

Grande Cache Coal Corporation Earns Net Income of \$27.7 Million During Fiscal 2011

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CALGARY, ALBERTA -- ([Marketwire](#) - June 3, 2011) - [Grande Cache Coal Corporation](#) (TSX: GCE) ("Grande Cache Coal" or the "Corporation") today announced its financial and operating results for the three and twelve months ended March 31, 2011. The Corporation's audited consolidated financial statements and related management's discussion and analysis for its fiscal year ended March 31, 2011 will be available at www.sedar.com and the Corporation's website at www.gccoal.com.

- Net income for fiscal 2011 was \$27.7 million (\$0.28 per basic and diluted share) representing a 38% increase from \$20.1 million (\$0.21 per basic share and \$0.20 per diluted share) in fiscal 2010. Fourth quarter net income was \$5.1 million (\$0.05 per basic and diluted share) compared to \$1.4 million (\$0.01 per basic and diluted share) in the same period last year.

- Coal sales for the fiscal year ended March 31, 2011, were 1.55 million tonnes, down from 1.77 million tonnes in fiscal 2010. Sales during the fourth quarter were 0.37 million tonnes compared to 0.43 million tonnes in the comparable period of last year. The decrease in sales volumes was due to lower coal production as a result of the transition to the new No. 8 surface mining area during the year and the challenging conditions experienced in the initial stages of mining in the new operating area.

- The average total sales price for the year was \$172 per tonne, up from \$132 per tonne in fiscal 2010. The higher selling price represents a recovery of global steel markets, which translated into higher demand and pricing for metallurgical coal. Fiscal 2010 coal prices were negatively impacted by the global economic slowdown when demand for metallurgical coal was low. The average selling price for the three months ended March 31, 2011 was \$181 per tonne, a 53% increase over \$118 per tonne in the fourth quarter of last fiscal year.

- Revenue earned during fiscal 2011 was \$268.1 million, up 15% from \$232.5 million last year, reflecting higher coal prices partially offset by lower sales volumes. Fourth quarter revenue was \$67.3 million, compared to \$50.7 million in the same period of fiscal 2010.

- The average unit cost of sales for the year was \$127 per tonne, up from \$100 per tonne in fiscal 2010. The increase in the unit cost of sales reflects lower sales volumes, as well as an increase in direct mining costs, most notably for repairs and maintenance and external contractor services. Fourth quarter cost of sales was \$141 per tonne, compared to \$94 per tonne in the same period last year.

- At March 31, 2011, the Corporation's cash balance was \$17.1 million reflecting a \$70.3 million decrease during the fiscal year. Internally generated cash and capital leases were used to fund capital additions totaling \$175.7 million during the fiscal year as part of a three year initiative to expand the mining operations.

- The primary mine development work at the No. 8 surface pit was completed during fiscal 2011. This included the majority of the pre-stripping, road building and infrastructure development required to commence production. A new fleet of equipment was added and there are presently three separate truck and shovel fleets operating concurrently in No. 8 pit.

- The Corporation continues to work cooperatively with the regulatory bodies reviewing its application for the new No. 12 South B2 underground mine that was submitted in November 2009. All of the supplemental information requests received to date have been responded to and the Corporation anticipates receiving the necessary approvals to commence mining before the end of the current calendar year.

- As disclosed on March 30, 2011, the Corporation entered into an agreement with Westshore Terminals Limited Partnership to exclusively handle Grande Cache Coal's west coast exports until March 31, 2022.

- As previously announced, the Corporation anticipates sales volumes of 2.2 to 2.4 million tonnes in fiscal 2012. Approximately 80% of the annual sales volume will be sold under quarterly or spot pricing arrangements, which is consistent with industry practice. A small portion of traditional annual priced contracts remain in place. The Corporation anticipates that the average selling price for metallurgical coal for the three months ended June 30, 2011 will be in the range of US\$230 to US\$240 per tonne, which includes carryover tonnage from the previous fiscal year and shipments under annual price contracts.

- Please refer to the Outlook section below for additional guidance information for fiscal 2012.

- An updated version of the Grande Cache Coal corporate presentation dated June 2011 will be available on the Corporation's website at www.gccoal.com.

"During fiscal 2011 we made significant capital asset investments, including the development of No. 8 surface pit, adding ten new Komatsu 830E haul trucks and acquiring a new P&H 2800 electric shovel" said Robert Stan, President and Chief Executive Officer. "We believe fiscal 2011 was an opportune time to invest in expansion initiatives as coal prices rebounded and we had a significant cash balance available. Global steel production continues to grow year over year and indications are we will see a strong metallurgical coal market over the next several years. We continue to strive towards our goal of increasing annual production to a target rate of 3.5 million tonnes by the end of fiscal 2013."

Financial Overview

As at	As at	As at
(\$ millions)	March 31	March 31
	2011	2010
	March 31	March 31
	2009	
Balance Sheet		
Cash and cash equivalents	17.1	87.4
Total assets	434.4	337.7
Long-term liabilities	105.9	54.4
Shareholders' equity	283.6	250.8

(\$ millions, except per share, for the years ended March 31) 2011 2010 2009

Statement of Net Income and Comprehensive Income

Revenue	268.1	232.5	248.6
Cost of sales	197.3	176.9	126.0
Income from operations	34.7	26.7	106.3
Net income and comprehensive income	27.7	20.1	106.2
Basic net income per share	0.28	0.21	1.18
Diluted net income per share	0.28	0.20	1.15

2011 2010 2009

Statistics

Clean coal production (millions of tonnes)	1.41	1.74	1.31
Coal sales (millions of tonnes)	1.55	1.77	1.06

Average sales price (\$/tonne)	172	132	234
Average cost product sold (\$/tonne)	101	72	85
Average distribution costs (\$/tonne)	26	28	34
Average cost of sales (\$/tonne)	127	100	119

Fiscal 2011

The Corporation earned net income of \$27.7 million, or \$0.28 per basic and diluted share, during fiscal 2011 compared to net income of \$20.1 million, or \$0.21 per basic share and \$0.20 per diluted share, in fiscal 2010. The current year's net income increased mainly due to higher metallurgical coal prices for the coal year commencing April 1, 2010, however the increase was offset somewhat by a decrease in sales volumes and an increase in operating costs. Fiscal 2011 income from operations was \$34.7 million, representing a 30% increase over \$26.7 million in fiscal 2010.

Revenue

The Corporation's current fiscal year revenue was \$268.1 million, up from \$232.5 million in fiscal 2010, reflecting higher coal prices in the current year. Coal sales volumes for the current fiscal year were 1.55 million tonnes, down from 1.77 million tonnes in fiscal 2010, mainly as a result of lower production volumes.

Sales Volumes	2011	2010	2009	
Coal sales (millions of tonnes)		1.55	1.77	1.06
Sales by Geographic Region (%)				
Asia	72	81	42	
Europe	8	5	32	
North America	20		14	26

The average sales price for the current fiscal year was \$172 per tonne, a 30% increase over \$132 per tonne in fiscal 2010. Metallurgical coal sales accounted for 91% of the current fiscal year sales volumes and realized an average price of \$181 per tonne (US\$178 per tonne). The remaining sales volumes related to thermal coal sales, some of which were sold in US dollars. The higher price during the current fiscal year reflects an increase in contract price settlements, which were primarily being negotiated on a quarterly basis, offset by a portion of lower priced carryover tonnage from fiscal 2010. Fiscal 2010 coal prices were negatively impacted by the global economic slowdown when demand for metallurgical coal was low. The average Canadian dollar sales price on US dollar denominated sales was affected unfavorably by a stronger Canadian dollar in relation to the US dollar as the average exchange rate was 1.02 in fiscal 2011, compared to 1.09 in the previous fiscal year.

Sales Prices	2011	2010	2009	
Average metallurgical coal sales price (US\$/tonne)			178	125
Average exchange rate (1 USD = Canadian)		1.02		1.09
Average metallurgical coal sales price (\$/tonne)			181	137
Average thermal coal sales price (\$/tonne)	77			51
Average total sales price (\$/tonne)	172		132	234

Cost of Sales

Cost of sales for the current fiscal year was \$197.3 million, or \$127 per tonne, compared to \$176.9 million, or \$100 per tonne in fiscal 2010. Included in the current fiscal year was cost of product sold of \$157.0 million (\$101 per tonne) and distribution costs of \$40.3 million (\$26 per tonne). In the comparable fiscal year, the cost of product sold was \$127.2 million (\$72 per tonne) and distribution costs were \$49.7 million (\$28 per tonne).

The unit cost of product sold during fiscal 2011 was affected by the transition in surface mining areas from No. 12B2 pit to No. 8 pit. The initial strip ratio in No. 8 pit was higher than the strip ratio in No. 12B2 pit during fiscal 2010, resulting in additional waste movement and a corresponding increase in costs. In addition, the unit cost of product sold increased because of lower than expected production volumes due to challenging operating and geological conditions in the initial phases of mining in No. 8 pit. Additionally, early coal mined from No. 8 pit realized a low plant yield due to the quality and characteristics of coal that is close to the surface, further reducing clean coal production levels. Operating costs were also impacted by a lack of available skilled labour as the demand for manpower increased in the mining and resource sector, causing an increase in the use of external contractor services. During fiscal 2011, the Corporation incurred an increase in maintenance and repair costs as it initiated an enhanced preventive maintenance program to its existing mining equipment designed to lower long term maintenance costs and increase equipment availability.

The distribution unit cost was lower during fiscal 2011 due to a portion of the sales volumes being sold from the mine site, whereby the customer incurred the rail and port costs.

Other Operating Expenses

General and administrative expenses were \$11.8 million in fiscal 2011, up from \$10.0 million in the previous fiscal year. General and administrative expenses included head office administrative and marketing charges of \$8.8 million (fiscal 2010 - \$7.7 million) and non-cash charges for stock-based compensation of \$3.0 million (fiscal 2010 - \$1.3 million). Also included in general and administrative expenses in fiscal 2010, was a \$1.0 million donation to the town of Grande Cache to assist in redeveloping the local recreation centre.

Depreciation, depletion and accretion charges were \$24.4 million in the current fiscal year compared to \$19.0 million in previous fiscal year. The increase was primarily a result of additional capital assets and a one time

depletion expense in fiscal 2011 to charge remaining No. 12B2 pit development costs to income.

Other Income (Expenses)

For the current fiscal year, the Corporation had a foreign exchange gain of \$6.8 million compared to a \$2.5 million gain in the prior fiscal year. The increase was largely attributable to a favorable exchange on the Corporation's capital lease obligations due to a significant strengthening of the Canadian dollar against the US dollar.

Interest and other income was \$0.5 million in the current fiscal year and in fiscal 2010 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 \$1.6 million in fiscal 2011 (fiscal 2010 - \$1.0 million) and consisted primarily of interest paid on capital lease obligations.

Taxes

Tax expenses during fiscal 2011 were \$12.6 million compared to \$8.5 million in fiscal 2010. Taxes were comprised of a current tax expense of \$2.3 million for provincial Crown royalties as well as a future income tax expense of \$10.3 million. Fiscal 2010 taxes consisted of a current tax expense of \$1.8 million for provincial Crown royalties and a future income tax expense of \$6.7 million.

Liquidity and Capital Resources

Grande Cache Coal held cash and cash equivalents of \$17.1 million at March 31, 2011, a decrease of \$70.3 million from March 31, 2010. In fiscal 2010, the Corporation had an increase in cash position of \$19.4 million.

Operating activities during the current fiscal year generated \$52.7 million in cash compared to \$73.7 million in fiscal 2010. Cash generated prior to changes in non-cash working capital was \$63.1 million in the current fiscal year, up from \$46.6 million in fiscal 2010, due in part to higher coal prices which led to an increase in net income. Changes in non-cash working capital included a \$19.2 million increase in accounts receivable, as a result of sales that occurred late in the fiscal year, and an \$8.7 million decrease in prepaid expenses and deposits.

Financing activities resulted in a cash decrease of \$17.4 million during the current fiscal year, in contrast to a cash increase of \$3.3 million in fiscal 2010. Financing activities included payments towards capital lease obligations of \$21.8 million, as well as proceeds from a mortgage loan and the exercise of share options for \$2.4 million and \$2.0 million, respectively. In fiscal 2010, the Corporation entered into a sales-leaseback agreement for a Hitachi EX5500 hydraulic excavator, which resulted in cash proceeds of \$10.7 million, and made payments of \$8.4 million towards capital lease obligations.

Investing activities during the current fiscal year led to a cash decrease of \$104.4 million, compared to \$53.2 million in fiscal 2010. Capital additions during the year totaled \$105.4 million (fiscal 2010 - \$47.2 million) and consisted of the additions to land, buildings and equipment of \$57.2 million (fiscal 2010 - \$35.3 million) and the development of mineral properties for \$48.2 million (fiscal 2010 - \$12.0 million), the majority of which related to No. 8 pit development. Expenditures for No. 8 pit development were higher than anticipated due to challenging operating, topographical and geological conditions.

During fiscal 2011, the Corporation acquired mining equipment through capital lease agreements amounting to \$70.3 million (US\$69.1 million). The additional mining equipment included haul trucks, electric drills, a loader, dozers and an electric shovel.

Grande Cache Coal has an agreement with HSBC Bank Canada to provide the Corporation with a credit facility up to \$28 million, which can be utilized to meet financial liabilities, and the ability to enter into foreign exchange hedging arrangements. The balance owing on the operating credit facility at March 31, 2011 was nil, however availability on the facility was reduced by approximately \$0.6 million due to the Corporation entering into foreign exchange forward contracts. At March 31, 2011, the Corporation had a series of foreign exchange forward contracts to sell a total of US\$32 million at an average rate of 1.06. 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 during fiscal 2012. The Corporation expects that fiscal 2012 capital expenditures will be funded by existing cash and cash flow from operations.

Grande Cache Coal anticipates that its coal inventory and coal production will be sufficient to meet

anticipated coal sales volumes for fiscal 2012. At March 31, 2011, the Corporation had \$27.6 million in coal inventory, compared to \$28.0 million at the end of previous fiscal year.

The Corporation did not have any off-balance sheet financing structures in place at March 31, 2011. At March 31, 2011, the Corporation had long term liabilities for asset retirement obligations with a present value of \$14.2 million, future income tax liabilities of \$27.3 million and capital lease obligations of \$64.4 million. Grande Cache Coal's asset retirement obligations are covered by letters of credit totaling \$12.7 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.

Under contracts existing at March 31, 2011, future minimum undiscounted amounts payable under these agreements were:

(\$ millions) Payments Due by Period

Contractual Obligations					
Total Less than 1 year	1-3				
years 4-5					
years After					
5 years					
Operating Leases	3.4	0.9	1.5	0.8	0.2
Capital Leases	90.8	18.7	38.6	31.4	2.1
Total Contractual Obligations	94.2	19.6	40.1	32.2	2.3

Fiscal 2011 Fourth Quarter

Three months ended		
March 31		
(\$ millions, except per share amounts)	2011	2010
Statement of Net Income and Comprehensive Income		
Revenue	67.3	50.7
Cost of sales	52.3	40.7
Income from operations	5.6	1.0
Net income and comprehensive income	5.1	1.4
Basic net income per share	0.05	0.01
Diluted net income per share	0.05	0.01

Three months ended		
March 31		
2011	2010	
Statistics		
Clean coal production (millions of tonnes)	0.39	0.54
Coal sales (millions of tonnes)	0.37	0.43
Average sales price (US\$/tonne)	192	120
Average sales price (\$/tonne)	181	118
Average cost of product sold (\$/tonne)	114	66
Average distribution cost (\$/tonne)	27	28
Average cost of sales (\$/tonne)	141	94

Grande Cache Coal earned net income of \$5.1 million during the fourth quarter of fiscal 2011 compared to net income of \$1.4 million in the same period last fiscal year. Income from operations was \$5.6 million during the quarter, up from \$1.0 million in the fourth quarter of fiscal 2010.

Coal sold during the three months ended March 31, 2011 was 0.37 million tonnes at an average price of \$181 per tonne, generating revenue of \$67.3 million. In the fourth quarter of fiscal 2010 the Corporation sold 0.43 million tonnes of coal at an average price of \$118 per tonne generating revenue of \$50.8 million. Despite the reduction in sales volume, fourth quarter revenue was 31% higher than comparable period last year due to higher coal prices. Fourth quarter sales volumes were lower due to a decrease in clean coal production volumes. Metallurgical coal accounted for 93% of the fourth quarter sales volumes and realized an average price of \$189 per tonne (US\$192 per tonne). The remaining sales volumes related to thermal

coal sales.

Cost of sales was \$52.3 million, or \$141 per tonne, in the fourth quarter compared to \$40.7 million, or \$94 per tonne, in the same period last year. The cost of sales in the current quarter consisted of cost of product sold of \$42.2 million (\$114 per tonne) and distribution costs of \$10.1 million (\$27 per tonne). In the comparable quarter of fiscal 2010, the cost of product sold was \$28.8 million (\$66 per tonne) and distribution costs were \$11.9 million (\$28 per tonne).

The fourth quarter unit cost of product sold was substantially higher than last year due to lower production volumes, a lower plant yield and a higher strip ratio. In addition, higher operating costs, which include contractor services, wages, materials and supplies, were incurred during the current year's fourth quarter. The distribution unit cost in the fourth quarter of fiscal 2011 remained relatively constant from the same period last year.

Depreciation, depletion and accretion expenses were \$5.9 million in the fourth quarter, compared to \$6.5 million in the same period last year. The slight decrease was primarily caused by lower coal production in the current quarter.

Summary of Quarterly Results

(millions, except per unit amounts)	2011 Q4	Q3	Q2	Q1
Clean coal production (tonnes)	1.41	0.39	0.32	0.33
Coal sales (tonnes)	1.55	0.37	0.29	0.44
Average sales price (US\$/tonne)	173	192	179	177
Average sales price (\$/tonne)	172	180	174	185
Average cost of sales (\$/tonne)	127	141	134	125

Revenue (\$)	268.1	67.3	50.6	81.2	69.0
Income from operations (\$)	34.7	5.6	3.9	16.6	8.5
Net income (\$)	27.7	5.1	4.5	14.1	4.0
Basic net income per share(\$)	0.28	0.05	0.05	0.15	0.04
Diluted net income per share (\$)	0.28	0.05	0.05	0.14	0.04

(millions, except per unit amounts)	2010 Q4	Q3	Q2	Q1
Clean coal production (tonnes)	1.74	0.54	0.42	0.43
Coal sales (tonnes)	1.77	0.43	0.47	0.36
Average sales price (US\$/tonne)	125	120	131	120
Average sales price (\$/tonne)	132	118	134	124
Average cost of sales (\$/tonne)	100	94	106	84

Revenue (\$)	232.5	50.7	62.4	44.8	74.6
Income from operations (\$)	26.7	1.0	5.5	9.5	10.7
Net income (\$)	20.1	1.4	4.3	9.3	5.1
Basic net income per share(\$)	0.21	0.01	0.04	0.10	0.05
Diluted net income per share (\$)	0.20	0.01	0.04	0.09	0.05

Clean coal production during fiscal 2011 was lower than fiscal 2010, largely due to the transition in surface mining areas. In fiscal 2010, surface mining occurred in No. 12B2 pit, where the Corporation had been mining since 2004. Late in the third quarter of fiscal 2010, the Corporation received regulatory approval to mine in No. 8 surface pit and road construction and initial development activities commenced immediately. Development work in No. 8 pit continued throughout the fourth quarter of fiscal 2010 as mining activities were beginning to wind down in No. 12B2 pit. In the first quarter of fiscal 2011, operations were completed in No. 12B2 pit, during which time mining conditions were difficult leading to lower productivity and an increase in unit costs. During the second quarter of fiscal 2011 the Corporation began producing coal from the first phase of development in No. 8 pit, however challenging operating conditions led to lower than expected production volumes. Challenging mining conditions in No. 8 pit continued into the second and third quarters of fiscal 2011. Production volumes increased slightly in the final quarter of the current fiscal year as pit development progressed and additional equipment was utilized. During fiscal 2011, challenging operating conditions, a higher strip ratio and a lower plant yield contributed to lower clean coal production volumes from No. 8 pit resulting in higher unit costs. Also contributing to the cost increase were higher repair and maintenance costs and increases in external contractor services.

Lower coal production volumes during fiscal 2011 resulted in lower sales volumes compared to fiscal 2010. The average US dollar sales price increased throughout fiscal 2011 reflecting an increase in contract price settlements compared to the preceding coal year when contract prices were negotiated during the global

economic downturn. There was also a tightening of the market in fiscal 2011 due to flooding in Australia combined with strong demand for hard coking coal, which led to higher benchmark price settlements. During fiscal 2011, the Canadian dollar strengthened in relation to the US dollar, most significantly in the fourth quarter of fiscal 2011, which had an adverse impact on the Canadian sales price.

Outlook

As previously announced in April 2011, the Corporation anticipates coal sales volumes for fiscal 2012 in the range of 2.2 to 2.4 million tonnes. The anticipated sales volumes are based on an updated operational plan that reflects fiscal 2011 experience in the surface mine where mining conditions were more challenging than expected resulting in lower production volumes in the initial stages of mining. Metallurgical coal is expected to account for approximately 90% of the total sales volumes while thermal coal will account for the remainder. Sales volumes are contingent upon the Corporation achieving anticipated production levels and being provided with adequate rail and port services.

For fiscal 2012, approximately 80% of the annual sales volume will be sold under quarterly or spot pricing arrangements, which is consistent with industry practice. A small portion of traditional annual priced contracts remain in place. Benchmark contract price settlements for the first quarter of fiscal 2012 for the highest quality metallurgical coal are approximately US\$330 per tonne. However, the average selling price of metallurgical coal for Grande Cache Coal in the first quarter of fiscal 2012 is expected to be US\$230 to US\$240 per tonne due to the impact of carryover tonnage and shipments on annual contracts.

While expected to vary from quarter to quarter, the average cash cost of sales for fiscal 2012 is anticipated to be \$125 to \$130 per tonne, similar to the range of costs incurred in fiscal 2011. Unit cost improvements anticipated from an increase in sales volumes in fiscal 2012, are being offset by cost increases from a higher strip ratio, longer waste haul distances, as well as increases in mining input costs and other costs such as third party contractor services. An escalation in mining input costs or lower than expected production and sales levels would have a negative impact on the anticipated cost of sales in fiscal 2012.

Fiscal 2012 capital additions are anticipated to be approximately \$80 million. This includes development expenditures for the surface and underground mining operations, upgrades and refurbishments at the process plant, employee housing projects and other sustainable capital expenditures. Capital expenditures are expected to be funded by existing cash and cash flow from operations.

Grande Cache Coal Corporation

Consolidated Balance Sheets
As at March 31

(thousands of Canadian dollars)

2011	2010
Assets	
Current assets	
Cash and cash equivalents	\$ 17,136 \$ 87,436
Restricted cash	12,908 13,499
Accounts receivable	31,287 12,483
Inventory	34,244 33,999
Prepaid expenses and deposits	399 9,114
Future income taxes	- 232
	95,974 156,763
Capital assets	338,405 180,935
	\$ 434,379 \$ 337,698
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	\$ 29,496 \$ 25,716
Current portion of capital lease obligations	14,447 6,744
Future income taxes	891 -
	44,834 32,460
Asset retirement obligations	14,217 8,801
Capital lease obligations	64,390 27,515
Future income taxes	27,319 18,102
	150,760 86,878
Shareholders' equity	

Share capital 199,810 196,232
 Contributed surplus 5,437 3,945
 Retained earnings 78,372 50,643
 283,619 250,820
 \$ 434,379 \$ 337,698

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

Three months ended

March 31 Twelve months ended

March 31

2011 2010 2011 2010

Revenue \$ 67,268 \$ 50,764 \$ 268,103 \$ 232,530
 Expenses
 Cost of product sold 42,168 28,787 157,019 127,198
 Distribution 10,093 11,889 40,289 49,736
 General and administrative 3,465 2,616 11,762 9,960
 Depreciation, depletion and accretion 5,948 6,496 24,381 18,980
 61,674 49,788 233,451 205,874

Income from operations 5,594 976 34,652 26,656

Other income (expenses)

Foreign exchange gains 2,351 2,705 6,839 2,510
 Interest and other income 158 172 505 491
 Interest and other expenses (351) (586) (1,644) (1,017)
 Income before taxes 7,752 3,267 40,352 28,640

Taxes

Current tax expense (599) (396) (2,283) (1,847)
 Future income taxes expense (2,019) (1,452) (10,340) (6,686)
 Net income and comprehensive income 5,134 1,419 27,729 20,107

Retained earnings, beginning of period 73,238 49,224 50,643 30,536
 Retained earnings, end of period \$ 78,372 \$ 50,643 \$ 78,372 \$ 50,643
 Net income per share
 Basic \$ 0.05 \$ 0.01 \$ 0.28 \$ 0.21
 Diluted \$ 0.05 \$ 0.01 \$ 0.28 \$ 0.20

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

Three months ended

March 31 Twelve months ended

March 31

2011 2010 2011 2010

Cash provided by (used for)

Operating activities

Net income and comprehensive income \$ 5,134 \$ 1,419 \$ 27,729 \$ 20,107

Items not affecting cash:

Stock-based compensation 898 355 3,033 1,312
 Unrealized foreign exchange (gains) loss (1,269) (861) (2,447) 2,517
 Unrealized losses (gains) on foreign exchange forward contracts 422 (285) 167 (3,024)
 Future income taxes 2,019 1,452 10,340 6,686
 Depreciation, depletion and accretion 5,948 6,496 24,381 18,980
 Settlement of asset retirement obligations (6) - (135) -
 13,146 8,576 63,068 46,578
 Net change in non-cash working capital items (5,705) (5,088) (10,350) 27,087
 7,441 3,488 52,718 73,665

Financing activities

Proceeds on exercise of options 40 445 2,037 962
 Payment on capital lease obligations (7,416) (1,665) (21,839) (8,361)

Proceeds from mortgage loan 2,400 - 2,400 -
Net proceeds from capital lease financings - - - 10,729
(4,976) (1,220) (17,402) 3,330
Investing activities
Additions to mineral properties and development (10,719) (9,140) (48,158) (11,961)
Additions to land, buildings and equipment (14,821) (4,939) (57,220) (35,279)
Restricted cash - (1,489) 591 (5,059)
Net change in non-cash working capital relating to investing activities 179 667 399 (885)
(25,361) (14,901) (104,388) (53,184)
Effect of foreign exchange on cash and cash equivalents (474) (402) (1,228) (4,410)
(Decrease) increase in cash and cash equivalents (23,370) (13,035) (70,300) 19,401
Cash and cash equivalents, beginning of period 40,506 100,471 87,436 68,035
Cash and cash equivalents, end of period \$ 17,136 \$ 87,436 \$ 17,136 \$ 87,436

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 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".

All references are to Canadian dollars unless otherwise indicated.

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; and funding sources for the capital expenditure program in fiscal 2012.

These forward-looking statements are based on certain key assumptions regarding, among other things: no material disruption in production; 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; 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.

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: 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. Many of these risk factors and uncertainties are discussed in Grande Cache Coal's Annual Information Form, Grande Cache Coal's Management's Discussion and Analysis and other documents Grande Cache Coal files with the 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 law.

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

Contact Information

Grande Cache Coal Corporation
Ian Bootle
Vice President, Finance and Chief Financial Officer
(403) 543-7070
www.gccoal.com

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