

Grande Cache Coal Corporation Announces First Quarter Fiscal 2012 Financial and Operating Results

16.08.2011 | [Marketwired](#)

CALGARY, ALBERTA -- ([Marketwire](#) - Aug. 15, 2011) - [Grande Cache Coal Corporation](#) (TSX: GCE) ("Grande Cache Coal" or the "Corporation") today announced its financial and operating results for the three months ended June 30, 2011. The Corporation's unaudited interim consolidated financial statements and related management's discussion and analysis for its quarter ended June 30, 2011 are available at www.sedar.com and the Corporation's website at www.gccoal.com.

Highlights

- Grande Cache Coal earned income of \$7.2 million, or \$0.07 per basic and diluted share during the first quarter of fiscal 2012, compared to income of \$4.2 million, or \$0.04 per basic and diluted share, in the same period last fiscal year. Profit from operations was \$10.4 million versus \$8.4 million in the first quarter last fiscal year.
- Coal sales volumes during the three months ended June 30, 2011 were 0.39 million tonnes, versus 0.45 in the same period last year. Mechanical issues at the port 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.
- Revenue generated during the first quarter of fiscal 2012 was \$79.7 million, compared to \$69.0 million in the comparable period of fiscal 2011. The average sales price of metallurgical coal during the quarter was \$220 per tonne (US\$227 per tonne), up from \$158 per tonne (US\$154 per tonne) in the first three months of last year. The increase in price reflects higher US dollar contract price settlements during the current quarter offset somewhat by a lower exchange rate due to a weaker US dollar in relation to the Canadian dollar. The current quarter also includes and a portion of carryover tonnage from fiscal 2011, which was contracted at lower prices, as well as shipments under annual price contracts.
- First quarter cost of sales, excluding depreciation, was \$59.7 million, or \$152 per tonne, compared to \$56.7 million, or \$113 per tonne in the same period last year. Unit cost of sales during the quarter were influenced by early stage mining conditions in the No. 8 pit together with a higher strip ratio and lower plant yield than that which is expected for the life of the pit. There were also higher costs incurred for internal labour, contractor services, supplies and consumables.
- As previously announced, Grande Cache Coal received the amended mine permit and a new mine license necessary to commence development of its new No. 12 South B2 underground operation. Development work began in August and production from the new underground operation is expected to commence during the third quarter of fiscal 2012, which begins October 1, 2011.
- The Corporation has adopted International Financial Reporting Standards ("IFRS") and has prepared its financial statements and comparative results for the quarter ended June 30, 2011 in accordance with IFRS. The Corporation's accounting policies, financial statement presentation and financial statement terminology differ from that used in previously issued financial statements and new releases. Information about the conversion to IFRS is available further in the Corporation's unaudited interim consolidated financial statements and related management's discussion and analysis for its quarter ended June 30, 2011.

Fiscal 2012 Update

- The Corporation anticipates that coal sales volumes for fiscal 2012 will be on the low end of its projected range of 2.2 to 2.4 million tonnes. The No. 8 surface pit continues to be in the early stages of production and coal volumes are being impacted by tight mining conditions and a higher strip ratio than that which is expected over the life of the pit.
- Industry benchmark pricing for metallurgical coal for the second quarter of fiscal 2012 was settled at

US\$315 per tonne. The Corporation expects that its average metallurgical coal sales price for the second quarter will be in the range of US\$255 to US\$265 per tonne, which includes shipments contracted at annual prices and trial shipments to potential new customers.

- The unit cost of product sold during the first quarter was higher than anticipated due to the impact of the initial mining conditions in the No. 8 pit operations. As a result, the Corporation anticipates that the average unit cash cost of sales (excluding depreciation) for fiscal 2012 will be on the high end of the current guidance of \$125 to \$130 per tonne.

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

“Production levels at the No. 8 surface area are expected to steadily increase over the remaining three quarters of fiscal 2012. Virtually all of the initial development and infrastructure work required in the pit has been completed and we can now focus on production” said Robert Stan, President and Chief Executive Officer. “Increased production from the No. 8 pit will be a significant factor in our ability to reach our goal of increasing our annual production to a target rate of 3.5 million tonnes by the end of fiscal 2013.”

Financial Overview

(\$ millions)	As at June 30 2011	As at March 31 2011
Balance Sheet		
Cash and cash equivalents	21.1	17.1
Total assets	438.8	433.2
Long-term liabilities	105.8	106.8
Shareholders' equity	291.0	282.5
		Three months ended
		June 30
(\$ millions, except per share amounts)	2011	2010
Statement of Income and Comprehensive Income		
Revenue	79.7	69.0
Gross profit	14.2	11.0
Income and comprehensive income	7.2	4.2
Basic and diluted earnings per share	0.07	0.04
		Three months ended
		June 30
	2011	2010
Operating results		
Clean coal production (millions of tonnes)	0.41	0.37
Coal sales (millions of tonnes)	0.39	0.45
Average sales price		
Metallurgical coal (US\$/tonne)	227	154
All coal products (\$/tonne)	203	152
Average cost of sales (\$/tonne)		
Cost of product sold	125	87
Distribution costs	27	26
Depreciation	15	15

Revenue

First quarter revenue was \$79.7 million, up from \$69.0 million in the same three month period of last fiscal year. The 15% increase was due to higher sales prices as coal sales volumes were lower at 0.39 million tonnes, compared to 0.45 million tonnes in the same period last year. First quarter sales volumes were impacted by an equipment malfunction at Westshore Terminals in the latter part of June and shipping delays, which 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 average sales price of metallurgical coal during the first quarter was US\$227 per tonne (\$220 per tonne)

compared to US\$154 per tonne (\$158 per tonne) in the same period last year. The higher price during the current quarter reflects an increase in contract price settlements compared to last year, reduced somewhat by a portion of lower priced annual contracts and a portion of carryover tonnage from fiscal 2011. The average exchange rate for converting US denominated sales into Canadian dollars during the first quarter was 0.98 compared to 1.03 in the first three months of fiscal 2011, thus having a negative impact on the average Canadian sales price. During the first quarter, the Corporation began selling a coal product that is extracted during the processing of raw coal into clean coal products. This recycled coal product is not included in the Corporation's total sales volumes however the sales are recognized as thermal coal revenue. The average sales price achieved from all coal products was \$203 per tonne during the first quarter representing a 33% increase over \$152 per tonne in the same period last year.

Cost of Sales

Cost of sales during the first quarter was \$65.6 million and consisted of cost of product sold of \$49.2 million, distribution costs of \$10.5 million and depreciation of \$5.9 million.

The unit cost of product sold was \$125 per tonne during the first quarter compared to \$87 per tonne in the comparable period. The unit cost of product sold during the current quarter 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, both of which resulted in lower than anticipated clean coal production volumes. 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.

The unit distribution cost in the first quarter was \$27 per tonne compared to \$26 per tonne in the first three months of fiscal 2011. The unit cost of depreciation was \$15 per tonne during the first quarter of both the current and previous fiscal years.

Other Income and Expenses

General and administrative expenses were \$3.9 million during the quarter, up from \$2.6 million in the comparable period. Included in the general and administrative expenses were head office administrative and marketing charges of \$2.5 million (fiscal 2011 - \$2.0 million) and non-cash charges for share-based payments of \$1.4 million (fiscal 2011 - \$0.6 million).

Finance income mainly relates to interest earned on cash and restricted cash. Finance expense was \$0.8 million during the first quarter of fiscal 2012 and included accretion on restoration provisions and interest paid on finance lease obligations.

The Corporation realized a net foreign exchange gain of \$0.4 million during the first quarter compared to a net foreign exchange loss of \$2.7 million in the same period last fiscal year. Included in the net foreign exchange loss in fiscal 2011 was an unrealized loss of \$3.8 million related to foreign exchange forward contracts.

Taxes

Income tax expense was \$2.9 million for the current quarter compared to \$1.4 million in the same period last year mainly due to higher profit before tax.

Liquidity and Capital Resources

At June 30, 2011, Grande Cache Coal had cash and cash equivalents of \$21.1 million. The Corporation's cash position increased by \$4.0 million during the first quarter compared to a \$15.4 million decrease in the same period last fiscal year.

Operating activities during the first quarter provided \$25.1 million in cash, up from \$19.0 million in the same period last year. The difference was partially due to a net change in non-cash working capital relating to operating activities amounting to \$4.6 million, compared to \$1.4 million in the first quarter of fiscal 2011, the majority of which related to a significant increase in accounts receivable due to the timing of sales. Higher income in the first quarter of fiscal 2012, compared to fiscal 2011, also contributed to increased cash generation.

Financing activities during the current quarter included finance lease payments of \$3.5 million. Interest paid

on borrowings, the majority of which related to finance lease obligations, was \$1.2 million compared to \$0.6 million in the same period last year.

Investing activities resulted in a cash decrease of \$16.3 million in the first quarter, compared to \$31.0 million in the comparable period. Capital expenditures accounted for the majority of the investing activities and included the addition of buildings and equipment as well as the development of mineral assets.

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. At June 30, 2011, the Corporation had a foreign exchange forward contract to sell US\$8 million at an exchange rate of 1.06. This contract matured in July 2011 and there are currently no further contracts outstanding.

The Corporation believes that its existing cash, cash flow from operations and credit facility will be sufficient to fund ongoing working capital requirements during fiscal 2012. The Corporation expects that capital expenditures 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 customer requirements during fiscal 2012. At June 30, 2011, the Corporation had \$29.7 million in coal inventory, compared to \$27.6 million at March 31, 2011.

The Corporation did not have any off-balance sheet financing structures in place at June 30, 2011. Long term liabilities of the Corporation include restoration provisions with a present value of \$14.8 million, finance lease obligations of \$60.3 million and deferred income tax liabilities of \$30.7 million. Grande Cache Coal's restoration provision is 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.

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

(\$ millions) Payments Due by Period

Contractual Obligations

Total Less than 1 year 1-3

years 4-5

years After

5 years

Operating Leases 3.3 0.9 1.5 0.7 0.2

Capital Leases 85.7 18.6 36.8 29.2 1.1

Total Contractual Obligations 89.0 19.5 38.3 29.9 1.3

International Financial Reporting Standards

International Financial Reporting Standards ("IFRS") replaced Canadian generally accepted accounting principles ("GAAP") effective January 1, 2011 for publicly accountable enterprises. As such, the Corporation adopted IFRS on April 1, 2011, which is the beginning of the Corporation's fiscal year. However, because the Corporation's comparative financial information for the prior fiscal year (twelve months ended March 31, 2011) must also be prepared in accordance with IFRS, the effective transition date was April 1, 2010. The three months ended June 30, 2011 is the Corporation's first filing of IFRS compliant financial statements.

The Corporation's conversion approach consisted of three phases: 1) Diagnostic, 2) Evaluation and Development, and 3) Implementation. The Corporation has completed all three phases of the conversion project and will continue to monitor any new or proposed changes to IFRS.

IFRS employs a conceptual framework, composed of accounting principles, that is similar to Canadian GAAP. The adoption of IFRS has resulted in changes to the Corporation's reported consolidated statements of financial position and consolidated statements of income and comprehensive income. The transition to IFRS did not have a significant effect on the Corporation's business activities, key performance measures or information systems.

a. Reconciliation of equity

The following is a reconciliation of the Corporation's equity reported in accordance with Canadian GAAP to its equity in accordance with IFRS as at April 1, 2010 ("transition date"), June 30, 2010 and March 31, 2011:
 As at
 March 31 As at
 June 30 As at
 April 1
 (in thousand of Canadian dollars) Notes 2011 2010 2010

As reported under Canadian GAAP \$ 283,619 \$ 255,244 \$ 250,820
 Differences increasing (decreasing) reported amount:
 Restoration provision (i) 501 25 (511)
 Property, plant and equipment (iii) (1,626) (738) (650)
 (1,125) (713) (1,161)
 As reported under IFRS \$ 282,494 \$ 254,531 \$ 249,659

b. Reconciliation of income and comprehensive income

The following is a reconciliation of the Corporation's income and comprehensive income in accordance with Canadian GAAP to its income and comprehensive income in accordance with IFRS for the three months ended June 30, 2010 and for the twelve months ended March 31, 2011:
 Twelve months ended March 31 Three months ended June 30
 (in thousand of Canadian dollars) Notes 2011 2010

As reported under Canadian GAAP \$ 27,729 \$ 3,951
 Increase (decrease) in reported amount:
 Restoration provision (i) 408 98
 Share-based payment (ii) (2,351) (203)
 Depreciation (iii) (361) 499
 Income tax expense (iv) (11) (149)
 (2,315) 245
 As reported under IFRS \$ 25,414 \$ 4,196

c. Explanatory notes

The following explanatory notes describe the adjustments to the Corporation's equity and income and comprehensive income arising from the adoption of IFRS.

i. Restoration provision

IFRS does not have a specific accounting standard for restoration provisions. Under IFRS these provisions are included in IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. IFRS is more encompassing in that it requires that constructive obligations be included in the recognition of a liability. IFRS also differs in that estimates of future cash flows use a discount rate that is no longer credit adjusted. On a go-forward basis, IFRS requires that the provision be re-measured at each reporting date.

As a result of these differences, as at April 1, 2010 the Corporation recorded an adjustment to increase the restoration provision asset by \$389 thousand and increase the restoration provision liability by \$1,070 thousand, resulting in a net of tax adjustment that decreased equity by \$511 thousand at the transition date. As at June 30, 2010, the Corporation recorded an increase in the restoration provision asset and liability of \$1,404 thousand and \$1,372 thousand, respectively, with a corresponding net of tax increase in equity of \$25 thousand. As at March 31, 2011, the IFRS adjustments include an increase in restoration provision asset of \$1,004 thousand and an increase in the restoration provision liability of \$336 thousand resulting in a net of tax increase in equity of \$501 thousand.

ii. Share-Based Payment

Under previous Canadian GAAP, the Corporation expensed stock option awards granted to employees in an amount equal to the fair value of the equity instrument amortized on a straight-line basis over the respective vesting period. IFRS 2 Share-based Payment ("IFRS 2") requires that each tranche with a different vesting date be accounted for as a separate option grant. In addition, IFRS 2 requires graded vesting be used in accounting for option expenses and requires the estimate of forfeitures. The Corporation has elected the IFRS 1 exemption and has not applied IFRS 2 to equity instruments that were granted after November 7, 2002 and vested before April 1, 2010. The Corporation continues to use the Black-Scholes option pricing

model to fair value its equity instruments.

The effect of the change to IFRS resulted in an increase to contributed surplus and a reduction to retained earnings at the date of transition of \$736 thousand as well as an increase in share-based payments expense of \$203 thousand for the three months ended June 30, 2010 and \$2,351 thousand for the twelve months ended March 31, 2011.

iii. Property, plant and equipment

Under previous Canadian GAAP, carrying amounts of property, plant and equipment ("PP&E") were derecognized when no future economic benefits were expected from their use. Under IFRS, this derecognition of assets occurs at the component level. The Corporation recorded the significant parts or components of its PP&E and depreciated them separately, which resulted in a decrease to equity of \$650 as at April 1, 2010, \$738 as at June 30, 2010 and \$1,626 as at March 31, 2011.

iv. Income tax expense

The Corporation recorded the tax impact on the IFRS adjustments for the restoration provision and property, plant and equipment disclosed above. For the three months ended June 30, 2010 and for the year ended March 31, 2011, the Corporation increased its income tax expense by \$149 thousand and \$11 thousand, respectively.

d. Changes to financial statement presentation

At the transition date, the Corporation made changes to the presentation of its financial statements. Below is the summary of the changes to the Corporation's consolidated statements of income and comprehensive income and consolidated statements of financial position.

Coal royalties - under Canadian GAAP the Corporation presented the Alberta Coal Royalty as a current tax expense on the income statement. IFRS requires judgment in determining whether royalties paid to government are considered a resource tax expense as payments to government should be classified in accordance with the substance of the transaction. The Corporation has determined that the current coal royalties payable to the Alberta Government will no longer be classified as a tax expense and has elected to classify them as a cost of sales.

Cost of sales - under IFRS, the Corporation must present expenses on the consolidated statement of income by either function or nature. The Corporation has chosen to present expenses by function, as a result, the cost of sales includes cost of product sold, distribution costs and depreciation on its consolidated statements of income and comprehensive income.

Finance expense - under IFRS, finance costs include interest expense on finance leases, accretion expense for restoration provisions and other finance expenses. Accretion expense was previously included in depreciation, depletion and accretion while interest expense on finance leases was presented as interest and other expenses.

Deferred income tax assets and deferred income tax liabilities - under Canadian GAAP, deferred income tax assets and deferred income tax liabilities were classified between current and non-current based on the classification of the underlying assets and liabilities that gave rise to the differences. IFRS requires that all deferred taxes are classified as non-current, irrespective of the classification of the underlying assets or liabilities to which they relate, or the expected reversal of the temporary difference. The Corporation reclassified its current deferred income tax assets to deferred income tax assets (non-current) and its deferred income tax liabilities (current) to deferred income tax liabilities (non-current).

e. Adjustments to the statement of cash flows

The transition from previous Canadian GAAP to IFRS had no significant impact on the statement of cash flows generated by the Corporation except that, under IFRS, cash flows relating to interest are classified as operating, investing or financing in a consistent manner each period. Under Canadian GAAP, cash flows relating to interest payments were classified as an operation activity. The Corporation has elected to reclassify interest expenses on finance leases under financing activities.

The notes to the Corporation's unaudited interim consolidated financial statements for the quarter ended June 30, 2011 provide additional details on the key Canadian GAAP to IFRS differences, First-Time Adoption of International Financial Reporting Standards, optional exemptions elected, and the Corporation's accounting policy choices under IFRS.

Accounting standards issued but not yet applied

IFRS 9 Financial Instruments ("IFRS 9"), as issued reflects the first phase of the IASB's work on the replacement of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. The Corporation has not yet assessed the impact of the adoption of IFRS 9 on its financial statements.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Corporation: IFRS 10, Consolidated Financial Statements ("IFRS 10"), IFRS 11, Joint Arrangements ("IFRS 11"), IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12") and IFRS 13, Fair Value Measurement ("IFRS 13"). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Corporation has not yet assessed the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

A brief summary of the new standards is as follows.

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation-Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities, Non-Monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurement and in many cases does not reflect a clear measurement basis or consistent disclosures.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the Corporation's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The Corporation's CEO and CFO have designed, or caused to be designed under their supervision, internal control over financial reporting to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements for external purposes in accordance with the IFRS. The Corporation is required to disclose herein any change in the Corporation's internal control over financial reporting that occurred during the period beginning on April 1, 2011 and ended on June 30, 2011, that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting. No material changes in the Corporation's internal control over financial reporting were identified during such period that has materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

It should be noted that a control system, including the Corporation's disclosure and internal controls and

procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Summary of Quarterly Results

Fiscal 2012 Fiscal
 2011 Fiscal
 2010 (1)
 (millions, except per unit amounts) Q1 Q4 Q3 Q2 Q1 Q4 Q3 Q2
 Clean coal production (tonnes) 0.41 0.39 0.32 0.33 0.37 0.54 0.42 0.43
 Coal sales (tonnes) 0.39 0.37 0.29 0.44 0.45 0.43 0.47 0.36
 Average sales price:
 Metallurgical coal (US\$/tonne) 227 192 189 186 154 120 131 120
 All coal products (CDN\$/tonne) 203 180 174 185 152 118 134 124
 Cost of product sold (\$/tonne) 125 115
 114 100 87
 116
 123
 99
 Distribution costs (\$/tonne) 27 27 21 27 26 28 30 27
 Depreciation (\$/tonne) 15 17 17 15 15 15 9 8

Revenue (\$) 79.7 67.3 50.6 81.2 69.0 50.7 62.4 44.8
 Gross profit (\$) 14.2 8.4 6.3 18.7 11.0 0.1 5.1 9.2
 Income (\$) 7.2 4.4 3.7 13.2 4.2 1.4 4.3 9.3
 Basic earnings per share (\$) 0.07 0.04 0.04 0.14 0.04 0.01 0.04 0.10
 Diluted earnings per share (\$) 0.07 0.04 0.04 0.13 0.04 0.01 0.04 0.09

(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 during the first quarter increased slightly from the prior quarters as development of No. 8 pit progressed. Surface mining conditions continue to be challenging due to tight mining areas and a higher strip ratio. The underground mining operation has been achieving or exceeding production targets. First quarter coal sales remained stable from the previous quarter, although they were impacted by vessel loading delays that occurred late in June causing 70,000 tonnes to be delayed until July. The price of metallurgical coal continues to increase from previous quarters due to strong market demand. Flooding in Australia, combined with continued demand from traditional steelmaking markets, has led to higher benchmark price settlements. Challenging surface pit mining conditions, a higher strip ratio and a lower plant yield contributed to lower than expected clean coal production volumes from No. 8 pit resulting in a higher unit cost of product sold. Also contributing to the increasing cost of product sold were higher costs for internal labour, contractor services, supplies and consumables.

Outlook

The Corporation anticipates that coal sales volumes for fiscal 2012 will be on the low end of its projected range of 2.2 to 2.4 million tonnes. The No. 8 surface pit continues to be in the early stages of production and coal volumes are being impacted by tight mining conditions and a higher strip ratio than that which is expected over the life of the pit. The initial stages of mining have also resulted in a higher proportion of oxidized coal, which is being sold as thermal coal. Metallurgical coal is expected to account for approximately 90% of the total anticipated sales volumes in fiscal 2012 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.

Approximately 80% of the fiscal 2012 annual sales volumes are expected to be sold under quarterly or spot pricing arrangements, which is consistent with industry practice. A portion of traditional annual priced contracts also remain in place. For the quarter commencing July 1, 2011, benchmark contract price settlements for the highest quality metallurgical coal are approximately US\$315 per tonne. The Corporation anticipates its average selling price of metallurgical coal for the second quarter of fiscal 2012 to be approximately US\$255 to US\$265 per tonne due to the impact of annual contracts and trial shipments to potential new customers.

The unit cost of product sold during the first quarter was higher than anticipated due to the impact of the initial mining conditions in the No. 8 pit operations. As a result, the Corporation anticipates that the average cash cost of sales (excluding depreciation) for fiscal 2012 will be on the high end of the current guidance of \$125 to \$130 per tonne. Unit costs are being affected 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 and consumables. An escalation in mining input costs or lower than expected production or sales levels would result in higher than anticipated cash cost of sales in fiscal 2012.

Capital additions for fiscal 2012 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 sustaining capital expenditures. Capital expenditures are expected to be funded by existing cash and cash flow from operations.

Grande Cache Coal Corporation
Consolidated Statements of Financial Position
(Unaudited)
June 30 March 31 April 1
(in thousands of Canadian dollars, as at) 2011 2011 2010

Assets

Current assets

Cash and cash equivalents	\$ 21,124	\$ 17,136	\$ 87,436
Restricted cash	12,908	12,908	13,499
Trade and other receivables	17,355	31,287	12,483
Inventories	37,205	34,244	33,999
Prepaid expenses and deposits	2,252	399	9,114
	90,844	95,974	156,531
Property, plant and equipment	347,953	337,240	175,722
Deferred tax assets	-	-	232
Assets classified as held for sale	-	-	4,735
	\$ 438,797	\$ 433,214	\$ 337,220

Liabilities and Equity

Current liabilities

Accounts payable and accrued liabilities	\$ 27,360	\$ 29,496	\$ 25,716
Current portion of finance lease obligations	14,583	14,447	6,744
	41,943	43,943	32,460
Restoration provision	14,797	14,553	9,871
Finance lease obligations	60,325	64,390	27,515
Deferred income tax liabilities	30,686	27,834	17,715
	147,751	150,720	87,561

Equity

Share capital	199,810	199,810	196,232
Contributed surplus	9,920	8,524	4,681
Retained earnings	81,316	74,160	48,746
	291,046	282,494	249,659
	\$ 438,797	\$ 433,214	\$ 337,220

Grande Cache Coal Corporation
Consolidated Statements of Income and Comprehensive Income
(Unaudited)
Three months ended
June 30
(in thousands Canadian dollars, except for per share data) 2011 2010

Revenue	\$ 79,731	\$ 69,033
Cost of sales (65,563)	(58,035)	
Gross profit	14,168	10,998
General and administrative expenses (3,903)	(2,604)	
Other operating income	118	28
Profit from operations	10,383	8,422
Finance income	58	33
Finance expense (795)	35	
Foreign exchange gain (loss)	362	(2,732)
Profit before tax	10,008	5,758
Income tax expense (2,852)	(1,562)	

Income and comprehensive income \$ 7,156 \$ 4,196

Earnings per share
 Basic \$ 0.07 \$ 0.04
 Diluted \$ 0.07 \$ 0.04

Grande Cache Coal Corporation
 Consolidated Statements of Changes in Equity
 (Unaudited)
 (in thousands of Canadian dollars) Share
 capital Contributed surplus Retained earnings Total
 equity

Balance - April 1, 2011	\$ 199,810	\$ 8,524	\$ 74,160	\$ 282,494
Income for the period	- 7,156	7,156		
Share-based payment expense	- 1,396	- 1,396		
Balance - June 30, 2011	\$ 199,810	\$ 9,920	\$ 81,316	\$ 291,046
Balance - April 1, 2010	\$ 196,232	\$ 4,681	\$ 48,746	\$ 249,659
Income for the period	- 4,196	4,196		
Share-based payment expense	- 572	- 572		
Shares issued on exercise of options	182 (78)	- 104		
Balance - June 30, 2010	\$ 196,414	\$ 5,175	\$ 52,942	\$ 254,531

Grande Cache Coal Corporation
 Consolidated Statements of Cash Flows
 (Unaudited)
 Three months ended
 June 30
 (in thousands of Canadian dollars) 2011 2010

Cash flow provided by (used in)

Operating activities		
Income for the period	\$ 7,156	\$ 4,196
Adjustments for:		
Depreciation	5,874	6,540
Unrealized foreign exchange loss	2,502	4,753
Share-based payment expense	1,396	572
Finance expense	795 (35)	
Deferred income tax	2,852	1,562
Gain on sale of property, plant and equipment (10)	-	
Net changes in non-cash working capital	4,578	1,391
Settlement of restoration provision (9)	-	
Net cash flows from operating activities	25,134	18,979
Financing activities		
Payment on finance lease obligations (3,526)	(3,576)	
Repayment of capital loan (19)	-	
Proceeds on exercise of options	- 104	
Interest paid on finance leases and capital loan (1,158)	(554)	
Net cash used in financing activities	(4,703)	(4,026)
Investing activities		
Additions to property, plant and equipment (16,357)	(30,986)	
Proceeds on sale of property, plant and equipment	88	-
Net cash used in investing activities	(16,269)	(30,986)
Effect of foreign exchange on cash and cash equivalents (174)	757	
Net increase (decrease) in cash and cash equivalents	3,988	(15,276)
Cash and cash equivalents, beginning of period	17,136	87,436
Cash and cash equivalents, end of period	\$ 21,124	\$ 72,160

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 timing of production from the new No. 12 South B2 underground operation and anticipated increases in production volumes from No. 8 pit; 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: 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.

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, 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 laws.

Contact Information

Grande Cache Coal Corporation
Ian Bootle
Vice President, Finance and Chief Financial Officer
(403) 543-7070
(403) 543-7092 (FAX)
www.gccoal.com

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/120306--Grande-Cache-Coal-Corporation-Announces-First-Quarter-Fiscal-2012-Financial-and-Operating-Results.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).