



GRANDE CACHE COAL CORPORATION

NEWS RELEASE

GRANDE CACHE COAL CORPORATION PROVIDES OPERATIONAL UPDATE

Calgary, Alberta, January 8, 2009 – Grande Cache Coal Corporation (GCE-TSX) ("Grande Cache Coal" or the "Corporation") today provided an update on the impact of current market conditions on its operations.

- Coal sales in the third quarter of fiscal 2009 were 0.36 million tonnes, up slightly from 0.34 million tonnes sold in the second quarter of fiscal 2009. Total fiscal year to date sales volumes to December 31, 2008 were 0.95 million tonnes.
- Global steel production is declining due to the worldwide economic slowdown, and as a result steel producers are uncertain about the level of demand they will experience in 2009 and beyond. This in turn has affected the demand for metallurgical coal.
- Grande Cache Coal has received indications from certain customers that shipments originally scheduled for delivery by March 31, 2009 will be deferred into the following fiscal year. The full extent of these delayed shipments is unknown at this time given that many steel companies have yet to provide detailed shipping schedules for the quarter ending March 31, 2009.
- As a result of these shipping deferrals, coal sales for the fiscal year ending March 31, 2009 are now expected to be in the range of 1.1 to 1.3 million tonnes. This change to the previous guidance is the result of the uncertainty in the level of demand in the steel market.
- Coal volume requirements and contract prices for fiscal 2010 are not known at this time. The Corporation expects that negotiations of coal prices and volumes for the next fiscal year will commence shortly and will be impacted by the current economic conditions. Grande Cache Coal intends to continue production at current levels and, if necessary, will adjust its planned production for fiscal 2010 accordingly, once negotiations are complete.
- In the meantime, Grande Cache Coal is taking steps necessary to reduce costs and position the Corporation to meet these changing customer requirements. This includes curtailment of non essential expenditures, a reduction of third party contractor costs and a review of planned capital expenditures that support the Corporations longer term growth plans.

“These are uncertain and challenging times and few businesses will be immune to the impact of the current worldwide economic climate” said Robert Stan, President and Chief Executive Officer. “Our objective is to position Grande Cache Coal to manage the impact of the current economic uncertainty and to be able to take advantage of future opportunities as and when the current cycle evolves. We have adjusted our sales volume guidance to reflect the reality of the metallurgical coal market as we currently see demand for our product. We continue to monitor developments in the market and will provide further updates as new information becomes available.”

Grande Cache Coal is an Alberta based metallurgical coal mining company whose experienced team of coal professionals are operating a mining operation that produces metallurgical coal for the steel industry and holds coal leases covering over 22,000 hectares 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".

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This news release contains forward-looking statements, which are based on Grande Cache Coal's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. The forward-looking statements are not guarantees of future performance and undue reliance should not be placed on them. Actual results may differ materially as a result of any number of factors and uncertainties, many of which factors are beyond the Corporation's control. Many of these risks and uncertainties are described in Grande Cache Coal's 2008 annual information form, Grande Cache Coal's management's discussion and analysis and other documents Grande Cache Coal files with the Canadian securities authorities. Grande Cache Coal undertakes no obligation to update or revise any forward-looking statements except as required by applicable securities laws.

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.