

GRANDE CACHE COAL CORPORATION

RESERVES, SAFETY AND ENVIRONMENTAL COMMITTEE

MANDATE AND TERMS OF REFERENCE

Role and Objective

The Reserves, Safety and Environmental Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Grande Cache Coal Corporation ("**Grande Cache Coal**" or the "**Corporation**") to which the Board has delegated the responsibility for the matters set forth herein.

Membership of Committee

1. The Committee will be comprised of at least three (3) directors of Grande Cache Coal or such greater number as the Board may determine from time to time, a majority of whom shall be:
 - (a) individuals who are not and have not been, during the preceding 12 months:
 - (i) an officer or employee of Grande Cache Coal or of an affiliate of Grande Cache Coal;
 - (ii) a person who beneficially owns 10% or more of the outstanding voting securities of Grande Cache Coal; or
 - (iii) a relative of a person referred to in subparagraphs (i) or (ii), residing in the same home as that person; and
 - (b) free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgment.
2. The Board may from time to time designate one of the members of the Committee to be the Chair of the Committee.

Mandate and Responsibilities of the Committee

The Committee is responsible for:

1. satisfying itself on behalf of the Board with respect to the Corporation's compliance with applicable regulatory requirements and industry standards, with respect to quantifying and reporting publicly on its resources and reserves;
2. reviewing all applied methodology and associated measuring technologies utilized by management to quantify the Corporation's resources and reserves so as to ensure accurate and reliable data which support the Corporation's reported resources and reserves;
3. reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;

4. reviewing the Corporation's procedures for providing information to the independent evaluator;
5. reviewing with management and the independent evaluator and approving for recommendation to the Board resources and reserves data;
6. reviewing and making recommendations to the Board regarding the Corporation's environment, health and safety management systems, including corporate policies, procedures, and communications;
7. reviewing and making recommendations to the Board regarding environment, health and safety compliance issues;
8. ensuring that the Corporation monitors trends and reviews current and emerging best practices and/or issues in the environment, health and safety fields, and evaluating their impact on the Corporation;
9. reviewing significant environment, health and safety reports to:
 - (a) determine if issues arising from the reports are of significance to report to the Board; and
 - (b) assess whether environment, health and safety procedures and the Corporation's performance against goals and objectives are effective with respect to such issues, and make recommendations for improvement, where appropriate;
10. reviewing the scope of potential environmental liabilities and the adequacy of the Corporation's environmental management system to manage these liabilities;
11. reporting to the Board on its activities and making recommendations, where appropriate;
12. conducting such other reviews and taking such other actions as are appropriate to carry out its mandate; and
13. performing any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to reserve, environment, health or safety matters.

Meetings and Administrative Matters

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least once per year and at such other times as the Chair of the Committee may determine.

5. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
6. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
7. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
8. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
9. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as two members remain on the Committee. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
10. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.