

# Coalspur Mines Limited Secures US\$300 Million Senior Debt Commitment

20.12.2012 | [ABN Newswire](#)

09:48 AEST Dec 20, 2012 ABN Newswire (C) 2004-2012 Asia Business News PL. All Rights Reserved.

Alberta, Canada (ABN Newswire) - [Coalspur Mines Limited](#) (ASX:CPL) (TSE:CPT) is pleased to announce that it has entered into a Commitment Letter with EIG Global Energy Partners ('EIG') to provide Coalspur a US\$300 million senior secured debt facility (the 'Facility'). Proceeds from the Facility will fund the majority of the development capital required to achieve first production at the Vista Coal Project ('Vista'). Advanced discussions are also underway with a number of strategic trading/off-take parties to secure additional funding for Vista and finalise coal marketing arrangements.

The Facility, combined with the anticipated additional funding, will provide Coalspur with the funds required to commence production at Vista, provide working capital and repay the outstanding loan facility with the Highland Park Group. Coalspur expects the funding and off-take agreements to be executed and effective by the end of the first quarter of 2013.

Commenting on the Facility, President and CEO, Gill Winckler said, 'This is a significant milestone for Coalspur as it provides certainty of funding for the initial development capital of Vista and enables us to maintain our development timeline. Our ability to secure a significant portion of financing for Vista, at competitive terms in a difficult market, is a testament to the quality of our project. We believe we are in a unique position amongst coal development companies worldwide with our robust economics, fully committed and contracted port allocation, access to underutilised rail capacity and location in a stable jurisdiction.'

'We continue to build our team and we look forward to finalising the remaining coal-linked financing arrangements early in 2013 and continuing to deliver on our commitments as we move forward into construction in the second quarter of 2013.'

The Facility, which has been approved by EIG's Investment Committee, is for a term of eight years with a cash coupon of 8% per annum and with principal capitalising at 3% per annum. Coalspur has the ability to cash-pay this additional 3% instead of having it capitalise. The Facility is subject to a number of conditions, including completion of confirmatory due diligence (regarding technical, tax and accounting, insurance and legal matters) and documentation being entered into. Documentation will include customary terms and conditions including as to fees, representations and warranties, covenants, events of default and any early repayment.

EIG will be granted 100 million warrants to purchase Coalspur shares, as noted below. The grant of the warrants is subject to necessary shareholder and regulatory approvals.

? 40 million warrants with an exercise price of A\$0.90 (unless the five day volume weighted average price ('VWAP') prior to the financial close date is lower, in which case the exercise price will be the VWAP). These warrants expire 36 months from financial close;

? 30 million warrants with an exercise price of 125% of the five day VWAP prior to financial close. These warrants expire 96 months from financial close; and

? 30 million warrants with an exercise price of 150% of the five day VWAP prior to financial close. These warrants expire 96 months from financial close.

## Project Update

The Company continues to advance the detailed engineering studies for Vista, the definitive transport agreement with CN, the requirements for the regulatory approval process and other activities that will ensure Coalspur is ready to commence construction in 2013.

## Logistics and Operating Costs

On December 14, 2012 Coalspur announced that it had entered into a binding legal agreement with CN which outlined the key terms for a definitive rail transportation agreement. The agreement will have a seven

year term, commencing in 2013. In terms of the contract CN will supply the equipment to transport coal from Vista to tidewater and there will be no 'take or pay' exposure for Coalspur. The haulage rates and price escalation agreed with CN represent significant savings from the rates quoted in the Vista Feasibility Study.

As a result of the agreement with CN, Coalspur's logistics' costs, which include port handling charges at Ridley Terminals Inc. ('Ridley Terminals') and haulage rates with CN, are now contractually defined until 2020. The agreements in place with CN and Ridley Terminals provide a high degree of certainty in Coalspur's future operating costs as approximately 50% of Coalspur's projected free on board ('FOB') costs are represented by logistics.

The logistics costs for Vista will average C\$30.81 per tonne over the first five years of production and C\$31.40 per tonne at full production of 12.0 million tonnes per annum ('Mtpa'). These costs are respectively C\$1.88 per tonne and C\$2.29 per tonne lower than estimated in the Vista Feasibility Study.

The finalised terms with CN reduce the projected total FOB operating costs for Vista to C\$56.98 per tonne in the first five years of production. The FOB costs are projected to be C\$59.55 per tonne in the first ten years of production and C\$66.40 per tonne over the life of the mine.

### **Vista Project and Engineering**

Detailed engineering studies for Vista are ongoing and the Company is preparing for civil earthworks and mine pre-development work to commence in the second quarter of 2013. The initial bid packages for the load out area, rail siding grading and drainage, access roads, plant site grading, surface water management and haul roads have been issued to pre-qualified contractors. Firm bids for this work are expected in early 2013. The bids will be evaluated and contracts will be awarded in time to mobilise equipment ahead of the final approvals to start construction.

Selection of process equipment, including crushing, wash plant and load out facilities, to handle up to 3.0 Mtpa is substantially complete. Letters of Intent or purchase orders have been issued to the selected vendors to receive engineering drawings for the detailed design of the process plant. This will allow the plant structural and foundation design to be completed in early 2013. The detailed engineering completed to date confirms that the current capital cost estimate continues to track the budget.

The decision regarding the use of a mining contractor for the initial years of operation will be made in early 2013 as the final bid submissions are received from contractors and the financing arrangements for Vista are finalised.

### **Regulatory and Key Stakeholder Update**

The Company remains on track with its regulatory approval process and continues to engage with the Energy and Resources Conservation Board ('ERCB') in this regard. As part of this process, final supplementary information requests ('SIRs') were received from the ERCB in November and formal written responses have recently been submitted.

Coalspur is seeking approval to commence forest harvesting in designated construction areas in the first quarter of 2013. Completion of logging in these areas will support Vista's construction schedule.

Coalspur continues to engage with all key stakeholders and has recently received formal public support from the Town of Hinton. The Company also continues to engage with Aboriginal groups, and in this regard, an agreement has been reached with one of the main groups setting out the terms for the ongoing cooperation and collaboration between the parties.

Coalspur continues to deliver on its targets and remains on schedule with its financing, project and all other activities necessary to commence construction on Vista by mid-2013, following the receipt of requisite approvals.

### **About EIG**

EIG is a leading institutional investor in the global energy sector, with US\$10.3 billion under management as of September 30, 2012. EIG specialises in private investments in energy, resources and related infrastructure and was formerly the Energy & Infrastructure Group of Trust Company of the West. During its 30-year history, EIG has invested over \$14 billion in the sector through more than 290 projects or companies in 33 countries on six continents. EIG's clients include many of the leading pension plans, insurance

companies, endowments, foundations and sovereign wealth funds in the United States, Asia and Europe. EIG is headquartered in Washington, DC, with offices in Houston, London, Sydney, Hong Kong, Seoul and Rio de Janeiro.

#### **About Coalspur Mines Limited:**

[Coalspur Mines Limited](#) (ASX:CPL) (TSE:CPT) is a coal exploration and development company with approximately 55,000 hectares of coal leases located within the Hinton region of Alberta, Canada. Coalspur's flagship coal project is the Vista Coal Project ("Vista") which has the potential to be the largest export thermal coal mine in Canada.

Vista covers approximately 10,000 hectares and provides a large scale, surface mineable, thermal coal project. Vista has the advantage of leveraging off established first world infrastructure with CN Rail's main line, located adjacent to Vista, which is substantially underutilised and provides a rail line suitable for the transport of coal to deepwater ports on Canada's west coast. Coalspur has also secured a port allocation agreement with Ridley Terminals Inc. which is essential to the logistics supply chain necessary to export coal from Vista to the growing demand from the Asia Pacific Rim countries, including China, Japan and Korea.

A feasibility study was completed on Vista in January 2012, which defined a two phased approach to project development. Detailed engineering has commenced and is scheduled for completion in early 2013. Phase 1 envisages production of 5.0Mtpa at a capital cost of approximately C\$870 million. Phase 2 will increase production by a further 7.0Mtpa and will utilize free cash flow from Phase 1 to fund the estimated additional development costs of approximately C\$373 million. The Vista mine plan defines a 28 year mine life with forecast annual production capacity of 12.0Mtpa. Marketable Coal Reserves on Vista are 313Mt from a Recoverable Coal Reserve of approximately 566Mt.

Coalspur has offices in Calgary and Hinton in Canada as well as in Australia. The Company is dual listed on the Toronto Stock Exchange ("TSX") under the symbol 'CPT' and on the Australian Securities Exchange ('ASX') under the symbol 'CPL'.

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