

# Coalspur Mines Limited - Vista Coal Project Funding Arrangements with EIG Global Energy Partners

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Alberta, April 18, 2013 (ABN Newswire) - [Coalspur Mines Limited](#) (ASX:CPL) (TSE:CPT) is pleased to announce that it has entered into binding agreements with EIG Global Energy Partners ("EIG") to provide a senior secured debt facility of up to US\$350 million (the "Facility"). Proceeds from the Facility are expected to fund the majority of development capital for Stage 1 of the Company's Vista Coal Project ("Vista"), which has an estimated capital cost of C\$445 million. Vista Stage 1 will produce approximately three million tonnes per annum ("Mtpa") of clean coal with production commencing in 2015.

The Facility gives Coalspur access to funding which allows Vista to maintain its development schedule. Construction is expected to commence following regulatory approval, which is expected at approximately the same time as shareholder approval of the funding arrangements.

With the majority of Vista Stage 1 funding secured and the coal marketing and off-take rights retained, Coalspur has preserved Vista's strategic value for shareholders. Coalspur will continue to advance joint venture, marketing and off-take arrangements with interested parties to secure the remaining funding for Vista. These discussions will be given further impetus by the continued development of Vista, the expected satisfaction of further development milestones and the support of EIG, and Coalspur's major shareholder Borrowdale Park.

Commenting on the funding package, President and CEO, Gill Winckler said,

"Coalspur has achieved a major milestone in entering into these agreements for the majority of funding for the first stage of Vista. The increased level of the Facility as well as the flexibility that has been afforded the Company by EIG reflects their belief in Vista. EIG is an astute investment group with an excellent track record and their support for Vista, along with the continued support of our major shareholder, Borrowdale Park, will enable us to begin construction activities, as planned, in the coming months.

"To have secured this level of funding in the current challenging market conditions reflects the quality of Vista, as well as of the entire Coalspur team who have worked tirelessly over many months to reach this point. The funding also allows Coalspur to retain 100% ownership of this world class project, which provides flexibility for the future.

"This is an exciting juncture for the Company. We are in the final stages of our regulatory approval process for Vista and remain on schedule to move into construction shortly after the shareholder meeting which will be held to vote on these funding arrangements. It is expected that shareholders will be asked to approve these funding arrangements in June."

## EIG Facility Key Terms

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

- Facility of up to US\$350 million provided by investment funds advised and managed by EIG
- Maturity date of eight years following the first draw down
- First ranking security
- Interest rate of 8% per annum in cash plus 3% per annum which can be capitalised or paid in cash. The cash payments will not start until Coalspur is in production
- Conditions precedent to funding, covenants and warranties typical for a facility of this nature, including maintenance of certain financial ratios
- Make-whole premium payable on voluntary redemption

- EIG has the right to appoint an observer on the Coalspur Board of Directors
- Subject to TSX and shareholder approval, EIG's investment funds will be granted 120 million warrants with an exercise price of A\$0.55. These warrants expire on the maturity date of the Facility, or earlier in certain circumstances ("EIG Warrants")

The final size of the Facility will be determined following the execution of a mining contract (expected in early 2014). Drawdown under the Facility has been structured in several phases to accommodate the Vista development schedule:

- An initial US\$37 million can be drawn down following, among other conditions precedent:
  - Necessary approvals of the Facility and EIG Warrants, including Coalspur shareholder and Foreign Investment Review Board approvals; and
  - Restructuring of the existing facility with Borrowdale Park.
- A further US\$120 million can be drawn down following receipt of necessary regulatory approvals to commence construction on Vista and other customary conditions precedent for a facility of this nature.
- Subsequent drawdowns, which on the current spending profile are anticipated in the first half of 2014, are subject to further funding arrangements for the construction of Vista Stage 1 and certain other conditions precedent.

### **Borrowdale Park Note**

Coalspur has currently drawn C\$40 million of the C\$70 million loan facility that it has with Borrowdale Park. Coalspur will repay C\$10 million of this outstanding amount and restructure the remaining C\$30 million as a subordinated debt obligation of Coalspur (the "Borrowdale Park Note").

The Borrowdale Park Note can be repaid at any time with a final maturity date of one month following the maturity date of the Facility. If the Borrowdale Park Note is not repaid by 31 December 2017, Borrowdale may elect to convert the Borrowdale Note into Coalspur shares at a discount to the 10 day volume weighted average price at that time. Upon receiving Borrowdale's election, Coalspur has 60 business days in which to refinance the Borrowdale Park Note or issue Coalspur shares.

As part of this transaction, and subject to TSX and shareholder approvals, Borrowdale Park will be issued with 14 million warrants with the same terms as the EIG Warrants.

### **Next Steps**

In the coming months Coalspur will move to satisfy various conditions of the Facility, fully document the Borrowdale Park Note, finalize regulatory approvals and begin construction on Vista.

Coalspur will convene a shareholder meeting, anticipated to be held early in June 2013, to vote on the Facility and the Borrowdale Park Note. All issuances of securities pursuant to the transactions are subject to TSX approval.

The regulatory process for Vista continues to advance and approvals are expected within the next few months. This timing coincides with the expected approval of the Facility and Borrowdale Park Note and will allow Coalspur to begin construction on Vista shortly thereafter.

### **About EIG ([www.eigpartners.com](http://www.eigpartners.com))**

EIG is a leading institutional investor in the global energy sector, with US\$10.4 billion under management as of December 31, 2012. EIG specializes in private investments in energy, resources and related infrastructure and was formerly the Energy & Infrastructure Group of Trust Company of the West. During its 31-year history, EIG has invested over US\$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".

## Contact

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