



## GRANDE CACHE COAL CORPORATION

### NEWS RELEASE

#### GRANDE CACHE COAL CORPORATION ANNOUNCES SECOND QUARTER FISCAL 2012 FINANCIAL AND OPERATING RESULTS AND PROVIDES UPDATED OUTLOOK FOR FISCAL 2012

**Calgary, Alberta, November 8, 2011** – 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, 2011. The Corporation's unaudited interim consolidated financial statements and related management's discussion and analysis for its quarter ended September 30, 2011 are available at [www.sedar.com](http://www.sedar.com) and the Corporation's website at [www.gccoal.com](http://www.gccoal.com).

#### Highlights

- Fiscal 2012 second quarter earnings were \$18.2 million, or \$0.19 per basic share (\$0.18 per diluted share) compared to earnings of \$13.2 million, or \$0.14 per basic share (\$0.13 per diluted share) in the comparable period of the previous fiscal year. Profit from operations for the three months ended September 30, 2011 was \$31.8 million, more than doubling \$15.0 million from the same period last year.
- Clean coal produced during the second quarter was 0.45 million tonnes, representing a 36% increase over 0.33 million tonnes produced in the comparable period of fiscal 2011. The Corporation sold 0.45 million tonnes of coal during the second quarter compared to 0.44 million tonnes and in the same period of the previous year. Metallurgical coal accounted for 87% of the total sales volumes in the current quarter.
- Development work in the new No. 12 South B2 underground operation continued throughout the second quarter and production will commence in the third quarter as planned. It is anticipated that No. 7 underground operation will be depleted of coal reserves by January 2012, after which time all remaining underground equipment and personnel will be transitioned to the No. 12 South B2 underground operation.
- The Corporation incurred a \$6.0 million net foreign exchange loss in the second quarter, in contrast to a net foreign exchange gain of \$4.0 million in the same period of fiscal 2011. Included in the current period was an unrealized loss of \$5.1 million related to the revaluation of US dollar denominated finance lease obligations and an unrealized loss of \$3.2 million due to the mark-to-market valuation of outstanding foreign exchange forward contracts.
- As previously announced, Grande Cache Coal entered into a definitive agreement for the purchase of all of the issued and outstanding shares of the Corporation at a cash price of \$10.00 per common share, for a total cash consideration of approximately \$1.0 billion. The purchaser is 1629835 Alberta Ltd., a newly formed entity owned by Winsway Coking Coal Holdings Limited and Marubeni Corporation.

## Fiscal 2012 Update

- Recent softening of steel markets has led to an easing in the demand and price for metallurgical coal. As a result, the Corporation is reducing its annual sales volume outlook for fiscal 2012 to approximately 2.0 to 2.2 million tonnes. Achieving the revised sales volumes is contingent upon receipt of adequate rail and port services as well as the fulfillment of existing contracts and realization of projected spot sales. The Corporation had previously expected annual sales volumes to be on the low end of its anticipated range of 2.2 to 2.4 million tonnes.
- The Corporation currently anticipates that the average unit cash cost of sales will be \$132 to \$137 per tonne during fiscal 2012. The Corporation had previously anticipated the average unit cash cost of sales would be on the high end of its projected range of \$125 to \$130 per tonne. The increase in unit cost is due to the reduction of anticipated annual sales volumes as well as higher strip ratios in No. 8 pit and a lower plant yield.

## Financial Overview

<i>(millions of dollars)</i>	<b>As at September 30 2011</b>	<b>As at March 31 2011</b>
Balance Sheet		
Cash and cash equivalents	<b>38.8</b>	17.1
Total assets	<b>474.9</b>	433.2
Long-term liabilities	<b>113.9</b>	106.8
Shareholders' equity	<b>310.1</b>	282.5

<i>(millions of dollars, except per share amounts)</i>	<b>Three months ended September 30</b>		<b>Six months ended September 30</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Statement of Income and Comprehensive Income				
Revenue	<b>102.6</b>	81.2	<b>182.3</b>	150.2
Gross profit	<b>36.2</b>	18.7	<b>50.3</b>	29.7
Income and comprehensive income	<b>18.2</b>	13.2	<b>25.4</b>	17.4
Basic earnings per share	<b>0.19</b>	0.14	<b>0.26</b>	0.18
Diluted earnings per share	<b>0.18</b>	0.13	<b>0.25</b>	0.17

	Three months ended		Six months ended	
	September 30		September 30	
	2011	2010	2011	2010
Operating results				
Clean coal production (million of tonnes)	<b>0.45</b>	0.33	<b>0.86</b>	0.70
Coal sales (million of tonnes)	<b>0.45</b>	0.44	<b>0.84</b>	0.89
Average sales price				
Metallurgical coal (US\$/tonne)	<b>252</b>	186	<b>240</b>	169
All coal products (\$/tonne)	<b>232</b>	185	<b>218</b>	168
Average cost of sales (\$/tonne)				
Cost of product sold	<b>110</b>	100	<b>117</b>	93
Distribution costs	<b>25</b>	27	<b>26</b>	27
Depreciation	<b>15</b>	15	<b>15</b>	15

## Revenue

Fiscal 2012 second quarter revenue was \$102.6 million, representing a 26% increase over revenue of \$81.2 million in the same period last fiscal year. Higher sales prices were the main contributor to the increase in revenue as the current quarter's average selling price for all coal products was \$232 per tonne, up from \$185 per tonne in the comparable period. The average selling price of metallurgical coal, which accounted for 87% of total sales volumes, was \$244 per tonne (US\$252 per tonne). The average selling price of metallurgical coal in the second quarter of fiscal 2011 was \$193 per tonne (US\$186 per tonne).

Revenue for the first six months of the fiscal year was \$182.3 million on sales of 0.84 million tonnes compared to revenue of \$150.2 million on sales of 0.89 million tonnes in the same period last year. The average sales price for the fiscal year to date for all coal products was \$218 per tonne, 30% higher than \$168 per tonne in the first half of fiscal 2011. The higher price during the current fiscal year reflects an increase in quarterly contract price settlements due to higher demand partially offset by a portion of lower priced thermal coal and lower priced carryover tonnage from fiscal 2011. The average Canadian dollar sales price on US dollar denominated sales was impacted by a stronger Canadian dollar in relation to the US dollar as the average exchange rate for converting US dollars into Canadian dollars was 0.97 during the first half of fiscal 2012, compared to 1.03 in the first half of fiscal 2011.

## Cost of Sales

The cost of sales during the second quarter of fiscal 2012 was \$66.5 million, or \$150 per tonne, compared to \$62.5 million, or \$142 per tonne in the same period last year. The cash cost of sales during the quarter, which includes cost of product sold and distribution costs, was \$135 per tonne compared to \$127 per tonne in same period last fiscal year.

The cost of product sold during the current quarter was \$110 per tonne, up from \$100 per tonne in the same period last year, and was affected by a higher surface mine strip ratio as well as a lower plant yield. The Corporation also incurred higher operating costs, including internal labour, contractor services, supplies and consumables, which further contributed to the increase in the cost of product sold. There was a substantial increase in the price of diesel fuel compared to last year as well as a significant increase in the volume of diesel fuel consumed due to the higher strip ratio and the additional overburden waste removal required.

Cost of sales for the fiscal year to date was \$132.0 million, or \$158 per tonne, compared to \$120.5 million, or \$135 per tonne in the first six months of last year.

The unit cost of product sold during the first half of fiscal 2012 was \$117 per tonne (fiscal 2011 - \$93 per tonne) and was impacted by the early stages of mining in No. 8 pit where conditions were difficult due to tight mining areas. The unit cost was also affected by a lower plant yield and a higher surface mine strip ratio which led to lower than anticipated clean coal production volumes. Higher operating costs in the first six months of the current fiscal year, including labour, external contractor services, supplies and consumables, most notably a significant increase in the price of diesel fuel, also led to an increase in the unit cost of product sold.

### **Other Income and Expenses**

General and administrative expenses for the second quarter were \$4.5 million compared to \$3.7 million in the same period last year, which included head office administrative and marketing charges of \$3.8 million (fiscal 2011 - \$2.0 million) and share-based payment expense of \$0.7 million (fiscal 2011 - \$1.7 million). For the six months ended September 30, 2011, the Corporation's general and administrative expenses were \$8.4 million against \$6.3 million in the same period of last fiscal year, which consisted of head office administrative and marketing charges of \$6.3 million (fiscal 2011 - \$4.0 million) and share-based payment expense of \$2.1 million (fiscal 2011 - \$2.3 million).

Finance income primarily consisted of interest earned on cash and restricted cash. Finance expenses for the three and six months ended September 30, 2011 were \$1.2 million and \$2.0 million, respectively, compared to \$0.8 million for both comparable periods of fiscal 2011. Finance expenses mainly include accretion on restoration provisions and interest paid on finance lease obligations.

During the second quarter the Corporation had a net foreign exchange loss of \$6.0 million, in contrast to a \$4.0 million net foreign exchange gain during the same period last fiscal year. In the second quarter the Corporation recorded an unrealized foreign exchange loss of \$5.1 million related to the US dollar denominated finance lease obligations and an unrealized foreign exchange loss of \$3.2 million from foreign exchange forward contracts. In the same period of fiscal 2011, the Corporation recognized unrealized foreign exchange gains of \$1.9 million on finance lease obligations and \$3.0 million related to foreign exchange forward contracts. For the fiscal year to date, the Corporation's net foreign exchange loss was \$5.7 million versus a \$1.3 million net foreign exchange gain in the first six months of the prior fiscal year. The net foreign exchange loss in fiscal 2012 was the result of a significant weakening of the Canadian dollar against the US dollar in the latter part of the period.

### **Taxes**

Income tax expense was \$6.5 million and \$9.3 million for the current quarter and first half of fiscal 2012, respectively, compared to \$5.1 million and \$6.6 million in the same periods of last year. The increase in income tax expense in the current fiscal year was related to higher profit before tax.

### **Liquidity and Capital Resources**

Grande Cache Coal held cash and cash equivalents of \$38.8 million at September 30, 2011. During the second quarter cash and cash equivalents increased by \$17.7 million in comparison to a decrease of \$17.3 million during the same period last fiscal year. The Corporation's cash position increased by \$21.7 million during the first six months of fiscal 2012 compared to a decrease of \$32.6 million in the same period last fiscal year.

Second quarter operating activities generated \$40.8 million in cash compared to \$11.2 million in the same period last year. Cash generated prior to changes in non-cash working capital was \$39.9 million, compared to \$23.5 million in the same period last year. The variance was primarily a result of higher net income in the second quarter as well as the impact of unrealized foreign exchange losses in the current period versus unrealized foreign exchange gains in the comparable period of fiscal 2011. For the first half of fiscal 2012, cash generated by operating activities before changes in non-cash working capital was \$60.4 million compared to \$41.1 million in the comparable period.

Fiscal 2012 financing activities resulted in a cash decrease of \$4.7 million and \$9.4 million during the second quarter and the year to date, respectively, compared to a decrease of \$6.9 million and \$11.0 million for the three and six months ended September 30, 2010. Included in financing activities were payments towards finance lease

obligations of \$3.6 million in the second quarter (fiscal 2011 - \$6.6 million) and \$7.2 million for the fiscal year to date (fiscal 2011 - \$10.2 million). Also included in second quarter financing activities were interest payments on finance lease obligations and a capital loan of \$1.1 million (fiscal 2011 - \$0.7 million) and \$2.3 million (fiscal 2011 - \$1.3 million) for year to date.

Investing activities for the three and six months ended September 30, 2011 led to a cash decrease of \$20.3 million and \$36.6 million, respectively, compared to \$21.3 million and \$52.3 million in the same periods last fiscal year. Investing activities during fiscal 2012 year to date included capital asset additions to land and buildings (\$3.4 million), plant and equipment (\$5.5 million) and mineral assets (\$25.2 million). There was also an addition to restricted cash of \$2.5 million during the second quarter of fiscal 2012.

Grande Cache Coal has an agreement with HSBC Bank Canada to provide the Corporation with a credit facility up to \$29 million and the ability to enter into foreign exchange hedging arrangements. On September 9, 2011, the Corporation entered into a series of foreign exchange forward contracts to sell a total of US\$70 million at an average rate of 0.996 Canadian dollars. At September 30, 2011, foreign exchange forward contracts of US\$60 million remained outstanding. These contracts settle in monthly installments of US\$10 million per month, the last of which will mature by March 2012. The balance owing on the operating credit facility at September 30, 2011 was nil. The availability on the credit facility was reduced by approximately \$15.6 million due to the Corporation entering into foreign exchange forward contracts.

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 2012 will be funded by existing cash and cash flow from operations.

Grande Cache Coal expects that coal inventory and coal production will be sufficient to meet anticipated coal sales volumes for fiscal 2012. At September 30, 2011, the Corporation had \$40.1 million in coal inventory, compared to \$29.7 million at June 30, 2011.

The Corporation did not have any off-balance sheet financing structures in place at September 30, 2011. At September 30, 2011, the Corporation had long term liabilities for restoration provision with a present value of \$15.7 million, deferred income tax liabilities of \$37.2 million and finance lease obligations of \$61.0 million. Grande Cache Coal's restoration provision is covered by letters of credit totaling \$15.3 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 and office space.

Future minimum undiscounted amounts payable by the Corporation under contracts existing at September 30, 2011, were:

<i>(millions of Canadian dollars)</i>	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>Less than 1 year</b>	<b>2-3 years</b>	<b>4-5 years</b>	<b>After 5 years</b>
<b>Contractual Obligations</b>					
Operating Leases	3.1	0.9	1.4	0.6	0.2
Finance Leases	88.1	20.6	37.9	28.6	1.0
<b>Total Contractual Obligations</b>	<b>91.2</b>	<b>21.5</b>	<b>39.3</b>	<b>29.2</b>	<b>1.2</b>

## Summary of Quarterly Results

<i>(millions, except per unit amounts)</i>	Fiscal 2012		Fiscal 2011				Fiscal 2010 (1)	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Clean coal production (tonnes)	0.45	0.41	0.39	0.32	0.33	0.37	0.54	0.42
Coal sales (tonnes)	0.45	0.39	0.37	0.29	0.44	0.45	0.43	0.47
Average sales price:								
Metallurgical coal (US\$/tonne)	252	227	192	189	186	154	120	131
All coal products (CDN\$/tonne)	232	203	180	174	185	152	118	134
Cost of product sold (\$/tonne)	110	125	115	114	100	87	116	123
Distribution costs (\$/tonne)	25	27	27	21	27	26	28	30
Depreciation (\$/tonne)	15	15	17	17	15	15	15	9
Revenue (\$)	102.6	79.7	67.3	50.6	81.2	69.0	50.7	62.4
Gross profit (\$)	36.2	14.2	8.4	6.3	18.7	11.0	0.1	5.1
Income (\$)	18.2	7.2	4.4	3.7	13.2	4.2	1.4	4.3
Basic earnings per share (\$)	0.19	0.07	0.04	0.04	0.14	0.04	0.01	0.04
Diluted earnings per share (\$)	0.18	0.07	0.04	0.04	0.13	0.04	0.01	0.04

(1) Fiscal 2010 financial information is presented in accordance with Canadian GAAP as it was not required to be restated to IFRS.

Clean coal production improved quarter over quarter in part due to higher coal release from the No. 7 underground operation. The strip ratio in the No. 8 surface pit increased in the current quarter however the impact on coal mined was partially mitigated by an improvement in the waste movement productivity. Coal sales in the second quarter were higher than the previous quarters increasing 15% over the first quarter of fiscal 2012. The metallurgical coal sales price was significantly higher than previous quarters as price settlements were negotiated during a period of strong market demand. The unit cost of product sold was lower compared to previous quarters, as the Corporation achieved certain productivity improvements and had higher sales volumes during the current quarter.

## Outlook

Recent softening of steel markets has led to an easing in the demand and price for metallurgical coal. As a result, the Corporation is reducing its annual sales volume outlook for fiscal 2012 to approximately 2.0 to 2.2 million tonnes. Achieving the revised sales volumes is contingent upon receipt of adequate rail and port services as well as the fulfillment of existing contracts and realization of projected spot sales. The Corporation had previously expected annual sales volumes to be on the low end of its anticipated range of 2.2 to 2.4 million tonnes.

Industry benchmark pricing for the quarter beginning October 1, 2011 was settled at US\$285 per tonne for the highest quality coking coal. Grande Cache Coal anticipates that its average metallurgical coal sales price for the third quarter will be in the range of US\$225 to US\$235 per tonne, which includes quarterly contracts, shipments contracted at annual prices and spot sales.

The Corporation currently anticipates that the average unit cash cost of sales will be \$132 to \$137 per tonne during fiscal 2012. The Corporation had previously anticipated the average unit cash cost of sales would be on the high end of its projected range of \$125 to \$130 per tonne. The increase in unit cost is due to the reduction of anticipated annual sales volumes as well as higher strip ratios in No. 8 pit and a lower plant yield.

### **Subsequent Event**

On October 31, 2011, the Corporation 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 \$10.00 per Common Share. The transaction is to be completed by way of a plan of arrangement under the Business Corporations Act (Alberta) (the "Arrangement").

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.

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 \$50 million and a cost reimbursement fee of \$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 \$100 million and a cost reimbursement fee of \$10 million, payable by AcquisitionCo to the Corporation in certain circumstances if the Arrangement is not completed.

**Grande Cache Coal Corporation**  
**Consolidated Statements of Financial Position**  
(Unaudited)

<i>(in thousands of Canadian dollars, as at)</i>	<b>September 30 2011</b>	<b>March 31 2011</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 38,839	\$ 17,136
Restricted cash	15,483	12,908
Trade and other receivables	12,395	31,287
Inventories	48,796	34,244
Prepaid expenses and deposits	<u>1,076</u>	<u>399</u>
	116,589	95,974
<b>Property, plant and equipment</b>	<u>358,355</u>	<u>337,240</u>
	<u>\$ 474,944</u>	<u>\$ 433,214</u>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 34,453	\$ 29,496
Current portion of finance lease obligations	<u>16,507</u>	<u>14,447</u>
	50,960	43,943
<b>Restoration provision</b>	15,728	14,553
<b>Finance lease obligations</b>	61,027	64,390
<b>Deferred income tax liabilities</b>	<u>37,171</u>	<u>27,834</u>
	164,886	150,720
<b>Equity</b>		
Share capital	199,930	199,810
Contributed surplus	10,614	8,524
Retained earnings	<u>99,514</u>	<u>74,160</u>
	<u>310,058</u>	<u>282,494</u>
	<u>\$ 474,944</u>	<u>\$ 433,214</u>

**Grande Cache Coal Corporation**  
**Consolidated Statements of Income and Comprehensive Income**  
(Unaudited)

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
<i>(in thousands of Canadian dollars, except for per share data)</i>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenue	\$ 102,611	\$ 81,183	\$ 182,342	\$ 150,216
Cost of sales	<u>(66,457)</u>	<u>(62,466)</u>	<u>(132,020)</u>	<u>(120,501)</u>
<b>Gross profit</b>	<b>36,154</b>	18,717	<b>50,322</b>	29,715
General and administrative expenses	<b>(4,461)</b>	(3,737)	<b>(8,364)</b>	(6,341)
Other operating income	<u>118</u>	<u>65</u>	<u>236</u>	<u>93</u>
<b>Profit from operations</b>	<b>31,811</b>	15,045	<b>42,194</b>	23,467
Finance income	71	37	129	70
Finance expense	<b>(1,178)</b>	(806)	<b>(1,973)</b>	(771)
Foreign exchange (loss) gain	<u>(6,021)</u>	<u>3,988</u>	<u>(5,659)</u>	<u>1,256</u>
<b>Profit before tax</b>	<b>24,683</b>	18,264	<b>34,691</b>	24,022
Income tax expense	<u>(6,485)</u>	<u>(5,085)</u>	<u>(9,337)</u>	<u>(6,647)</u>
<b>Income and comprehensive income</b>	<u>\$ 18,198</u>	<u>\$ 13,179</u>	<u>\$ 25,354</u>	<u>\$ 17,375</u>
 <b>Earnings per share</b>				
Basic	\$ 0.19	\$ 0.14	\$ 0.26	\$ 0.18
Diluted	\$ 0.18	\$ 0.13	\$ 0.25	\$ 0.17

**Grande Cache Coal Corporation**  
**Consolidated Statements of Changes in Equity**  
(Unaudited)

<i>(in thousands of Canadian dollars)</i>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance - April 1, 2011</b>	\$ 199,810	\$ 8,524	\$ 74,160	\$ 282,494
Income for the period	-	-	25,354	25,354
Share-based payment expense	-	2,143	-	2,143
Shares issued on exercise of options	120	(53)	-	67
<b>Balance - September 30, 2011</b>	<u>\$ 199,930</u>	<u>\$ 10,614</u>	<u>\$ 99,514</u>	<u>\$ 310,058</u>
<b>Balance - April 1, 2010</b>	\$ 196,232	\$ 4,681	\$ 48,746	\$ 249,659
Income for the period	-	-	17,375	17,375
Share-based payment expense	-	2,252	-	2,252
Shares issued on exercise of options	924	(384)	-	540
<b>Balance - September 30, 2010</b>	<u>\$ 197,156</u>	<u>\$ 6,549</u>	<u>\$ 66,121</u>	<u>\$ 269,826</u>

**Grande Cache Coal Corporation**  
**Consolidated Statements of Cash Flows**  
(Unaudited)

	Three months ended September 30		Six months ended September 30	
	2011	2010	2011	2010
<i>(in thousands of Canadian dollars)</i>				
<b>Cash flow provided by (used in)</b>				
<b>Operating activities</b>				
Income for the period	\$ 18,198	\$ 13,179	\$ 25,354	\$ 17,375
Adjustments for:				
Depreciation	6,547	6,570	12,421	13,110
Unrealized foreign exchange loss (gain)	6,728	(3,729)	9,230	1,024
Share-based payment expense	747	1,680	2,143	2,252
Finance expense	1,178	806	1,973	771
Deferred income tax	6,485	5,085	9,337	6,647
Gain on sale of property, plant and equipment	-	-	(10)	-
Net changes in non-cash working capital	962	(12,311)	5,540	(10,919)
Settlement of restoration provision	-	(81)	(9)	(81)
<b>Net cash flows from operating activities</b>	<b>40,845</b>	<b>11,199</b>	<b>65,979</b>	<b>30,179</b>
<b>Financing activities</b>				
Proceeds on exercise of options	67	436	67	540
Payment on finance lease obligations	(3,626)	(6,637)	(7,152)	(10,213)
Repayment of capital loan	(20)	-	(39)	-
Interest paid on finance leases and capital loan	(1,137)	(744)	(2,295)	(1,298)
<b>Net cash used in financing activities</b>	<b>(4,716)</b>	<b>(6,945)</b>	<b>(9,419)</b>	<b>(10,971)</b>
<b>Investing activities</b>				
Additions to property, plant and equipment	(17,750)	(21,311)	(34,107)	(52,298)
Proceeds on sale of property, plant and equipment	-	-	88	-
Restricted cash	(2,575)	-	(2,575)	-
<b>Net cash used in investing activities</b>	<b>(20,325)</b>	<b>(21,311)</b>	<b>(36,594)</b>	<b>(52,298)</b>
<b>Effect of foreign exchange on cash and cash equivalents</b>	<b>1,911</b>	<b>(226)</b>	<b>1,737</b>	<b>531</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>17,715</b>	<b>(17,283)</b>	<b>21,703</b>	<b>(32,559)</b>
Cash and cash equivalents, beginning of period	21,124	72,160	17,136	87,436
<b>Cash and cash equivalents, end of period</b>	<b>\$ 38,839</b>	<b>\$ 54,877</b>	<b>\$ 38,839</b>	<b>\$ 54,877</b>

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

### **ADVISORY REGARDING FORWARD-LOOKING STATEMENTS**

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 coal in fiscal 2012; anticipated sales prices of metallurgical coal in fiscal 2012; management of coal production in fiscal 2012; anticipated cost of sales in fiscal 2012; future development activities and related capital expenditures; the capital expenditure program for fiscal 2012; funding sources for the capital expenditure program in fiscal 2012; 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.

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 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 practises of customers; coal sales contracts will be entered into with new customers; parties 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.

In respect of the forward-looking statements 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.

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. Many of these risk factors and uncertainties are discussed in Grande Cache Coal's Annual Information Form for the fiscal year ended March 31, 2011, Grande Cache Coal's Management's Discussion and Analysis and other documents Grande Cache Coal files with the Canadian securities regulatory authorities.

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).

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.