



## **GRANDE CACHE COAL CORPORATION**

### **NEWS RELEASE**

#### **GRANDE CACHE COAL CORPORATION RECEIVES REGULATORY APPROVAL FOR NEW NO. 12 SOUTH B2 UNDERGROUND OPERATION AND PROVIDES OPERATIONAL UPDATE**

**Calgary, Alberta, July 21, 2011** – Grande Cache Coal Corporation (GCE-TSX) ("Grande Cache Coal" or the "Corporation") is pleased to announce that it has received the amended mine permit and a new mine licence from the Alberta Energy and Resource Conservation Board ("ERCB") necessary to commence development of its new No. 12 South B2 underground operation. The Corporation has been assembling the necessary equipment, support facilities and infrastructure required for the new mining area, which is accessed from a previously mined area on the property. The No. 12 South B2 underground operation has an estimated resource base of 12.3 million tonnes and the Corporation anticipates coal production to commence during the third quarter of fiscal 2012, which begins October 1, 2011.

"The approval of the No. 12 South B2 underground operation allows us to maintain production levels from underground mining as we transition our workforce and equipment from our current No. 7 underground operation, which is anticipated to be depleted within the next twelve months" said Robert Stan, Grande Cache Coal's President and Chief Executive Officer. "We are pleased to receive the ERCB approvals for our new No. 12 South B2 underground operation as it is a vital component of our long term plans and will contribute to our goal of increasing our annual production to a target rate of 3.5 million tonnes by the end of fiscal 2013."

#### **Operational update**

- Grande Cache Coal sold 0.39 million tonnes of coal during the three months ended June 30, 2011, compared to 0.45 million tonnes in the same period of the prior year. An equipment malfunction at Westshore Terminals in the latter part of June and shipping delays resulted in two vessel loadings (approximately 70,000 tonnes) being delayed until the first week of July. Metallurgical coal accounted for approximately 84% of the total sales volume with the remainder being thermal coal.
- The Corporation expects that first quarter sales volumes will be the lowest of the fiscal year due to lower production levels at the No. 8 surface pit and the vessel delays at Westshore Terminals. The No. 8 surface pit is still in the early stages of production and coal volumes are being impacted by tight mining conditions and a strip ratio that is higher than that expected for the life of the mine. The initial stages of mining have also resulted in a higher proportion of oxidized coal, which is sold as thermal coal. The Corporation continues to anticipate annual sales volumes of 2.2 to 2.4 million tonnes for fiscal 2012 however sales volumes are now projected to be on the lower end of the range.
- The Corporation's average selling price for metallurgical coal during the first quarter of fiscal 2012 was approximately US\$227 per tonne, which included carryover tonnage from the previous fiscal year and shipments under annual price contracts.

- Benchmark contract price settlements for the highest quality metallurgical coal for the second quarter of fiscal 2012 have been settled at approximately US\$315 per tonne. The average selling price of metallurgical coal for Grande Cache Coal in the second quarter of fiscal 2012 is anticipated to be approximately US\$255 to US\$265 per tonne, which includes shipments contracted at annual prices and trial cargos to potential new customers.

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 346 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:

Ian Bootle  
Vice President, Finance and Chief Financial Officer

Grande Cache Coal Corporation  
Suite 1610, 800 - 5th Avenue S.W.  
Calgary, Alberta T2P 3T6  
Canada

Telephone: (403) 543-7070

Facsimile: (403) 543-7092

[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 2012; anticipated sales prices of metallurgical coal in fiscal 2012; anticipated development activities in No. 12 South B2 underground operation and the anticipated timing of such activities; anticipated increases in production volumes from No. 8 pit and No. 12 South B2 underground mine and the anticipated timing thereof.

These forward-looking statements are based on certain key assumptions regarding, among other things: that the Corporation will be able to attract and retain the necessary workforce personnel to support the expansion of its operation; 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 disruption in development of, or production from, the No. 12 South B2 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 with geological and operating conditions in the new No. 8 pit and the new No. 12 South B2 underground operation; uncertainties associated with production levels during development of the new No. 8 pit and the new No. 12 South B2 underground operation, 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; dependence on a single port facility for export sales; 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, 2011, 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.