



## GRANDE CACHE COAL CORPORATION

### NEWS RELEASE

#### GRANDE CACHE COAL CORPORATION PROVIDES OPERATIONAL UPDATE

**Calgary, Alberta, July 14, 2010** - Grande Cache Coal Corporation (GCE-TSX) ("Grande Cache Coal" or the "Corporation") today provided the following operational update.

- Grande Cache Coal sold 0.45 million tonnes of coal during the three months ended June 30, 2010. Sales of metallurgical coal accounted for 92% of this volume with the remainder being thermal coal sales.
- Contract price settlements for sales of metallurgical coal for the first quarter of fiscal 2011 were approximately US\$195 per tonne. However, the average selling price of metallurgical coal for the first quarter of fiscal 2011 was approximately US\$155 per tonne due to the shipment of approximately 0.2 million tonnes of carryover tonnage.
- Substantially all of the expected production volumes for fiscal 2011 have been contracted for sale with approximately 85% of the anticipated annual sales volumes under quarterly pricing arrangements. Industry benchmark pricing for the second quarter of fiscal 2011 has been settled at US\$225. Grande Cache Coal has completed price negotiations with most of its customers for the second quarter of fiscal 2011 with pricing expected to follow industry trends.
- Grande Cache Coal has commenced production out of the No. 8 mining area and completed mining operations at the No. 12B2 mining area as part of its overall long term mine plan. Surface mining equipment from the No. 12B2 pit is being redeployed to the No. 8 pit and new equipment scheduled for delivery this fall will also be utilized in the No. 8 area. By the end of fiscal 2011, the Corporation will have three separate truck and shovel fleets operating concurrently within the No. 8 area, which is expected to provide the Corporation with enough operational capacity to produce an estimated 2.0 to 2.5 million tonnes of clean coal annually from the No. 8 mining area.
- The Corporation expects that second quarter sales volumes will be the lowest of the fiscal year due to reduced clean coal production resulting from the transition in the surface mining areas. Sales guidance for fiscal 2011 remains at 2.0 to 2.2 million tonnes, however it is expected that sales may be on the lower end of this range as inventory is replenished. The timing of production and sales throughout the fiscal year will be impacted by the transition to the new mining area. This is expected to result in higher sales volumes in the last half of the fiscal year compared to the first half.

"We are proud of the progress that we have made in developing new mining areas on our site that will underpin our ability to increase annual production to 3.5 million tonnes by fiscal 2013" said Robert Stan, President and Chief Executive Officer. "The new equipment being delivered this year to support this initiative is expected to improve our operating performance and reduce unit costs. Expected cash flow from operations and the strength of our balance sheet allows us to expand our operations at this time without accessing the capital markets to raise additional equity."

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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#### ***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 of metallurgical coal in fiscal 2011; anticipated sales prices of metallurgical coal in fiscal 2011; management of coal production in fiscal 2011; future development activities and related capital expenditures; the capital expenditure program for fiscal 2011; and funding sources for the capital expenditure program.*

*These forward-looking statements are based on certain key assumptions regarding, among other things: no material disruption in production other than anticipated variations; no material variation in anticipated coal sales volumes; no material variations in markets and pricing of metallurgical coal other than anticipated variations; 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 practices of customers; coal sales contracts will be entered into with new customers; parties will 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: uncertainties associated with production levels during development of the new No. 8 mining area, 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, 2010, 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.*