



## GRANDE CACHE COAL CORPORATION

### NEWS RELEASE

#### **GRANDE CACHE COAL CORPORATION REACHES DEFINITIVE AGREEMENT TO BE ACQUIRED BY WINSWAY COKING COAL HOLDINGS LIMITED AND MARUBENI CORPORATION**

**Calgary, Alberta, October 31, 2011** – Grande Cache Coal Corporation (GCE-TSX) ("**Grande Cache Coal**" or the "**Corporation**") is pleased to announce that it has entered into a definitive agreement (the "**Arrangement Agreement**") with 1629835 Alberta Ltd. ("**AcquisitionCo**") for the purchase of all of the issued and outstanding common shares of the Corporation (the "**Common Shares**") at a cash price of C\$10.00 per Common Share, for a total cash consideration of approximately C\$1.0 billion. The transaction is to be completed by way of a plan of arrangement under the *Business Corporations Act* (Alberta) (the "**Arrangement**"). The consideration offered for the Common Shares pursuant to the Arrangement represents a 70% premium over the closing price of the Common Shares on the Toronto Stock Exchange on October 28, 2011 and a 112% premium over the 20-day volume weighted average trading price of the Common Shares on the Toronto Stock Exchange up to and including October 28, 2011.

AcquisitionCo, formed for the purpose of completing the Arrangement, is wholly owned by Winsway Coking Coal Holdings Limited ("**Winsway**") and Marubeni Corporation ("**Marubeni**"). Winsway is a Hong Kong listed public company and its core business involves the supply of imported coking coal from around the world to the Chinese steel industry. Marubeni is one of the largest trading houses in Japan involved in the handling of products and the provision of services across a broad range of sectors such as metals and mineral resources, transportation machinery, energy related commodities, food, textiles, materials, pulp and paper and chemicals.

"We are very pleased to announce this transaction and the considerable value it brings to our shareholders. We believe the Arrangement is a compelling transaction for Grande Cache Coal's shareholders and recognizes our highly attractive mining operation and the exceptional team that we have assembled at Grande Cache Coal. In addition, Marubeni has had a long standing business relationship with the Corporation and has a 40 year history with the Corporation's mine. Furthermore, Winsway is one of our main customers for the Chinese market", said Robert Stan, President and Chief Executive Officer of Grande Cache Coal.

#### **The Arrangement**

The Arrangement is subject to customary conditions for a transaction of this nature, which include court and regulatory approvals, and the approval of 66 2/3% of the votes cast by Grande Cache Coal shareholders represented in person or by proxy at a special meeting of Grande Cache Coal shareholders to be called to consider the Arrangement. The Arrangement also requires majority approval of Winsway's shareholders and the approval of the Hong Kong Stock

Exchange. Certain shareholders of Winsway, who beneficially own or exercise control or direction over approximately 51% of the ordinary shares of Winsway, have entered into voting agreements with Grande Cache Coal pursuant to which they have irrevocably agreed to, among other things, vote their Winsway shares in favour of the Arrangement at the extraordinary meeting of Winsway shareholders to be called to consider the Arrangement.

An information circular regarding the Arrangement is expected to be mailed to shareholders of Grande Cache Coal in December 2011 for a special meeting of the holders of Common Shares scheduled to take place in January 2012, with closing expected to occur in February.

The Corporation has agreed in the Arrangement Agreement that it will not solicit or initiate discussions regarding any other business combination or sale of material assets. The Corporation has also granted AcquisitionCo a right to match competing unsolicited proposals. The Arrangement Agreement contains a non-completion fee of C\$50 million and a cost reimbursement fee of C\$10 million, payable by the Corporation to AcquisitionCo in certain circumstances if the Arrangement is not completed. The Arrangement Agreement also contains a reverse non-completion fee of C\$100 million and a cost reimbursement fee of C\$10 million, payable by AcquisitionCo to the Corporation in certain circumstances if the Arrangement is not completed.

A copy of the Arrangement Agreement will be filed on Grande Cache Coal's SEDAR profile and will be available for viewing at [www.sedar.com](http://www.sedar.com).

### **Recommendation of the Board of Directors**

The Board of Directors of Grande Cache Coal, after consulting with its financial and legal advisors, has unanimously approved the Arrangement Agreement and unanimously determined that the Arrangement is in the best interests of Grande Cache Coal. The financial advisors to Grande Cache Coal's Board of Directors have provided opinions to the Board of Directors that, subject to the assumptions, limitations, qualifications and conditions set forth therein, the \$10.00 per Common Share in cash to be received by the holders of Common Shares (other than AcquisitionCo, its shareholders and their respective affiliates) under the Arrangement is fair, from a financial point of view, to such holders. The Board of Directors of Grande Cache Coal unanimously recommends that all Grande Cache Coal shareholders vote in favour of the Arrangement at the shareholder meeting to be called to consider the Arrangement.

The Board of Directors and officers of Grande Cache Coal intend to vote their respective Common Shares in favour of the Arrangement, and have entered into voting agreements with AcquisitionCo pursuant to which they have agreed to, among other things, vote their Common Shares in favour of the Arrangement.

### **Advisors**

Deutsche Bank Securities Inc. and UBS Securities Canada Inc. are acting as financial advisors to Grande Cache Coal in the transaction and both have provided the Board of Directors of Grande Cache Coal with an opinion regarding the proposed transaction. A copy of each financial advisor's written opinion, which contain the assumptions, limitations, qualifications and conditions set forth therein, will be included in the information circular to be sent to holders of Common Shares for the special meeting to be called to consider the Arrangement. Burnet Duckworth & Palmer LLP is acting as legal counsel to Grande Cache Coal. TD Securities Inc. is

acting as financial advisor to AcquisitionCo, and Osler, Hoskin & Harcourt LLP is acting as legal counsel to AcquisitionCo.

### **About Grande Cache Coal**

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".

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

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking statements or information. More particularly and without limitation, this news release contains forward-looking statements and information concerning: the anticipated benefits of the Arrangement to Grande Cache Coal and its shareholders, the timing and anticipated receipt of required regulatory, court, and shareholder approvals for the Arrangement; the ability of Grande Cache Coal and AcquisitionCo to satisfy the other conditions to, and to complete, the Arrangement; and the anticipated timing of the mailing of the information circular regarding the Arrangement and the closing of the Arrangement.

In respect of the forward-looking statements and information concerning the anticipated completion of the proposed Arrangement and the anticipated timing for completion of the Arrangement, Grande Cache Coal has provided such in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the time required to prepare and mail Grande Cache Coal shareholder meeting materials, including the required information circular; the ability of the parties to receive, in a timely manner, the necessary regulatory, court, shareholder and other third party approvals, including but not limited to Investment Canada Act approval; and the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Arrangement. These dates may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary shareholder, regulatory, court or other third party approvals in the time assumed or the need for additional time

to satisfy the other conditions to the completion of the Arrangement. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times.

Risks and uncertainties inherent in the nature of the Arrangement include the failure of Grande Cache Coal, AcquisitionCo or Winsway to obtain necessary shareholder, regulatory, court and other third party approvals, or to otherwise satisfy the conditions to the Arrangement, in a timely manner, or at all. Failure to so obtain such approvals, or the failure of Grande Cache Coal, AcquisitionCo or Winsway to otherwise satisfy the conditions to the Arrangement, may result in the Arrangement not being completed on the proposed terms, or at all. In addition, the failure of Grande Cache Coal to comply with the terms of the Arrangement Agreement may result in Grande Cache Coal being required to pay a non-completion or other fee to AcquisitionCo, the result of which could have a material adverse effect on Grande Cache Coal's financial position and results of operations and its ability to fund growth prospects and current operations.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of Grande Cache Coal are included in reports on file with applicable securities regulatory authorities, including but not limited to, Grande Cache Coal's Annual Information Form for the fiscal year ended March 31, 2011 which may be accessed on Grande Cache Coal's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The forward-looking statements and information contained in this news release are made as of the date hereof and Grande Cache Coal undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.