WINSWAY®

WINSWAY COKING COAL HOLDINGS LIMITED
永暉焦煤股份有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1733)

MAJOR TRANSACTION

Entry into a Joint Venture with Marubeni Corporation to Acquire the Entire Issued Share Capital of Grande Cache Coal Corporation

THE ARRANGEMENT

The Company announces that on 31 October 2011, the Purchaser entered into the Arrangement Agreement with the Target to acquire all of the outstanding Target Shares for C$10.00 (approximately HK$78) per share in cash, for total cash consideration of approximately C$983 million (approximately HK$7.7 billion), on the terms and subject to the conditions provided for in the Arrangement Agreement. On the same date, the Company and Marubeni Corporation entered into the Arrangement Execution Agreement in connection with the establishment and organization of the Purchaser as a consortium vehicle to enter into the Arrangement Agreement. The Target Shareholders will be asked to consider and vote at a special meeting of holders of the Target Shares upon a special resolution approving the Arrangement under the *Business Corporations Act* (Alberta).

The Purchaser will be indirectly held by the Company and Marubeni Corporation, whose effective interest in the Purchaser is 60% and 40%, respectively.

The Target is a coal mining corporation incorporated in Alberta, Canada and whose shares are listed and traded on the TSX. The Target operates a mine that produces metallurgical coal for the steel industry from its coal leases covering approximately 22,700 hectares in the Smoky River Coalfield located in West Central Alberta, Canada.

The Directors believe that the terms of the Arrangement are fair and reasonable and in the interests of the Company and the Shareholders as a whole taking into account the many reasons and benefits of the Arrangement. These include:

- the Target's Smoky River Coalfield is a proven producing asset which the Company believes has significant expansion potential;

- the acquisition of the Target is the first major step in the vertical integration of the Company's business model through investment in mining assets;

- the Target's operations in West Central Alberta, Canada provide a platform for the Company's growth in a world-class coal mining region; and

- the Target's Canadian assets also diversify the Company's political and geographic risk profile into an attractive investment destination.

The Company also believes that it will benefit from having Marubeni Corporation as a strong investment partner which has been involved in the Canadian coal industry since the 1960s.

The Acquisition Price will be financed by the Company and Marubeni Corporation in proportion to their effective interest in the Purchaser, being C$589.9 million (approximately HK$4.6 billion) for the Company and C$393.3 million (approximately HK$3.1 billion) for Marubeni Corporation, respectively.

Shareholders and potential investors should note that the Arrangement, which is subject to the fulfilment or waiver of the conditions precedent set out in the Arrangement Agreement, may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

LISTING RULES IMPLICATIONS

The Arrangement constitutes a major transaction for the Company under the Listing Rules and is subject to approval by the Shareholders. As the assets of the Target comprise mainly Mineral Assets, and the Arrangement constitutes a Relevant Notifiable Transaction under Chapter 18 of the Listing Rules, the Company will need to comply with certain provisions of Chapter 18 of the Listing Rules in respect of the Arrangement.

The Arrangement and the transactions in connection therewith will be subject to the Winsway Shareholder Approval. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the Winsway Shareholder Approval.

It is expected that a notice convening the EGM together with the circular containing, among other things, further details of the Arrangement, financial information of the Target, a Competent Person's Report and a Valuation Report in compliance with the Listing Rules will be dispatched to the Shareholders on or about 30 December 2011, as additional time is required to prepare the financial information of the Target, the Competent Person's Report and the Valuation Report.

INTRODUCTION

The Company announces that on 31 October 2011, the Purchaser entered into the Arrangement Agreement with the Target pursuant to which the Purchaser agreed to acquire, by way of a plan of arrangement under the *Business Corporations Act* (Alberta), all of the outstanding Target Shares for C$10.00 (approximately HK$78) per share in cash, for total cash consideration of approximately C$983 million (approximately HK$7.7 billion) (assuming cancellation of all outstanding Options (as defined below)). On the same date, the Company and Marubeni Corporation entered into the Arrangement Execution Agreement (as defined below) in connection with the establishment and organization of the Purchaser as a consortium vehicle to enter into the Arrangement Agreement.

The board of directors of the Target, after consulting with its financial and legal advisors, unanimously recommended entering into the Arrangement Agreement and recommends that all the Target Shareholders vote in favour of the Arrangement at a shareholders meeting to be called by the Target.

Concurrently with the execution of the Arrangement Agreement, directors and officers of the Target have entered into voting support agreements with the Purchaser, pursuant to which they have agreed to vote all the Target Shares held by them in favour of the Arrangement, representing in the aggregate 1.6% of the existing issued Target Shares. Further, certain Shareholders including Mr. Wang Xingchun, the Company's controlling shareholder, have entered into voting support agreements with the Target, pursuant to which they have agreed to vote all the Shares held by them in favour of the Arrangement at the EGM to be held to approve the Arrangement, representing in the aggregate 51.47% of the existing issued Shares.

It is expected that an application by the Target to the Court of Queen's Bench of Alberta for an interim order to provide for the calling and holding of a shareholders meeting will be made on or before 9 December 2011. An information circular regarding the Arrangement is expected to be mailed to the Target Shareholders shortly thereafter for a special meeting of Target Shareholders scheduled to take place on or before 14 January 2012.

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Target and its substantial shareholders (being shareholders who hold 10% or more of the Target Shares) are third parties independent of the Company, the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules.

REASONS FOR AND BENEFITS OF THE ARRANGEMENT

The Target's Smoky River Coalfield is a proven producing asset which the Company believes has significant expansion potential. The Smoky River Coalfield has an operating history dating back to 1969. In its fiscal year 2011 ended 31 March 2011, the Target produced 1.4 million tonnes of clean coal. An expansion program has been underway since fiscal 2010. The Target hopes to achieve an annual run rate of 3.5 million tonnes of production by the end of its fiscal year 2013 ending 31 March 2013 and the Purchaser plans to study further expansion beyond 3.5 million tonnes. Based on the Target's current plans, the mine life of the operation is expected to be in excess of 30 years. The Target holds fourteen coal leases that cover over 22,000 hectares and have significant potential for resource expansion beyond the currently identified total measured, indicated and inferred resource of 346 million tonnes. The Purchaser will perform further drilling intended to convert a portion of these resources into reserves, increasing the life of mine.

The acquisition of the Target is the first major step in the vertical integration of the Company's business model through investment in mining assets. This investment in upstream assets significantly strengthens the Company's seaborne coal business. The acquisition of producing assets also complements the existing joint venture with Peabody Energy Corporation, which is conducting exploration in Mongolia to secure future upstream supply for the Company's Mongolian coal business.

The Target's operations in West Central Alberta, Canada provide a platform for growth in a world-class coal mining region. The Target is one of only four major coking coal producing companies in Western Canada (the others are Teck Resources Limited, Anglo American plc, and Walter Energy, Inc.). The Target's existing mining operations and developed infrastructure will provide a strong base for further expansion in the region. In contrast, Winsway estimates that a greenfield development in Western Canada would take three to five years to reach production. The Target's experienced management team will facilitate expansion efforts involving existing operations and external opportunities.

The Target's Canadian assets diversify the Company's political and geographic risk profile into an attractive investment destination. Canada has consistently ranked amongst the top investment destinations for foreign investors and this attractiveness is demonstrated by the level of investment in Canada from overseas investors. Alberta, Canada is a politically stable jurisdiction, with majority conservative governments at both the provincial and federal levels and a clear regulatory framework for resource development. The Target's Canadian coal will be coupled with Winsway's current supply from third party sources in Mongolia, as well as third party seaborne supply from Australia, Canada, USA and Russia.

Marubeni is a strong investment partner. Marubeni Corporation is a publicly traded company with a market capitalization in excess of US$10.7 billion as of 28 October 2011. It is one of the largest trading houses in Japan and is involved in metal, minerals and energy resources, food products and materials, paper and pulp, chemicals, textiles, transportation machinery, electric power and other infrastructure projects, among others. It traded 14 million tonnes of coal in the 2010 Japanese fiscal year. Marubeni Corporation has also invested in various Australian coal mines and its equity coal output during the 2010 Japanese fiscal year was 5.8 million tonnes. Marubeni Corporation has been involved in the Canadian coal industry since the 1960s and has a long trading history with the Target. Several of their senior coal management and geologists have spent several years stationed in Canada and have relationships with rail and port operators and local coal industry management teams.

Winsway believes that ownership of the Target creates significant synergy potential. Winsway and Marubeni Corporation expect to leverage their experience in the world's two largest destinations for coking coal (China and Japan) to improve the Target's marketing efficiency. Both Winsway and Marubeni Corporation have significant experience marketing the Target's coal, as Winsway has been one of the Target's largest offtakers for China and Marubeni Corporation has been an agent for coal produced from the Smoky River Coalfield and sold in Japan for more than 30 years and has become the sole sales agent since 2004. Winsway and Marubeni Corporation will study ways to extract synergies using Winsway's infrastructure on the East Coast of China to increase production efficiency and lower operating costs. Winsway and Marubeni Corporation also expect to leverage their other international partners' operational expertise and infrastructure to improve the Target's operations.

The Target's low-volatility coking coal provides excellent blending stock coal and is complementary to Winsway's existing product offering. Winsway has built a strong position in the market relative to its peers due to its ability to supply various types of coking coal products with different characteristics, from around the world, to meet the requirements of its customers. China's coal resources lack low-to-medium volatility hard coking coal and low-volatility hard coking coal is becoming increasingly scarce worldwide. This may be an issue as the Chinese steel sector moves towards increased consolidation and larger blast furnace sizes, as larger blast furnaces generally demand higher quality coking coals. The Target's operations produce high-quality, low-ash, low-volatile hard coking coal suitable for blending to meet customer requirements.

Having considered the above, the Directors (including the independent non-executive Directors) of the Company consider that the terms of the Arrangement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE JOINT VENTURE AND THE PURCHASER

Arrangement Execution Agreement

The Company and Marubeni Corporation entered into an arrangement execution agreement ("**Arrangement Execution Agreement**") on 31 October 2011 in connection with the establishment and organization of the Purchaser as a consortium vehicle to enter into the Arrangement Agreement, and to confirm their respective obligations to enter into and cause their respective subsidiaries to enter into a detailed shareholders agreement ("**Shareholders Agreement**"). The Purchaser will be indirectly owned as to 60% by the Company and 40% by Marubeni Corporation. The initial investment in the Purchaser by the Company and Marubeni Corporation will be limited to C$6,000 and C$4,000, respectively.

The Shareholders Agreement to be entered into will regulate the affairs of the Target upon and subject to completion of the Arrangement, including certain key matters relating to the Target or the Purchaser which will require the unanimous consent of the Company and Marubeni Corporation, including the decision to proceed to completion of the Arrangement, the issue of shares or debentures in the Target, any decision to liquidate or wind-up the Purchaser or any decision to commence an initial public offering of the Purchaser or the Target. The further capitalisation of the Purchaser by the Company and Marubeni Corporation is conditional upon satisfaction of certain of the conditions precedent in the Arrangement Agreement, including the Winsway Shareholder

Approval. Such capitalisation would be for the Acquisition Price and be made by the Company and Marubeni Corporation, through subsidiary entities, in proportion to their indirect equity interests in the Purchaser. The Company will have the right to appoint three directors to the board of the Purchaser so long as the Company holds a majority of the issued shares of the Purchaser one of whom will be the chairman of the board, and Marubeni Corporation will have the right to appoint two directors.

The Arrangement Execution Agreement also sets out, among other things, the allocation of risk for the performance of obligations by the Company and Marubeni Corporation under the Arrangement Agreement including liability to pay for the full amount of the Target Termination Fee (as defined below) in circumstances where either of the Company or Marubeni Corporation is solely responsible for the failure of the Purchaser to complete the Arrangement in circumstances where the Purchaser Termination Fee becomes payable.

THE ARRANGEMENT

Terms

The Target Shareholders will be asked to consider and vote at a special meeting (the "**Meeting**") of holders of the Target Shares upon a special resolution (the "**Arrangement Resolution**") approving the Arrangement under the *Business Corporations Act* (Alberta) pursuant to which the Purchaser will acquire all of the Target's outstanding Target Shares on the terms and subject to the conditions provided for in the Arrangement Agreement. Under the Arrangement, the Target Shareholders will receive the Acquisition Price for each of their Target Shares.

The board of directors of the Target has determined to accelerate the vesting of all outstanding stock options (the "**Options**") to acquire Target Shares, conditional upon the closing of the transaction contemplated by the Arrangement Agreement. The acceleration of the Options will permit such Options to be exercised or surrendered for cancellation on or before the effective date of the Arrangement. It is a condition to the completion of the Arrangement that all of the Options be exercised, surrendered or terminated prior to the effective date of the Arrangement.

According to the Arrangement Agreement, there are issued and outstanding 98,314,928 Target Shares and Options to acquire up to 4,340,352 Target Shares as at the date thereof.

Conditions

Completion of the Arrangement is subject to a number of mutual conditions precedent, including, among others, the following:

Target Shareholder Approval. To become effective, the Arrangement Resolution must be approved by at least two-thirds of the votes cast by the Target Shareholders present in person or represented by proxy at the Meeting.

Alberta Court Approval. The Court of Queen's Bench of Alberta shall have approved the Arrangement and granted the necessary court orders approving the Arrangement.

Competition Act (Canada) Approval. An advance ruling certificate or a clearance letter shall have been issued by the Commissioner of Competition pursuant to the Competition Act (Canada) in respect of the transactions contemplated by the Arrangement Agreement.

Investment Canada Act Approval. The satisfaction or deemed satisfaction by the Minister of Industry under the Investment Canada Act that the Arrangement is likely to be of "net benefit to Canada" for purposes of the Investment Canada Act.

The foregoing conditions may be waived, in whole or in part, jointly by the Purchaser and the Target. If any of the foregoing conditions are not satisfied or waived on or before 28 February 2012, either party may terminate the Arrangement Agreement.

Completion of the Arrangement is also subject to a number of conditions in favour of the Purchaser including, among others:

Third Party Approvals. The Purchaser shall have received all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from relevant third parties and governmental authorities.

Winsway Approvals. Winsway shall have received all necessary approvals required by the Listing Rules, including the Winsway Shareholder Approval in order for the Purchaser and the Target to complete the Arrangement.

The foregoing conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser. If any of the foregoing conditions are not satisfied or waived on or before 28 February 2012, the Purchaser may terminate the Arrangement Agreement.

Completion of the Arrangement is also subject to a number of conditions in favour of the Target, including, among others:

Letter of Credit. The Purchaser shall have furnished the Target with an irrevocable letter of credit in favour of the Target which provides for the payment of the Acquisition Price less the Escrow Amount (as defined below).

Funding. The Purchaser shall have arranged for payment of the Acquisition Price to the Target within a prescribed time of the satisfaction of specified conditions precedent.

The foregoing conditions are for the exclusive benefit of the Target and may be waived, in whole or in part, by the Target. If any of the foregoing conditions are not satisfied or waived on or before 28 February 2012, the Target may terminate the Arrangement Agreement.

Shareholders and potential investors should note that the Arrangement, which is subject to the fulfilment or waiver of the conditions precedent set out in the Arrangement Agreement, may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Non-solicitation covenants and break fees

The Arrangement Agreement also provides for certain customary non-solicitation covenants in favour of the Purchaser, as well as mutual termination and expense reimbursement fees payable under certain circumstances if the Arrangement Agreement is terminated.

Under certain circumstances including if the Purchaser does not provide, or cause to be provided, the letter of credit to the Target or does not provide, or cause to be provided, the depositary under the Arrangement with sufficient funds to complete the Arrangement or the Winsway Shareholder Approval is not obtained by 28 February 2012, the Purchaser shall be liable to pay to the Target C$100,000,000 (approximately HK$780 million) either by way of liquidated damages or forfeiture of the Escrow Amount (as defined below) ("**Target Termination Fee**"). The Purchaser is also liable to pay the Target Termination Fee in the event that it intentionally breaches any of its representations, warranties or covenants.

The Arrangement Agreement also provides that in certain circumstances, including the board of directors of the Target failing to unanimously recommend that the Target Shareholders vote in favour of the Arrangement or the board of directors of the Target accepts or, recommends a superior proposal or the Target materially breaching its non-solicitation covenants, the Purchaser may terminate the Arrangement Agreement and the Target shall be liable to pay to the Purchaser C$50,000,000 (approximately HK$390 million) as liquidated damages ("**Purchaser Termination Fee**"). The Target is also liable to pay the Purchaser Termination Fee in the event that it intentionally breaches any of its covenants.

Escrow Payment

To guarantee the obligations of the Purchaser in circumstances when the Target Termination Fee becomes payable under the Arrangement Agreement, the Company has placed an amount of C$100,000,000 (approximately HK$780 million) into an escrow account ("**Escrow Amount**") by way of security against liability of the Purchaser to pay the Acquisition Price or the Target Termination Fee. The Escrow Amount is deductible from the Acquisition Price upon completion of the Arrangement. The liability between the Company and Marubeni Corporation for the Target Termination Fee is governed by the Arrangement Execution Agreement.

Value and basis of the Acquisition Price

On the basis of the Acquisition Price, the total cash consideration for acquiring all the outstanding Target Shares as at the date of the Arrangement Agreement is approximately C$983 million (approximately HK$7.7 billion) (assuming cancellation of all outstanding Options). The Acquisition Price of C$10.00 per Target Shares represents a 70% premium to the Target's closing share price on 28 October 2011, the last trading day before the date of the Arrangement Agreement.

The Acquisition Price was arrived at after arm's length negotiations between the parties. In considering the Acquisition Price, the Board took into account various factors, including but not limited to the current and projected production rate of the Target, the amount and quality of the Target's coal reserves, the historical and projected financial and operating information of the Target, the potential benefits of the Arrangement for the Company and the outlook for the metallurgical coal market.

INFORMATION ON MARUBENI CORPORATION

Marubeni Corporation is a publicly traded company with a market capitalization in excess of US$10.7 billion as of 28 October 2011 and annual total revenues of US$44,384 million as of 31 March 2011. It is one of the largest trading houses in Japan and is involved in metal, minerals and energy resources, food products and materials, paper and pulp, chemicals, textiles, transportation machinery, electric power and other infrastructure projects, among others. It traded 14 million tonnes of coal in the 2010 Japanese fiscal year.

INFORMATION ON WINSWAY

Winsway is one of the leading suppliers of imported coking coal and particularly, one of the largest offtakers of Mongolian coking coal into China. Winsway's principal business includes procurement, transportation, storage, processing and marketing of coking coal, servicing the Chinese steel industry at large.

INFORMATION ON TARGET

The Target is a coal mining corporation incorporated in Alberta, Canada and whose shares are listed and traded on the TSX. The Target operates a mine that produces metallurgical coal for the steel industry from its coal leases covering approximately 22,700 hectares in the Smoky River Coalfield located in West Central Alberta, Canada. The Target's coal project ("**Project**") includes and is expected to include the production of metallurgical coal from the development of the following pits and underground operations (as of 31 March 2011):

- No. 7 Underground Operations, an underground operation which commenced production in November 2004. This operation is expected to produce approximately 0.95 million tonnes of ROM coal (0.68 million tonnes of saleable coal) during the remaining life of the mine.

- No. 8 Pit, a surface pit which commenced production from the first phase of development in July 2010. This pit is expected to produce approximately 24.97 million tonnes of ROM coal (17.09 million tonnes of saleable coal) during the remaining life of the mine.

- No. 12 South B2 Underground Operations, an underground operation expected to produce approximately 8.21 million tonnes of ROM coal (5.85 million tonnes of saleable coal) during the life of the mine.

- No. 12 South A Pit, the southeast surface strike extension of the No. 12 South B2 Pit expected to produce approximately 11.02 million tonnes of ROM coal (7.85 million tonnes of saleable coal) during the life of the mine.

- No. 2 Pit, a surface pit expected to produce approximately 18.95 million tonnes of ROM coal (13.57 million tonnes of saleable coal) during the life of the mine.

- No. 16 Pit, a surface pit expected to produce approximately 29.31 million tonnes of ROM coal (21.37 million tonnes of saleable coal) during the life of the mine.

- No. 12 North Pit, a surface pit expected to produce approximately 43.47 million tonnes of ROM coal (31.11 million tonnes of saleable coal) during the life of the mine.

In the twelve months ended 31 March 2011 the Target produced 1.41 million tonnes of clean coal.

The Target plans to conduct extensive exploration and evaluation on the coal potential on the coal leases which it holds in the Smoky River Coalfield with a view to identifying additional development and production options.

Principal Product and Markets

The Target's principal product is hard coking coal, which is a type of metallurgical coal, a term used to describe coal products suitable for use in the integrated steel mill process. When making steel, two of the key raw ingredients are iron ore and coke. Approximately 1.5 tonnes of metallurgical coal are needed to produce one tonne of coke. Only certain types of metallurgical coal have the necessary characteristics required to make coke. These characteristics include caking properties (the ability to melt, swell and re-solidify when heated) and low impurity levels.

There are three main categories of metallurgical coal: (i) hard coking coal that forms high-strength coke; (ii) semi-soft coking coal that produces coke of lesser quality; and (iii) PCI coal. PCI coal is generally not considered to be a coking coal, rather it is used primarily for its heat value and is injected into a blast furnace to replace expensive coke. Semi-soft and PCI coals normally have lower sales values compared to hard coking coal due to the relative availability of these products.

The principal channel for the Target's hard coking coal is the seaborne hard coking coal business. The seaborne hard coking coal business is defined by the global nature of international steel-making, the relative concentration of quality metallurgical coal deposits in Australia, the United States and Canada and the relative low cost of seaborne transportation. Australia remains the largest exporter while the United States and Canada follow at a distant second and third.

Location, Accessibility and Infrastructure

The Target's underground operations, pits and process facilities are located within its coal mining lease blocks in the Grande Cache area of West Central Alberta, approximately 400 kilometres west of the city of Edmonton. The minesite is approximately 20 kilometres north of the town of Grande Cache, in the Municipal District of Greenview.

A paved two-lane, provincial highway connects the Project area with the town of Grande Cache and another highway connects Grande Cache with the city of Grande Prairie, 185 kilometres to the north and the town of Hinton, 145 kilometres to the southeast. The Project area is served by an existing branch line of Canadian National Railway ("**CN**"), which connects with the main east-west line of CN, allowing access to the major coal export terminals in British Columbia and the Great Lakes.

Existing infrastructure at the Project consists of coal processing, coal loading, rail, plant refuse storage and office facilities. Adjacent to the Target's facilities is a coal-fired generating station owned by a subsidiary of Maxim Power Corp.

Resources and reserves

The following table summarizes the Target's measured and indicated in-place coal resources as of 31 March 2011 as reported in the AMEC 2011 Report.

Summary of Measured and Indicated In-place Coal Resources[1]

	Measured (Mt)	Indicated (Mt)	Total (Mt)
Surface Mining Areas[2]			
No. 2 Pit	46.5	22.3	68.8
No. 8 Pit	37.4	21.2	58.6
No. 12 South A Pit[3]	11.1	15.1	26.2
No. 12 South B2 Pit[4]	2.6	1.0	3.6
No. 12 North Pit	39.1	15.6	54.7
No. 16 Pit	56.0	20.2	76.2
Total Surface Mining Areas:	192.7	95.4	288.1
Underground Mining Areas[5]			
No. 7 Underground Operations	1.1	—	1.1
No. 12 South B2 Underground Operations	8.4	3.2	11.6
Total Underground Mining Areas:	9.5	3.2	12.7
Grand Total:	202.2	98.6	300.8

Notes:

(1) Quality of all resources classified as Low-Volatile Bituminous (ASTM).

(2) Surface mining resources, estimated by AMEC based on a 20:1 strip ratio cut-off and a 45° pit wall angle.

(3) A portion of the No. 12 South A Pit resources can also be mined by underground methods.

(4) No. 12 South B2 Pit resources are those remaining after the open pit reserves have been mined out.

(5) Underground resource estimated by AMEC. Minimum depth of cover approximately 50 metres. Maximum underground extraction angle 15°; 20 metre buffer from faulting, 50 metre buffer from highwalls.

(6) Coal resources are inclusive of the coal reserves.

(7) The resource estimates have been prepared under the supervision of Ron Parent, P.Geo, Principal Geologist for AMEC and a Qualified Person for the purposes of NI 43-101.

The following table summarizes the Target's inferred in-place coal resources as of 31 March 2011 as reported in the AMEC 2011 Report.

Summary of Inferred In-place Coal Resources[1]

	Inferred (Mt)
Surface Mining Areas[2]	
No. 2 Pit	7.0
No. 8 Pit	3.1
No. 12 South A Pit[3]	9.3
No. 12 South B2 Pit[4]	0.5
No. 12 North Pit	2.6
No. 16 Pit	22.0
Total Surface Mining Areas:	44.5
Underground Mining Areas[5]	
No. 12 South B2 Underground Operations	0.7
Total Underground Mining Areas:	0.7
Grand Total:	45.2

Notes:

(1) Quality of all resources classified as Low-Volatile Bituminous (ASTM).

(2) Surface mining resources, estimated by AMEC based on a 20:1 strip ratio cut-off and a 45° pit wall angle.

(3) A portion of the No. 12 South A Pit resources can also be mined by underground methods.

(4) No. 12 South B2 Pit resources are those remaining after the open pit reserves have been mined out.

(5) Underground resource estimated by AMEC. Minimum depth of cover approximately 50 metres. Maximum underground extraction angle 15°; 20 metre buffer from faulting, 50 metre buffer from highwalls.

(6) Coal resources are inclusive of the coal reserves.

(7) The resource estimates have been prepared under the supervision of Ron Parent, P.Geo, Principal Geologist for AMEC and a Qualified Person for the purposes of NI 43-101.

The following table summarizes the Target's proven and probable run-of-mine coal reserves as of 31 March 2011 as reported in the AMEC 2011 Report.

Summary of Proven and Probable Run-of-Mine Coal Reserves[1]

	Proven (Mt)	Probable (Mt)	Total[2] (Mt)
Surface Mining Areas			
No. 2 Pit	18.00	0.95	18.95
No. 8 Pit	23.95	1.02	24.97
No. 12 South A Pit[3]	9.71	1.31	11.02
No. 12 North Pit	31.25	12.22	43.47
No. 16 Pit	19.66	9.65	29.31
Total Surface Mining Areas:	102.57	25.15	127.72
Underground Mining Areas			
No. 7 Underground Operations	0.95	—	0.95
No. 12 South B2 Underground Operations	8.21	—	8.21
Total Underground Mining Areas:	9.16	—	9.16
Grand Total:	111.73	25.15	136.88

Notes:

(1) Quality of all reserves classified as Low-Volatile Bituminous (ASTM).

(2) Average ROM quality for reserves is reported in the AMEC 2011 Report.

(3) Planned surface pits only.

Assets and profits

According to the published audited consolidated financial statements of the Target, the total assets minus total liabilities of the Target was approximately C$283,619,000 (approximately HK$2,212 million) as of 31 March 2011. The Target recorded income before tax of approximately C$40,352,000 (approximately HK$315 million) and net income and comprehensive income of approximately C$27,729,000 (approximately HK$216 million) for the financial year ended 31 March 2011, and income before tax of approximately C$28,640,000 (approximately HK$223 million) and net income and comprehensive income of approximately C$20,107,000 (approximately HK$157 million) for the financial year ended 31 March 2010.

FINANCING FOR THE ARRANGEMENT

The Acquisition Price will be financed by the Company and Marubeni Corporation in proportion to their effective interest in the Purchaser, being C$589.9 million (approximately HK$4.6 billion) for the Company and C$393.3 million (approximately HK$3.1 billion) for Marubeni Corporation, respectively.

The Company intends to fund the cash consideration for the Arrangement from a proportion of the proceeds of the Company's initial public offering in October 2010 as described in the Prospectus, from the issuance of the Notes and from the Company's available bank financing.

IMPLICATIONS OF THE JOINT VENTURE AND THE ARRANGEMENT UNDER THE LISTING RULES

The Arrangement constitutes a major transaction (as such term is defined under the Listing Rules) for the Company under the Listing Rules as one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) exceeds 25% but does not exceed 100%, and is subject to approval by the Shareholders. As the assets of the Target comprise mainly Mineral Assets (as defined in the Listing Rules), and the Arrangement constitutes a Relevant Notifiable Transaction under Chapter 18 of the Listing Rules, the Company will need to comply with certain provisions of Chapter 18 of the Listing Rules in respect of the Arrangement including the inclusion in the relevant shareholder circular of a Competent Person's Report and a Valuation Report, both as defined in Chapter 18 of the Listing Rules.

The Arrangement and the transactions contemplated therein and in connection therewith will be subject to the Winsway Shareholder Approval. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the Winsway Shareholder Approval. It is expected that a notice convening the EGM together with the circular containing, among other things, further details of the Arrangement, financial information of the Target, a Competent Person's Report and a Valuation Report in compliance with the Listing Rules will be dispatched to the Shareholders on or about 30 December 2011, as additional time is required to prepare the financial information of the Target, the Competent Person's Report and the Valuation Report.

The Arrangement Agreement and the Information Circular will not be sent to the Shareholders as relevant information will be contained in the aforesaid circular to Shareholders.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

"Acquisition Price"	C$10.00 per Target Share in cash
"AMEC 2011 Report"	the independent technical report of AMEC Americas Limited ("**AMEC**") quantifying the reserves and resources of the mineable coal deposits of the Target dated 27 June 2011
"Arrangement"	an arrangement under the *Business Corporations Act* (Alberta) pursuant to which the Purchaser will acquire all of the outstanding Target Shares. Under the Arrangement, the Target Shareholders will receive the Acquisition Price for each of their Target Shares
"Arrangement Agreement"	the agreement entered into on 31 October 2011 between the Target and the Purchaser in relation to the Arrangement
"Board"	the board of directors of the Company
"Business Day"	a day other than a Saturday, Sunday or other day when banks in the City of Calgary, Alberta, Hong Kong or Tokyo, Japan are not generally open for business
"C$"	Canadian dollars, the lawful currency of Canada
"coal reserve"	coal quantities that are anticipated to be mineable based upon the completion of feasibility studies, utilizing existing technology, under prevailing economic conditions and which have no legal impediment to mining
"coke"	a hard, dry carbon substance produced by heating coal to a very high temperature in the absence of air, used primarily in the manufacture of iron and steel
"coking coal"	metallurgical coal that exhibits the physical and chemical properties that are necessary to form coke
"Company" or "Winsway"	Winsway Coking Coal Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 1733)
"Directors"	the directors of the Company
"EGM"	extraordinary general meeting of the Shareholders

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Information Circular"	information circular to be mailed by the Target to the Target Shareholders with full details of the Arrangement
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"metallurgical coal"	the various grades of coal suitable for making steel and includes coking coal and PCI coal
"Notes"	the US$500,000,000 8.5% Senior Notes due 2016 issued by the Company
"PCI"	pulverized coal injection, a process in which coal is pulverized and injected into a blast furnace. Those grades of coal used in the PCI process are generally non-coking. However, since such grades are utilized by the metallurgical industry, they are considered to be a metallurgical coal. PCI grade coal is used primarily as a heat source in the steel making process in partial replacement of high quality coking coals which are typically more expensive
"Prospectus"	the prospectus of the Company dated 27 September 2010 issued in connection with the initial public offering and listing of Shares of the Company on the Main Board of the Hong Kong Stock Exchange on 11 October 2010
"Purchaser"	1629835 Alberta Ltd., a company incorporated in the Province of Alberta, Canada with limited liability which will be owned as to 60% by the Company and 40% by Marubeni Corporation
"run-of-mine coal" or "ROM"	the coal produced from the mine before it is processed
"Shares"	ordinary share(s) with no par value of the Company
"Shareholders"	holders of the Shares
"Target"	Grande Cache Coal Corporation, a corporation incorporated under the laws of the Province of Alberta, Canada, the shares of which are listed on the TSX under the trading symbol "GCE"

"Target Shareholders"	holders of Target Shares
"Target Shares"	common shares in the capital of the Target
"TSX"	the Toronto Stock Exchange
"US$"	United States dollars, the lawful currency of the United States of America
"Winsway Shareholder Approval"	the approval of a simple majority of Shareholders present in person or by proxy at the EGM

For reference only, the exchange rate of C$:HK$ as referred to in this announcement is C$1:HK$7.7975.

By Order of the Board of
Winsway Coking Coal Holdings Limited
Cao Xinyi
Company Secretary

Hong Kong, 1 November 2011

As at the date of this announcement, the executive directors of the Company are Mr. Wang Xingchun, Ms. Zhu Hongchan, Mr. Yasuhisa Yamamoto, Mr. Apolonius Struijk and Mr. Cui Yong, the non-executive directors of the Company are Mr. Cui Guiyong, Mr. Liu Qingchun and Mr. Lu Chuan and the independent non-executive directors are Mr. James Downing, Mr. Ng Yuk Keung, Mr. Wang Wenfu and Mr. George Jay Hambro.