16	-	\$1.83	25,000	-
Ted Mayers	Rights	31-Jan-12	31-Jul-12	-	\$1.83	25,000	25,000
Ted Mayers	Rights	31-Jan-12	30-Jun-13	-	\$1.83	25,000	-
Ted Mayers	Rights	31-Jan-12	30-Jun-15	-	\$1.83	25,000	-
Ted Mayers	Rights	31-Jan-12	30-Jun-16	-	\$1.83	25,000	-
Mark Rodda	Rights	31-Jan-12	31-Jul-12	-	\$1.83	25,000	25,000
Mark Rodda	Rights	31-Jan-12	30-Jun-13	-	\$1.83	25,000	-
Mark Rodda	Rights	31-Jan-12	30-Jun-15	-	\$1.83	25,000	-
Mark Rodda	Rights	31-Jan-12	30-Jun-16	-	\$1.83	25,000	-
<b>Other KMP's - Executives</b>							
Dave Leslie	Rights	13-Jul-11	31-Jul-12	-	\$1.89	64,000	64,000
Dave Leslie	Rights	13-Jul-11	30-Jun-13	-	\$1.89	64,000	-
Dave Leslie	Rights	13-Jul-11	30-Jun-15	-	\$1.89	64,000	-
Dave Leslie	Rights	13-Jul-11	30-Jun-16	-	\$1.89	64,000	-
Dermot Lane	Rights	12-Jul-11	31-Jul-12	-	\$1.93	64,000	64,000
Dermot Lane	Rights	12-Jul-11	30-Jun-13	-	\$1.93	64,000	-
Dermot Lane	Rights	12-Jul-11	30-Jun-15	-	\$1.93	64,000	-
Dermot Lane	Rights	12-Jul-11	30-Jun-16	-	\$1.93	64,000	-
Wayne Drier	Rights	15-Sep-11	31-Jul-12	-	\$1.49	135,000	135,000
Wayne Drier	Rights	15-Sep-11	31-Dec-12	-	\$1.49	135,000	-
Wayne Drier	Rights	15-Sep-11	30-Jun-13	-	\$1.49	135,000	-
Jay Bell	Rights	12-Jul-11	31-Jul-12	-	\$1.93	64,000	64,000
Jay Bell	Rights	12-Jul-11	30-Jun-13	-	\$1.93	64,000	-
Jay Bell	Rights	12-Jul-11	30-Jun-15	-	\$1.93	64,000	-
Jay Bell	Rights	12-Jul-11	30-Jun-16	-	\$1.93	64,000	-
Allan McGowan	Rights	12-Jul-11	31-Jul-12	-	\$1.85	64,000	64,000
Allan McGowan	Rights	12-Jul-11	30-Jun-13	-	\$1.85	64,000	-
Allan McGowan	Rights	12-Jul-11	30-Jun-15	-	\$1.85	64,000	-
Allan McGowan	Rights	12-Jul-11	30-Jun-16	-	\$1.85	64,000	-

There were no Unlisted Options granted during the financial year.



**DIRECTORS' REPORT** (CONTINUED)

**REMUNERATION REPORT (AUDITED)** (CONTINUED)

**Options and Rights Granted to Key Management Personnel** (Continued)

Details of the value of Unlisted Options or Performance Rights granted, vested or lapsed for each KMP of the Group during the financial year are as follows:

	GRANTED DURING THE YEAR	VESTED DURING THE YEAR	LAPSED DURING THE YEAR	INCLUDED IN REMUNERATION FOR THE YEAR	REMUNERATION FOR THE YEAR THAT CONSISTS OF SHARE BASED PAYMENTS
2012	\$	\$	\$	\$	\$
<b>Directors</b>					
Eugene Wusaty	–	\$1,381,007	\$756,177	\$642,794	63.46%
Denis Turcotte	–	\$42,010	–	\$94,760	62.76%
David Murray	\$194,512	\$48,628	–	\$93,073	68.79%
Ted Mayers	\$194,512	\$48,628	–	\$93,073	66.95%
Mark Rodda	\$194,512	\$48,628	–	\$93,073	68.79%
<b>Other KMP's - Executives</b>					
Dave Leslie	\$514,584	\$688,600	–	\$562,134	77.00%
Dermot Lane	\$525,472	\$333,866	–	\$351,410	70.30%
Wayne Drier	\$641,793	\$213,931	–	\$590,135	69.91%
Jay Bell	\$525,472	\$131,368	–	\$310,633	67.12%
Allan McGowan	\$503,692	\$125,923	\$377,769	\$297,352	59.91%
<b>Total</b>	<b>\$3,294,549</b>	<b>\$3,062,589</b>	<b>\$1,133,946</b>	<b>\$3,128,437</b>	

	GRANTED DURING THE YEAR	VESTED DURING THE YEAR	LAPSED DURING THE YEAR	INCLUDED IN REMUNERATION FOR THE YEAR	REMUNERATION FOR THE YEAR THAT CONSISTS OF SHARE BASED PAYMENTS
2011 (Restated)	\$	\$	\$	\$	\$
<b>Directors</b>					
Eugene Wusaty	\$1,008,236	\$1,134,797	–	\$931,435	51.94%
Mark Pearce	\$1,089,065	\$1,089,065	–	\$1,013,862	98.43%
Denis Turcotte	\$168,039	–	–	\$6,194	51.94%
<b>Other KMP's - Executives</b>					
Dave Leslie	–	–	–	\$731,271	184.43%
Dermot Lane	–	–	–	\$9,542	2.59%
Jay Bell	–	–	–	–	0.00%
Allan McGowan	–	–	–	–	0.00%
Denis Lehoux	–	–	–	\$23,736	12.06%
<b>Total</b>	<b>\$2,265,340</b>	<b>\$2,223,862</b>	<b>–</b>	<b>\$2,716,040</b>	

### Employment Contracts with KMP

Mr. Wusaty, Managing Director and Chief Executive Officer, had a contract of employment with Coalspur Mines Limited dated August 3, 2009. The contract specified the duties and obligations to be fulfilled by the Managing Director and Chief Executive Officer. The contract had a rolling annual term and was terminated by giving the Company three months notice. Under the contract, Mr. Wusaty received a fixed remuneration component of \$300,000 per annum and a discretionary annual bonus of up to \$150,000 per annum which is paid upon Mr. Wusaty achieving key performance indicators, as agreed with by the Board.

Mr. Wusaty resigned from his position as Managing Director and Chief Executive Officer effective June 30, 2012. In addition to the contracted amounts noted above, Mr. Wusaty received a severance of \$250,000 as pro-rata share of his anticipated 2012 STIP and LTIP awards, and in lieu of his not receiving a salary increase during the year.

Ms. Winckler, President and Chief Executive Officer, has a contract of employment with Coalspur Mines Limited which commenced on July 1, 2012. The contract specifies the duties and obligations to be fulfilled by the President and Chief Executive Officer. The contract has a rolling annual term and may be terminated by the Company by giving three months' notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase "just cause" at common law in Canada). Ms. Winckler receives a fixed remuneration component of \$450,000 per annum and a maximum discretionary bonus of \$450,000 per annum. The actual amount of bonus paid is dependent on the evaluation of Ms. Winckler's achievement of key performance indicators by the RNC and subject to Board approval. Subject to shareholders' approval Ms. Winckler will be issued 1,550,000 Performance Rights under the LTIP Program.

Mr. Leslie, Vice President, Technical Services, has a contract of employment with Coalspur Mines (Operations) Ltd. dated April 24, 2010. The contract specifies the duties and obligations to be fulfilled by the Vice President, Operations. The contract has a rolling annual term and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase "just cause" at common law in Canada). Mr. Leslie receives a fixed remuneration component of \$200,000 per annum and a maximum discretionary bonus of \$150,000 per annum. The actual amount of bonus paid is dependent on the evaluation of Mr. Leslie's achievement of key performance indicators by the RNC and subject to Board approval.

Mr. Lane, Vice President, Development, has a contract of employment with Coalspur Mines (Operations) Ltd. dated November 17, 2009. The contract specifies the duties and obligations to be fulfilled by the Vice President, Development. The contract has a rolling annual term and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase "just cause" at common law in Canada). Mr. Lane receives a fixed remuneration component of \$180,000 per annum and a maximum discretionary bonus of \$90,000 per annum. The actual amount of bonus paid is dependent on the evaluation of Mr. Lane's achievement of key performance indicators by the RNC and subject to Board approval.

Mr. Drier, Vice President, Commercial, has a contract of employment with Coalspur Mines (Operations) Ltd. dated July 29, 2011. The contract specifies the duties and obligations to be fulfilled by the Vice President, Commercial. The contract has a term of between 18 and 24 months (as agreed closer to the expiry of the term) and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase "just cause" at common law in Canada). Mr. Drier receives a fixed remuneration component of \$230,000 per annum.

Mr. Bell, VP Finance and Acting CFO, has a contract of employment with Coalspur Mines (Operations) Ltd. dated December 1, 2010. The contract specifies the duties and obligations to be fulfilled by the VP Finance and Acting CFO. The contract has a rolling annual term and may be terminated by the Company by giving three months notice. No amount is payable in the event of termination for just cause (which has the meaning commonly ascribed to the phrase "just cause" at common law in Canada). Mr. Bell receives a fixed remuneration component of \$190,000 per annum and a maximum discretionary bonus of \$142,500 per annum. The actual amount of bonus paid is dependent on the evaluation of Mr. Bell's achievement of key performance indicators by the RNC and subject to Board approval.

Mr. McGowan, Manager, Vista Project, had a contract of employment with Coalspur Mines (Operations) Ltd. dated January 25, 2011. The contract specified the duties and obligations to be fulfilled by the Manager, Vista Project. The contract had a rolling annual term and may be terminated by the Company by giving three months notice. Mr. McGowan received a fixed remuneration component of \$170,000 per annum and a maximum discretionary bonus of \$85,000 per annum. Mr. McGowan resigned effective June 11, 2012 and was paid a bonus of \$40,480 during the year.

**DIRECTORS' MEETINGS**

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION AND NOMINATION COMMITTEE MEETINGS	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
Colin Steyn	11	11	4	4	-	-
Eugene Wusaty	11	8	-	-	-	-
Denis Turcotte	11	9	1	1	2	2
Peter Breese	10	8	-	-	2	2
David Murray	8	6	-	-	2	2
Ted Mayers	8	8	3	3	-	-
Mark Rodda	8	8	3	3	-	-
William Smart (alternate)	1	1	-	-	-	-
Ian Middlemas	3	2	1	1	-	-
Mark Pearce	3	3	-	-	-	-

**NON-AUDIT SERVICES**

There were no non-audit services provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended June 30, 2012 has been received and can be found on page 37 of the Directors' Report.

Signed in accordance with a resolution of the Directors.



**Gill Winckler**  
**President & Chief Executive Officer**  
 September 7, 2012

#### **REGULATORY DISCLOSURES:**

The accompanying audited Consolidated Financial Statements for the year ended June 30, 2012 have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards. The effective date of these Consolidated Financial Statements is September 7, 2012.

For further information regarding the Vista Coal Project, and Vista Extension, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the projects, please refer to the technical report titled "Coalspur Mines Limited: Updated Resource Estimate for the Vista Coal Project" dated September 12, 2012. For further information regarding the Vista South Coal Project, 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 compliant with National Instrument 43-101 – "Standards of Disclosure for Mineral Projects" ("NI 43-101") and the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") and are available for review on SEDAR at [sedar.com](http://sedar.com).

#### **COMPETENT PERSON / QUALIFIED PERSON STATEMENTS:**

The information in this Directors' Report that relates to coal quality and process yield estimates to derive Marketable Coal Reserves, operating costs and capital costs related to coal crushing, coal handling, and infrastructure, coal crushing, handling, processing and thermal drying is based on information compiled by Mr. Gordon Mudryk, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Mudryk is a full-time employee of Coalspur. Mr. Mudryk has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Mudryk has approved and consents to the inclusion of such information in this report in the form and context in which it appears.

The information in this Directors' Report that relates to Coal Resources is based on information compiled by Mr. John Innis, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Innis is a full-time employee of Coalspur. Mr. Innis has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Innis has approved and consents to the inclusion of such information in this report in the form and context in which it appears.

All other scientific and technical information in this Directors' Report is based on information compiled by Mr. David Leslie, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Leslie is a full-time employee of Coalspur, and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the JORC Code, and a "Qualified Person" under NI 43-101. Mr. Leslie has approved and consents to the inclusion of such information in this report in the form and context in which it appears.

#### **FORWARD LOOKING STATEMENTS**

This Directors Report contains forward-looking statements concerning Coalspur Mines Limited ("Coalspur" or the "Company"), including statements regarding Coalspur's plans for its mineral projects, its exploration and development activities, and other matters. These statements relate to analysis and other information that is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Actual results could differ materially from the conclusions, forecasts and projections contained in these forward-looking statements.

Statements concerning Mineral Resource Estimates may also be deemed to constitute "forward-looking statements" to the extent that they involve estimates of the mineralization that will be encountered if a given property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "is expected", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking

statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, including those referred to in the Company's Annual Information under the heading "Description of the Business - Risk Factors", and elsewhere.

Coalspur's forward-looking statements are based on the beliefs, expectations and opinions of management as of the date hereof and which Coalspur believes are reasonable in the circumstances, but no assurance can be given that these expectations will prove to be correct. In making the forward-looking statements the Company has applied several material assumptions which may prove to be incorrect, including, but not limited to:

- (1) that all required third party approvals will be obtained for the development, construction and production of its properties;
- (2) that additional financing will be available on reasonable terms;
- (3) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise;
- (4) permitting, development and expansion proceeding on a basis consistent with the Company's current expectations;
- (5) currency exchange rates being approximately consistent with current levels; (6) certain price assumptions for coal;
- (6) certain price assumptions for coal;
- (7) production forecasts meeting expectations;
- (8) the accuracy of the Company's current mineral resource and reserve estimates;
- (9) labour and materials costs increasing on a basis consistent with the Company's current expectations;
- (10) assumptions made and judgments used in engineering and geological interpretation

Coalspur disclaims any intention or obligation to update or revise forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

For a more detailed analysis of risks affecting the Company, please see the Risk Factors discussion in the Description of the Business section of the Company's Annual Information form, available from SEDAR at [www.sedar.com](http://www.sedar.com).

# AUDITOR'S INDEPENDENCE DECLARATION

## Deloitte.

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7 September 2012

Dear Board Members

### Coalspur Mines Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Coalspur Mines Limited.

As lead audit partner for the audit of the financial statements of Coalspur Mines Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



**Leanne Karamfiles**  
Partner  
Chartered Accountants

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Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
NOTES	\$	\$
<b>CONTINUING OPERATIONS</b>		(Restated)
Exploration and evaluation expenses	(15,497,310)	(12,302,529)
Corporate and administrative expenses	(7,243,478)	(4,799,633)
Finance expenses	-	(643,565)
Interest income	2 543,296	905,872
Other gains and losses	2 (76,263)	151,212
	<u>(22,273,755)</u>	(16,688,643)
<b>LOSS BEFORE INCOME TAX</b>		
Income tax expense	4 -	-
	<u>(22,273,755)</u>	(16,688,643)
<b>LOSS FOR THE PERIOD</b>	<u>(22,273,755)</u>	(16,688,643)
<b>LOSS ATTRIBUTABLE TO OWNERS OF COALSPUR MINES LIMITED</b>	<u>(22,273,755)</u>	(16,688,643)
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange differences on translation of foreign currency	208,380	(803,889)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u>208,380</u>	(803,889)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>(22,065,375)</u>	(17,492,532)
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF COALSPUR MINES LIMITED</b>	<u>(22,065,375)</u>	(17,492,532)
Basic and diluted loss per share (cents per share)	21 (3.73)	(3.65)

The accompanying notes form part of these financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2012

	NOTES	2012 \$	2011 \$ (Restated)	2010 \$ (Restated)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	20(a)	6,988,330	67,972,547	19,051,668
Trade and other receivables	6	399,879	204,769	178,690
Prepayments	7	81,359	46,678	239,838
<b>Total Current Assets</b>		<b>7,469,568</b>	68,223,994	19,470,196
<b>Non-Current Assets</b>				
Property, plant and equipment	8	771,780	107,780	61,091
Exploration and evaluation assets	9	13,509,295	97,244,645	13,165,039
Mine development assets	10	109,726,335	-	-
Prepayments	11	46,000,000	-	343,517
Intangible assets	11	3,500,000	-	-
Other assets	12	5,218,395	-	-
<b>Total Non-Current Assets</b>		<b>178,725,805</b>	97,352,425	13,569,647
<b>TOTAL ASSETS</b>		<b>186,195,373</b>	165,576,419	33,039,843
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	13	2,239,177	2,158,664	1,887,386
Provisions	14	58,159	29,421	31,355
<b>Total Current Liabilities</b>		<b>2,297,336</b>	2,188,085	1,918,741
<b>Long Term Liabilities</b>				
Credit facility	26	20,000,000	-	-
<b>Total Long Term Liabilities</b>		<b>20,000,000</b>	-	-
<b>TOTAL LIABILITIES</b>		<b>22,297,336</b>	2,188,085	1,918,741
<b>NET ASSETS</b>		<b>163,898,037</b>	163,388,334	31,121,102
<b>EQUITY</b>				
Contributed equity	16	216,197,853	195,545,209	43,335,409
Share based payment reserve	17	17,240,933	9,578,626	4,690,953
Foreign currency translation reserve	18	(12,401,553)	(6,870,060)	1,271,538
Accumulated losses	19	(57,139,196)	(34,865,441)	(18,176,798)
<b>TOTAL EQUITY</b>		<b>163,898,037</b>	163,388,334	31,121,102

The accompanying notes form part of these financial statements.

The comparative consolidated balance sheet has been restated to reflect the change in accounting policy for the Company's presentation currency, refer to Note 1.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2012

2012	ORDINARY SHARES \$	PERFORM- ANCE SHARES \$	SHARE BASED PAYMENTS RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	ACCUM- ULATED LOSSES \$	TOTAL ATTRI- BUTABLE TO MEMBERS OF THE PARENT \$
<b>Balance at July 1, 2011</b>	<b>195,544,433</b>	<b>776</b>	<b>9,578,626</b>	<b>(6,870,060)</b>	<b>(34,865,441)</b>	<b>163,388,334</b>
Net loss for the period	-	-	-	-	(22,273,755)	(22,273,755)
<b>Other comprehensive income:</b>						
Differences on translation of foreign currency	5,471,823	21	268,029	(5,531,493)	-	208,380
<b>Total comprehensive loss for the period</b>	<b>5,471,823</b>	<b>21</b>	<b>268,029</b>	<b>(5,531,493)</b>	<b>(22,273,755)</b>	<b>(27,805,248)</b>
<b>Transactions with owners, recorded directly in equity:</b>						
Issue of ordinary shares	-	-	-	-	-	-
Share issue costs	(33,664)	-	-	-	-	(33,664)
Exercise of unlisted options	13,559,257	-	(691,301)	-	-	12,867,956
Share based payments	-	-	9,740,786	-	-	9,740,786
Exercise of share rights	1,655,207	-	(1,655,207)	-	-	-
<b>Balance at June 30, 2012</b>	<b>216,197,056</b>	<b>797</b>	<b>17,240,933</b>	<b>(12,401,553)</b>	<b>(57,139,196)</b>	<b>163,898,037</b>

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2012

2011	ORDINARY SHARES \$	PERFORM- ANCE SHARES \$	SHARE BASED PAYMENTS RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	ACCUM- ULATED LOSSES \$	TOTAL ATTRI- BUTABLE TO MEMBERS OF THE PARENT \$
<b>(Restated)</b>						
<b>Balance at July 1, 2010</b>	<b>43,334,736</b>	<b>673</b>	<b>4,690,953</b>	<b>1,271,538</b>	<b>(18,176,798)</b>	<b>31,121,102</b>
Net loss for the period	-	-	-	-	(16,688,643)	(16,688,643)
<b>Other comprehensive income:</b>						
Differences on translation of foreign currency	6,620,899	103	716,707	(8,141,598)	-	(803,889)
<b>Total comprehensive loss for the period</b>	<b>6,620,899</b>	<b>103</b>	<b>716,707</b>	<b>(8,141,598)</b>	<b>(16,688,643)</b>	<b>(17,492,532)</b>
<b>Transactions with owners, recorded directly in equity:</b>						
Issue of ordinary shares	108,590,566	-	-	-	-	108,590,566
Share issue costs	(7,978,575)	-	-	-	-	(7,978,575)
Issue of ordinary shares on exercise of options	7,731,567	-	(666,504)	-	-	7,065,063
Issue of ordinary shares on conversion of convertible notes (Note 16b)	37,245,240	-	-	-	-	37,245,240
Share based payments	-	-	4,837,470	-	-	4,837,470
<b>Balance at June 30, 2011</b>	<b>195,544,433</b>	<b>776</b>	<b>9,578,626</b>	<b>(6,870,060)</b>	<b>(34,865,441)</b>	<b>163,388,334</b>

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
NOTES	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		(Restated)
Payments to suppliers and employees	(18,385,995)	(12,182,381)
Interest received	558,294	908,288
Interest and other costs of finance paid	(25,114)	-
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(17,852,815)</b>	<b>(11,274,093)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation assets	(19,027,187)	(82,446,845)
Payments for property, plant, and equipment	(723,097)	(105,823)
Payments for mine development	(6,355,104)	-
Payments for port capacity	(49,500,000)	-
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(75,605,388)</b>	<b>(82,552,668)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of ordinary shares	12,866,743	110,626,249
Proceeds from issue of convertible notes	-	35,625,600
Proceeds from borrowings	20,000,000	-
Payments for share issue costs	(593,261)	(7,815,340)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>32,273,482</b>	<b>138,436,509</b>
Net (decrease)/increase in cash and cash equivalents	(61,184,721)	44,609,748
Net foreign exchange differences	200,504	1,400,321
Cash and cash equivalents at beginning of period	67,972,547	21,962,478
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>6,988,330</b>	<b>67,972,547</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Coalspur Mines Limited ("Coalspur" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended June 30, 2012 are stated to assist in a general understanding of the financial report.

Coalspur is a Company limited by shares incorporated and domiciled in Australia whose Ordinary Shares are publicly traded on the Australian Securities Exchange ("ASX") and the Toronto Stock Exchange ("TSX").

The financial report of the Group for the year ended June 30, 2012 was authorized for issue in accordance with a resolution of the Directors on September 7, 2012.

### (a) Basis of Preparation

The financial report is a for-profit general purpose financial report, which has been prepared in accordance with the requirement of Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB"), other authoritative pronouncements of the AASB, and the *Corporations Act 2001*.

The financial report has been prepared on a historical cost basis, except for financial assets, which are measured at fair value.

The financial report is presented in Canadian dollars

### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

Australian Accounting Standards and Interpretations, including those issued by the IASB where an Australian equivalent has not yet been made by the AASB, that have recently been issued or amended but are not yet effective that have not been adopted for the annual reporting period ended June 30, 2012, but would be relevant to its operations, are:

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**(b) Statement of Compliance** (Continued)

<b>AFFECTED STANDARDS AND INTERPRETATIONS</b>	<b>APPLICATION DATE (REPORTING PERIOD COMMENCES ON OR AFTER)</b>	<b>APPLICATION DATE FOR GROUP</b>
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 [December 2010]' *	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets'	1 January 2012	1 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendment to Australian Accounting Standards-Presentation of Items of Other Comprehensive Income'	1 July 2013	30 June 2013
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'	1 January 2013	30 June 2014
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	30 June 2015
Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013	30 June 2014
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016

\*The IASB have recently deferred the application date of the IFRS equivalent to this standard until 1 January 2015.

A project team has been formed to assess the impact of these new standards and interpretations. A final assessment has not been made on the expected impact of these standards and interpretations, however, it is expected that there will be no significant changes in the Group's accounting policies.

#### (c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at June 30, 2012 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, so as to obtain benefits from its activities, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

Investments in subsidiaries are accounted for at cost in the Statement of Financial Position of the Company.

#### (d) Foreign Currencies

##### (i) Functional Currency

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. Following the completion of the Vista Coal Project Feasibility Study on January 30, 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 the majority of their expenditures, current and future debt and equity raisings, and future dividend stream being denominated in Canadian dollars.

In accordance with AASB 121, The Effect of Change in Foreign Exchange Rates, the assets, liabilities, equity and income balances of Coalspur Mines Ltd and Coalspur Mines (Holdings) Pty Ltd as of January 31, 2012, were translated from Australian to Canadian dollars at the February 1, 2012 exchange rate, which coincides with the date of change in the functional currency. Since February 1, 2012 all transactions for these companies have been valued in Canadian dollars. The Company's subsidiary, Kep Pty Ltd, continues to use Australian dollars as a functional currency, however, its balances are not material.

##### (ii) Presentation Currency

Following the change in functional currency noted above, the Company elected to adopt Canadian dollars as its presentation currency. All current and comparative information in the Annual Financial Statements and Notes thereto are presented in Canadian dollars ("C\$") unless otherwise noted as being presented in Australian dollars ("A\$").

Presentation currency translation differences are recorded as a foreign currency translation reserve within the equity section and the year-over-year differences recognised as other comprehensive income. As at June 30, 2012, Kep Pty Ltd is the only entity within the Group with an Australian dollar functional currency.

##### (iii) Comparative figures

In accordance with AASB 121, The Effect of Change in Foreign Exchange Rates, comparative figures for prior periods have been restated to the Canadian presentation currency as outlined below:

- Historical assets, liabilities, and contributed equity were translated from Australian to Canadian dollars at the closing exchange rate of the corresponding balance sheet date. Historical retained earnings, income, expense, and cash flow figures were translated to Canadian dollars using historical rates.



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign Currencies (Continued)

(iii) Comparative Figures (Continued)

- The translation difference arising from the use of different translation rates is recorded in the foreign currency translation reserve
- The assets, liabilities, earnings, and equity balances of Coalspur Mines (Operations) Ltd are reflected at their original Canadian carrying values.

(e) Change in Accounting Policy

The accounting policies adopted in the preparation of the Consolidated Financial Statements are consistent with those followed in the preparation of the Consolidated Financial Statements and Annual Report for the year ended June 30, 2011 except as follows:

• Presentation currency

The change in presentation currency noted in above represents a voluntary change in accounting policy, which has been applied retrospectively by restating two years of comparative balance sheet figures and associated notes to Canadian dollars using the method described in Note 1(d)(iii).

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank accounts, and short-term deposits tenures of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(g) Trade and Other Receivables

Trade receivables are recognized and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognized and carried at the nominal amount due and are interest free.

(h) Investments and Other Financial Assets

Financial assets are classified as either; held for trading, loans and receivables, held-to-maturity investments, or available-for-sale investments. When financial assets are recognised initially they are measured at fair value directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition and, when allowed and appropriate, re-evaluates this classification at each financial year-end.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

(i) Property, Plant and Equipment

(i) Cost and valuation

Property, plant and equipment ("PP&E") is carried at cost less accumulated depreciation and impairment losses.

PP&E costs include the initial purchase price, directly attributable costs to ready the asset for use, and an estimate to remove the asset and restore its site once the asset's usefulness is expired. Directly attributable costs may include:

- employee benefits (defined by AASB 119);
- costs required for the construction or acquisition of an item such as; site preparation, delivery and handling, installation and assembly, testing to ascertain if an item is functioning properly, environmental or safety management costs during the construction or commissioning of an asset; and
- other costs necessary to obtain future economic benefits from the assets.

Costs incurred subsequent to the asset's commissioning are expensed unless it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(ii) Depreciation of PP&E

Each major component of a PP&E whose useful life differs from other major parts is depreciated separately. Significant components with the same useful life are grouped together for depreciation.

Depreciation is calculated using the method that best reflects the economic consumption of the PP&E, and commences once the asset is available for use.

The Company reviews its PP&E classifications and depreciation methods annually to determine whether the pattern of consumption of the future economic benefits of the assets remains the same. Should the pattern change, it would constitute a change in accounting estimate, and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors would apply

PP&E CLASSIFICATIONS:	METHOD	2012	2011
Computer equipment	straight line	2 years	2 years
Office furniture and leasehold improvements	straight line	5 years	5 years
Mine site facilities	straight line	not applicable	not applicable
Mobile mining equipment	operating hours	not applicable	not applicable
Fixed mining equipment	units of production	not applicable	not applicable

PP&E are evaluated annually for impairment using AASB 136, Impairment of Assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are included in the income statement, and determined by comparing proceeds with the carrying amount. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(j) Exploration and Evaluation Assets**

Exploration and evaluation expenditures are assigned to an identifiable area of interest ("Project Area"), and are capitalized to the extent that they are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

For each Project Area, expenditures incurred in the acquisition of rights to explore is capitalized at cost, and recognized as an exploration and evaluation asset. Exploration and evaluation expenditures incurred subsequent to acquisition of the rights to explore are expensed as incurred, up to and including costs associated with the preparation of a JORC code and NI 43-101 compliant feasibility study ("Feasibility Study").

Exploration and evaluation assets are not depreciated; however they are assessed for indications of impairment on a quarterly basis. If any such indication exists, the recoverable amount of the capitalized exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous years.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(j) Exploration and Evaluation Assets** (Continued)

Costs to restore exploration and evaluation drilling sites are insignificant, and are expensed in the period incurred. Site restoration costs include the rehabilitation drill sites and access roads in accordance with clauses of the exploration permits, and are typically completed within one year of disturbance. Any changes in the estimates for the costs are accounted on a prospective basis.

Upon completion of a Feasibility Study, capitalized exploration and evaluation assets are transferred to Mine Development assets if the Company intends to advance the Project Area to production.

**(k) Mine Development Assets**

In addition to the transferred Exploration and Evaluation assets noted above, Mine Development Assets include direct expenditures incurred subsequent to a Feasibility Study develop a project area into a producing mine operation. Direct expenditures include, but are not restricted to: costs of consultant fees and employee benefits (defined by AASB 119) related directly to the engineering, planning, or procurement of mine facilities and equipment, pre-development costs to ascertain if equipment is functioning properly, and site restorations costs.

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology of an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

When production commences, accumulated costs for a Project Area are depreciated over the life of the Project Area in proportion to the depletion of the economically recoverable reserves.

Mine Development assets are assessed for impairment and adjusted in the same fashion as Exploration and Evaluation Assets.

**(l) Payables**

Liabilities are recognized for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

**(m) Provisions**

Provisions are recognized when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(n) Revenue Recognition**

Revenues are recognized at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

**(i) Interest**

Interest revenue is recognized as it accrues, taking into account the effective yield on the financial asset.

**(o) Income Tax**

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognized for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognized in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each balance date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognized directly in other comprehensive income or equity are also recognized directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Coalspur formed an income tax consolidated group on July 1, 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

#### **(p) Share Based Payments**

The Company issues options to purchase Ordinary Shares and/or Performance Rights to compensate consultants, directors, employees, and creditors who have provided debt financing (Note 25).

Options issued as share based payments are valued with a binomial model using standard inputs including the Company's share price, the option strike price, the risk free interest rate, the expected volatility of Company's stock, and dividend yield (if any).

Performance Rights are also valued using a binomial model, however, since they are granted with a strike price of \$Nil, their intrinsic value is equal to the share price at the date of issuance.

The value of share based payments is amortized using the straight line method over a period beginning with the authorized grant date and ending with the vesting date. In the event one or more of model inputs, or the vesting date cannot be determined at the grant date, the Company amortizes the share based payment using the best available information, and updates the amortization amount prospectively once better information becomes available.

In the event that an option or Performance Right issued as a share based payment subsequently lapses, expires, or is cancelled, any associated amortization is prospectively reversed.

Share based payments issued as a financing fee relating to a qualifying asset are capitalized as borrowing costs as a cost of the qualifying asset over the life of the agreement on a straight line basis.

#### **(q) Employee Entitlements**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Vacation entitlements and short term employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Performance Rights issued under the Company's long term incentive plan are valued according to the binomial model and recognized over the anticipated vesting period. The Company does not have a defined benefit pension plan or other post-retirement benefits at this time.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**(r) Earnings Per Share**

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to owners of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of Ordinary Shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

**(s) Goods and Services Tax**

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant tax authority in Australia or Canada. In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(t) Use and Revision of Accounting Estimates**

The preparation of the financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 9 – Exploration and Evaluation Assets; and
- Note 26 – Share-based Payments.

**(u) Going Concern Assumption**

These consolidated financial statements ("financial statements") are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned development program and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain an off-take partner or adequate financing in the future. The recoverability of the cumulative acquisition costs and capitalized mine development and exploration costs as at June 30, 2012 is dependent on the Company obtaining additional financing or an off-take partner in the future. It is the Company's intent to review all financing options available, which would include, but not be limited to, obtaining a strategic investment partner for the Vista Project, entering into an agreement with a contractor to provide mining equipment, issuing additional capital, or acquiring debt financing.

#### **(v) Impairment of Assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a weighted average cost of capital of 8% that reflects current market assessments of the time value of money and the risks specific to the asset. The Company performed an impairment analysis using a detailed valuation model. No impairment was identified for the year ended June 30, 2012.

An assessment is also made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **(w) Issued Capital**

Ordinary Shares and Performance Shares are classified as equity. Issued and paid up capital is recognized at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **(x) Dividends**

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance sheet date.

#### **(y) Convertible Notes**

Convertible notes issued by the Group are classified separately as equity and financial liabilities in accordance with the substance of the contractual arrangements and definitions of a financial liability and equity instrument.

A conversion option that will be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

	2012 \$	2011 \$
<b>2. REVENUE AND OTHER INCOME</b>		(Restated)
<b>(a) Revenue</b>		
Interest income	543,296	905,872
<b>(b) Other Gains and Losses</b>		
Net foreign exchange (loss)/gain on monetary items	(76,264)	151,212
<b>3. EXPENSES</b>		
<b>(a) Depreciation and Amortization Included in income statement</b>		
Depreciation of plant and equipment	56,284	53,980
<b>(b) Employee Benefits Expense (Including KMP)</b>		
Salaries, wages and fees	2,611,151	1,474,898
Short Term Incentive Plan payments	577,556	485,053
Defined contribution plans	3,500	30,823
Other employee benefits	116,729	78,006
Share-based payments	2,600,586	4,084,891
	<b>5,909,522</b>	<b>6,153,671</b>



	2012 \$	2011 \$	2010 \$
<b>4. INCOME TAX</b>		(Restated)	(Restated)
<b>(a) Recognised in the income statement</b>			
<b>Current income tax</b>			
Current income tax benefit in respect of the current year	(5,986,165)	(1,906,112)	(824,402)
Adjustments in respect of current income tax of previous years	(2,878,328)	(3,994,102)	834,703
<b>Deferred income tax</b>			
Relating to origination and reversal of temporary differences	25,402	(1,169,928)	(6,380)
Benefit arising from previously unrecognised temporary differences of a prior period	-	-	(3,921)
Deferred tax assets not brought to account	8,839,091	7,070,142	-
Income tax reported in the income statement	-	-	-
<b>(b) Recognised Directly in Equity</b>			
<b>Deferred income tax</b>			
Relating to origination and reversal of temporary differences	-	-	20,289
Benefit arising from previously unrecognised temporary differences of a prior period	-	-	(20,289)
Income tax reported in equity	-	-	-
<b>(c) Reconciliation Between Tax Expense and Accounting Profit/(Loss) Before Income Tax</b>			
Accounting Loss before income tax	(22,273,755)	(16,855,513)	(7,802,061)
At the Australian income tax rate of 30% (2011: 30%)	(6,682,127)	(5,056,654)	(2,340,618)
Expenditure not allowable for income tax purposes	1,281,165	1,574,453	1,465,230
Income not assessable for income tax purposes	-	-	(4,345)
Previously unrecognized temporary differences of a prior period	-	-	(3,921)
Adjustments in respect of current income tax of previous years	(2,878,328)	(3,994,102)	834,703
Deferred tax assets not brought to account	8,839,091	7,070,142	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(332,259)	406,161	48,951
Other	(227,542)	-	-
Income tax expense attributable to profit/(loss)	-	-	-

4. INCOME TAX (CONTINUED)

	2012 \$	2011 \$	2010 \$
<b>(d) Deferred Tax Assets and Liabilities</b>		(Restated)	(Restated)
Deferred income tax at June 30 relates to the following:			
<b>Deferred Tax Liabilities</b>			
Mine Development assets	883,177	-	-
Exploraton and evaluation assets	-	880,237	789,986
Accrued interest	-	8,683	7,793
Deferred tax assets used to offset deferred tax liabilities	(883,177)	(888,920)	(797,779)
	-	-	-
<b>Deferred Tax Assets</b>			
Accrued expenditure	4,686	21,300	19,116
Provisions	14,540	81,738	73,357
Cumulative Eligible Expenditures	29,563,055	5,600,883	5,026,625
Tax losses available to offset against future taxable income	8,511,857	3,184,094	2,857,629
Capital losses available to offset against future capital gains	-	1,172,918	1,052,659
Deferred tax assets used to offset deferred tax liabilities	(883,177)	(888,920)	(797,779)
Deferred tax assets not brought to account	(37,210,961)	(9,172,013)	(8,231,607)
Income tax reported in the income statement	-	-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- The conditions for deductibility imposed by tax legislation continue to be complied with; and
- No changes in tax legislation adversely affect the Group in realising the benefit.

**(e) Tax Consolidation**

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group from July 1, 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Coalspur Mines Limited.

**5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES**

No dividends were paid or proposed during the past two years.

	2012 \$	2011 \$	2010 \$
<b>6. TRADE AND OTHER RECEIVABLES</b>		(Restated)	(Restated)
Trade Receivables	17,285	29,944	28,581
GST receivable	382,594	174,825	150,109
	399,879	204,769	178,690

	2012 \$	2011 \$	2010 \$
<b>7. PREPAYMENTS (CURRENT)</b>		(Restated)	(Restated)
Security deposits	34,609	-	-
Consulting retainer	-	46,678	-
Prepaid borrowing costs	-	-	239,838
Transmission facilities prepayment	46,750	-	-
	<b>81,359</b>	46,678	239,838

	2012 \$	2011 \$	2010 \$
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		(Restated)	(Restated)
<b>(a) Plant and Equipment</b>			
At cost	892,440	181,714	87,918
Accumulated depreciation and impairment	(120,660)	(73,934)	(26,827)
Net Carrying amount	<b>771,780</b>	107,780	61,091
<b>(b) Reconciliation</b>			
Carrying amount at beginning	107,780	61,091	3,045
Additions	723,097	105,823	75,485
Disposals	-	(6,343)	(871)
Depreciation	(56,284)	(53,980)	(18,658)
Difference on translation of foreign currency (Note 1d)	(2,813)	1,189	2,090
Carrying amount at end of year, net of accumulated depreciation and impairment	<b>771,780</b>	107,780	61,091

	2012 \$	2011 \$	2010 \$
<b>9. EXPLORATION AND EVALUATION ASSETS</b>		(Restated)	(Restated)
<b>(a) Areas of Interest</b>			
Vista Coal Project	-	96,860,381	12,780,902
Vista South Coal Project	509,295	384,264	384,137
Vista Extension	13,000,000	-	-
	<b>13,509,295</b>	97,244,645	13,165,039
<b>(b) Reconciliation</b>			
Carrying amount at beginning	97,244,645	13,165,039	5,079,791
Additions	13,000,000	86,195,110	7,728,688
Transfer to Mine Development Assets	(96,903,992)	-	-
Difference on translation of foreign currency (Note 1d)	168,642	(2,115,504)	356,560
Carrying amount at end of year <sup>1</sup>	<b>13,509,295</b>	97,244,645	13,165,039

**Notes:**

<sup>1</sup> The ultimate recoupment of costs carried for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. The Group must also comply with any applicable lease and/or contractual requirements (including as disclosed in Note 31).

	2012 \$	2011 \$	2010 \$
<b>10. MINE DEVELOPMENT ASSETS</b>			
<b>Vista Project</b>			
Carrying amount at beginning of period	-	-	-
Transferred from Exploration and Evaluation Assets	96,903,992	-	-
Acquisition of mineral lease property	6,000,000	-	-
Capitalized development costs	6,355,104	-	-
Capitalized finance costs <sup>1</sup>	467,239	-	-
Carrying amount at end of year	109,726,335	-	-

**Notes:**

<sup>1</sup> Company arranged a \$70 million credit facility (Note 25) to advance the development of Vista. The finance costs associated with the facility are recorded as other assets (Note 12) and amortized to Mine Development Assets over the life of the credit facility.

**11. PREPAYMENTS AND INTANGIBLE ASSETS (NON-CURRENT)**

**Summary of Agreements with Ridley Terminals**

DESCRIPTION DATES AND DURATION	FIRST CONTRACT				TOTAL	NOTE
	BASE VOLUME	OPTION # 1	OPTION # 2	SECOND CONTRACT <sup>1</sup>		
Date of Contract	26-Oct-11	26-Oct-11	27-Mar-12	28-Mar-12		
Cancellation / Exercise date	1-Mar-13	30-Jun-12	1-May-13	1-Sep-12		11(a)
Shipping commencement date	2015	2018	2018	2017		
Contract term	14 years	11 years	11 years	12 years		
Option contract renewal term	7 years	7 years	7 years	7 years		
Contract capacity (Mtpa)	6.0	2.5	1.0	4.0	13.5	
Prepayments (\$ millions)						
Deposit paid	\$24.0	\$10.0	-	12.0	\$46.0	11(b)
Option fee paid	-	\$2.5	\$1.0	-	\$3.5	11(c)
Total paid to date	\$24.0	\$12.5	\$1.0	\$12.0	\$49.5	
Anticipated future deposits	-	-	\$4.0	\$4.0	\$8.0	11(b)
Anticipated total pre-payments	\$24.0	\$12.5	\$5.0	\$16.0	\$57.5	

**Notes:**

<sup>1</sup> Subsequent to June 30, 2012, the Second Contract was reduced from 4.0 Mtpa to 2.2 Mtpa. Refer to Note 32 for additional information.

**(a) Contract Cancellation / Exercise Date**

Coalspur may opt out of the first contract or either optional capacity prior to the date indicated in the table above without further obligation, other than foregoing the deposits and option fees already paid to Ridley Terminals.

The throughput capacity associated with the second agreement was to be provided from an incremental expansion at Ridley Terminals that would have increased overall port capacity from 25.0 Mtpa to 30.0 Mtpa. Refer to Subsequent Events note 32 for additional information.

In addition to the cancellation terms noted above, Ridley Terminals has a right to terminate either contract if, after a 30 business day cure period the Company's debt to EBITDA ratio exceeds 5:1 after it has shipped 10 million tonnes under the respective contracts.

### (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 throughput, or minimum throughput charges. The deposit of \$24.0 million against the first agreement is paid in full, and an initial deposit of \$12.0 million has been made against the second agreement. A further deposit of \$4.0 million must be made against the second contract, if the Company exercises its option to acquire additional throughput capacity as planned. The deposit relating to the second contract would have been payable in September 2012, but in light of the post balance sheet event Coalspur, is entitled to a refund of \$3.2 million (Note 32).

Deposits are classified as non-current prepaid assets, and will be amortized as they are offset against future throughput charge.

### (c) Option Fees

The Company paid \$3.5 million for two options to purchase additional throughput capacity totaling 3.5 Mtpa commencing in 2018. The first option for 2.5 Mtpa was exercised during the year, and the second option for 1.0 Mtpa expires on May 1, 2013. Option fees are classified as non-current intangible assets, and will either be expensed upon their expiration, or amortized over the first term of the contract if exercised.

### (d) Minimum Throughput Charges

Both agreements are subject to minimum throughput charges based on a percentage of contracted volumes and throughput rates. In the event the contracts are not cancelled, and Coalspur is unable to meet specified minimum throughput commitments, minimum payments to Ridley Terminals may become payable. Management believes it is unlikely to incur minimum payments related to unutilized allocation because throughput allocation surplus, to the extent there is any, may be sold to a third party under certain circumstances.

## 12. OTHER ASSETS

The amounts shown in the table below are recognized regarding the credit facility agreement provided by Borrowdale Park S.A. ("Highland Park") as described in Note 26. The amount will be amortized to capitalized finance costs, representing part of the Mine Development costs over the life of the credit facility agreement on a straight line basis.

	2012 \$	2011 \$	2010 \$
<b>DEFERRED CREDIT FACILITY FEES</b>			
Interest and Share-based payments <sup>1</sup>	5,685,634	-	-
Capitalized to Mine Development Assets	(467,239)	-	-
	<b>5,218,395</b>	-	-

### Notes:

<sup>1</sup> Share based payments reported in deferred credit facility fees include the following amounts:

- \$4.62 million for the fair value of eight million establishment options authorized and vested during the fourth quarter in connection with the \$70 million Facility Agreement with Highland Park. These options were approved by shareholders on April 26, 2012, and vested immediately thereafter.
- \$0.51 million for the fair value of two million funding options authorized and vested during the fourth quarter in connection with the \$70 million Facility Agreement with Highland Park. These options were approved by shareholders on April 26, 2012, and vested upon the drawing of \$20 million from the facility on May 16, 2012.
- \$0.39 million for the partially amortized value of five million funding options authorized during the fourth quarter in connection with the \$70 million Facility Agreement with Highland Park. These options were approved by shareholders on April 26, 2012, and will vest at a rate of one million options per additional \$10 million drawn on the facility. The strike price and vesting date of these options was estimated using the best available information, and the amortized amount will be updated prospectively once further information becomes available.

	2012 \$	2011 \$	2010 \$
<b>13. TRADE AND OTHER PAYABLES</b>		(Restated)	(Restated)
Trade creditors	1,437,452	1,861,641	1,338,953
Accrued expenses	801,725	297,023	548,433
	<b>2,239,177</b>	2,158,664	1,887,386

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

	2012 \$	2011 \$	2010 \$
<b>14. PROVISIONS</b>		(Restated)	(Restated)
Employee entitlements	58,159	29,421	31,355

	2012 \$	2011 \$	2010 \$
<b>15. CONVERTIBLE NOTES</b>		(Restated)	(Restated)
Convertible notes (unsecured)	-	-	-

Movements in Convertible Notes:

DATE	DETAILS	NUMBER OF CONVERTIBLE NOTES	TOTAL A\$
<b>July 1, 2010</b>	<b>Opening Balance</b>	-	-
Oct 12, 2010	Issue of Convertible Notes	45,000,000	36,000,000
Nov 22, 2010	Conversion to Ordinary Shares	(45,000,000)	(36,000,000)
<b>June 30, 2011</b>	<b>Closing Balance</b>	-	-
July 1, 2011	Opening Balance	-	-
<b>June 30, 2012</b>	<b>Closing Balance</b>	-	-

	2012 \$	2011 \$	2010 \$
<b>16. CONTRIBUTED EQUITY</b>		(Restated)	(Restated)
<b>(a) Issued Capital</b>			
620,729,899 (2011: 579,768,744) Ordinary Shares	216,197,056	195,544,433	43,334,736
7,500,000 (2011: 7,500,000) Performance Shares (Note 16e)	797	776	673
	<b>216,197,853</b>	195,545,209	43,335,409

(b) Movements in Ordinary Shares:

DATE	DETAILS	NUMBER OF CONVERTIBLE NOTES	TOTAL \$
<b>July 1, 2010</b>	<b>Opening Balance - restated</b>	<b>362,499,962</b>	<b>43,334,736</b>
	Private placements	76,000,000	64,392,881
	Conversion of Convertible Notes	45,000,000	37,245,240
	Public offering	24,000,000	44,197,685
	Exercise of Listed Options	69,463,782	5,749,323
	Exercise of Unlisted Options	2,805,000	1,315,740
	Transfer from share-based payments reserve	-	666,504
	Difference on translation of foreign currency (Note 1d)	-	6,620,899
	Share issue costs	-	(7,978,575)
<b>June 30, 2011</b>	<b>Closing Balance</b>	<b>579,768,744</b>	<b>195,544,433</b>
<b>July 1, 2011</b>	<b>Opening Balance - restated</b>	<b>579,768,744</b>	<b>195,544,433</b>
	Conversion of employee share rights	891,155	1,655,207
	Exercise of Unlisted Option	15,070,000	12,867,956
	Conversion of D Class performance shares	25,000,000	-
	Transfer from share-based payments reserve	-	691,301
	Difference on translation of foreign currency (Note 1d)	-	5,471,823
	Share issue costs	-	(33,664)
<b>June 30, 2012</b>	<b>Closing Balance</b>	<b>620,729,899</b>	<b>216,197,056</b>

(c) Rights Attaching to Ordinary Shares

The rights attaching to fully paid ordinary shares ("Ordinary Shares") arise from a combination of the Company's Constitution, statute and general law.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

Directors may call a meeting of owners whenever they think fit. Owners may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of owners and all owners are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of owners is two natural persons, each of whom is or represents different shareholders who are eligible to vote. The Company holds annual general meetings in accordance with the Corporations Act 2001 and the Listing Rules.

16. CONTRIBUTED EQUITY (CONTINUED)

(c) Rights Attaching to Ordinary Shares (Continued)

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of owners will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of owners the person represents. On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the owners present and voting at a general meeting of the Company. At least 28 days' written notice must be provided specifying the intention to propose the resolution as a special resolution must be given.

Provided the Company remains admitted to the Official List of the ASX, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules of the ASX, and authority is given for acts required to be done by the Listing Rules of the ASX. The Company's Constitution will be deemed to comply with the Listing Rules of the ASX as amended from time to time.

(d) Movements in Performance Shares During the Past Two Years Were as Follows:

DATE	DETAILS	NUMBER OF PERFORMANCE SHARES	ISSUE PRICE \$
July 1, 2010	Opening Balance (Restated)	57,500,000	776
June 30, 2011	Closing Balance	57,500,000	776
July 1, 2011	Opening Balance	57,500,000	776
Jan 30, 2012	Conversion of D Class Performance shares	(25,000,000)	-
	Difference on translation of foreign currency (Note 1d)	-	21
June 30, 2012	Closing Balance	32,500,000	797

(e) Rights Attaching to Performance Shares

Performance Shares have been issued to acquire mineral property prospects, and provide the Company with a means to compensate vendors of mineral properties in proportion to subsequent success in developing the property. Performance shares have an issue price of \$0.0001 each, are not transferable, and have no rights to vote or to dividends. The Performance Shares will convert (or have converted) into Ordinary Shares on a one for one basis in accordance with the following:

- 25,000,000 D Class Performance Shares converted into Ordinary Shares upon the completion of a positive Feasibility Study on January 30, 2012, which demonstrated that mining of coal can be economically undertaken within Vista;
- 25,000,000 E Class Performance Shares will convert into Ordinary Shares if, prior to their expiry date on February 19, 2014, the Company produces a total of 1,000,000 tonnes of coal from its leases in the Hinton region, or there is a change in control of the Company;
- 5,000,000 Performance Shares will convert into Ordinary Shares if, prior to their expiry date of November 2, 2012, the Company determines there is an Indicated Mineral Resource of at least 1,000 tonnes of U<sub>3</sub>O<sub>8</sub> uranium on the Lake Way East Project in Western Australia. While the Company is still attempting to prove up this resource, its primary focus is on its coal projects in the Hinton region of Alberta, Canada; and
- 2,500,000 Performance Shares will convert into 2,500,000 Ordinary Shares if, prior to their expiry date of November 2, 2012, the Company decides to proceed with a Feasibility Study for an Indicated Mineral Resource of at least 1,000 tonnes of U<sub>3</sub>O<sub>8</sub> uranium on the Lake Way East Project.



## 17. SHARE BASED PAYMENT RESERVE

The share-based payments reserve is used to record the fair value of Unlisted Options and Performance Rights granted by the Group as share-based payments.

	2012 \$	2011 \$	2010 \$
<b>(a) Movements in Share-based Payments Reserve During the Past Two Years:</b>		(Restated)	(Restated)
<b>Share-based Payments Reserve</b>			
Balance at July 1	9,578,626	4,690,953	-
Exercise of Unlisted Options	(691,301)	(666,504)	-
Exercise of Share Rights	(1,655,207)	-	-
Difference on translation of foreign currency (Note 1d)	268,029	716,707	-
Share-based payments (Note 27)	9,740,786	4,837,470	4,690,953
Balance at June 30	17,240,933	9,578,626	4,690,953

### (b) Terms and Conditions of Unlisted Options

The Unlisted Options are granted based on the following terms and conditions:

- Each Unlisted Option entitles the holder to subscribe for one Ordinary Share;
- the Unlisted Options are exercisable at any time prior to the Expiry Date, subject to vesting conditions being satisfied (if applicable);
- outstanding Unlisted Options have an exercise between A\$0.10 and A\$1.622;
- Ordinary Shares issued on exercise of the Unlisted Options rank equally with the then Ordinary Shares of the Company;
- application will be made by the Company to ASX and TSX as required for official quotation of the Ordinary Shares issued upon the exercise of the Unlisted Options;
- if there is any reconstruction of the issued share capital of the Company, the rights of the Unlisted Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction;
- no application for quotation of the Unlisted Options will be made by the Company; and
- subject to the proposed transferee being a party which is within the class of parties in section 708 of the Corporations Act to which disclosure is not required the Unlisted Options are transferable.

### (c) Terms and Conditions of Performance Rights

The Performance Rights are granted based on the following terms and conditions:

- Each Performance Right automatically converts into one Ordinary Share upon vesting of the performance right;
- Each Performance Right is subject to performance conditions, as determined by the Board (from time to time) which must be satisfied for the Performance Right to vest;
- Performance Rights have an exercise price of \$Nil;
- Ordinary Shares issued on conversion of the Performance Rights rank equally with the then Ordinary Shares of the Company;
- application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon conversion of the Performance Rights;
- if there is any reconstruction of the issued share capital of the Company, the rights of the Performance Right holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction;
- no application for quotation of the Performance Rights will be made by the Company;

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

**17. SHARE BASED PAYMENT RESERVE** (CONTINUED)

**(c) Terms and Conditions of Performance Rights** (Continued)

- Performance Rights may not be transferred without approval of the Board;
- Performance Rights automatically vests in the event of a takeover bid or change of control; and
- the Performance Rights currently on issue have expiry dates as follows:
  - Performance Rights subject to the Vista commencement of construction performance condition expire on June 30, 2013;
  - Performance Rights subject to the Vista Initial production performance condition expire on June 30, 2015;
  - Performance Rights subject to the Vista ramp-up of production to 4.0 Mtpa performance condition expire on June 30, 2016; and
  - Performance Rights subject to Vista Phase 1 financing performance condition expire on December 31, 2012.

**(d) Performance Rights Based Payments**

GRANT DATE	FAIR VALUE AT GRANT DATE	EXPIRY DATE	VOLUME GRANTED	VOLUME EXERCISED OR CONVERTED TO ORDINARY SHARES ON JAN.31, 2012	VOLUME LAPSED OR EXPIRED	VOLUME OUTSTANDING AT JUNE 30, 2012
10-Jun-11	A\$1.580	31-Jul-12	175,000	(175,000)		-
10-Jun-11	A\$1.580	30-Jun-13	175,000		(150,000)	25,000
10-Jun-11	A\$1.580	13-Jun-15	175,000		(150,000)	25,000
10-Jun-11	A\$1.580	13-Jun-16	175,000		(150,000)	25,000
13-Jul-11	A\$1.880	31-Jul-12	466,917	(466,917)		-
13-Jul-11	A\$1.880	30-Jun-13	478,000		(69,000)	409,000
13-Jul-11	A\$1.880	13-Jun-15	478,000		(69,000)	409,000
13-Jul-11	A\$1.880	13-Jun-16	478,000		(69,000)	409,000
22-Sep-11	A\$1.490	31-Jul-12	158,188	(158,188)		-
22-Sep-11	A\$1.490	31-Dec-12	135,000			135,000
22-Sep-11	A\$1.490	30-Jun-13	188,250			188,250
22-Sep-11	A\$1.490	13-Jun-15	53,250			53,250
22-Sep-11	A\$1.490	13-Jun-16	53,250			53,250
18-Oct-11	A\$1.620	31-Jul-12	3,175	(3,175)		-
18-Oct-11	A\$1.620	30-Jun-13	11,250			11,250
18-Oct-11	A\$1.620	13-Jun-15	11,250			11,250
18-Oct-11	A\$1.620	13-Jun-16	11,250			11,250
18-Jan-12	A\$1.830	31-Jul-12	2,500	(2,500)		-
18-Jan-12	A\$1.830	30-Jun-13	15,000		(15,000)	-
18-Jan-12	A\$1.830	13-Jun-15	15,000		(15,000)	-
18-Jan-12	A\$1.830	13-Jun-16	15,000		(15,000)	-
31-Jan-12	A\$1.830	31-Jul-12	85,375	(85,375)		-
31-Jan-12	A\$1.830	30-Jun-13	85,375			85,375
31-Jan-12	A\$1.830	13-Jun-15	85,375			85,375
31-Jan-12	A\$1.830	13-Jun-16	85,375			85,375
15-May-12	A\$1.600	30-Jun-13	31,190			31,190
15-May-12	A\$1.600	13-Jun-15	31,190			31,190
15-May-12	A\$1.600	13-Jun-16	31,190			31,190
			3,708,350	(891,155)	(702,000)	2,115,195

### (e) Unlisted Option Based Payments

The following Unlisted Option based payments were in existence during the current and prior year:

DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE	EXPIRY DATE	VOLUME GRANTED	VOLUME EXERCISED OR CONVERTED TO ORDINARY SHARES	VOLUME LAPSED OR EXPIRED	VOLUME OUTSTANDING AT JUNE 30, 2012
30-Sep-09	A\$0.100	A\$0.402	31-Dec-13	2,750,000			2,750,000
30-Sep-09	A\$0.150	A\$0.393	30-Jun-14	2,750,000			2,750,000
30-Sep-09	A\$0.200	A\$0.388	31-Dec-14	2,750,000			2,750,000
30-Sep-09	A\$0.250	A\$0.386	30-Jun-15	2,750,000			2,750,000
30-Sep-09	A\$0.500	A\$0.202	30-Jun-14	600,000			600,000
24-Nov-09	A\$0.400	A\$0.237	31-Dec-13	1,800,000	(1,000,000)		800,000
24-Nov-09	A\$0.500	A\$0.236	31-Dec-13	1,800,000	(1,600,000)		200,000
24-Nov-09	A\$0.600	A\$0.238	31-Dec-14	1,800,000		(1,000,000)	800,000
10-Feb-10	A\$0.350	A\$0.244	30-Jun-15	400,000	(275,000)		125,000
24-Mar-10	A\$0.500	A\$0.391	31-Dec-13	350,000			350,000
24-Mar-10	A\$0.600	A\$0.395	31-Dec-14	350,000			350,000
24-Mar-10	A\$0.700	A\$0.400	30-Jun-15	350,000			350,000
14-May-10	A\$0.850	A\$0.676	30-Jun-14	750,000			750,000
14-May-10	A\$0.950	A\$0.689	31-Dec-14	750,000			750,000
14-May-10	A\$1.050	A\$0.702	30-Jun-15	750,000			750,000
16-Jul-10	A\$0.850	A\$0.676	30-Jun-14	700,000			700,000
16-Jul-10	A\$0.950	A\$0.689	31-Dec-14	700,000			700,000
16-Jul-10	A\$1.050	A\$0.702	30-Jun-15	700,000			700,000
30-Aug-10	A\$0.800	A\$0.512	30-Aug-13	17,000,000	(15,000,000)		2,000,000
10-Sep-10	A\$0.700	A\$-	31-Dec-12	15,000,000			15,000,000
27-Apr-12	- <sup>1</sup>	A\$0.257	- <sup>1</sup>	5,000,000			5,000,000
27-Apr-12	A\$1.560	A\$0.578	8-May-15	8,000,000			8,000,000
27-Apr-12	A\$1.620	A\$0.257	16-May-16	2,000,000			2,000,000
				69,800,000	(17,875,000)	(1,000,000)	50,925,000

#### Notes:

<sup>1</sup> These Unlisted Options vest at a rate of one million options per \$10 million drawn under the credit facility. They are exercisable at the greater of \$1.248 and 120% of the VWAP for the five trading days immediately prior to the vesting date and expire three years from the date of vesting.

**18. FOREIGN CURRENCY TRANSLATION RESERVE**

Exchange differences arising on translation of entities within the Group with different functional currencies are taken to the foreign currency translation reserve, and recognized in profit and loss when the net investment is disposed of as described in Note 1(d).

Movements in Foreign Currency Translation Reserve During the Past Three Years Were as Follows:

	2012 \$	2011 \$	2010 \$
<b>18. FOREIGN CURRENCY TRANSLATION RESERVE</b>		(Restated)	(Restated)
Balance at July 1	(6,870,060)	1,271,538	(333,902)
Difference on translation of foreign currency (Note 1d)	(5,531,493)	(8,141,598)	1,605,440
Balance at June 30	(12,401,553)	(6,870,060)	1,271,538

	2012 \$	2011 \$	2010 \$
<b>19. ACCUMULATED LOSSES</b>		(Restated)	(Restated)
Balance at July 1	(34,865,441)	(18,176,798)	(9,592,070)
Net loss for the year	(22,273,755)	(16,688,643)	(8,584,728)
Balance at June 30	(57,139,196)	(34,865,441)	(18,176,798)

**20. STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash Flows from Operations**

The statement of cash flows in the financial statements is prepared under the direct method. The table below reconciles the net after tax loss to the operating activities, as per the cash flow statement using the indirect method.

	2012 \$	2011 \$
Loss for the year	(22,273,755)	(16,688,643)
<b>Adjustment for non-cash income and expense items</b>		(Restated)
Depreciation and amortization	56,284	53,980
Net foreign exchange loss/(gain)	76,264	(151,212)
Amortization of share-based payments (Note 27)	4,212,686	4,837,470
Difference on translation of foreign currency (Note 1d)	196,246	(138,354)
<b>Change in assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	(195,110)	(25,234)
(Increase)/decrease in prepayments	(34,681)	(48,871)
Increase/(decrease) in trade, other payables and provisions	109,251	886,771
Net cash outflow from operating activities	(17,852,815)	(11,274,093)

**(b) Reconciliation of Cash**

Cash at bank and on hand	5,581,065	3,631,501
Short-term deposits	1,407,265	64,341,047
	6,988,330	67,972,547

	2012 \$	2011 \$
<b>21. EARNINGS PER SHARE</b>		(Restated)
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net loss	(22,273,755)	(16,688,643)
Earnings used in calculating basic and diluted earnings per share	(22,273,755)	(16,688,643)
	<b>NUMBER OF ORDINARY SHARES 2012</b>	<b>NUMBER OF ORDINARY SHARES 2011</b>
Weighted average number of Ordinary Shares used in calculating basic and diluted earnings per share	596,732,416	456,279,557

**(a) Anti-Dilutive Securities**

As at June 30, 2012, 32,500,000 Performance Shares, 50,925,000 Unlisted Options, and 2,115,195 Performance Rights were considered anti-dilutive as they would decrease the loss per share.

**(b) There were no Conversions, Calls, Subscriptions or Issues subsequent to June 30, 2012.**

**22. PRIOR PERIOD ADJUSTMENT**

The balance sheet has been restated for the year ended June 30, 2011 and 2010 as the Company elected to change its presentation currency during the year, details of which are included in Note 1 (e).

**23. RELATED PARTIES**

**(a) Subsidiaries**

	COUNTRY OF INCORPORATION	EQUITY INTEREST	
		2012 %	2011 %
<b>Subsidiaries of Coalspur Mines Limited:</b>			
Coalspur Mines (Holdings) Pty Ltd	Australia	100	100
Kep Pty Ltd	Australia	100	100
<b>Subsidiaries of Coalspur Mines (Holdings) Pty Ltd:</b>			
Coalspur Mines (Operations) Ltd	Canada	100	100

**(b) Ultimate Parent**

Coalspur Mines Limited is the ultimate parent of the Group.

**(c) Transactions with Related Parties**

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Key Management Personnel, including remuneration and equity holdings, are included at Note 25.

	2012 \$	2011 \$	2010 \$
<b>24. PARENT ENTITY DISCLOSURES</b>			
<b>(a) Financial Position</b>			
<b>Assets</b>			
Current assets	1,431,032	67,642,093	19,337,882
Non-Current assets	204,067,385	116,637,713	16,305,464
<b>Total Assets</b>	<b>205,498,417</b>	184,279,806	35,643,346
<b>Liabilities</b>			
Current liabilities	86,012	817,149	1,594,301
Long term liabilities	-	-	-
<b>Total Liabilities</b>	<b>86,012</b>	817,149	1,594,301
<b>Net Assets</b>	<b>205,412,405</b>	183,462,657	34,049,045
<b>Equity</b>			
Contributed equity	216,197,853	195,545,209	43,335,409
Accumulated losses	(28,026,381)	(20,689,198)	(15,379,456)
Share based payment reserve	17,240,933	9,578,626	4,690,953
Foreign currency translation reserve	-	(971,980)	1,402,139
<b>Total Equity</b>	<b>205,412,405</b>	183,462,657	34,049,045
<b>(b) Financial Performance</b>			
Loss for the year	(5,759,079)	(5,309,743)	(5,546,104)
Other comprehensive income	(971,980)	2,374,119	(1,402,139)
<b>Total Comprehensive Income</b>	<b>(6,731,059)</b>	(2,935,624)	(6,948,243)

**Notes:**

The parent entity has guaranteed that its operating subsidiary, Coalspur Mines (Operations) Ltd. will repay all principal and interest owing on the credit facility as described in Note 26.

The parent entity does not have any commitments or contingent liabilities at June 30, 2012.

## 25. KEY MANAGEMENT PERSONNEL

### (a) Details of Key Management Personnel

Details of the Directors and Key Management Personnel ("KMP") of the Group during or since the end of the financial year are set out below. Unless otherwise stated, individuals held their office from July 1, 2011 until the date of this report.

#### Directors

Mr. Colin Steyn	Chairman (non-executive)
Ms. Gill Winckler	President and Chief Executive Officer (appointed July 1, 2012)
Mr. Denis Turcotte	Director (non-executive)
Mr. Peter Breese	Director (non-executive) (appointed September 6, 2011)
Mr. David Murray	Director (non-executive) (appointed October 13, 2011)
Mr. Ted Mayers	Director (non-executive) (appointed October 13, 2011)
Mr. Mark Rodda	Director (non-executive) (appointed October 13, 2011)
Mr. William Smart	Alternate Director (non-executive)
Mr. Gene Wusaty	Managing Director and Chief Executive Officer (resigned June 30, 2012)
Mr. Mark Pearce	Director (non-executive) (resigned October 13, 2011)
Mr. Ian Middlemas	Director (non-executive) (resigned October 13, 2011)

#### KMP's

Mr. David Leslie	Vice President, Technical Services
Mr. Dermot Lane	Vice President, Development
Mr. Wayne Drier	Vice President, Commercial
Mr. Jay Bell	Vice President, Finance and Acting CFO
Mr. Allan McGowan	Vice President, Vista Project Development (resigned June 11, 2012)

	2012 \$	2011 \$
<b>(b) Key Management Personnel Compensation</b>		(Restated)
Short-term employee benefits	2,385,630	1,481,557
Post-employment benefits	38,856	43,351
Share-based payments expense	3,128,437	2,716,040
Total compensation	5,552,923	4,240,948

25. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Unlisted Option Holdings of Key Management Personnel:

2012	HELD AT JULY 1, 2011	ISSUED	EXERCISED	LAPSED/ EXPIRED	OTHER CHANGE	HELD AT JUNE 30, 2012	VESTED AND EXERCISABLE AT JUNE 30, 2012
<b>Directors</b>	(Restated)						
Colin Steyn	29,933,333	15,000,000	(15,000,000)	-	-	29,933,333	24,933,333
Eugene Wusaty	11,000,000	-	-	-	(11,000,000)	-	-
Denis Turcotte	-	-	-	-	-	-	-
David Murray	-	-	-	-	-	-	-
Ted Mayers	-	-	-	-	-	-	-
Mark Rodda	66,667	-	-	-	-	66,667	66,667
Peter Breese	-	-	-	-	-	-	-
William Smart	29,933,333	15,000,000	(15,000,000)	-	-	29,933,333	24,933,333
Ian Middlemas	-	-	-	-	-	-	-
Mark Pearce	2,000,000	-	-	-	(2,000,000)	-	-
<b>Executives</b>							
David Leslie	2,250,000	-	-	-	-	2,250,000	2,250,000
Dermot Lane	2,400,000	-	-	-	-	2,400,000	2,400,000
Wayne Drier	-	-	-	-	-	-	-
Jay Bell	-	-	-	-	-	-	-
Allan McGowan	-	-	-	-	-	-	-
<b>Total</b>	<b>47,650,000</b>	<b>15,000,000</b>	<b>(15,000,000)</b>	<b>-</b>	<b>(13,000,000)</b>	<b>34,650,000</b>	<b>29,650,000</b>

2011	HELD AT JULY 1, 2010	ISSUED	EXERCISED	LAPSED/ EXPIRED	OTHER CHANGE	HELD AT JUNE 30, 2011	VESTED AND EXERCISABLE AT JUNE 30, 2011
Restated							
<b>Directors</b>							
Ian Middlemas	5,600,000	-	(5,600,000)	-	-	-	-
Eugene Wusaty	11,000,000	-	-	-	-	11,000,000	8,250,000
Mark Pearce	1,710,000	2,000,000	(1,710,000)	-	-	2,000,000	2,000,000
Colin Steyn	52,333,333	-	(22,400,000)	-	-	29,933,333	29,933,333
Denis Turcotte	-	-	-	-	-	-	-
<b>Executives</b>							
David Leslie	2,250,000	-	-	-	-	2,250,000	1,500,000
Dermot Lane	2,400,000	-	-	-	-	2,400,000	1,600,000
Wayne Drier	-	-	-	-	-	-	-
Jay Bell	-	-	-	-	-	-	-
Allan McGowan	-	-	-	-	-	-	-
Denis Lehoux	3,000,000	-	(2,000,000)	(1,000,000)	-	-	-
<b>Total</b>	<b>78,293,333</b>	<b>2,000,000</b>	<b>(31,710,000)</b>	<b>(1,000,000)</b>	<b>-</b>	<b>47,583,333</b>	<b>43,283,333</b>

Notes:

- KMP's who were appointed during the year show their initial balance in the opening column.
- KMP's who resigned during year show their final option balance at time of resignation in the other changes column.
- The Unlisted options received by Mr Steyn and Mr Smart during the year ended June 30, 2012 are associated with the credit facility in Note 25, and held by Highland Park.
- Messrs. Steyn and Smart share an interest in the same securities.



(d) Performance Right Holdings of Key Management Personnel during the current and prior years:

2012 - SHARE RIGHTS	HELD AT JULY 1, 2011	ISSUED	CONVERTED TO ORDINARY SHARES	LAPSED/ EXPIRED	HELD AT JUNE 30, 2012
<b>Directors</b>					
Colin Steyn	-	-	-	-	-
Eugene Wusaty	600,000	-	(150,000)	(450,000)	-
Denis Turcotte	100,000	-	(25,000)	-	75,000
David Murray	-	100,000	(25,000)	-	75,000
Ted Mayers	-	100,000	(25,000)	-	75,000
Mark Rodda	-	100,000	(25,000)	-	75,000
Peter Breese	-	-	-	-	-
William Smart	-	-	-	-	-
Ian Middlemas	-	-	-	-	-
Mark Pearce	-	-	-	-	-
<b>Executives</b>					
David Leslie	-	256,000	(64,000)	-	192,000
Dermot Lane	-	256,000	(64,000)	-	192,000
Wayne Drier	-	405,000	(135,000)	-	270,000
Jay Bell	-	256,000	(64,000)	-	192,000
Allan McGowan	-	256,000	(64,000)	(192,000)	-
<b>Total</b>	<b>700,000</b>	<b>1,729,000</b>	<b>(641,000)</b>	<b>(642,000)</b>	<b>1,146,000</b>

2011 - SHARE RIGHTS	HELD AT JULY 1, 2010	ISSUED	CONVERTED TO ORDINARY SHARES	LAPSED/ EXPIRED	HELD AT JUNE 30, 2011
<b>Directors</b>					
Colin Steyn	-	-	-	-	-
Eugene Wusaty	-	600,000	-	-	600,000
Denis Turcotte	-	100,000	-	-	100,000
David Murray	-	-	-	-	-
Ted Mayers	-	-	-	-	-
Mark Rodda	-	-	-	-	-
Peter Breese	-	-	-	-	-
William Smart	-	-	-	-	-
Ian Middlemas	-	-	-	-	-
Mark Pearce	-	-	-	-	-
<b>Executives</b>					
David Leslie	-	-	-	-	-
Dermot Lane	-	-	-	-	-
Wayne Drier	-	-	-	-	-
Jay Bell	-	-	-	-	-
Allan McGowan	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>700,000</b>	<b>-</b>	<b>-</b>	<b>700,000</b>

25. KEY MANAGEMENT PERSONNEL (CONTINUED)

(e) Ordinary Share Holdings of Key Management Personnel during the current and prior years:

CHANGES TO HOLDINGS DURING THE YEAR								
2012	ORDINARY SHARES HELD JULY 1, 2011 <sup>2</sup>	PUR- CHASED	VESTED SHARE RIGHTS	EXERCISED UNLISTED OPTIONS	SOLD <sup>1</sup>	OTHER CHANGES	SUB-TOTAL NET CHANGE DURING YEAR	BALANCE HELD JUNE 30, 2012
<b>Directors</b>								
Eugene Wusaty	2,600,000	100,000	150,000	-	(52,500)	(2,797,500)	(2,600,000)	-
Colin Steyn <sup>4</sup>	123,483,333	2,632,200	-	15,000,000	-	-	17,632,200	141,115,533
Denis Turcotte	900,000	-	25,000	-	-	-	25,000	925,000
David Murray	-	-	25,000	-	-	-	25,000	25,000
Ted Mayers	350,000	-	25,000	-	-	-	25,000	375,000
Mark Rodda	366,667	-	25,000	-	-	-	25,000	391,667
Peter Breese	438,000	-	-	-	-	-	-	438,000
William Smart <sup>4</sup>	123,483,333	2,632,200	-	15,000,000	-	-	17,632,200	141,115,533
Ian Middlemas	14,900,000	-	-	-	-	(14,900,000)	(14,900,000)	-
Mark Pearce	2,280,000	-	-	-	-	(2,280,000)	(2,280,000)	-
<b>Executives</b>								
David Leslie	-	-	64,000	-	(64,000)	-	-	-
Dermot Lane	400,000	-	64,000	-	(22,400)	-	41,600	441,600
Wayne Drier	-	114,000	135,000	-	-	-	249,000	249,000
Jay Bell	61,250	-	64,000	-	(22,400)	-	41,600	102,850
Allan McGowan	305,000	1,500	64,000	-	(64,000)	(306,500)	(305,000)	-
<b>Total<sup>4</sup></b>	<b>146,084,250</b>	<b>2,847,700</b>	<b>641,000</b>	<b>15,000,000</b>	<b>(225,300)</b>	<b>(20,284,000)</b>	<b>(2,020,600)</b>	<b>144,063,650</b>
2011	ORDINARY SHARES HELD JULY 1, 2010 <sup>2</sup>	PUR- CHASED	VESTED SHARE RIGHTS	EXERCISED UNLISTED OPTIONS	SOLD <sup>1</sup>	OTHER CHANGES	SUB-TOTAL NET CHANGE DURING YEAR	BALANCE HELD JUNE 30, 2011
<b>Directors</b>								
Eugene Wusaty	2,600,000	-	-	-	-	-	-	2,600,000
Colin Steyn	59,733,333	-	-	63,750,000	-	-	63,750,000	123,483,333
Denis Turcotte	125,000	775,000	-	-	-	-	775,000	900,000
Ian Middlemas	9,300,000	5,600,000	-	-	-	-	5,600,000	14,900,000
Mark Pearce	2,280,000	1,710,000	-	-	-	-	-	2,280,000
<b>Executives</b>								
David Leslie	-	-	-	-	-	-	-	-
Dermot Lane	400,000	-	-	-	-	-	-	400,000
Wayne Drier	-	-	-	-	-	-	-	-
Jay Bell	11,250	50,000	-	-	-	-	50,000	61,250
Allan McGowan	305,000	-	-	-	-	-	-	305,000
<b>Total</b>	<b>74,754,583</b>	<b>8,135,000</b>	<b>-</b>	<b>63,750,000</b>	<b>-</b>	<b>-</b>	<b>70,175,000</b>	<b>144,929,583</b>

Notes:

<sup>1</sup> Some employees sold a portion of shares resulting from the conversion of Performance Rights to cover Canadian withholding taxes.

<sup>2</sup> KMP's who were appointed during the year show their initial balance in the opening column.

<sup>3</sup> KMP's who resigned during year show their final share balance in the other changes column.

<sup>4</sup> During the year ended June 30, 2012, Messrs, Steyn and Smart shared an interest in the same securities.

(f) No loans were provided to or received from Key Management Personnel during the year ended June 30, 2012 (2011: Nil).

## 26. RELATED PARTY TRANSACTIONS

In February 2012, the Company entered into a \$70 million Facility Agreement with Borrowdale Park S.A. ("Highland Park"), which is associated with Messrs Colin Steyn and William Smart. Under the agreement, Coalspur provided Highland Park with security over its assets, issued eight million options to purchase ordinary shares as a facility fee, and seven million options to purchase ordinary shares as a funding fee, which vest at a rate of one million options per \$10 million drawn on the facility. In addition to obtaining shareholder approval for the issue of security and options on April 26, 2012, the Company initiated a committee of independent directors to evaluate the transaction on behalf of the Board of Directors. Messer's Steyn and Smart abstained from discussion and voting on issues related to the facility. The Company's first draw of \$20 million on the Facility Agreement took place on May 16, 2012. As of the date of this MD&A, \$50 million is available to Coalspur due to draws received.

The key terms and conditions of the Facility Agreement are as follows:

- The secured facility is for up to \$70 million, to be drawn in increments of \$10 million;
- Interest is payable every 180 days and bears an annual fixed interest rate of 6.25%;
- Drawdown period - 12 months from the satisfaction of the conditions precedent;
- Repayment period - 24 months with from first draw down; and
- Coalspur may repay the facility early, at its discretion, with no penalty.

On May 8, 2012, Coalspur issued Highland Park 15 million unlisted options to purchase ordinary shares as follows:

- Eight million vested establishment options with an exercise price of \$1.562 and an expiry date of May 8, 2015.
- Seven million funding options, which will vest at the rate of one million options per \$10 million drawn, with an exercise price equal to the greater of A\$1.25, or 120% of the volume weighted average market price for the five trading days prior to the relevant draw down date. These options expire three years from their respective vesting dates. Unvested options cannot be exercised and will expire on repayment or termination of the Facility Agreement.
- On May 16, 2012, the Company drew \$20 million under the facility, causing two million funding options to vest with a strike price of A\$1.622.

A placement fee of 5% (\$555,000) was paid in the first quarter of financial year 2012 to Highland Park in relation to a private placement of 6,000,000 Ordinary Shares in June 2011.

Apollo Group Pty Ltd ("Apollo Group"), a company of which Mr Mark Pearce is a director, received a monthly retainer of A\$21,500 for the provision of administrative and accounting services and the provision of a fully serviced office to Coalspur between July 1, 2011 and November 30, 2011. Apollo also received, from time to time, consulting fees for additional services provided. Apollo ceased to be a related party to Coalspur following the resignation of Mr. Mark Pearce as a Coalspur director on October 13, 2011.

All related party transactions are measured at cost which approximates market value for services provided or fees paid.

27. SHARE-BASED PAYMENTS

(a) Share-based Payment Expense

The expense recognized for equity-settled share-based payments during the year is shown in the table below:

	2012 \$	2011 \$
Director, employee, and contractor Performance Rights	3,501,352	28,105
Credit facility establishment options	4,620,800	-
Credit facility funding options	907,300	-
Director and employee share options	711,334	4,809,365
Deferred share based payment costs (Note 12)	(5,528,100)	-
Expense arising from equity-settled share-based payment transactions	4,212,686	4,837,470

(b) Types of Share-Based Payments

The Group adopted a long-term incentive plan ("LTIP Program") in June 2011 which utilizes Performance Rights to incent and reward directors, executives, employees, and contractors for long-term performance. The plan was approved by shareholders at a general meeting in June 2011.

SHARE RIGHTS	2012			2011	
	GRANTED	VESTED	CANCELLED	GRANTED	VESTED
Director Share Rights	300,000	250,000	450,000	700,000	-
Executive Share Rights	1,429,000	391,000	192,000	-	-
Employee Share Rights	1,279,350	250,155	60,000	-	-
Total Share Rights	3,008,350	891,155	702,000	700,000	-

The Company grants Performance Rights to eligible participants under the LTIP Program. Performance Rights are granted upon the achievement of certain performance milestones as determined by the Board from time to time. Performance Rights have been granted on milestones linked to the development of Vista as follows:

- Tranche 1 – Feasibility Study Milestone performance conditions were satisfied on January 30, 2012 and the Performance Rights vested on January 31, 2012;
- Tranche 2 – Project Construction Milestone, commencement of construction at Vista, which has an expiry date of 30 June 2013;
- Tranche 3 – Initial Production Milestone, initial production at Vista, with an expiry date of June 30, 2015;
- Tranche 4 – Ramp-up Production Milestone, ramp-up of production to 4.0 Mtpa equivalent for a three month period, which has an expiry date of June 30, 2016; and
- Tranche 5 – Financing Milestone, subject to execution of appropriate binding financing as required to fund Phase 1, which has an expiry date of December 31, 2012.

These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration.

Up until August 30, 2010, the Group provided Unlisted Options to some directors and employees as part of their remuneration and incentive arrangements in order to attract and retain their services and to provide an incentive linked to the performance of the Group.

The Company also issues share-based payments as fees for consultants and financing arrangements.

### (c) Summary of Share-based Payments

The following table illustrates the number and weighted average exercise prices ("WAEP") of Performance Rights and Unlisted Options granted as share-based payments at the beginning and end of the financial year:

	2012 NUMBER	2012 WAEP	2011 NUMBER	2011 WAEP
<b>Outstanding at beginning of year</b>	<b>51,695,000</b>	<b>\$0.605</b>	20,700,000	\$0.378
Granted during the year	<b>18,008,350</b>	<b>\$1.325</b>	34,800,000	\$0.728
Exercised during the year (Note 17)	<b>(15,961,155)</b>	<b>\$0.753</b>	(2,805,000)	\$0.453
Cancelled during the year	<b>(702,000)</b>	<b>–</b>	(1,000,000)	\$0.600
<b>Outstanding at end of year</b>	<b>53,040,195</b>	<b>\$0.813</b>	<b>51,695,000</b>	<b>\$0.605</b>

### (d) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life of Unlisted Options and Performance Rights granted as share-based payments by the Group and outstanding as at June 30, 2012 is 2.5 years (2011: 2.8 years).

### (e) Range of Exercise Prices

The range of exercise prices of Unlisted Options and Performance Rights granted as share-based payments by the Group and outstanding as at June 30, 2012 was nil to \$1.62 (2011: nil to \$1.05).

### (f) Weighted Average Fair Value

The weighted average fair value of Unlisted Options and Performance Rights granted as share-based payments by the Group during the year ended June 30, 2012 was \$0.458 (2011: \$0.300).

### (g) Options and Performance Rights Pricing Model

The fair value of the equity-settled Unlisted Options and Performance Rights granted are estimated as at the date of grant using the Binomial option valuation model.

2012 INPUTS	SERIES 1	SERIES 2	SERIES 3
Security type	Option	Option	Option
Exercise price	\$1.67	\$1.62	\$1.62
Grant date share price	\$1.69	\$1.14	\$1.14
Dividend yield	–	–	–
Volatility	49%	49%	49%
Risk-free interest rate	1.19%	1.34%	1.34%
Grant date	Apr 26, 2012	May 15, 2012	
Expiry date	May 8, 2015	May 15, 2015	
Expected life of option/right	3.0 years	3.0 years	3.0 years
Fair value at grant date	\$0.578	\$0.257	\$0.257



## 29. SEGMENT INFORMATION

The Consolidated Entity operates in one segment, being coal exploration and 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.

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### (a) Overview

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The main risks arising from the Group's financial instruments are equity price risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains.

As the Group's operations change, the Directors will review this policy periodically going forward. Over the next 12 months, the Group plans to progress discussions with potential off-take and joint venture partners regarding project finance opportunities to fund the construction of Vista. In addition, the Group may also consider other funding alternatives, including debt, for additional capital required to develop Vista. Accordingly, the Group will review its need to enter into derivative transactions to manage its interest rate, foreign currency and other financial risks arising from the Group's operations and sources of financing.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarized below.

### (b) Credit Risk

Credit risk is the risk of financial loss to the Group if a bank, customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2012 \$	2011 \$	2010 \$
Cash and cash equivalents	6,988,330	67,972,547	19,051,668
Trade and other receivables	399,879	204,769	178,690
	<b>7,388,209</b>	68,177,316	19,230,358

The Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

Trade and other receivables comprise primarily GST refunds due. Where possible the Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. At June 30, 2012, \$Nil (2011: \$Nil) of the Group's receivables are past due. No impairment losses have been recognized.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit Risk (Continued)

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Where possible, the Group invests its cash and cash equivalents with banks that are rated the equivalent of investment grade and above. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At June 30, 2012 and 2011, the Group had sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

2012	≤6 MONTHS \$	6-12 MONTHS \$	1-5 YEARS \$	≥5 YEARS \$	TOTAL \$
<b>Financial Assets</b>					
Cash and cash equivalents	6,988,330	–	–	–	6,988,330
Trade and other receivables	399,879	–	–	–	399,879
	<b>7,388,209</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,388,209</b>
<b>Financial Liabilities</b>					
Trade and other payables	2,239,177	–	–	–	2,239,177
	<b>2,239,177</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,239,177</b>

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2012 \$	2011 \$	2010 \$
<b>Interest-bearing financial instruments</b>		(Restated)	(Restated)
Cash at bank on hand	<b>5,581,065</b>	3,631,501	1,772,647
Short-term deposits	<b>1,407,265</b>	64,341,046	17,279,021
	<b>6,988,330</b>	67,972,547	19,051,668

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 1.21% (2011: 1.13%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.



#### Interest rate sensitivity

Interest rate sensitivity is not relevant at present as the credit facility has a fixed interest rate and have a relatively low cash balance with Canadian interest rates at approximately 1%.

#### (e) Foreign Currency Risk

The Company has limited exposure to foreign currency risks since it changed its functional currency from Australian to Canadian dollars. The Group's risk management policy prohibits speculation in foreign currencies. The Company carries a small amount Australian denominated bank deposits.

Prior to the Company adopting Canadian dollars as its functional currency on February 1, 2012 it was exposed to foreign currency exchange fluctuations between Canadian and Australian dollars as described in Note 18.

As the Group does not currently have revenue it does not enter into derivative transactions to manage foreign currency risk. The Group holds Canadian dollar cash and cash equivalents to fund its planned Canadian operations over the next 12 months; the majority of the Group's expenditure over this period is expected to be in Canadian dollars.

At the reporting date, the Group's exposure to financial instruments denominated in foreign currencies was:

	2012			2011		
	C\$	A\$	TOTAL EQUIVALENT C\$	C\$	A\$	TOTAL EQUIVALENT A\$
<b>Financial assets</b>						
Cash and cash equivalents	5,598,664	1,334,805	6,988,330	53,595,098	13,921,912	67,972,547
Trade and other receivables	358,154	40,078	399,879	119,341	82,627	204,769
	<b>5,956,818</b>	<b>1,374,883</b>	<b>7,388,209</b>	53,714,439	14,004,539	68,177,316
<b>Financial liabilities</b>						
Trade and other payables	2,153,165	82,617	2,239,178	1,342,164	789,828	2,158,664
Credit facility	20,000,000	-	20,000,000	-	-	-
	<b>22,153,165</b>	<b>82,617</b>	<b>22,239,178</b>	1,342,164	789,828	2,158,664

#### Notes:

Different currencies are shown for illustrative purposes. The Company is not exposed to Canadian dollar fluctuations at June 2012 and is not exposed to Australian dollar fluctuations at June 2011.

As stated above, the Group has not engaged in any derivative transactions to manage foreign currency risk.

#### Foreign exchange rate sensitivity

The Group's functional and presentation currency is now Canadian dollars as reflected in Note 1. The Group is not currently subject to foreign exchange rate sensitivity as the majority of the Company's construction costs relating to Vista Project, and its operating costs are incurred in Canadian dollars. A small balance of approximately A\$1.3 million was held at June 30, 2012 from which A\$ expenses are paid.

#### (f) Equity Price Risk

The Company is not exposed to equity price risk as it does not hold equity investments.

#### (g) Commodity Price Risk

The Group's future revenues will be exposed to commodity price risk which can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

**(h) Capital Management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group is not currently subject to externally imposed capital requirements.

During the year, the Company entered into a Finance Facility with Highland Park as set out in Note 25. Over the next 12 months, the Group plans to progress discussions with potential off-take and joint venture partners, and contract miners regarding project finance opportunities to fund the development and construction of Vista. The Group's capital management policy will be reviewed periodically going forward as the Group's operations change.

**(i) Fair Value Estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**(j) Fair Value**

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant Notes to the ANNUAL financial statements.

31. COMMITMENTS

**COMMITMENTS AND PLANNED PAYMENTS**

(\$000'S)	TOTAL (UP TO 5 YEARS)	PAYMENTS DUE BY PERIOD			
		LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	AFTER 5 YEARS (PER YEAR)
Credit Facility principal	20,000	-	20,000	-	-
Credit Facility interest	2,449	1,250	1,199	-	-
Operating Leases	917	287	605	25	-
Mineral and surface leases	1,146	191	573	382	191
Mineral lease acquisitions	10,000	-	-	10,000	-
Minimum port payments	7,600	-	-	7,600	12,100
<b>Total</b>	<b>42,112</b>	<b>1,728</b>	<b>22,377</b>	<b>18,007</b>	<b>12,291</b>

Mineral Lease – Deferred Consideration

Coalspur holds a beneficial interest in five coal leases within Vista. Title to these leases is being held in escrow until a final payment of \$10 million is paid to the Vendor. If the payment is not made by February 19, 2016, then title of the leases may remain with the Vendor resulting in the Company losing its rights to the leases.

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

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

### **32. EVENTS SUBSEQUENT TO BALANCE DATE**

During the year, the Company entered into an agreement with Ridley Terminals to provide 4.0 Mtpa port capacity from a future port expansion from 25.0 Mtpa to 30.0 Mtpa, contingent upon Ridley Terminals receiving approval for expansion. Since the end of the financial year, Ridley Terminals advised that it had not received approval for the expansion, and in lieu, agreed to provide Coalspur with 2.2 Mtpa of secured capacity from its current expansion infrastructure. Coalspur is entitled to a refund of \$3.2 million of refundable deposit as a result of the change.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since June 30, 2012 that have significantly affected or may significantly affect operations, the results of those operations, or the state of affairs subsequent to June 30, 2012 of the Company.

# DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Coalspur Mines Limited:

1. In the opinion of the directors:

- (a) the attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:
  - (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and
  - (ii) section 297 (gives a true and fair view of the financial position as at June 30, 2012 and of the performance for the year ended on that date of the Company and consolidated group); and
- (b) there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they become due and payable.

2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended June 30, 2012.

On behalf of the Board



**GILL WINCKLER**

President & Chief Executive Officer

September 7, 2012

# INDEPENDENT AUDITOR'S REPORT

**Deloitte.**

Deloitte Touche Tohmatsu  
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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COALSPUR MINES LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Coalspur Mines Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 33 to 86.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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# Deloitte.

## Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Coalspur Mines Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Opinion

In our opinion:

- (a) the financial report of Coalspur Mines Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 27 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion the Remuneration Report of Coalspur Mines Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



**Leanne Karamfiles**

Partner

Chartered Accountants

Perth, 7 September 2012

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Coalspur Mines Limited is responsible for its corporate governance, that is, the system by which the Group is managed.

## 1. BOARD OF DIRECTORS

### 1.1 Role of the Board and Management

The Board represents shareholders' interests in continuing a successful business, which seeks to optimize medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The President and Chief Executive Officer ("CEO") is responsible to the Board for the day-to-day management of the Group.

The Board is responsible for the following:

- Appointing and removing the CEO, Company Secretary, Chief Financial Officer ("CFO") and other executives and approving their remuneration and terms of employment;
- Establishing and determining the powers and functions of the committees of the Board ("Committees"), including the Audit Committee;
- Reviewing the performance of the Board, individual directors, and Committees;
- Reviewing and providing feedback on the performance of the CEO, Company Secretary, CFO and other executives;
- Approving all mergers, acquisitions and disposals of projects and businesses;
- Authorizing the issue of securities and instruments of the Company;
- Review and participate in the selection and evaluation of funding alternatives for the development of the Company's projects;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organizations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

### 1.2 Composition of the Board and New Appointments

The Company currently has the following Board members:

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

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### 1. BOARD OF DIRECTORS (CONTINUED)

#### 1.2 Composition of the Board and New Appointments (Continued)

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors Report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten.

There is no requirement for any share holding qualification.

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the dependence of the directors which define an independent director to be a director who:

- Is non-executive;
- Is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- Has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold such employment;
- Within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- Is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- Has no material contractual relationship with the Company or another Group member other than as a director of the Company; and
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the net assets of the Company or an individual director's net worth is considered material for these purposes.

The Board has assessed the independence status of the directors based on the ASX Corporate Governance Principles and Recommendations and has determined that there are five independent directors, being Messrs Turcotte, Breese, Murray, Mayers and Rodda.

The Chairman Mr Steyn and his alternate, Mr Smart, are not considered to be independent based on the guidelines set out in the ASX Corporate Governance Principles and Recommendations however the Board is satisfied that Mr Steyn and Mr Smart could and did make quality and independent judgments in the best interests of the Company on all relevant issues. The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

#### 1.3 Committees of the Board

The following committees of the Board have been formed:

- Audit Committee; and
- Remuneration and Nomination Committee.

Other than the formation of the committees noted above, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of additional separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.



The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

As the Group's activities increase in size, scope and nature, the formation of additional separate or special committees will be reviewed by the Board and implemented if appropriate. It is expected that additional committees will be required as the Company makes the transition from development to production.

The Company has complied with Listing Rule 12.7 with respect to the requirement to have an audit committee during the financial year ended June 30, 2012 and to comply with the best practice recommendations set by the ASX Corporate Governance Council in relation to the composition, operation and responsibility of the audit committee. The Board as a whole undertook the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.

#### **1.4 Conflicts of Interest**

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant board papers and is not present at the meeting while the item is considered.

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

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Group's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

The Audit Committee and the Remuneration and Nomination Committee also have the authority to appoint and terminate independent experts to enable them to carry out their respective responsibilities.

## **2. ETHICAL STANDARDS**

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

### **2.1 Code of Conduct for Directors**

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A director must recognize that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorized by the Company, or the person from whom the information is provided, or is required by law.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### 2. ETHICAL STANDARDS (CONTINUED)

#### 2.1 Code of Conduct for Directors (Continued)

- A director should not engage in conduct likely to bring discredit upon the Company.
- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

#### 2.2 Code of Ethics and Conduct

The Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behavior and accountability within the Group.

All employees and directors are expected to:

- Respect the law and act in accordance with it;
- Respect confidentiality and not misuse Group information, assets or facilities;
- Value and maintain professionalism;
- Avoid real or perceived conflicts of interest;
- Act in the best interests of shareholders;
- By their actions contribute to the Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- Perform their duties in ways that minimize environmental impacts and maximize workplace safety;
- Exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- Act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

#### 2.3 Dealings in Company Securities

The Group's Securities Trading Policy imposes trading restrictions on when Key Management Personnel ("KMP") and other employees of the Group may deal in the Company's securities, in order to reduce the risk of insider trading.

The Securities Trading Policy prohibits KMP and other employees from dealing in the Company's securities if he or she has information that he or she knows, or ought to reasonably know, is inside information. 'Inside information' is information that is not generally available and if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

The Securities Trading Policy also provides prescribed closed periods during which KMP are prohibited from dealing in the Company's securities (subject to certain limited exceptions). The 'closed periods' are based around the release of material information including results from feasibility studies, exploration and corporate activities.

In addition if an employee (including KMP) has information that he or she knows, or ought reasonably to know, is inside information, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to deal in the Company's securities or procure another person to deal in the Company's securities. This prohibition applies regardless of how the employee learns the information (e.g. even if the employee overhears it or is told in a social setting).

KMP must obtain written clearance from an approving officer at least two business days prior when a KMP intends to deal in Company securities. KMP must then notify the Company Secretary of any dealings in the Company's securities within two business days of such deal occurring.

The Company also prohibits KMP entering into arrangements to limit their exposure to Company securities granted as part of the KMP's remuneration package.

Breaches of this policy will be subject to disciplinary action, including dismissal in serious cases.

These restrictions have been developed having regard to the current nature of the Company's activities, being exploration and development rather than production. Should the Company move into production, then the policy may be amended to restrict trading of securities during certain periods prior to the release of financial and operating results.

#### **2.4 Interests of Other Stakeholders**

The Group's objective is to become a significant thermal coal producer in the short to medium term by evaluating, acquiring, and developing thermal coal resources in the Hinton region. The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

### **3. DISCLOSURE OF INFORMATION**

#### **3.1 Continuous Disclosure to ASX**

The continuous disclosure policy requires all executives and Directors to inform the CEO or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed if:

- (a) It is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and
- (b) The information is confidential; or
- (c) One of the following applies:
  - (i) It would breach a law or regulation to disclose the information;
  - (ii) The information concerns an incomplete proposal or negotiation;
  - (iii) The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - (iv) The information is generated for internal management purposes;
  - (v) The information is a trade secret;

The CFO is responsible for interpreting and monitoring the Group's Management Disclosure Policy and where necessary informing the CEO or the Board. The Company Secretary is responsible for all communications with ASX.

#### **3.2 Communication with Shareholders**

The Group places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Quarterly and Half Yearly Financial Reports;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Group also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

#### 4. RISK MANAGEMENT AND INTERNAL CONTROL

##### 4.1 Approach to Risk Management and Internal Control

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value.

The Group operates a standardized risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the committee of Sponsoring Organizations of the US Treadway Commission (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- Ability to obtain additional financing for the development of the Vista project;
- Fluctuations in commodity prices and exchange rates;
- Risks associated with the Company having no history of earnings or production revenue;
- Inherent uncertainties and risks associated with mineral exploration; and
- Accuracy of mineral reserve and resource estimates.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by the Group and the industry in which it operates. They are not an exhaustive list. For a more detailed analysis of risks, please see the Company's Annual Information form, available from the ASX at [www.asx.com.au](http://www.asx.com.au) or SEDAR at [www.sedar.com](http://www.sedar.com).

##### 4.2 Risk Management Roles and Responsibilities

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk Management and internal control system. Management reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

In 2012 the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

##### 4.3 Integrity of Financial Reporting

The Board also receives a written assurance from the CEO and CFO that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgment, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

##### 4.4 Role of External Auditor

The Group's practice is to invite the auditor (who now must attend) to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

## 5. PERFORMANCE REVIEW

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees (if any) during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- A review by the Board of the Group's financial performance;
- Annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group;
- An analysis of the Group's prospects and projects; and
- A review of feedback obtained from third parties, including advisors.

The Remuneration Report discloses the process for evaluating the performance of senior executives, including the CEO.

In 2012, performance evaluations for senior executives took place in accordance with the process disclosed above and in the Remuneration Report.

## 6. REMUNERATION ARRANGEMENTS

Coalspur's compensation framework is structured in a way that aligns compensation with the naturally occurring levels that exist in the organization. These levels reflect the complexity of the work that is carried out and the associated accountabilities of the individuals that perform the various functions at each level, in addition to the skills and experience required to be successful. Total compensation includes base salary, short term incentive plan ("STIP"), and in some cases, long term incentive plan components.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

## 7. DIVERSITY

The Company recognizes the value contributed to the Company by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Company believes its diverse workforce is the key to its continued growth, improved productivity and performance.

The Company has implemented a Diversity Policy which provides a framework for the Company to achieve:

- (i) a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- (ii) a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- (iii) improved employment and career development opportunities for women;
- (iv) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- (v) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The CEO is responsible for the ongoing implementation of the Diversity Policy.

As at 30 June 2012, the Company had no female Board Members (2011: Nil); Ms. Gill Winckler was appointed to the Board on July 1, 2012. At 30 June 2012 one member of the senior management team was female, representing 14% of the senior management team (2011: nil), and of the balance of the Company's employees, 31% are female (2011: 60%). As at 30 June 2012, 25% of the total workforce was female (2011: 25%).

# COMPLIANCE WITH ASX CORPORATE **GOVERNANCE** **RECOMMENDATIONS**

During the 2012 financial year, the Group complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

<b>RECOMMENDATION REFERENCE</b>	<b>NOTIFICATION OF DEPARTURE</b>	<b>EXPLANATION FOR DEPARTURE</b>
2.2	The Board's chair was not an independent director for part of the financial year.	Mr. Colin Steyn was appointed the company's chairman of the Board on September 6, 2011. Mr Steyn is not considered independent based on the guidelines set out in the ASX Corporate Governance Principles and Recommendations however the Board is satisfied that Mr Steyn could and did make quality and independent judgments in the best interests of the Company on all relevant issues
3.1, 3.2	The Diversity Policy does not include measureable objectives for achieving gender diversity.	The Board considers that, due to the number of employees, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

As the Group's activities increase in size, scope and/or nature the Group's corporate governance principles will be reviewed by the Board and amended as appropriate.

# ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows: This information is current as at 30 September 2012.

## 1. TWENTY LARGEST HOLDERS OF LISTED SECURITIES

The names of the twenty largest holders of listed securities are listed below.

	NAME	NUMBER OF ORDINARY SHARES	PERCENTAGE OF ORDINARY SHARES
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	136,674,856	22.02%
2	CANADIAN REGISTER CONTROL	107,044,160	17.24%
3	BORROWDALE PARK SA	43,400,000	6.99%
4	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	41,113,188	6.62%
5	GAB SUPERANNUATION FUND PTY LTD	28,489,352	4.59%
6	NATIONAL NOMINEES LIMITED	23,161,857	3.73%
7	MR GAVIN JOHN ARGYLE <THE GAVIN ARGYLE FAMILY A/C>	20,719,373	3.34%
8	AWJ FAMILY PTY LTD <ANGUS W JOHNSON FAMILY A/C>	15,952,594	2.57%
9	ARREDO PTY LTD	15,900,000	2.56%
10	MR ANASTASIOS ARIMA	14,780,773	2.38%
11	CITICORP NOMINEES PTY LIMITED	10,189,532	1.64%
12	J P MORGAN NOMINEES AUSTRALIA LIMITED	9,774,777	1.57%
13	DAVID BRIAN ARGYLE + ELIZABETH ANN ARGYLE	5,621,670	0.91%
14	COLBERN FIDUCIARY NOMINEES PTY LTD	5,282,039	0.85%
15	BOUCHI PTY LTD	4,715,531	0.76%
16	NEFCO NOMINEES PTY LTD	4,500,000	0.72%
17	T E & C G MCMAHON NOMINEES PTY LTD <T & C MCMAHON FAMILY A/C>	3,841,065	0.62%
18	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,726,566	0.60%
19	VISON PTY LTD <P & H GARRATT S/F A/C>	2,974,513	0.48%
20	MINTURN PTY LTD	2,932,042	0.47%
	<b>Total top 20</b>	<b>500,793,888</b>	<b>80.68%</b>
	Others	119,936,011	19.32%
	<b>Total Ordinary Shares on Issue</b>	<b>620,729,899</b>	<b>100.00%</b>

## 2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of holders by size of holding:

DISTRIBUTION	ORDINARY SHARES	
	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1 – 1,000	230	117,440
1,001 – 5,000	688	2,210,916
5,001 – 10,000	501	3,997,747
10,001 – 100,000	867	28,106,800
More than 100,000	224	586,296,996
<b>Totals</b>	<b>2,510</b>	<b>620,729,899</b>

There were 156 holders of less than a marketable parcel of ordinary shares.

**3. VOTING RIGHTS**

See Note 14(c) of the Notes to the ANNUAL financial statements.

**4. SUBSTANTIAL SHAREHOLDERS**

Substantial Shareholder notices have been received from the following:

<b>DISTRIBUTION</b>	<b>NUMBER OF SHARES</b>
Borrowdale Park S.A.	138,483,333
Mr Gavin John Argyle	53,877,958
Deans Knight Capital Management Ltd	31,938,000

**5. ON-MARKET BUY BACK**

There are currently no on market buy-back programs for any of Coalspur Mines Limited's listed securities.

**6. UNQUOTED SECURITIES**

The names of the security holders holding more than 20% of an unlisted class of security are listed below:

**Unlisted Performance Shares**

<b>SECURITY HOLDER</b>	<b>E CLASS PERFORMANCE SHARES</b>	<b>PERFORMANCE SHARES</b>
GAB Superannuation Fund Pty Ltd	5,867,137	-
Mr Gavin Argyle <Gavin Argyle Family A/C>	5,334,221	-
TE & GC McMahon Nominees Pty Ltd <McMahon Family A/C>	-	7,500,000
Others (Holding less than 20%)	13,798,642	-
<b>Total</b>	<b>25,000,000</b>	<b>7,500,000</b>
Total holders	20	1

**Unlisted Performance Share Rights**

<b>SUBJECT TO THE SATISFACTION OF</b>	<b>FINANCE MILESTONE</b>	<b>PROJECT CONSTRUCTION MILESTONE</b>	<b>INITIAL PRODUCTION MILESTONE</b>	<b>PRODUCTION RAMP-UP MILESTONE</b>	<b>TOTAL</b>
<b>Total</b>	<b>979,878</b>	<b>823,026</b>	<b>688,026</b>	<b>688,026</b>	<b>3,178,956</b>
Total holders	16	22	22	22	



### Unlisted Options

EXERCISE PRICE EXPIRY DATE	A\$0.10	A\$0.15	A\$0.20	A\$0.25	A\$0.35	A\$0.40	A\$0.50
	31 DEC 2013	30 JUN 2014	31 DEC 2014	30 JUNE 015	10 FEB 013	31 DEC 013	30 JUN 014
Mr Eugene Wusaty	2,750,000	2,750,000	2,750,000	2,750,000	-	-	-
Mr Dermot Lane	-	-	-	-	-	800,000	800,000
Mr John Innis	-	-	-	-	-	-	350,000
Mr Mark Rodda	-	-	-	-	-	-	-
Mr Mark Pearce	-	-	-	-	-	-	-
Mr David Leslie	-	-	-	-	-	-	-
Mr Gord Mudryk	-	-	-	-	-	-	-
Borrowdale Park S.A.	-	-	-	-	-	-	-
Others (holding less than 20%)	-	-	-	-	125,000	-	-
<b>Total</b>	<b>2,750,000</b>	<b>2,750,000</b>	<b>2,750,000</b>	<b>2,750,000</b>	<b>125,000</b>	<b>800,000</b>	<b>1,150,000</b>
Total holders	1	1	1	1	1	1	2

### Unlisted Options Cont'd

EXERCISE PRICE EXPIRY DATE	A\$0.60	A\$0.70	A\$0.70	A\$0.80	A\$0.85	A\$0.95	A\$1.05
	31 DEC 2014	31 DEC 2012	30 JUNE 2015	30 AUG 2013	30 JUN 2014	31 DEC 2014	30 JUN 2015
Mr. Eugene Wusaty	-	-	-	-	-	-	-
Mr Dermot Lane	800,000	-	-	-	-	-	-
Mr John Innis	350,000	-	350,000	-	-	-	-
Mr Mark Rodda	-	66,667	-	-	-	-	-
Mr Mark Pearce	-	-	-	2,000,000	-	-	-
Mr David Leslie	-	-	-	-	750,000	750,000	750,000
Mr Gord Mudryk	-	-	-	-	700,000	700,000	700,000
Borrowdale Park S.A.	-	14,933,333	-	-	-	-	-
Others (holding less than 20%)	-	-	-	-	-	-	-
<b>Total</b>	<b>1,150,000</b>	<b>15,000,000</b>	<b>350,000</b>	<b>2,000,000</b>	<b>1,450,000</b>	<b>1,450,000</b>	<b>1,450,000</b>
Total holders	2	2	1	1	2	2	2

**Unlisted Options Cont'd**

<b>EXERCISE PRICE EXPIRY DATE</b>	<b>A\$1.248 14 SEP 2015</b>	<b>A\$1.156 8 MAY 2014</b>	<b>A\$1.62 16 MAY 2015</b>	<b>A\$1.248 MINIMUM PRICE PRIOR TO 16 MAY 2016</b>	<b>TOTAL ALL UNLISTED OPTIONS</b>
Mr Eugene Wusaty	-	-	-	-	11,000,000
Mr Dermot Lane	-	-	-	-	2,400,000
Mr John Innis	-	-	-	-	1,050,000
Mr Mark Rodda	-	-	-	-	66,667
Mr Mark Pearce	-	-	-	-	2,000,000
Mr David Leslie	-	-	-	-	2,250,000
Mr Gord Mudryk	-	-	-	-	2,100,000
Borrowdale Park S.A.	1,000,000	8,000,000	2,000,000	4,000,000	29,933,333
Others (holding less than 20%)	-	-	-	-	125,000
<b>Total</b>	<b>1,000,000</b>	<b>8,000,000</b>	<b>2,000,000</b>	<b>4,000,000</b>	<b>50,925,000</b>
Total holders	1	1	1	1	

**7. EXPLORATION INTERESTS**

As at September 30, 2012, the Company has an interest in the following projects:

<b>PROJECT NAME</b>	<b>LOCATION</b>	<b>PERMIT/LEASE NUMBER</b>	<b>PERCENTAGE INTEREST</b>	<b>STATUS</b>
Vista Coal Project	Alberta	1307020587	100%	Granted
	Alberta	1307020588	100%	Granted
	Alberta	1307060429	100%	Granted
	Alberta	1308020345	100%	Granted
	Alberta	1308020346	100%	Granted
	Alberta	1308020347	100%	Granted
	Alberta	1308020348	100%	Granted
	Alberta	1308020349	100%	Granted
	Alberta	1308050904	100%	Granted
	Alberta	1308050905	100%	Granted
	Alberta	1308120620	100%	Granted
	Alberta	1308120622	100%	Granted
	Alberta	1308120624	100%	Granted
	Alberta	1311040471	100%	Granted
	Alberta	1311040472	100%	Granted
	Alberta	1311050576	100%	Granted
	Alberta	1311050581	100%	Granted
	Alberta	1311050582	100%	Granted
	Alberta	1399080001	100%	Granted
	Alberta	80368501	100%	Application
	Alberta	80368502	100%	Application
	Alberta	80368503	100%	Application

<b>PROJECT NAME</b>	<b>LOCATION</b>	<b>PERMIT/LEASE NUMBER</b>	<b>PERCENTAGE INTEREST</b>	<b>STATUS</b>
Vista Extension	Alberta	1307050787	100%	Granted
	Alberta	1307050788	100%	Granted
	Alberta	1307050789	100%	Granted
	Alberta	1307050790	100%	Granted
	Alberta	1307050791	100%	Granted
	Alberta	1307050792	100%	Granted
	Alberta	1307050793	100%	Granted
	Alberta	1307050794	100%	Granted
	Alberta	1307050795	100%	Granted
	Alberta	1307050796	100%	Granted
	Alberta	1307050797	100%	Granted
	Alberta	1307050798	100%	Granted
	Alberta	1307050799	100%	Granted
	Alberta	1307050800	100%	Granted
	Alberta	1307050801	100%	Granted
	Alberta	1307050802	100%	Granted
	Alberta	1308060419	100%	Granted
Alberta	1308060420	100%	Granted	
Vista South Coal Project	Alberta	1308120621	100%	Granted
	Alberta	1308120623	100%	Granted
	Alberta	1309120451	100%	Granted
	Alberta	1309120452	100%	Granted
	Alberta	1309120453	100%	Granted
	Alberta	1309120454	100%	Granted
	Alberta	1309120455	100%	Granted
	Alberta	1309120456	100%	Granted
	Alberta	1309120457	100%	Granted
	Alberta	1309120458	100%	Granted
	Alberta	1309120459	100%	Granted
	Alberta	1309120460	100%	Granted
	Alberta	1309120461	100%	Granted
	Alberta	1309120462	100%	Granted
	Alberta	1309120463	100%	Granted
	Alberta	1309120464	100%	Granted
	Alberta	1310090997	100%	Granted
Alberta	1310090998	100%	Granted	
Alberta	1310090999	100%	Granted	
Alberta	1310091000	100%	Granted	
Alberta	1310091001	100%	Granted	
Athabasca River	Alberta	1311120568	100%	Granted
	Alberta	1311120570	100%	Granted
	Alberta	1311120572	100%	Granted
	Alberta	1311120573	100%	Granted
	Alberta	1311120574	100%	Granted

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# CORPORATE DIRECTORY

## DIRECTORS

### Mr. Colin Steyn

Chairman

### Ms. Gill Winckler

President and CEO

### Mr Peter Breese

### Mr Denis Turcotte

### Mr David Murray

### Mr Ted Mayers

### Mr Mark Rodda

### Mr Willam (Bill) Smart

Alternate director for  
Messrs Steyn and Breese

## COMPANY SECRETARY

### Mr. Simon Robertson

## PRINCIPAL OFFICES

### Canada

Suite 1000

550 11th Avenue SW

Calgary AB T2R 1M7

Telephone: +1 403 261 9997

Facsimile: +1 403 767 6378

### Australia (Registered Office)

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28 Ord Street

West Perth WA 6005

Telephone: +61 8 6555 2945

Facsimile: +61 8 6210 1153

## STOCK EXCHANGE LISTINGS

### Canada

TSX Code: CPT – fully paid ordinary shares

### Australia

ASX Code: CPL – fully paid ordinary shares

## SOLICITORS

### Canada

Blake, Cassels & Graydon LLP

### Australia

Hardy Bowen Lawyers

## AUDITOR

Deloitte Touche Tohmatsu

## BANKERS

### Canada

TD Canada Trust

### Australia

Australia and New Zealand

Banking Group Limited

## SHARE REGISTRIES

### Canada

Computershare Investor Services Inc.

100 University Avenue

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Facsimile: +1 416 981 9800

### Australia

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Telephone: 1300 557 010

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## WEBSITE

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

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