



## GRANDE CACHE COAL CORPORATION

### NEWS RELEASE

#### GRANDE CACHE COAL CORPORATION ANNOUNCES SECOND QUARTER FISCAL 2011 FINANCIAL AND OPERATING RESULTS

**Calgary, Alberta, November 9, 2010** – Grande Cache Coal Corporation (GCE-TSX) ("Grande Cache Coal" or the "Corporation") today announced its financial and operating results for the three and six months ended September 30, 2010. The Corporation's unaudited consolidated financial statements and related management's discussion and analysis for its quarter ended September 30, 2010 are available at [www.sedar.com](http://www.sedar.com) and the Corporation's website at [www.gccoal.com](http://www.gccoal.com).

- Second quarter net income was \$14.1 million, or \$0.15 per basic share, compared to net income of \$9.3 million, or \$0.10 per basic share, in the same period last fiscal year. Income from operations during the second quarter was \$16.6 million representing a 75% increase over \$9.5 million in the comparable period last year. Net income for the first six months of the fiscal year was \$18.1 million (\$0.19 per basic share), compared to \$14.4 million (\$0.15 per basic share) in the first half of last year.
- The Corporation sold 0.44 million tonnes of coal during the three months ended September 30, 2010, for a total of 0.89 million tonnes for the first half of the current fiscal year, compared to 0.36 million tonnes and 0.87 million tonnes respectively in the previous fiscal year.
- Second quarter revenue was \$81.2 million, an 81% increase over last year's second quarter revenue of \$44.8 million. The average total sales price achieved during the quarter was \$185 per tonne, up from \$124 per tonne in the comparable period. The improvement reflects higher contract price settlements for the current coal year.
- During the second quarter of fiscal 2011 Grande Cache Coal began producing coal from the first phase of development in the new No. 8 surface pit. Challenging terrain slowed access development in the initial stages of mining, resulting in lower than expected production levels. Clean coal production during the second quarter was 0.33 million tonnes, compared to 0.43 million tonnes in the second quarter last fiscal year.
- Cost of sales in the second quarter was \$55.2 million (\$125 per tonne), compared to \$30.2 million (\$84 per tonne) in the same period last year. The increase was largely a result of lower productivity, a higher surface mine strip ratio and an increase in sales volumes.
- Grande Cache Coal anticipates its average metallurgical coal sales price for the third quarter will be in the range of US\$180 to US\$190 per tonne, which includes lower priced carryover tonnage.
- As announced in October 2010, the Corporation reduced its anticipated sales volumes for fiscal 2011 to 1.7 to 1.9 million tonnes. Challenging topographical conditions continue to impact the construction of roads and the development in the next two phases of operations in No. 8 pit, which has delayed production from these two phases by approximately two months from the anticipated start date of October 1, 2010. In addition, potential port congestion issues at Westshore Terminals may affect the timing and volume of the Corporation's coal shipments during the remainder of fiscal 2011.

- In October 2010, the Corporation announced an increase to its projected average cost of sales for fiscal 2011 to approximately \$110 to \$115 per tonne. The increase is primarily due to increased mining costs in the initial stages of production in No. 8 pit and a reduction in anticipated sales volumes.
- Please refer to the Outlook section below for additional fiscal 2011 guidance information.

"During the recent quarter we achieved our second highest quarterly revenue since operations commenced in 2004 and we also earned our highest net income of the past six quarters. The market outlook for metallurgical coal continues to remain strong and we are well positioned to capitalize on future opportunities" said Robert Stan, President and Chief Executive Officer. "We are now producing coal out of the first development phase of the No. 8 surface pit and although the development of the next two phases has been delayed by approximately two months, we remain on track to achieve an annual production rate of 3.5 million tonnes by the end of fiscal 2013. We have a strong balance sheet, a new fleet of equipment and the resources necessary to deliver on our company's growth plans."

## Financial Overview

<i>(millions of dollars)</i>	<b>As at September 30 2010</b>	<b>As at March 31 2010</b>
<b>Balance Sheet</b>		
Cash and cash equivalents	<b>54.9</b>	87.4
Total assets	<b>379.5</b>	337.7
Long-term liabilities	<b>77.4</b>	54.4
Shareholders' equity	<b>270.7</b>	250.8

<i>(millions of dollars, except per share amounts)</i>	<b>Three months ended September 30</b>		<b>Six months ended September 30</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Statement of Net Income and Comprehensive Income</b>				
Revenue	<b>81.2</b>	44.8	<b>150.2</b>	119.4
Cost of sales	<b>55.2</b>	30.2	<b>106.1</b>	86.8
Income from operations	<b>16.6</b>	9.5	<b>25.1</b>	20.2
Net income and comprehensive income	<b>14.1</b>	9.3	<b>18.1</b>	14.4
Basic net income per share	<b>0.15</b>	0.10	<b>0.19</b>	0.15
Diluted net income per share	<b>0.14</b>	0.09	<b>0.18</b>	0.15

<i>(millions of tonnes, except per tonne amounts)</i>	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Statistics</b>				
Clean coal production (tonnes)	<b>0.33</b>	0.43	<b>0.70</b>	0.77
Coal sales (tonnes)	<b>0.44</b>	0.36	<b>0.89</b>	0.87
Average sales price (US\$/tonne)	<b>177</b>	120	<b>163</b>	126
Average sales price (CDN\$/tonne)	<b>185</b>	124	<b>168</b>	138
Cost of product sold (\$/tonne)	<b>98</b>	57	<b>92</b>	73
Distribution costs (\$/tonne)	<b>27</b>	27	<b>27</b>	27
Cost of sales (\$/tonne)	<b>125</b>	84	<b>119</b>	100

## **Revenue**

Fiscal 2011 second quarter revenue was \$81.2 million, representing an 81% increase over revenue of \$44.8 million in the same period last fiscal year. Higher sales prices were the main contributor to the increase in revenue as the current quarters average selling price was \$185 per tonne, up from \$124 per tonne in the comparable period. The average selling price of metallurgical coal, which accounted for 92% of the total sales volume, was \$193 per tonne (US\$186 per tonne) and included 0.14 million tonnes of carryover tonnage at lower prices. Also contributing to the increase in revenue was a 22% increase in sales volumes as total coal sold was 0.44 million tonnes during the quarter, up from 0.36 million tonnes in the comparable period of fiscal 2010.

Revenue for the first six months of the fiscal year was \$150.2 million on sales of 0.89 million tonnes compared to revenue of \$119.4 million on sales of 0.87 million tonnes in the same period last year. The average sales price for the fiscal year to date was \$168 per tonne, 22% higher than \$138 per tonne in the first half of fiscal 2010. The higher price during the current fiscal year reflects an increase in contract price settlements, which are being negotiated on a quarterly basis, offset by a portion of lower priced thermal coal and lower priced carryover tonnage from fiscal 2010. The average Canadian dollar sales price on US dollar denominated sales is being hampered by a stronger Canadian dollar in relation to the US dollar as the average exchange rate was 1.03 during the first half of fiscal 2011, compared to 1.14 in the first half of fiscal 2010.

## **Cost of Sales**

The cost of sales during the second quarter was \$55.2 million, or \$125 per tonne, compared to \$30.2 million, or \$84 per tonne in the same period last year. Cost of sales in the current quarter consisted of cost of product sold of \$43.2 million (\$98 per tonne) and distribution costs of \$12.0 million (\$27 per tonne). In the comparable quarter of fiscal 2010, the cost of product sold was \$20.4 million (\$57 per tonne) and distribution costs were \$9.8 million (\$27 per tonne).

The increase in the unit cost of product sold was largely a result of challenging operating and geological conditions in the first phase of mining in No. 8 pit, which resulted in lower than expected production. The initial coal being mined from No. 8 pit has thus far garnered a low plant yield due to the quality and characteristics of coal that is close to the surface. In addition, the second quarter strip ratio was higher in No. 8 pit than it was in No. 12B2 pit during the second quarter of fiscal 2010, resulting in higher costs for labour, due to an increase in the number of employees, diesel fuel and external contractor services.

Cost of sales for the fiscal year to date was \$106.1 million, or \$119 per tonne, compared to \$86.8 million, or \$100 per tonne in the first six months of last year. Included in the current year was cost of product sold of \$82.2 million (\$92 per tonne) and distribution costs of \$24.0 million (\$27 per tonne). In the comparable period of fiscal 2010, the cost of product sold was \$63.2 million (\$73 per tonne) and distribution costs were \$23.6 million (\$27 per tonne).

The unit cost of product sold increased during the first half of the fiscal year compared to fiscal 2010 primarily due to the transition in surface mining areas from No. 12B2 pit to No. 8 pit, as well as challenging operating conditions experienced in the first phase of operations in No. 8 pit. The strip ratio in No. 8 pit during the initial stages of production was higher than the strip ratio from No. 12B2 pit during the first six months of fiscal 2010. As a result, the unit cost of product sold was considerably higher as additional waste movement was required to release the raw coal. In addition, there were higher maintenance and repair costs resulting from an enhanced preventative maintenance program as well as an increase in the price of diesel fuel.

### **Other Operating Expenses**

General and administrative expenses during the second quarter were \$3.0 million, compared to \$2.2 million in the same period last year. Included in general and administrative expenses were head office administrative and marketing charges of \$2.1 million (fiscal 2010 - \$1.9 million) and non-cash charges for stock-based compensation of \$0.9 million (fiscal 2010 - \$0.3 million). For the fiscal year to date, general and administrative expenses were \$5.4 million in comparison to \$4.3 million during the first half of last fiscal year.

Depreciation, depletion and accretion charges were \$6.4 million in the second quarter (fiscal 2010 - \$2.9 million) and \$13.6 million in the first six months of the year (fiscal 2010 - \$8.1 million). The increase was primarily a result of additional capital assets, the change in value of depreciation and depletion included in coal inventory, and a one time depletion expense during the first quarter to charge remaining No. 12B2 pit development costs to income.

### **Other Income (Expenses)**

During the second quarter the Corporation had a foreign exchange gain of \$1.5 million, in contrast to a \$1.4 million foreign exchange loss during the same period last fiscal year. For the fiscal year to date, the Corporation's foreign exchange gain was \$2.6 million versus a \$4.6 million loss in the first six months of the prior fiscal year. The loss in fiscal 2010 was the result of a significant strengthening of the Canadian dollar against the US dollar.

The Corporation recorded an unrealized foreign exchange gain of \$2.5 million during the second quarter relating to foreign exchange forward contracts, compared to a gain \$3.2 million in the same period of fiscal 2010. During the first half of the fiscal year, foreign exchange forward contracts have resulted in a loss of \$1.3 million in contrast to a \$3.0 million gain in the same period last year.

Interest and other income was \$0.1 million in the second quarter (fiscal 2010 - \$0.1 million) and \$0.2 million for the fiscal year to date (fiscal 2010 - \$0.2 million) and consisted primarily of interest earned on restricted cash, interest earned on short term investments and access fees charged for the use of roads and bridges belonging to the Corporation. Interest and other expenses were \$0.7 million for both the three and six months ended September 30, 2010, and consisted primarily of interest paid on capital leases.

### **Taxes**

The Corporation's second quarter tax expense was \$5.8 million, which included a current tax expense of \$0.7 million for provincial Crown royalties and a future income tax expense of \$5.1 million. In the second quarter of fiscal 2010, the Corporation incurred a tax expense of \$2.1 million, which included a current tax expense of \$0.3 million for provincial Crown royalties and a future income tax expense of \$1.8 million.

### **Liquidity and Capital Resources**

Grande Cache Coal held cash and cash equivalents of \$54.9 million at September 30, 2010. During the second quarter cash and cash equivalents decreased by \$17.3 million in comparison to a decrease of \$18.2 million during the same period last fiscal year. The Corporation's cash position has decreased by \$32.6 million during the first six months of fiscal 2011.

Second quarter operating activities generated \$11.4 million in cash compared to \$4.1 million in the same period last year. Cash generated prior to changes in non-cash working capital was \$22.8 million (fiscal 2010 - \$12.3 million)

primarily as a result of higher net income. For the first half of the fiscal year, cash generated by operating activities before changes in non-cash working capital was \$40.5 million compared to \$27.3 million last year.

Fiscal 2011 financing activities led to a cash decrease of \$6.2 million during the second quarter and \$9.7 million for the year to date compared to a decrease of \$2.0 million in both the three and six months ended September 30, 2009. Included in financing activities were payments towards capital lease obligations of \$6.6 million in the second quarter (fiscal 2010 - \$2.4 million) and \$10.2 million for the year to date (fiscal 2010 - \$2.4 million). Capital lease payments were higher during the current fiscal year as additional mining equipment was purchased under capital lease agreements. Also included in second quarter financing activities were cash proceeds of \$0.4 million (fiscal 2010 - \$0.3 million) from the exercise of share options.

Investing activities during the second quarter led to a cash decrease of \$22.2 million compared to \$18.6 million in the same period of fiscal 2010. Capital additions accounted for \$21.8 million (fiscal 2010 - \$18.7 million) and consisted of the addition of buildings and equipment of \$14.6 million (fiscal 2010 - \$17.6 million) and the development of mineral properties for \$7.2 million (fiscal 2010 - \$1.1 million).

During the first six months of fiscal 2011 investing activities resulted in a cash decrease of \$53.0 million compared to \$29.3 million in fiscal 2010, the majority of which was due to capital additions. Year to date buildings and equipment additions were \$31.6 million and development of mineral properties was \$21.4 million, the majority of which related to the development of No. 8 pit.

In fiscal 2011, the Corporation acquired mining equipment through capital lease agreements including US\$10.8 million during the first quarter and US\$14.7 million during the second quarter. As at September 30, 2010, the Corporation had made deposits of US\$15.5 million, and had remaining purchase commitments of \$18.7 million, on mining equipment that will be financed through capital lease arrangements in fiscal 2011, upon which time the cash will be returned to the Corporation. Subsequent to September 30, 2010, the Corporation finalized capital lease agreements for a Komatsu WA1200 loader and a P&H 320XPC drill amounting to US\$3.7 million and US\$5.0 million, respectively.

Grande Cache Coal has an agreement with HSBC Bank Canada to provide the Corporation with a credit facility up to \$28 million and the ability to enter into foreign exchange hedging arrangements. At September 30, 2010, the Corporation had a series of foreign exchange forward contracts to sell a total of US\$48 million and US\$32 million at an average rate of 1.05 and 1.06, respectively. These contracts settle in monthly installments, the last of which will mature by July 2011.

The Corporation believes that its existing cash, cash flow from operations and its operating credit facility will be sufficient to fund ongoing working capital requirements. The Corporation expects that capital expenditures during fiscal 2011 will be funded by existing cash, cash flow from operations and equipment leases.

Grande Cache Coal expects that coal inventory and coal production will be sufficient to meet anticipated coal sales volumes for fiscal 2011. At September 30, 2010, the Corporation had \$13.8 million in coal inventory, compared to \$22.2 million at June 30, 2010.

The Corporation did not have any off-balance sheet financing structures in place at September 30, 2010. At September 30, 2010, the Corporation had long term liabilities for asset retirement obligations with a present value of \$12.0 million, future income tax liabilities of \$24.1 million and capital lease obligations of \$41.3 million. Grande Cache Coal's asset retirement obligations are covered by letters of credit totaling \$11.8 million provided to the Alberta Government, which are presently secured by restricted cash.

In order to ensure the continued availability of, and access to, facilities and services to meet operational requirements, the Corporation has entered into multi-year agreements for the lease of coal properties, light vehicles, equipment, buildings and office space.

The Corporation has entered into various purchase commitments for mining equipment. At September 30, 2010, remaining payments owing on the mining equipment was approximately \$25.2 million, which included US dollar commitments of US\$18.7 million.

Future minimum undiscounted amounts payable by the Corporation under contracts existing at September 30, 2010, were:

(millions of Canadian dollars)

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Operating Leases	3.6	0.8	1.4	1.0	0.4
Capital Leases	58.9	12.5	26.8	18.5	1.1
Purchase Obligations	25.2	25.2	-	-	-
Total Contractual Obligations	87.7	38.5	28.2	19.5	1.5

### Summary of Quarterly Results

(millions, except per unit amounts)

	Fiscal 2011		Fiscal 2010				Fiscal 2009	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Clean coal production (tonnes)	0.33	0.37	0.54	0.42	0.43	0.34	0.26	0.35
Coal sales (tonnes)	0.44	0.45	0.43	0.47	0.36	0.51	0.11	0.36
Average sales price (US\$/tonne)	177	149	120	131	120	129	292	213
Average sales price (CDN\$/tonne)	185	152	118	134	124	147	364	254
Cost of product sold (\$/tonne)	98	86	66	76	57	84	72	96
Distribution costs (\$/tonne)	27	26	28	30	27	27	24	32
Cost of sales (\$/tonne)	125	112	94	106	84	111	96	128
Revenue (\$)	81.2	69.0	50.7	62.4	44.8	74.6	38.7	91.9
Income from operations (\$)	16.6	8.5	1.0	5.5	9.5	10.7	24.5	41.3
Net income (\$)	14.1	4.0	1.4	4.3	9.3	5.1	18.9	36.8
Basic net income per share (\$)	0.15	0.04	0.01	0.04	0.10	0.05	0.20	0.38
Diluted net income per share (\$)	0.14	0.04	0.01	0.04	0.09	0.05	0.20	0.38

Although clean coal production has declined in the past two quarters, largely due to the transition in the surface mining areas, sales volumes have remained stable over the past several quarters. The average US dollar sales price was higher in the current quarter reflecting an increase in contract price settlements compared to the preceding coal year when prices were negotiated during the global economic crisis. The average cost of sales has increased during the past two quarters largely due to the transition in the surface mining areas and challenging operating conditions in the initial phase of No. 8 pit, as well as higher repair and maintenance costs and an increase in the price of diesel fuel. Despite the increase in costs, the Corporation realized its highest net income since the fourth quarter of fiscal 2009 due to the increase in the selling price of coal.

### Outlook

The Corporation began producing coal from the first phase of development in No. 8 surface pit during the second quarter of fiscal 2011, however challenging terrain slowed access development, resulting in lower than expected production levels and higher costs. Challenging topographical conditions are also impacting the construction of roads and the development of the next two phases of operations in No. 8 pit. Production from these two phases was anticipated to commence by October 1, 2010 but has been delayed by approximately two months.

Grande Cache Coal ships the majority of its product through Westshore Terminals port in Vancouver, where there have been some capacity constraint and congestion issues. The Corporation has been in discussions with Westshore Terminals regarding these issues and has been advised that due to the ongoing demand for coal, and an unprecedented backlog of vessels, congestion issues are expected to continue throughout the remainder of the Corporation's fiscal year, which may affect the timing and volume of the Corporation's coal shipments.

As a result, in October 2010 the Corporation reduced its anticipated sales volumes for fiscal 2011 to a range of 1.7 to 1.9 million tonnes, down from previous guidance of 2.0 to 2.2 million tonnes. Sales volumes are contingent upon commencing production in the next two phases of operations in No.8 pit and adequate rail and port services.

Industry benchmark pricing for the third quarter of fiscal 2011 has been settled at US\$209 per tonne for the highest quality product. Grande Cache Coal anticipates its average metallurgical coal sales prices for the third quarter will be in the range of US\$180 to US\$190 per tonne, which includes carryover tonnage.

As announced in October 2010, the average cost of sales for fiscal 2011 is anticipated to be approximately \$110 to \$115 per tonne, up from previous guidance of \$105 per tonne, primarily due to increased mining costs in the initial stages of production in No 8 pit and a reduction in anticipated sales volumes. Lower than expected production levels, lower than expected sales volumes or an escalation of mining input costs would have a negative impact on the projected cost of sales.

Grande Cache Coal plans to increase its annual production rate to 3.5 million tonnes by the end of fiscal 2013. This is anticipated to require aggregate capital expenditures of approximately \$225 million over the three year period. The Corporation expects that approximately \$165 million of this capital will be spent during fiscal 2011. Capital expenditures are expected to be funded by existing cash balances, cash flow from operations and equipment leases.

**Grande Cache Coal Corporation**  
**Consolidated Balance Sheets**  
*(thousands of Canadian dollars)*

(unaudited)	As at September 30 2010	As at March 31 2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 54,878	\$ 87,436
Restricted cash	13,499	13,499
Accounts receivable	21,292	12,483
Inventory	20,627	33,999
Prepaid expenses and deposits	17,511	9,114
Future income taxes	-	232
	<u>127,807</u>	<u>156,763</u>
Capital assets	<u>251,677</u>	<u>180,935</u>
	<u>\$ 379,484</u>	<u>\$ 337,698</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 21,423	\$ 25,716
Capital lease obligations	9,665	6,744
Future income taxes	314	-
	<u>31,402</u>	<u>32,460</u>
Asset retirement obligations	11,971	8,801
Capital lease obligations	41,300	27,515
Future income taxes	24,109	18,102
	<u>108,782</u>	<u>86,878</u>
<b>Shareholders' Equity</b>		
Share capital	197,156	196,232
Contributed surplus	4,833	3,945
Retained earnings	68,713	50,643
	<u>270,702</u>	<u>250,820</u>
	<u>\$ 379,484</u>	<u>\$ 337,698</u>

**Grande Cache Coal Corporation**  
**Consolidated Statements of Net Income, Comprehensive Income and Retained Earnings**  
*(thousands of Canadian dollars, except per share amounts)*

(unaudited)	Three months ended September 30		Six months ended September 30	
	2010	2009	2010	2009
<b>Revenue</b>	\$ 81,183	\$ 44,793	\$ 150,216	\$ 119,378
<b>Expenses</b>				
Cost of product sold	43,224	20,487	82,166	63,152
Distribution	11,975	9,751	23,956	23,651
General and administrative	2,960	2,185	5,361	4,248
Depreciation, depletion and accretion	6,414	2,883	13,613	8,117
	<u>64,573</u>	<u>35,306</u>	<u>125,096</u>	<u>99,168</u>
<b>Income from operations</b>	<b>16,610</b>	<b>9,487</b>	<b>25,120</b>	<b>20,210</b>
<b>Other income (expenses)</b>				
Foreign exchange gain (loss)	1,493	(1,378)	2,589	(4,580)
Unrealized gain (loss) on foreign exchange forward contracts	2,495	3,217	(1,333)	3,005
Interest and other income	102	104	163	230
Interest and other expenses	(744)	(21)	(647)	(28)
	<u>19,956</u>	<u>11,409</u>	<u>25,892</u>	<u>18,837</u>
<b>Income before taxes</b>	<b>19,956</b>	<b>11,409</b>	<b>25,892</b>	<b>18,837</b>
<b>Taxes</b>				
Current tax expense	(697)	(355)	(1,269)	(967)
Future income taxes expense	(5,140)	(1,763)	(6,553)	(3,498)
	<u>14,119</u>	<u>9,291</u>	<u>18,070</u>	<u>14,372</u>
<b>Net income and comprehensive income</b>	<b>14,119</b>	<b>9,291</b>	<b>18,070</b>	<b>14,372</b>
Retained earnings, beginning of period	54,594	35,617	50,643	30,536
<b>Retained earnings, end of period</b>	<b>\$ 68,713</b>	<b>\$ 44,908</b>	<b>\$ 68,713</b>	<b>\$ 44,908</b>
<b>Net income per share</b>				
Basic	\$ 0.15	\$ 0.10	\$ 0.19	\$ 0.15
Diluted	\$ 0.14	\$ 0.09	\$ 0.18	\$ 0.15

**Grande Cache Coal Corporation**  
**Consolidated Statements of Cash Flows**  
*(thousands of Canadian dollars)*

(unaudited)	Three months ended September 30		Six months ended September 30	
	2010	2009	2010	2009
<b>Cash provided by (used for)</b>				
<b>Operating activities</b>				
Net income and comprehensive income	\$ 14,119	\$ 9,291	\$ 18,070	\$ 14,372
Items not affecting cash				
Stock-based compensation	903	319	1,272	631
Unrealized foreign exchange (gain) loss	(1,233)	1,257	(308)	3,732
Unrealized (gain) loss on foreign exchange forward contracts	(2,495)	(3,217)	1,333	(3,005)
Future income taxes	5,140	1,763	6,553	3,498
Depreciation, depletion and accretion	6,414	2,883	13,613	8,117
Settlement of asset retirement obligations	(81)	-	(81)	-
	<u>22,767</u>	<u>12,296</u>	<u>40,452</u>	<u>27,345</u>
Net change in non-cash working capital relating to operating activities	(11,406)	(8,243)	(10,880)	20,343
	<u>11,361</u>	<u>4,053</u>	<u>29,572</u>	<u>47,688</u>
<b>Financing activities</b>				
Proceeds on exercise of options	436	346	540	346
Payments on capital lease obligations	(6,637)	(2,383)	(10,213)	(2,402)
	<u>(6,201)</u>	<u>(2,037)</u>	<u>(9,673)</u>	<u>(2,056)</u>
<b>Investing activities</b>				
Additions to mineral properties and development	(7,218)	(1,100)	(21,422)	(1,640)
Additions to buildings and equipment	(14,546)	(17,646)	(31,547)	(26,100)
Net change in non-cash working capital relating to investing activities	(452)	139	(19)	(1,529)
	<u>(22,216)</u>	<u>(18,607)</u>	<u>(52,988)</u>	<u>(29,269)</u>
<b>Effect of foreign exchange on cash and cash equivalents</b>	<u>(226)</u>	<u>(1,617)</u>	<u>531</u>	<u>(4,280)</u>
<b>(Decrease) increase in cash and cash equivalents</b>	<u>(17,282)</u>	<u>(18,208)</u>	<u>(32,558)</u>	<u>12,083</u>
Cash and cash equivalents, beginning of period	72,160	98,326	87,436	68,035
<b>Cash and cash equivalents, end of period</b>	<u>\$ 54,878</u>	<u>\$ 80,118</u>	<u>\$ 54,878</u>	<u>\$ 80,118</u>

Grande Cache Coal is an Alberta based metallurgical coal mining company whose experienced team of coal professionals are managing a mine that produces metallurgical coal for the steel industry and holds coal leases covering over 22,000 hectares containing an estimated 235 million tonnes of coal resources in the Smoky River Coalfield located in west-central Alberta. Grande Cache Coal's common shares are listed on the Toronto Stock Exchange under the trading symbol "GCE".

For further information, please contact:

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

#### ***Forward-Looking Statement Advisory***

*In the interest of providing Grande Cache Coal's shareholders and potential investors with information regarding Grande Cache Coal, including management's assessment of Grande Cache Coal's future plans and operations, certain statements in this news release are "forward-looking statements" within the meaning of applicable Canadian securities legislation. In some cases, forward-looking statements can be identified by terminology such as "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "intend", "may", "objective", "ongoing", "outlook", "potential", "project", "plan", "should", "target", "would", "will" or similar words suggesting future outcomes, events or performance. The forward-looking statements contained in this news release speak only as of the date of this document and are expressly qualified by this cautionary statement.*

*Specifically, this news release contains forward-looking statements relating to: anticipated sales volumes of metallurgical coal in fiscal 2011; anticipated sales prices of metallurgical coal in fiscal 2011; anticipated cost of sales in fiscal 2011; anticipated capital expenditures in fiscal 2011; anticipated development activities in No. 8 pit and anticipated timing of such activities; and anticipated increases in production volumes from the next two operational phases of No. 8 pit and the anticipated timing thereof.*

*These forward-looking statements are based on certain key assumptions regarding, among other things: no material change in the geological and operating conditions in No. 8 pit; no material disruption in production from the No. 8 pit or the No 7 underground operation; no material variation in anticipated coal sales volumes; no material variations in markets and pricing of metallurgical coal other than anticipated variations; continued availability of and no material disruption in rail service and port facilities other than as anticipated; no material delays in the current timing for completion of ongoing projects; financing will be available on terms favourable to the Corporation; no material variation in historical coal purchasing practices of customers; coal sales contracts will be entered into with new customers; parties will execute and deliver contracts currently under negotiation; and no material variations in the current regulatory environment. The reader is cautioned that such assumptions, although considered reasonable by Grande Cache Coal at the time of preparation, may prove to be incorrect.*

*Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: uncertainties associated geological and operating conditions in the new No. 8 pit; uncertainties associated with production levels during development of the new No. 8 pit, changes in general economic, market and business conditions; uncertainties associated with estimating the quantity and quality of coal reserves and resources; commodity prices, currency exchange rates, the availability of credit facilities for capital expenditure requirements, debt service requirements; dependence on a single rail system; changes to legislation; liabilities inherent in coal mine development*

*and production; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; geological, mining and processing technical problems; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining and coal processing operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in coal mine development and production; and other factors, many of which are beyond the control of Grande Cache Coal. These risk factors are discussed in Grande Cache Coal's Annual Information Form for the fiscal year ended March 31, 2010, as filed with Canadian securities regulatory authorities.*

*There is no representation by Grande Cache Coal that actual results achieved during the forecast period will be the same in whole or in part as those forecast and Grande Cache Coal does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

*The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.*