May 01, 2012 09:01 ET

CanAm Reports Record Production, Revenue and EBITDA for the Fiscal Year Ending December 31, 2011

CALGARY, ALBERTA--(Marketwire - May 1, 2012) - CanAm Coal Corp. (TSX VENTURE:COE)(OTCQX:COECF) ("CanAm" or the "Company") has filed its audited consolidated financial statements and related management's discussion and analysis for the period ended December 31, 2011. As the Company has changed its year end to December 31 from January 31 in order to align year ends across all subsidiaries, this fiscal year only has 11 months. Copies of these documents may be obtained via the SEDAR website or on the Company's website at www.canamcoal.com.

Since late 2009, CanAm has repositioned itself as an active coal mine producer and since then the Company has gained control of RAC Mining LLC ("RAC"), a predominantly metallurgical coal producer, and acquired a 50% ownership stake in Birmingham Coal & Coke Inc., a predominantly thermal coal producer, with a 5-year option to purchase the remaining 50%. With currently 4 mines in operation; Powhatan, Bear Creek, Old Union and Gooden Creek, the Company has steadily improved financial and operational metrics with record results in fiscal year 2011. A summary of key metrics for the last 3 fiscal years are as follows:

(in $millions)	December 31 2011 (11 months)	January 31 2011 (12 months)	January 31 2010 (12 months)
Production (in tons)	256,221	48,361	4,761
Revenue	$24.4	$5.3	$0.5
Income from mining operations	$2.5	$0.3	$0.1
EBITDA, before one-time items	$4.6	($0.2)	($0.5)
Cash flow from operations	$4.0	($0.4)	($0.5)
Cash on hand, at period end *	$4.4	$2.0	$0.3
Shareholders' equity	$9.8	$5.1	$4.8

* includes restricted cash

"This was unquestionably the break-out year for Can Am with record financial and operational metrics at all levels", said Tim Bergen, CEO of CanAm. "Our BCC acquisition was no doubt the turning point for our Company as we significantly increased and diversified our production capacity, were able to leverage the customer relationships and off-take contracts and, last but not least, gained access to an experienced and qualified coal mining team with a proven track record of running safe, reliable and profitable operations. As to 2012, our team will continue on its path of aggressive growth at all levels as we remain bullish in the outlook for the overall coal markets and remain confident in our ability to execute on our 2012 growth plan of achieving between 450,000 and 550,000 tons of annual production".

Highlights and key events for the year include:

The Company set a number of financial and operating milestones in 2011 including:

- Record annual revenues of $24.4 million, up from $5.3 million in fiscal 2010;
- Record income from mining operations of $2.5 million, up from $0.3 million in fiscal 2010;
- Record EBITDA, before one-time expenses, of $4.6 million, up from $(0.2) million in fiscal 2010;
- Record cash flow from operations of $4.0 million, up from $(0.4) in fiscal 2010;
- Record annual production of 256,221 tons, up from 48,361 tons in fiscal 2010.

Other highlights and significant events include:

- Completed the purchase of a 50% ownership stake in Birmingham Coal & Coke which operates 3 operating mines and a brokerage business in Alabama. The Company has an option to purchase an additional 30% ownership within the next 2 years and the remaining 20% within 5 years;
- Raised $11.5 million through a 9.5% convertible debenture offering which was used to fund the Company's acquisition, its 2011 capital expenditure program and for working capital purposes;
- Completed a NI 43-101 independent reserve report for BCC which determined the coal resource at 6 million tons of proven reserves. On this basis, and considering current production levels, average mine life for the BCC mines is 10 years;
- Started trading on the US OTC market, OTCQX International, under the symbol COECF;
- Hired a major independent engineering firm to pursue alternative development opportunities for the Buick Coal Property in Colorado.

Highlights and key events for the fourth quarter (2 months) include:

- Achieved coal sales of 49,852 tons, up from 14,63 3 tons in Q4 2010;
- Generated revenue of $5.0 million, up from $1.5 million in Q4 2010;
- Generated EBITDA of $0.7 million, up from ($0.4) in Q4 2010.

Highlights and events subsequent to the quarter ended December 31, 2011 include:

- Concluded a number of off-take agreements with various customers that resulted in 85% of estimated 2012 production being contracted for. Average price increases in such contracts were between 4% to 17% as compared to last year.
- Consolidated all mine operations under one common structure in order to drive operational efficiencies.
- Renegotiated the reclamation bonding program in place for the BCC mines resulting in the release of approximately $0.7 million of restricted cash.
- Appointed Scott Bolton, a senior partner with PricewaterhouseCoopers, as the new CFO of the Company and Jos De Smedt, the current CFO, as the President and COO. Both appointments are effective June 1, 2012.

Financial results for the eleven and twelve month period ended December 31, 2011 and January 31, 2011 were as follows:

	December 31, 2011 (11 months)	January 31, 2011 (12 months)

Revenue	$24,431,668	$5,328,935
Income from mining operations	$2,517,941	$342,281
Other income (expenses)	($4,713,968)	($2,303,825)
Income (loss) before tax *	($2,196,027)	($1,961,544)
Net income (loss)	($2,169,814)	($1,956,642)
EBITDA, before one-time items	$4,605,388	($214,525)

* includes $0.8 M of one-time expenses relating to the BCC acquisition & debenture financing

Mine operating results for the two and eleven month period ended December 31, 2011 were as follows:

	Dec 31 2011 (2 months)	Jan 31 2011 (3 months)	Dec 31 2011 (11 months)	Jan 31 2011 (12 months)
Metallurgical coal	9,152	9,873	52,355	35,857
Thermal coal	40,700	4,760	203,866	12,504
Total	**49,852**	**14,633**	**256,221**	**48,361**
Coal sales revenue	4,994,437	1,532,564	24,431,668	5,176,648
Income from mining operations	231,557	-161,891	2,517,941	342,281
EBITDA, before one-time items	653,586	-368,953	4,605,388	-214,525
Coal sales (in tons)	49,852	14,633	256,221	48,361
Average coal price	100	105	95	107
Average cost of product sold	58	78	52	71
Average cost of royalties transportation and other	21	26	19	25
Average income from mining	5	-11	10	7
Average EBITDA, before one-time items	13	-25	18	-4

Notes:

- Averages are all presented on a per ton basis.
- Through November 8, 2010, the Company owned 49% of the mining operations and therefore prior year's numbers represent CanAm's proportionate 49% share.

- EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization equals income from mining operations plus depreciation, depletion, amortization and accretion minus general and administrative expenses. EBITDA before one-time items excludes the BCC transaction costs. EBITDA is a supplemental measure that is not presented in accordance with International Financial Reporting Standards (IFRS). This non-IFRS measure may not be comparable to the calculation of similarly titled measures reported by other companies and should not be considered in isolation, as an alternative to, or more meaningful than financial measures calculated and reported in accordance with IFRS.

Coal Sales

Coal sales for the eleven month period ended December 31, 2011 were 256,221 tons as compared to 48,361 tons in the twelve month period ended January 31, 2011 or a 5-fold increase. The significant increase is mainly the result of the acquisition of a 50% ownership in BCC which was effective May 1, 2011. BCC operates three coal mines; Bear Creek, Old Union and Gooden Creek, that produce high quality thermal coal. BCC also operates a brokerage business which contributed 9,163 tons of coal sales in fiscal 2011. The ratio of metallurgical/thermal coal for the eleven month period ended December 31, 2011 at the Powhatan mine was 57/43% as compared to 74/26% in fiscal 2010. The Company's target coal mix is 60/40%.

Coal sales were 49,852 tons in the fourth quarter of fiscal 2011 as compared to 14,633 tons in Q4 of fiscal 2010 or an increase of 35,219 tons. BCC's mines and the Powhatan mine contributed 37,613 tons and 12,239 tons, respectively. Coal sales at the Powhatan mine were below target as production slowed down as a result of a lower than usual recovery rate on thermal coal, greater than usual equipment downtime during a cycle of higher than average strip ratios and extra vacation days taken over the Christmas holiday period. The ratio of metallurgical/thermal coal for Q4 at the Powhatan mine was 75/25% as a result of a lower recovery rate on the thermal coal.

Revenue, Income and EBITDA

Revenue, income and EBITDA for the eleven month period were all up significantly as compared to the prior fiscal year as a result of the increased production following the acquisition of a 50% ownership stake in BCC and improved pricing on both metallurgical and thermal coal. Although prices for both coals increased, the average coal price was lower due to the Company's coal mix of 20/80% metallurgical/thermal coal as compared to 74/26% in the prior period. The major shift in the coal mix is primarily due to the BCC acquisition which only mines high quality thermal coal. For the year, the Company realized an average sales price of $95/ton as compared to $107/ton in fiscal 2010. Production costs for the year were on average $52/ton as compared to $71/ton in fiscal 2010 with the decrease mainly coming from the lower production costs at the BCC mines. EBITDA was $4,605,388 as compared to ($214,525) in fiscal 2010.

For the two month period ended December 31, 2011, the Company generated $5 million in revenue and $0.7 million in EBITDA. Average production cost for the quarter was slightly higher as a result of lower production levels at the Powhatan mine. Average cost of royalties, transportation and other was also higher as a result of a one-time adjustment of $140,000 to royalties following a review of royalties due to various landowners.

Other Income (Expenses)

Other expenses for the two and eleven month period ended December 31, 2011 were $915,298 and $4,713,968, respectively as compared to $1,490,017 and $2,303,825 in the prior year. The increase for the year was mainly the result of: higher general and administrative expenses as a result of the increased activity in the Company's operations and additional overhead following the acquisitions of BCC and RAC (+$840,000), interest and costs associated with the Company's 9.5% and 12% debenture (+$1,642,000), higher stock based compensation expenses (+$187,000), one-time transaction costs associated with the BCC acquisition (+$383,000) and higher equipment interest expense mainly as a result of the BCC acquisition (+$187,000). The increase was offset by a favourable impact of fluctuations in the US$/CDN$ foreign exchange (-$110,000) and a reduction in the write down of mineral properties (-$710,000).

The Company's overall financial position remained healthy as a result of the cash flow generated from mining operations, conversion of a portion of the 12% convertible debenture and additional funds generated from the exercise of warrants and options. Cash on hand at December 31, 2011 was $2.6 million as compared to $1.5 million at January 31, 2011. In addition, the Company provided $1.7 million in cash as security for reclamation bonds of which $0.7 million became unrestricted subsequent to the year end as a result of a restructuring of the bonding program.

Outlook

The Company remains committed to execute on its aggressive growth plan for 2012 of achieving between 450,000 to 550,000 tons of annual production. In order to achieve this growth in 2012, the Company is looking to expand production at some of its current mines and is working to open up any of the following new mines: Davis, Posey Mill 2, Knight and Old Union 2. Each of these properties are at various stages of the permitting process and are, for the most part, adjacent to our current mines. Up to 85% of our estimated 2012 production has been contracted for with a variety of customers including the Alabama Coal Cooperative and various industrial users.

Further expansion and growth will continue to be pursued by either adding adjacent lands to our reserve portfolio or by pursuing accretive acquisitions with a focus on high quality thermal or metallurgical coal. The Company also has an option to purchase an additional 30% ownership in BCC within the next 2 years and the remaining 20% within 5 years.

In addition, the Company continues to pursue the development of the Buick Coal Property which holds significant coal resources, 188 million tons of indicated and 103 million tons of inferred coal resources, in Colorado, USA. In this context, CH2M HILL, an independent major engineering firm, has recently completed a study to identify alternative development opportunities for this resource and they recommended that the Company pursue two alternatives: the production of activated carbon or the gasification of the coal resource to produce liquid motor and/or jet fuels.

About CanAm Coal Corp.

CanAm is a coal producer and development company focused on growth through the acquisition, exploration and development of coal resources and resource-related technologies. CanAm's main activities and assets include its four operating coal mines in Alabama, the exclusive rights to a proprietary Coal to Liquids technology which converts coal into liquid fuels (such as oil, jet fuel) at an economical cost with zero airborne emissions and the Buick Coal Project which holds significant coal resources, 188 million indicated and 103 million inferred resources, in Colorado, USA (see the technical report entitled "Limon Lignite Project, Elbert County, Colorado, USA," dated October 26, 2007 and filed on SEDAR on November 2, 2007). Other coal and related opportunities continue to be evaluated on an ongoing basis.

Forward-Looking Information and Statements

This press release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "estimate", "expect", "believe", "will", "may", "project", "budget", "plan", "sustain", "continues", "strategy", "forecast", "potential", "projects", "grow", "take advantage", "well positioned" or similar words suggesting future outcomes. In particular, this press release contains forward-looking statements relating to: the future production of the Powhatan mine; the permitting of the Davis mine; and the potential production at the Davis mine. This forward looking information is based on management's estimates considering typical strip mining operations, equipment requirements and availability and typical permitting timelines.

In addition, forward-looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of services, the ability to obtain financing on acceptable terms, the actual results of exploration projects being equivalent to or better than estimated results in technical reports or prior exploration results, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company consider these assumptions to be reasonable based on information currently available to them, these assumptions may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the Company's beliefs, plans, objectives and expectations, including, among other things: general economic and market factors, including business competition, changes in government regulations or in tax laws; the early stage development of the Company and its projects; general political and social uncertainties; commodity prices; the actual results of current exploration and development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals. These factors should not be considered exhaustive. Many of these risk factors are beyond the Company's control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management's future course of action depends upon the Company's assessment of all information available at that time.

Forward-looking statements in respect of the future production of the Powhatan and BCC mines may be considered a financial outlook. These forward-looking statements were approved by management of the Company on January 12, 2012. The purpose of this information is to provide an operational update on the company's activities and strategies and this information may not be appropriate for other purposes.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this press release are made as of the date of this press release and the Company does not undertake and is not obligated to publicly update such forward-looking statements to reflect new

information, subsequent events or otherwise unless so required by applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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