



## **GRANDE CACHE COAL CORPORATION**

### **NEWS RELEASE**

#### **GRANDE CACHE COAL CORPORATION PROVIDES OPERATIONAL UPDATE**

**Calgary, Alberta, February 11, 2009** – Grande Cache Coal Corporation (GCE-TSX) ("Grande Cache Coal" or the "Corporation") today provided the following operational update.

The outlook for steel production in 2009 continues to be weak as a result of the worldwide economic slowdown. This in turn is adversely affecting the demand for metallurgical coal. Grande Cache Coal has received further indications from its customers that additional shipments originally scheduled for delivery by March 31, 2009 will be deferred into fiscal 2010. The uncertainty in the market is also having a negative impact on the Corporation's contract negotiations for the upcoming coal year beginning April 1, 2009. The global slowdown is expected to reduce the amount of coal the Corporation's customers will require under new contracts at least in the initial months of fiscal 2010.

Grande Cache Coal had a cash balance of \$88 million and no debt at the quarter ended December 31, 2008. The Corporation currently operates a surface mine and an underground mine and has applied for regulatory approval to develop two additional surface mines all on the same site outside of Grande Cache.

Management of the Corporation is taking steps to preserve the Corporation's strong balance sheet by reducing its current coal production level and curtailing non-essential expenditures. Through the prudent management of existing operations with the goal of cash preservation, management intends to position the Corporation as best it can for growth opportunities as the cycle evolves. Management is making ongoing adjustments as a result of the current economic conditions, including the following:

- Coal production will be reduced by approximately 25% for the next six months from its current annual production rate of approximately 1.3 million tonnes. The lower production levels will result in a workforce reduction of approximately 100 employees and contractors at the mine site effectively immediately. Production levels will be reassessed on an ongoing basis as coal contracts are negotiated for fiscal 2010.
- The Corporation will focus on mining existing operations where production costs may be minimized and the greatest level of cash flow can be realized based on negotiated prices for fiscal 2010, while at the same time continuing to seek regulatory approval for the two additional surface mines.
- Arrangements are being made with equipment suppliers to defer the delivery dates of new mining equipment that was being acquired to increase productivity and for the development of the No. 8 surface mine. This equipment, with a cost of approximately \$48 million, was to be delivered in March and April of this year.

"The continued uncertainty in the marketplace and further indications of lower demand for coal has led us to our decision to reduce production in the short term" said Robert Stan, President and Chief Executive Officer of Grande Cache Coal. "It is unfortunate that these measures have to be taken, however they are

necessary and prudent, and will allow us to preserve capital and better position the Corporation to weather the current downturn and succeed in the next recovery."

Grande Cache Coal is an Alberta based metallurgical coal mining company whose experienced team of coal professionals are managing a mine 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.*