

Coalspur Mines Limited Funding and Mining Contractor Update

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Perth, Australia (ABN Newswire) - [Coalspur Mines Ltd.](#) (ASX:CPL) (TSE:CPT) ("Coalspur" or "Company") is pleased to announce that it has selected Thiess Pty Ltd ("Thiess") as its preferred mining contractor for Vista and secured an additional US\$10 million funding through a further drawing under its existing senior secured debt facility with EIG Global Energy Partners ("EIG" or "EIG Facility"). The US\$10 million working capital will be used to progress the Vista project ("Vista") and enable Coalspur to initiate a strategic review process whereby Coalspur will consider a range of alternatives available to the Company, with a view to enhancing shareholder value.

Mining Contractor selection

Following a global, competitive process to choose a mining contractor for Vista, Coalspur has selected Thiess as its preferred mining contractor and intends to enter into a definitive agreement with Thiess for a minimum five year term. Thiess was selected based on, among other things, its proven track record as the world's preeminent total services mining contractor, together with attractive pricing of the contracted services which underpin Vista's competitive FOB cost position as previously disclosed. Coalspur President and CEO, Gill Winckler, said "I am very pleased with the level of interest generated throughout the mining contractor tender process and want to congratulate Thiess on their submission. We look forward to developing a highly productive, long term relationship with Thiess".

Funding Update

The Company today secured an agreement with EIG for a further US\$10 million drawdown on the EIG Facility. This additional working capital provides the liquidity which will enable management to protect and preserve the value of Vista. The funds from EIG will be used to continue focusing on critical value adding activities at Vista, including:

- securing the final licenses and permits for Vista Phase 1;
- finalizing the EPC contract with Sedgman and entering into a mining contract with Thiess; and
- advancing key elements of work around Vista Phase 2.

The funds will also allow management the time and resources to complete a strategic review process in relation to Vista as outlined below.

The additional funds under the EIG Facility will be available to the Company upon the satisfaction of customary conditions precedent, which Coalspur anticipates it will promptly fulfil, and must be drawn in a single tranche. Under the letter agreement with EIG ("EIG Letter Agreement") documenting the terms and conditions of the additional advance, Coalspur is also bound by additional obligations, including agreement in relation to the use of funds and key milestones to ensure continued progress on Vista. Key milestones include the delivery of an updated life-of-mine plan, the maintenance and progress of permits and licences, continued development of Vista Phase 2 engineering, execution of binding contracts with the preferred EPC and mining contractors, and the completion of an updated Bankable Feasibility Study. EIG may call an event of default and accelerate repayment of the Company's indebtedness in various circumstances, including if these milestones are not achieved. A deferred fee will be payable on the additional funds drawn down under the EIG Facility at the time of prepayment or repayment of the additional funds.

The terms of the original EIG Facility were set out in detail in the Company's notice of meeting dated 12 June 2013. Certain amendments to the EIG Facility were agreed in March 2014 and were summarised in the Company's Annual Information Form dated 31 March 2014 and made available on [www.sedar.com](#). A copy of the EIG Letter Agreement will be available on SEDAR by 23 June 2014 and a summary is annexed to this announcement.

In addition to agreeing to provide the additional liquidity, EIG has provided Coalspur with a notice in relation

to the final size of the overall EIG Facility. Having completed its sizing assessment, EIG has notified Coalspur that it is prepared to provide a total senior debt facility of US\$175 million. The Company has determined that it will not accept EIG's funding package as sized. It is the Company's view that a senior facility of this size is not large enough to enable Coalspur to fully fund Vista in the current thermal coal market.

As a result of Coalspur exercising its right to not accept EIG's debt sizing, the EIG Facility (including the additional drawing announced above, fees and interest) will be due for repayment on 31 March 2015. The total amount to be repaid at that time is estimated to be approximately US\$71 million. Coalspur President and CEO, Gill Winckler, said "When the EIG Facility was executed in April 2013, the market conditions were such that a facility of up to US\$350 million was attractive for the development of Vista. Continued softness in thermal coal markets has clearly had an impact on the whole industry and on the amount of project funding EIG can support at this point in time. I appreciate EIG's diligence through the sizing process and their constructive support via the provision of additional liquidity into Coalspur to enable us to dedicate the necessary time and resources to review all strategic alternatives available to enhance the value of Vista for all stakeholders".

Strategic Review Process

Coalspur now intends to undertake a comprehensive strategic review process in relation to Vista over the balance of 2014 and into early 2015. The strategic alternatives that will be pursued and reviewed by the Company may include, but are not limited to, full funding of the Vista project, the sale of all or a portion of the Company's assets, formation of a joint venture, the outright sale of the Company, a merger or other business combination transaction involving a third party and a refinancing and/or recapitalization. The strategic review process is also a requirement under the EIG Letter Agreement.

The strategic review process will be overseen by a Special Committee of the Board of Directors constituted of independent non-executive directors. The objective throughout this process is to attempt to maximize value for all stakeholders of Coalspur. A reputable international bank will be appointed to provide management and the Special Committee with expert advice relating to the strategic review process.

It is the Company's current intention not to disclose developments with respect to the strategic review process until the Board of Directors has approved a specific transaction or otherwise determines that the disclosure is material and necessary. The Company cautions that there are no assurances or guarantees that the strategic review process will result in a transaction or, if a transaction is undertaken, as to what will be the terms or timing of such transaction.

To view the release, please visit:

<http://media.abnnewswire.net/media/en/docs/ASX-CPL-681631.pdf>

About Coalspur Mines Limited:

[Coalspur Mines Ltd.](#) (ASX:CPL) (TSE:CPT) is a coal development company with approximately 55,000 hectares of coal leases located within the Hinton region of Alberta, Canada. Coalspur's flagship project is Vista, which covers approximately 10,000 hectares and provides a large scale, surface mineable, thermal coal development. Vista is located adjacent to CN Rail's main line, which is suitable for the transport of coal to deepwater ports on Canada's west coast. Coalspur has 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 countries.

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