

# Grande Cache Coal Corp. Announces Third Quarter Fiscal 2012 Financial and Operating Results and Provides Updated Outlook for Fiscal 2012

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[Grande Cache Coal Corporation](#) (TSX: GCE) ("Grande Cache Coal" or the "Corporation") today announced its financial and operating results for the three and nine months ended December 31, 2011. The Corporation's unaudited interim consolidated financial statements and related management's discussion and analysis for its quarter ended December 31, 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 third quarter earnings were \$4.4 million, or \$0.05 per basic share (\$0.04 per diluted share) compared to earnings of \$3.7 million, or \$0.04 per basic share (\$0.04 per diluted share) in the comparable period of the previous fiscal year. Profit from operations for the three months ended December 31, 2011 was \$3.5 million compared to \$2.7 million from the same period last year.
- Third quarter clean coal production was 0.42 million tonnes, representing a 31% increase over 0.32 million tonnes produced in the comparable period of fiscal 2011. Total coal sold during the third quarter was 0.42 million tonnes compared to 0.29 million tonnes in the same period of the previous year. Metallurgical coal accounted for 86% of the total sales volumes in the current quarter.
- The average selling price for metallurgical coal was US\$235 per tonne during the third quarter, compared to US\$189 per tonne in the comparable period of last year. For the nine months ended December 31, 2011, the average selling price for metallurgical coal was US\$239 per tonne, compared to US\$174 per tonne in the comparable period of last year.
- The new No. 12 South B2 underground operation commenced production during the third quarter as planned. As expected, the No. 7 underground operation was depleted of coal reserves in January 2012, as such all underground equipment and personnel are being transitioned to the No. 12 South B2 underground operation.
- In January 2012, the Corporation acquired additional coal leases from the Government of Alberta covering over 7,000 hectares in the Smoky River Coalfield. Evaluation of the coal resources contained within these additional lease areas is ongoing.
- As previously announced, on October 31, 2011 Grande Cache Coal entered into a definitive agreement (the "Arrangement 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. (the "Purchaser"), a newly formed entity owned by Winsway Coking Coal Holdings Limited ("Winsway") and Marubeni Corporation. The transaction is to be completed by way of a plan of arrangement under the Business Corporations Act (Alberta) (the "Arrangement"). The Grande Cache Coal shareholders overwhelmingly approved the Arrangement at a special shareholders meeting held on January 12, 2012. On February 8, 2012, the Minister of Industry, under the Investment Canada Act (Canada), approved the Arrangement upon the basis that the Arrangement is likely to be of net benefit to Canada. The Arrangement has now been approved by the Court of Queen's Bench of Alberta, the Grande Cache Coal shareholders and the Minister of Industry, under the Investment Canada Act (Canada). Winsway has advised that it has received all necessary approvals of the Hong Kong Stock Exchange required in order for the Purchaser and Grande Cache Coal to complete the Arrangement. Winsway has dispatched its circular to its shareholders in connection with a shareholder meeting to be held on February 28, 2012 at which majority shareholder approval of the Arrangement will be sought. Certain shareholders of Winsway, who beneficially own or exercise control or direction over approximately 51% of the ordinary shares of Winsway, have previously 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 such shareholder meeting. The Corporation has agreed with the Purchaser to extend

the outside closing date to complete the Arrangement from February 28, 2012 until March 6, 2012 in order to provide sufficient time to complete the Arrangement following the Winsway shareholder meeting. Completion of the Arrangement remains conditional on satisfaction of certain conditions precedent to permit the Purchaser to complete Arrangement. Subject to the satisfaction or waiver of these conditions precedent, Grande Cache Coal anticipates that the Arrangement will be completed on or before March 6, 2012. Further details of the Arrangement are described in the Corporation's management information circular dated December 12, 2011 and the Arrangement Agreement, which are available for review at [www.sedar.com](http://www.sedar.com) under the Corporation's profile.

### **Fiscal 2012 Update**

- Continued softening of steel markets has resulted in an easing in the demand and price for metallurgical coal. Additionally, port service is expected to be interrupted during the second half of March as the Corporation's primary export terminal will be installing new equipment. As a result, the Corporation is reducing its annual sales volume outlook for fiscal 2012 to approximately 1.7 million tonnes. Achieving the revised sales volumes is contingent upon 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 in the range of 2.0 to 2.2 million tonnes.

- The Corporation currently anticipates that the average unit cash cost of sales will be \$153 to \$158 per tonne during fiscal 2012. The Corporation had previously anticipated the average unit cash cost of sales would be in the range of \$132 to \$137 per tonne. The increase in unit cost is due to the reduction of anticipated annual sales volumes as well as higher strip ratios and lower raw coal release in No. 8 pit and a lower plant yield.

### **Financial Overview**

(millions of dollars) As at  
 December 31  
 2011 As at  
 March 31  
 2011

## Balance Sheet

Cash and cash equivalents	25.7	17.1
Total assets	483.2	433.2
Long-term liabilities	115.3	106.8
Shareholders' equity	316.7	282.5

## Three months ended

December 31 Nine months ended

December 31

(millions of dollars, except per share amounts) 2011 2010 2011 2010

## Statement of Income and Comprehensive Income

Revenue	93.9	50.6	276.2
Gross profit	8.9	6.3	59.2
Income and comprehensive income		4.4	3.7
Basic earnings per share	0.05		0.04
Diluted earnings per share	0.04		0.04

## Three months ended

December 31 Nine months ended

December 31

2011 2010 2011 2010

## Operating results

Clean coal production (million of tonnes)	0.42	0.32	1.28	1.01
Coal sales (million of tonnes)	0.42	0.29	1.25	1.18

## Average sales price

Metallurgical coal (US\$/tonne)	235	189	239	174
All coal products (\$/tonne)	226	174	221	170

## Average cost of sales (\$/tonne)

Cost of product sold	155	114	130	98
Distribution costs	26	21	26	25
Depreciation	23	17	17	15

## Revenue

The Corporation's third quarter revenue was \$93.9 million, compared to \$50.6 million in the same period last year. The increase in revenue was due to an increase in sales volumes from 0.29 million in the third quarter of fiscal 2011, to 0.42 million tonnes in the current quarter of fiscal 2012. Higher sales prices also contributed to the increase in revenue as the average selling price for all coal products during the third quarter was \$226 per tonne, up from \$174 per tonne in the comparable period. Metallurgical coal sales accounted for 86% of the third quarter sales volumes and realized an average price of \$240 per tonne (US\$235 per tonne).

Revenue was \$276.2 million for the current fiscal year to date on sales of 1.25 million tonnes, up from \$200.8 million on sales of 1.18 million tonnes in fiscal 2011, primarily reflecting higher coal prices in the current year. The average sales price for the fiscal year to date for all coal products was \$221 per tonne, 30% higher than \$170 per tonne in the same period last fiscal year. The higher price during the current fiscal year reflects an increase in contract price settlements for metallurgical coal, which are primarily being negotiated on a quarterly basis. The average selling price for metallurgical coal was \$235 per tonne (US\$239 per tonne) in the nine months ended December 31, 2011, compared to \$179 per tonne (US\$174 per tonne) in the comparable period of last year. The average Canadian dollar sales price on US dollar denominated sales was negatively affected by a stronger Canadian dollar in relation to the US dollar.

## Cost of Sales

Cost of sales was \$85.0 million, or \$204 per tonne, in the current quarter compared to \$44.3 million, or \$152 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 \$181 per tonne compared to \$135 per tonne in same period last fiscal year.

The unit cost of product sold was affected by lower production volumes from No. 8 pit due to high overburden waste removal, lower raw coal recovery due to a temporary thinning of the coal seams and a lower plant yield. Total overburden waste removal during the third quarter was almost double the waste removal amount in the comparable quarter, leading to a significant increase in mining costs. The main cost increases associated with the additional overburden removal related to labour, diesel fuel and operating and maintenance costs on mining equipment.

Cost of sales for the fiscal year to date was \$217.0 million, or \$173 per tonne, compared to \$164.8 million, or \$138 per tonne in the same period of last fiscal year. The cash cost of sales during the nine months ended December 31, 2011, which includes cost of product sold and distribution costs, was \$156 per tonne compared to \$123 per tonne in same period last fiscal year

The unit cost of product sold during the first nine months of fiscal 2012 was largely impacted by additional waste movement required to release raw coal in the surface pits and a lower plant yield. Operating costs in the current fiscal year to date included overall increases in labour, external contractor services, supplies, consumables and maintenance costs. A decrease in raw coal inventory volumes also contributed to an increase in the cost of product sold.

### **Other Income and Expenses**

General and administrative expenses were \$5.6 million during the third quarter, up from \$3.7 million in the same period last year. General and administrative expenses included head office administrative and marketing charges of \$3.7 million (fiscal 2011 - \$2.1 million) and share-based payment expense of \$1.9 million (fiscal 2011 - \$1.6 million). Fiscal year to date general and administrative expenses were \$14.0 million, compared to \$10.0 million in the first nine months of last fiscal year and consisted of head office administrative and marketing charges of \$10.0 million (fiscal 2011 - \$6.2 million) and share-based payment expense of \$4.0 million (fiscal 2011 - \$3.8 million). The increase in general and administrative expenses for both the current quarter and year to date was largely attributable to transaction costs incurred relating to the Arrangement, including additional legal, audit and consulting fees as well as an increase in the share-based payment expense.

Finance income primarily consisted of interest earned on cash and restricted cash. Finance expenses for the three and nine months ended December 31, 2011 were \$1.2 million and \$3.2 million, respectively, compared to \$0.8 million and \$1.5 million for the comparable periods of fiscal 2011. Finance expenses mainly include accretion on restoration provisions and interest paid on finance lease obligations.

The Corporation had a net foreign exchange gain of \$4.0 million in the third quarter of fiscal 2012 compared to \$3.2 million in the same period last fiscal year. In the current quarter, the Corporation recorded an unrealized foreign exchange gain of \$2.3 million and \$2.6 million related to the US dollar denominated finance lease obligations and foreign exchange forward contracts, respectively. In the same period of fiscal 2011, the Corporation recognized an unrealized foreign exchange gain of \$2.0 million on finance lease obligations and \$1.6 million related to foreign exchange forward contracts. For the current fiscal year to date, the Corporation had a net foreign exchange loss of \$1.7 million, versus a \$4.5 million gain in the nine months of the prior fiscal year. The net foreign exchange loss in fiscal 2012 was primarily the result of a significant strengthening of the Canadian dollar against the US dollar.

### **Taxes**

Income tax expense was \$1.9 million and \$11.2 million for the three and nine months ended December 31, 2011, compared to \$1.7 million and \$8.3 million in the same periods of last fiscal 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 \$25.7 million at December 31, 2011. During the third quarter cash and cash equivalents decreased by \$13.1 million compared to \$14.4 million during the same period last fiscal year. The Corporation's cash position increased by \$8.6 million during the first nine months of fiscal 2012 compared to a decrease of \$46.9 million in the same period last fiscal year.

Operating activities during the third quarter generated \$18.7 million in cash compared to \$16.8 million in the same period last fiscal year. Cash generated prior to changes in non-cash working capital was \$15.4 million in the current quarter and \$10.1 million during the comparable period. During the first nine months of the fiscal 2012, cash generated by operating activities before changes in non-cash working capital was \$75.9 million, an increase from \$51.2 million last year. Higher coal prices in the current fiscal year have resulted in higher net income, contributing to the higher cash generation from operating activities.

Financing activities resulted in a cash decrease of \$4.7 million during the current quarter and \$14.1 million for the year to date, compared to \$3.6 million and \$14.6 million in the same periods of last fiscal year. Included in financing activities were payments towards finance lease obligations of \$3.8 million in the third quarter (fiscal 2011 - \$4.2 million) and \$11.0 million for the fiscal year to date (fiscal 2011 - \$14.4 million). Also included in financing activities were interest payments, mainly on finance lease obligations and a capital loan, of \$1.1 million (fiscal 2011 - \$0.9 million) for the current quarter and \$3.4 million (fiscal 2011 - \$2.1 million) for the year to date.

Investing activities during the third quarter resulted in a cash decrease of \$26.4 million, slightly more than \$26.3 million in the same period of fiscal 2011. The majority of the cash decrease in both the current and prior quarter related to additions to property, plant and equipment. In the first nine months of fiscal 2012, investing activities led to a cash decrease of \$63.0 million (fiscal 2011 - \$78.6 million), the majority of which was due to capital expenditures of \$60.7 million, which included the development of No.12 South B2 underground mine. There was also an addition to restricted cash of \$2.6 million during 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. At December 31, 2011, foreign exchange forward contracts of US\$30 million remained outstanding at average rate of \$0.996. These contracts settle in monthly installments of US\$10 million per month, the last of which will mature in March 2012. The balance owing on the operating credit facility at December 31, 2011 was nil. The availability on the credit facility was reduced by approximately \$5.5 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 during fiscal 2012. 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 December 31, 2011, the Corporation had \$31.2 million in coal inventory, compared to \$40.1 million at September 30, 2011.

The Corporation did not have any off-balance sheet financing structures in place at December 31, 2011. At December 31, 2011, the Corporation had long term liabilities for restoration provision with a present value of \$20.8 million, deferred income tax liabilities of \$39.1 million and finance lease obligations of \$55.4 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 December 31, 2011, were:

(millions of Canadian dollars)		Payments Due by Period			
Contractual Obligations					
Total	Less than 1 year		2-3		
years	4-5				
years	After				
5 years					
Operating Leases	3.0	0.9	1.4	0.9	
Finance Leases	80.6	19.7	37.0	20.6	20.6
Total Contractual Obligations		83.6	20.6		38.4

## Summary of Quarterly Results

	Fiscal 2012		Fiscal 2011		Fiscal 2010(1)		
(millions, except per unit amounts)	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Clean coal production (tonnes)	0.42	0.45	0.41	0.39	0.32	0.33	0.37
Coal sales (tonnes)	0.42	0.45	0.39	0.37	0.29	0.44	0.45
Average sales price:							
Metallurgical coal (US\$/tonne)	235	252	227	192	189	186	154
All coal products (CDN\$/tonne)	226	232	203	180	174	185	152
Cost of product sold (\$/tonne)	155	110	125	115	114	100	87
Distribution costs (\$/tonne)	26	25	27	27	21	27	26
Depreciation (\$/tonne)	23	15	15	17	17	15	15
Revenue (\$)	93.9	102.6	79.7	67.3	50.6	81.2	69.1
Gross profit (\$)	8.9	36.2	14.2	8.4	6.3	18.7	11.0
Income (\$)	4.4	18.2	7.2	4.4	3.7	13.2	4.2
Basic earnings per share (\$)	0.05	0.19	0.07	0.04	0.04	0.14	0.04
Diluted earnings per share (\$)	0.04	0.18	0.07	0.04	0.04	0.13	0.04

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

Quarterly clean coal production volumes remain relatively constant during fiscal 2012 and continue to be consistently higher than production volumes from fiscal 2011. Quarterly sales volumes continued to match clean coal production volumes however higher coal prices in fiscal 2012 have led to increased revenue during recent quarters. The cost of product sold was significantly higher during the most recent quarter primarily due to a higher waste stripping ratio, lower volumes of raw coal release and a lower plant yield.

## Outlook

Continued softening of steel markets has resulted in an easing in the demand and price for metallurgical coal. Additionally, port service is expected to be interrupted during the second half of March as the Corporation's primary export terminal will be installing new equipment. As a result, the Corporation is reducing its annual sales volume outlook for fiscal 2012 to approximately 1.7 million tonnes. Achieving the revised sales volumes is contingent upon 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 in the range of 2.0 to 2.2 million tonnes.

Industry benchmark pricing for the quarter beginning January 1, 2012 was settled at US\$235 per tonne for the highest quality coking coal. Grande Cache Coal anticipates that its average metallurgical coal sales price for the fourth quarter will be in the range of US\$205 to US\$215 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 \$153 to \$158 per tonne during fiscal 2012. The Corporation had previously anticipated the average unit cash cost of sales would be in the range of \$132 to \$137 per tonne. The increase in unit cost is due to the reduction of anticipated annual sales volumes as well as higher strip ratios and lower raw coal release in No. 8 pit and a lower plant yield.

Grande Cache Coal Corporation

## Consolidated Statements of Financial Position

(Unaudited)

December 31	March 31			
(in thousands of Canadian dollars, as at)		2011		
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 25,693	\$ 17,136		
Restricted cash	15,483		12,908	
Trade and other receivables		18,599		31,280
Inventories	40,937		34,244	
Prepaid expenses and deposits		3,476		399
	104,188	95,974		
Property, plant and equipment		379,015		337,240
\$ 483,203	\$ 433,214			
<b>Liabilities and Equity</b>				
Current liabilities				
Accounts payable and accrued liabilities		\$ 35,218		\$ 29,400
Current portion of finance lease obligations			15,995	
	51,213	43,943		
Restoration provision	20,764		14,553	
Finance lease obligations	55,416		64,390	
Deferred income tax liabilities		39,097		27,834
	166,490	150,720		
Equity				
Share capital	200,476		199,810	
Contributed surplus	12,280		8,524	
Retained earnings	103,957		74,160	
	316,713	282,494		
\$ 483,203	\$ 433,214			

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

Three months ended		Nine months ended			
December 31		December 31		2011	2010
(in thousands of Canadian dollars, except for per share data)				2011	2010
Revenue	\$ 93,873	\$ 50,619		\$ 276,215	
Cost of sales	(84,955)	(44,281)			(216,975)
Gross profit	8,918	6,338			
General and administrative expenses		(5,611)			(3,659)
Other operating income	160		57		
Profit from operations	3,467		2,736		
Finance income	83	127			20
Finance expense	(1,187)	(709)	(3,160)	(1,480)	
Foreign exchange gain (loss)		4,006			3,232
Profit before tax	6,369	5,386	41,060	29,408	(1,650)
Income tax expense	(1,926)	(1,700)	(11,263)	(8,347)	
Income and comprehensive income	\$ 4,443	\$ 3,686	\$ 29,797	\$ 21,061	
<b>Earnings per share</b>					
Basic	\$ 0.05	\$ 0.04	\$ 0.30	\$ 0.22	
Diluted	\$ 0.04	\$ 0.04	\$ 0.30	\$ 0.21	

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	-	-	-	
Share-based payment expense				4,041
Shares issued on exercise of options		666		(285)
Balance - December 31, 2011	\$ 200,476	\$ 12,280	\$ 103,957	\$ 316,713

Balance - April 1, 2010	\$ 196,232	\$ 4,681	\$ 48,746	\$ 249,659	
Income for the period	-			-	
Share-based payment expense		-		3,838	
Shares issued on exercise of options			3,504		(1,500)
Balance - December 31, 2010	\$ 199,736	\$ 7,012	\$ 69,807	\$ 276,555	

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

Three months ended

December 31

Nine months ended

December 31

(in thousands of Canadian dollars)

2011

2010

Cash flow provided by (used in)

Operating activities

Income for the period \$ 4,443 \$ 3,686 \$ 29,797 \$ 21,061

Adjustments for:

Depreciation 9,445 4,911

Unrealized foreign exchange (gain) loss (3,468)

Share-based payment expense 1,898

Finance expense 1,187 709

Deferred income tax 1,926 1,700

Gain on sale of property, plant and equipment -

Net changes in non-cash working capital 3,221

Settlement of restoration provision - (48)

Net cash flows from operating activities 18,652

Financing activities

Proceeds on exercise of options 314 1,457 381 1,997

Payment on finance lease obligations (3,839) (4,210) (10,991)

Repayment of capital loan (20) -

Interest paid (1,134) (851) (3,404)

Net cash used in financing activities (4,679) (3,604)

Investing activities

Additions to property, plant and equipment (26,561) (26,904) (60,668) (79,202)

Proceeds on sale of property, plant and equipment 124 - 212 -

Restricted cash - 592 (2,575) 592

Net cash used in investing activities (26,437) (26,312) (63,031) (78,610)

Effect of foreign exchange on cash and cash equivalents (682) (1,285)

Net increase (decrease) in cash and cash equivalents (13,146) (14,371) 8,557 (4,436)

Cash and cash equivalents, beginning of period 38,839 54,877 17,136 87,436

Cash and cash equivalents, end of period \$ 25,693 \$ 40,506 \$ 25,693 \$ 40,506

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 29,000 hectares containing an estimated 346 million tonnes of coal resources in the Smoky River Coalfield located in west-central Alberta. Grande Cache Coal's common shares are listed on the Toronto Stock Exchange under the trading symbol "GCE".

## 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 metallurgical coal in fiscal 2012; anticipated sales prices of metallurgical coal in fiscal 2012; anticipated average cost of sales for fiscal 2012, management of coal production in fiscal 2012; future development activities and related capital expenditures; the capital expenditure program for fiscal 2012; funding sources for the capital expenditure program; the anticipated completion of the Arrangement and the anticipated timing for completion 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. 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 disruptions 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 practices 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 and information concerning the anticipated completion of the 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 ability of the parties to receive, in a timely manner, the necessary regulatory approvals 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 inability to secure necessary 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 mining area and 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 regulations; 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, the Purchaser or Winsway obtain necessary 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, the Purchaser 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 may result in Grande Cache Coal being required to pay a non-completion or other fee to the Purchaser, 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 operations.

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.

## **Contact Information**

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