



GRANDE CACHE COAL CORPORATION

NEWS RELEASE

GRANDE CACHE COAL CORPORATION PROVIDES OPERATIONAL UPDATE

Calgary, Alberta, January 12, 2010 – Grande Cache Coal Corporation (GCE-TSX) ("Grande Cache Coal" or the "Corporation") today provided the following operational update.

- Grande Cache Coal sold 0.47 million tonnes of coal during the three months ended December 31, 2009 compared to 0.36 million tonnes in the same period of 2008. Total sales for the first nine months of the fiscal year were 1.34 million tonnes, up from 0.95 million tonnes in the comparable period of the prior fiscal year.
- The Corporation held cash and cash equivalents of \$100.4 million at December 31, 2009.
- Grande Cache Coal anticipates sales volume for fiscal 2010 will be in the range of 1.6 to 1.8 million tonnes, up from the previous guidance of 1.5 to 1.7 million tonnes. The increase is due to a continuing recovery in demand from traditional customers and sales to new customers in China.
- The average US denominated sales price for fiscal 2010 is projected to be in the range of US\$115 to US\$125 per tonne and will include carryover shipments from the prior coal year, spot sales and contract sales for the coal year that commenced April 1, 2009.
- The demand for metallurgical coal is expected to be strong in fiscal 2011. Grande Cache Coal has commenced discussions with customers with respect to coal sales for the next fiscal year ending March 31, 2011, and is expecting sales volumes in the range of 2.0 to 2.2 million tonnes. Final contract pricing will be dependent on market conditions.
- During the third quarter of fiscal 2010, Grande Cache Coal entered into a series of monthly agreements to hedge US dollar revenues totaling US\$48 million from April to September 2010, at an average rate of Canadian dollars 1.0645 to the US dollar.
- As previously announced on December 2, 2009, Grande Cache Coal received final regulatory approval to proceed with the development of its new No. 8 surface mine. Development of the new mine has commenced with initial surface preparation and road construction.

“We are pleased with the industry outlook for the next year that is forecasting strong demand for metallurgical coal and improved pricing” said Robert Stan, President and Chief Executive Officer. “Our company has been successful in a challenging economic environment during the past year, and is well positioned to take advantage of growth opportunities over the coming years. We are proceeding with the development of our No. 8 mine and the further steps required to increase production at our existing operations to 3 million tonnes per year by fiscal 2013.”

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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Forward-Looking Statement Advisory

In the interest of providing Grande Cache Coal's shareholders and potential investors with information regarding Grande Cache Coal, including management's assessment of Grande Cache Coal's future plans and operations, certain statements in this news release are "forward-looking statements" within the meaning of applicable Canadian securities legislation. In some cases, forward-looking statements can be identified by terminology such as "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "intend", "may", "objective", "ongoing", "outlook", "potential", "project", "plan", "should", "target", "would", "will" or similar words suggesting future outcomes, events or performance. The forward-looking statements contained in this news release speak only as of the date of this document and are expressly qualified by this cautionary statement.

Specifically, this news release contains forward-looking statements relating to: anticipated sales volumes and the average selling price of metallurgical coal in fiscal 2010; anticipated sales volumes of metallurgical coal in fiscal 2011, management of coal production in fiscal 2010, the timing of production of coal from the No. 8 surface mine, the timing required to increase production levels to three million tonnes per year, future coal production levels, and future coal prices.

These forward-looking statements are based on certain key assumptions regarding, among other things: no material disruption in production; no material variation in anticipated coal sales volumes; no material variations in markets and pricing of metallurgical coal other than anticipated variations; no material variation in the anticipated timing of equipment delivery; continued availability of and no material disruption in rail service and port facilities; no material delays in the current timing for completion of ongoing projects; financing will be available on terms favourable to the Corporation; no material variation in historical coal purchasing practises of customers; coal sales contracts will be entered into with new customers; parties execute and deliver contracts currently under negotiation; and no material variations in the current regulatory environment. The reader is cautioned that such assumptions, although considered reasonable by Grande Cache Coal at the time of preparation, may prove to be incorrect.

Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: changes in general economic, market and business conditions; uncertainties associated with estimating the quantity and quality of coal reserves and resources; commodity prices, currency exchange rates, the availability of credit facilities for capital expenditure requirements, debt service requirements; dependence

on a single rail system; changes to legislation; liabilities inherent in coal mine development and production; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; geological, mining and processing technical problems; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining and coal processing operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in coal mine development and production; and other factors, many of which are beyond the control of Grande Cache Coal. These risk factors are discussed in Grande Cache Coal's Annual Information Form for the fiscal year ended March 31, 2009, as filed with Canadian securities regulatory authorities.

There is no representation by Grande Cache Coal that actual results achieved during the forecast period will be the same in whole or in part as those forecast and Grande Cache Coal does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law.

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