INVESTOR RIGHTS AGREEMENT

THIS AGREEMENT made as of the 12th day of February, 2008.

BETWEEN:

BROOKFIELD BRIDGE LENDING FUND INC., a corporation governed by the laws of the Province of Ontario (the "**Subscriber**")

AND:

GRANDE CACHE COAL CORPORATION, a corporation governed by the laws of the Province of Alberta (the "**Corporation**")

WHEREAS:

A. The Corporation and the Subscriber are parties to a subscription agreement of even date herewith (the "**Subscription Agreement**"), pursuant to which the Subscriber proposes to subscribe for and purchase a $17,500,000 principal amount senior secured convertible debenture of the Corporation (the "**Debenture**").

B. It is a condition to the closing of the transactions contemplated by the Subscription Agreement that the Corporation enter into this Agreement with the Subscriber to grant to the Subscriber the rights set forth herein (collectively the "**Investor Rights**").

NOW THEREFORE in consideration of the premises and the mutual agreements and covenants contained herein and in the Subscription Agreement, and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged), the parties hereto hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined terms. For the purposes of this Agreement, the following terms have the following meanings:

(a) "**ABCA**" means the *Business Corporations Act* (Alberta) as amended, restated, replaced or re-enacted from time-to-time;

(b) "**Affiliate**" means, in respect of any Person, any Person which, directly or indirectly, controls or is controlled by or is under common control with such first mentioned Person; and for the purpose of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") means the power (including de facto control) to direct, or cause to be directed, the management and policies of a Person whether through the ownership of voting shares or units or by contract or otherwise;

(c) "**Agreement**" means this agreement, including any schedules attached or to be attached hereto, and all amendments or additions hereto made in writing;

(d) "**Board**" means the board of directors of the Corporation;

(e) "**Common Shares**" means the common shares in the capital of the Corporation;

(f) "**Convertible Securities**" means all subscriptions, options, calls, warrants, commitments, contracts, preemptive rights, rights of first refusal, demands, conversion rights or other agreements, arrangements or securities of any character or nature whatsoever under which the Corporation is or may be obliged to issue any Common Shares or other securities of the Corporation or securities directly or indirectly convertible into, or exercisable or exchangeable for, Common Shares;

(g) "**Debenture**" has the meaning ascribed to that term in the recitals to this Agreement;

(h) "**Financing Notice**" has the meaning ascribed to that term in Section 3.2;

(i) "**Investor Rights**" has the meaning ascribed to that term in the recitals to this Agreement;

(j) "**New Securities**" means any Common Shares or other securities whatsoever of the Corporation, whether or not now authorized, including any Convertible Securities, but excluding:

(i) stock options granted to directors, officers, employees or consultants of the Corporation or its Affiliates as approved by the Compensation Committee of the Board or the Board, and Common Shares issuable upon exercise of such stock options;

(ii) issuances of securities of the Corporation pursuant to the terms of outstanding Convertible Securities on the date hereof;

(iii) Common Shares issued in any bona fide acquisition, merger, takeover or divestiture transaction with an arm's length third party; or

(iv) rights issued pursuant to a shareholders rights plan of the Corporation;

(k) "**Person**" has the meaning ascribed to that term in the Credit Agreement;

(l) "**Pro-Rata Interest in New Securities**" means, with respect to the Subscriber, at any time, the percentage determined by dividing (i) the sum of the number of Common Shares then owned, legally and/or beneficially, by, or issuable to, the Subscriber and its Affiliates, plus the number of Common Shares that the Subscriber could then acquire upon conversion of the Debenture at the then applicable conversion price thereunder, by (ii) the sum of the total number of Common Shares then outstanding plus the number of Common Shares that the

Subscriber could then acquire upon conversion of the Debenture at the then applicable conversion price thereunder;

(m) **"Representative"** has the meaning ascribed to that term in Section 2.1(a);

(n) **"Subscription Agreement"** has the meaning ascribed to that term in the recitals to this Agreement; and

(o) **"Transfer"** means any direct or indirect sale, assignment, conveyance or other transfer or disposition of any kind, whether voluntary or by operation of law.

1.2 Currency. Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful money of Canada.

1.3 Interpretation Not Affected by Headings or Party Drafting. The division of this Agreement into articles, sections, paragraphs, subsections and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the Schedules hereto and not to any particular article, section, paragraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Each party hereto acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

1.4 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein (without regard to principles of conflicts of laws). The parties irrevocably attorn to the exclusive jurisdiction of the Courts of the Province of Alberta.

1.5 Number and Gender. In this Agreement, unless there is something in the subject-matter or context inconsistent therewith:

(a) words in the singular number include the plural and such words shall be construed as if the plural had been used;

(b) words in the plural include the singular and such words shall be construed as if the singular had been used; and

(c) words importing the use of any gender shall include all genders where the context or party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

1.6 Time of essence. Time shall be of the essence hereof.

ARTICLE 2
BOARD REPRESENTATION AND INFORMATION RIGHTS

2.1 Board Representation Rights

(a) For so long as the Subscriber and its Affiliates owns, legally and/or beneficially, not less than 10% of the then outstanding Common Shares (on a non-diluted basis), the Subscriber shall have the right, upon notice to the Corporation, to designate one representative (the "**Representative**") which the Corporation shall nominate for election to the Board (or otherwise include in a management slate of directors proposed by the Corporation for election by its shareholders) at any meeting of shareholders of the Corporation (or signing of written resolutions in lieu thereof) following the date upon which such notice is given, and at each meeting (or signing of written resolutions in lieu thereof) thereafter at which directors are to be elected. Where, between meetings of the Corporation's shareholders, the Subscriber does not have the Representative on the Board but owns Common Shares representing not less than 10% of the then outstanding Common Shares (on a non-diluted basis), and provides notice to the Corporation of the Representative, the Corporation shall cause the Representative to become a member of the Board by having the directors appoint the Representative as an additional director in accordance with the provisions of the ABCA and the Corporation's articles.

(b) The Representative designated by the Subscriber shall be subject to the approval of the Toronto Stock Exchange and any other exchange upon which the Common Shares may be then traded, as may be required pursuant to the rules of any such exchange.

2.2 Reimbursement and Indemnity

The Corporation shall reimburse the Representative for his or her reasonable expenses and indemnify the Representative to the full extent permitted under the ABCA from and against all losses, in either case incurred in connection with his or her duties as a director of the Corporation. The Corporation further covenants that it will to the extent not already in place, as soon as reasonably practicable following the appointment of the Representative to the Board, acquire directors and officers liability insurance from a recognized insurer in such amounts as may be determined at such time by the Board and the Subscriber, each acting reasonably.

ARTICLE 3
PARTICIPATION RIGHTS

3.1 Participation Right. For so long as the Subscriber and its Affiliates owns and/or has rights to acquire pursuant to the terms of the Debenture, legally and/or beneficially not less than 3.0% of the outstanding Common Shares (assuming for such purposes that all Common Shares then issuable upon conversion of the Debenture in accordance with the terms thereof were outstanding), in the event the Corporation proposes to issue any New Securities in any manner (including, without limitation, by way of private placement, rights offering or public offering), the Subscriber shall have the right (the "**Participation Right**") of first offer to purchase the Subscriber's Pro Rata Interest in New Securities with respect thereto on the terms and conditions set forth in this Article 3.

3.2 Mechanics of Right. In the event that the Corporation proposes to issue New Securities, it shall give the Subscriber written notice thereof (the "**Financing Notice**"), describing the type of New Securities, the price and the general terms upon which the Corporation proposes to issue same. Within 5 days after receipt of the Financing Notice, in the event the Subscriber wishes to exercise its Participation Right with respect to the proposed issuance of New Securities, the Subscriber shall give the Corporation written notice (the "**Participation Notice**") of its intention to exercise its Participation Right to purchase, at the price and on the terms set forth in the Financing Notice, a number of New Securities equal to or less than its Pro-Rata Interest in New Securities at such time, and the Corporation shall issue such number of New Securities to the Subscriber at the same time it completes the issuance of all New Securities proposed to be issued.

3.3 Corporation's Right to Sell New Securities. To the extent that the Subscriber does not exercise its Participation Right in the manner prescribed by Section 3.2 in respect of a proposed issuance of New Securities, the Corporation shall have 60 days from the expiration of the 5 day period referred to in Section 3.2, to complete the sale of such New Securities, at a price and upon general terms no more favourable to the purchasers thereof than specified in the Financing Notice. In the event that the Corporation has not sold such New Securities within such stipulated time period, the Corporation shall not thereafter issue or sell any New Securities without complying again in full with the provisions of this Article 3.

3.4 No Impairment. The Subscriber's failure to exercise its Participation Right in respect of any particular issuance of New Securities shall not adversely affect the Subscriber's Participation Right in respect of any subsequent issuance of New Securities.

3.5 Waiver of Rights Plan. If any shareholder rights plan or similar plan is adopted by the Corporation, the Board shall take all required action to ensure that the exercise of Participation Rights described in Article 3 hereto is exempt from the application of such plan.

ARTICLE 4
ASSIGNMENT OF INVESTOR RIGHTS

4.1 Assignment of Investor Rights. The Subscriber may, upon written notice to the Corporation, assign its rights and obligations hereunder to an Affiliate of the Subscriber or to any investment fund managed by the Subscriber or any of its Affiliates without any consent required from the Corporation; provided that, in such case, such assignee enters into an agreement reasonably satisfactory to the Corporation pursuant to which it agrees to be bound by the terms and conditions of this Agreement.

4.2 Novation by Corporation. The Corporation agrees to enter into an agreement satisfactory to the Corporation, the Subscriber and any permitted assignee of the Subscriber, each acting reasonably, to reflect the novation of any Person who is a third party assignee of the Subscriber into the provisions of this Agreement.

ARTICLE 5
GENERAL PROVISIONS

5.1 Further Assurances. Each of the Corporation and the Subscriber hereby covenants and agrees that at any time and from time to time after the date hereof it will, on the request of the other, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required for the better carrying out and performance of all the terms of this Agreement. The Corporation shall refrain from entering into any agreements or taking any other actions which have or may reasonably be expected to have the effect of impairing or restricting the Investor Rights granted by the Corporation to the Subscriber hereunder.

5.2 Notices

(a) Any notice, direction or other instrument required or permitted to be given under this Agreement by the Subscriber to the Corporation, or by the Corporation to the Subscriber, will be in writing and may be given by delivering same or by fax to the following address:

(i) If to the Corporation:

Grande Cache Coal Corporation
Suite 1610, 800 - 5th Avenue SW
Calgary, Alberta
T2P 3T6

Attention: Vice-President, Finance and Chief Financial Officer

Facsimile: (403) 543-7092

(ii) If to the Subscriber:

1700, 335 - 8th Avenue SW
Calgary, Alberta T2P 1C9

Attention: Managing Partner, Energy
Facsimile: (403) 770-7221

(b) Any communication aforesaid will:

(i) if delivered, be deemed to have been given or made at the time of delivery; and

(ii) if sent by electronic communication, be deemed to have been given or made on the day it was sent if confirmation of receipt is obtained during normal business hours on that day, or on the next day if confirmation is received after normal business hours.

(c) Any party may give written notice of change of address in the same manner, in which event such notice will thereafter be given to it as above provided at such changed address.

5.3 Successors and Assigns. No party may assign its rights or obligations under this Agreement except as contemplated in Article 5 hereof. This Agreement shall be binding on and enure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to confer on any person, other than the parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

5.4 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, correspondence, agreements, understandings, duties or obligations among the parties with respect to the subject matter hereof.

5.5 Waiver. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the party giving it, and only in the specific instance and for the specific purpose for which it has been given. No single or partial exercise of any such right shall preclude any other or further exercise of that right or the exercise of any other right.

5.6 Amendments. No modification or amendment to this agreement may be made unless agreed to by the parties hereto in writing.

5.7 Severability. If, in any jurisdiction, any provision of this Agreement or its application to any party or in any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to the other party or in other circumstances.

5.8 Mergers, Recapitalizations, Exchanges or Other Transactions Affecting Common Shares. The provisions of this Agreement shall apply to the full extent set forth herein to any and all securities of the Corporation or any successor to, or assign of, the Corporation (whether by merger, amalgamation, consolidation, sale of assets or other transaction) that may be issued in respect of, in exchange for, or in substitution for the Common Shares pursuant to any such transaction.

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5.9 Counterparts. This Agreement may be executed and delivered by facsimile or other electronic means and in any number of counterparts, each of which so executed shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF the parties hereto have duly executed this Investor Rights Agreement as of the day and year first above written.

GRANDE CACHE COAL CORPORATION

Per: ______________________________
Name:
Title:

BROOKFIELD BRIDGE LENDING FUND INC.

Per: ______________________________
Name:
Title: